REPORT OF THE SECRETARY OF THE ARMY

THE ARMY – AT WAR AND TRANSFORMING

In October 1999, we unveiled our vision for the future – "Soldiers, on point for the Nation, transforming this, the most respected army in the world, into a strategically responsive force that is dominant across the full spectrum of operations." The attacks against our Nation on 11 September 2001 and the ensuing war on terrorism validate The Army's Vision – *People, Readiness, Transformation* – and our efforts to change quickly into a more responsive force.

While helping to fight the Global War on Terrorism, The Army is in the midst of a profound transformation. Readiness remains our constant imperative. Transformation advances on three broad axes: perpetuating The Army's legacy by maintaining today's readiness and dominance; bridging the operational gap with an Interim Force of Stryker Brigade Combat Teams; and fielding the Objective Force to fight and win conflicts in the years beyond this decade.

The Army – Serving Today, Balancing Risk, Managing Transformation

Soldiers are the most precise and responsive means to strike and then control enemy centers of gravity on the ground. American Soldiers are the basis of a flexible force that accomplishes missions in non-linear battlespace by integrating innovative technologies and techniques with current systems and doctrine. Our people adapt under the harshest conditions, whether in the deserts of Kuwait and the Sinai, the mountains and rice paddies of Korea, or the tropics of the Democratic Republic of Timor-Leste.

Demanding commitments mean we must nurture a balance between current and near-term readiness and Army Transformation to meet future challenges. We accept reasonable operational risk in the mid-term to fund Army Transformation to the Objective Force. To avoid unacceptable risk, we are monitoring the current operational situation as we support the Combatant Commanders in the war against terror, conduct homeland defense, and prosecute the long-term effort to defeat transnational threats. We have designed and implemented the Strategic Readiness System (SRS) to provide a precision, predictive tool with which to monitor The Army and make appropriate adjustments to preserve current readiness. Our Nation's surge capacity in industrial base further reduces current risk by keeping production lines warm and responsive. Our first Stryker Brigade Combat Team will provide the Combatant Commanders with a new capability to further mitigate operational risk – even as we transform to the Objective Force.

REALIZING THE ARMY VISION: PEOPLE, READINESS, AND TRANSFORMATION

The Army Vision addresses three essential components: *People*, *Readiness*, and *Transformation*. Soldiers are the heart of The Army, the centerpiece of our formations, and the foundation of our combat power. Readiness remains our overarching imperative; it is the means by which we execute our nonnegotiable contract with the American people – to fight and win our Nation's wars, decisively. To preserve readiness while rapidly changing, Transformation advances on three major axes: preserving our Army legacy by maintaining readiness and dominance today; bridging the operational gap with Stryker Brigades – the Interim Force; and fielding the Objective Force this decade to keep The Army dominant in the years beyond this decade. Realizing The Army Vision requires the concerted effort of the entire Army, across all components – from warfighting to institutional support organizations.

In support of the emerging joint operational concepts and architectures, The Army – as the major landpower component – continues to develop ground concepts for a full spectrum, and multidimensional force. These concepts are producing a Joint Force that presents potential enemies with multiple dilemmas across the operational dimensions – complicating their plans, dividing their focus, and increasing chances of miscalculation.

In future joint operations, Objective Force units will be capable of directing major operations and decisive land campaigns with Army headquarters. Objective Force headquarters at all levels will provide the Joint Force Commander (JFC) with seamless, joint battle command and decision superiority. The modularity and scalability of our Objective Force formations will provide an unprecedented degree of flexibility and adaptability to the Combatant Commander – providing the right force at the right time for decisive outcomes.

People

In our Vision, we recommitted ourselves to doing two things well each and every day – training Soldiers and civilians and growing them into competent, confident, disciplined, and adaptive leaders who succeed in situations of great uncertainty.

Soldiers

Recruitment of Soldiers is crucial to our success. In 1999, The Army missed its recruiting goals for the Active Component (AC) by about 6,300 inductees, and for the Reserve Component by some 10,000. Our recruiting situation was simply unacceptable, and we committed ourselves to decisive steps and reversed that trend.

In FY 2002, The Active Component achieved 100% of its goal in recruiting and retention – for the third consecutive year. The Army exceeded its AC 79,500 enlisted accession target in FY 2002 and exceeded its aggregate FY 2002 retention objective of 56,800 Soldiers in all three categories by 1,407. We are poised to make the FY 2003 accession

target of 73,800, and we expect to meet our Active Component FY 2003 retention target of 57,000. The FY 2004 accession target is set at 71,500.

The Army Reserve has met mission for the last two years, and its recruiting force is well structured to meet FY 2004 challenges. The Army Reserve continues to maintain a strong Selected Reserve strength posture at 205,484 as of 17 January 2003 – over 100.2% of the FY 2003 End Strength Objective. Overcoming many recruiting and retention challenges in FY 2002, the Army National Guard (ARNG) exceeded endstrength mission, accessions were 104.5% of goal, and we exceeded reenlistment objectives.

To ensure that we continue to recruit and retain sufficient numbers, we are monitoring the current environment – GWOT and frequent deployments – to determine impact on morale, unit cohesiveness, combat effectiveness, and support of Well-Being programs that draw quality people to us. We continue to examine innovative recruiting and retention initiatives. Resourcing recruiting pays dividends well beyond accessions in execution years.

Civilian Component

As a comprehensive effort to consolidate, streamline, and more effectively manage the force; The Army has begun an initiative to transform our civilian personnel system. Aggressive transformation of our civilian force – in which projections through FY 2005 indicate a 16% annual turnover due to retirements and other losses – will ensure we continue to meet those obligations. As of FY 2002, The Army employed 277,786 civilian personnel.

The Civilian Personnel Management System XXI (CPMS XXI) has identified the reforms necessary to hire, train, and grow a civilian component that supports the transforming Army. To achieve this, we have redefined the way civilians are hired, retained, and managed. Mandatory experiential assignments will become the vehicle by which we develop future leaders. CPMS XXI fully responds to current mandates in the President's Management Agenda and incorporates the results of the Army Training and Leader Development Panels.

Personnel Transformation

The centerpiece of Personnel Transformation is a comprehensive effort focused on a potential Army-wide implementation of unit manning and unit rotation. We are aggressively examining the feasibility of a unit manning and rotation system. The Army currently uses unit rotations in support of operational missions in the Balkans, Sinai, and Afghanistan. The Army is studying the use of unit rotations for other locations and in the war on terrorism. Units would know of these rotations well in advance, providing families with greater predictability and enabling focused preparation, both of which contribute to increased combat readiness of the unit.

Unit manning seeks to synchronize the life cycle of a unit with the life cycle of the Soldier within that unit. All Soldiers and leaders would be stabilized, resulting in a

significant increase in cohesion and combat readiness over our present individual replacement system. Such a system has significant second and third order effects across the force – training and leader development, recruiting and retention, unit readiness levels, and total Army endstrength, among others. All of these are being studied intensively. In July 2003, senior Army leadership decisions were made on unit manning and unit rotation.

Third Wave

Because we operate in an environment in which there are increasing demands for military capabilities – the Third Wave initiative seeks to ensure that we are achieving the best value possible for our taxpayers' dollars. There are three phases to the Third Wave process. First, we determined what activities were core or non-core to The Army's mission. In the second phase, we are validating the breakout between core and non-core functions by determining if any non-core functions should be exempted. In the third phase, key Army leaders will assess appropriate plans to execute non-core functions, select the best means to proceed, and develop implementation plans. At this time, we do not know how many of the 214,000 jobs identified as potentially non-core functions in Phase I will be included in implementation plans. Although implementation plans will target execution in fiscal years 2005-2009, some implementation plans may be delayed.

The implementation of competitive sourcing of non-core functions will adhere to OMB Circular A-76 and related statutory provisions. Exceptions to the requirement for public-private competition are limited. To lower costs for taxpayers and improve program performance to citizens, OMB has undertaken major revisions to the processes and practices in OMB Circular A-76 to improve the public-private competition process.

Army Well-Being

Army readiness is inextricably linked to the well-being of our people, and Army Well-Being is the human dimension of our Transformation. Well-Being responds to the physical, material, mental, and spiritual needs of all Army people – Soldiers, civilians, retirees, veterans, and their families. We recognize the fundamental relationship between Well-Being programs and institutional outcomes such as readiness, retention, and recruiting. Well-Being integrates policies, programs, and human resource issues into a holistic, systematic framework that provides a path to personal growth and success and gives our people the opportunity to become self-reliant. We recruit Soldiers, but we retain families – Well-Being programs help make The Army the right place to raise a family, so our Soldiers can better focus on their mission – training, fighting, and winning wars, decisively.

Developing Leaders

Leader development is the lifeblood of the profession. It is the deliberate, progressive, and continuous process that trains and grows Soldiers and civilians into competent, confident, and decisive leaders prepared for challenges in combined, joint, multinational, and interagency operations.

In June 2000, we convened the Army Training and Leader Development Panel (ATLDP). The purpose of the ATLDP is to identify skill sets required of Objective Force Soldier and civilian leaders and to assess the ability of current training and leader development systems and policies to enhance these required skills. In May 2001, the ATLDP Phase I (Officer Study) validated the requirement to transform our Officer Education System (OES). The most significant product of the officer ATLDP is our OES Transformation.

ATLDP Phase I (Officer Study) identified three high-payoff institutional training and education initiatives for lieutenants, captains, and majors: Basic Officer Leader Course (BOLC); Combined Arms Staff Course (CASC) for staff officers, and the Combined Arms Battle Command Course (CABCC) for company commanders; and, Intermediate Level Education (ILE). Beyond ILE, Army officers continue to attend Joint or Senior Service Colleges to develop leader skills appropriate to the operational and strategic levels of the profession.

The ATLDP Phase II (NCO Study) resulted in the recommendation to build new training and leader development tools for NCOs to replace current methods, as required. The ATLDP Phase III (Warrant Officer Study) culminated with the recommendation to clarifying the warrant officer's unique role in The Army and improving the Warrant Officer Education System (WOES) to ensure timely training and promotion. The Civilian Training and Leader Development Panel (Phase IV) study results are complete, and we are forming the Implementation Process Action Team (I-PAT) to identify actions The Army must take to increase the professional development of our civilian workforce. At the senior leader level, The Army initiated the Army Strategic Leadership Course (ASLC) aimed at teaching principles of strategic leadership. To date, we have completed twelve of the foundation courses and three alumni courses, training the majority of The Army's general officers.

Readiness

Homeland Defense (HLD)

HLD missions range from traditional warfighting competencies that defeat external threats to the non-combat tasks associated with supporting civil authorities in domestic contingencies. Operation NOBLE EAGLE mobilized over 16,000 Army National Guard Soldiers to protect critical infrastructure. These Soldiers assisted the Department of Transportation in securing our Nation's airports while also playing a vital role in securing our Nation's borders. The Army is moving forward to provide one Civil Support Team (CST) to each state, as required by the National Defense Authorization Act for FY 2003. Combat Support Teams support Incident Commanders and identify Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) agents and substances, assess current and projected consequences, advise on response measures, and assist with appropriate requests for additional support. To date, OSD has certified 30 of 32 teams, and The Army is working to establish additional teams. Additionally, the Army National Guard has assumed the mission of Deputy Area Air Defense Commander (DAAOC) with the

Avenger and Sentinel Radar providing defense of critical assets. The Army remains committed to HLD, dedicating Active Component (AC) and Reserve Component (RC) staffs to focus on training, doctrine, planning, and execution of DoD missions in support of civil authorities.

Missile Defense

Robust Missile Defense is a vital warfighting requirement that protects both our homeland and our deployed forces. Missile Defense is inherently a joint capability to which The Army is a major contributor. The Army is deploying and employing Ground Based Mid-Course Defense assets to contribute our warfighting capability, accelerating the fielding of the PATRIOT Advanced Capability 3 (PAC3). The development of kinetic energy and directed energy weapons such as the Surface Launched Advanced Medium Range Air-to-Air Missile (SLAMRAAM) and Medium Tactical High Energy Laser (MTHEL) will bring new defense measures to the Nation. We are postured to assume control of the Medium Extended Air Defense System (MEADS) program in FY 2003 and intend to begin fielding by FY 2014. MEADS is a transformational program of Objective Force quality and a significant improvement on PATRIOT's capabilities. It will be more mobile, deployable (C130 capable), and sustainable than PATRIOT and cover a 360-degree sector to the PATRIOT's sectored coverage. It will be effective against low radar cross section (RCS) cruise missile targets.

Chemical Demilitarization

In Section 1412 of Public Law 99-145, Congress directed the DoD to destroy the United States' chemical weapons stockpile. In turn, the Secretary of Defense delegated management of all chemical munitions disposal to the Department of the Army. On November 29, 2000, the Johnston Atoll Chemical Agent Disposal System, using incineration-based technology, completely destroyed the last stockpiles stored at the Atoll, and closure operations began in January 2001. The Tooele Chemical Agent Disposal Facility has incinerated 44% of the chemical agents and 81% of the munitions stored there. Disposal operations at these two sites destroyed 30% of the total U.S. chemical weapons stockpiles. Construction of incineration facilities at Anniston, Alabama; Umatilla, Oregon; and Pine Bluff, Arkansas, is complete. Systemization activities are on-going at Aberdeen, Anniston, Umatilla, and Pine Bluff. The plan to accelerate the disposal of bulk agents using a neutralization process at Aberdeen, Maryland, and Newport, Indiana, has been approved. Limited operations began on August 9, 2003, at Anniston. Aberdeen will commence operations when all approvals are in place. Newport is scheduled to begin in first quarter FY 2004. With continued funding and minimal schedule changes, we will safely destroy the U.S. stockpile of lethal chemical agents and munitions at eight existing CONUS sites.

Training the Force

In October 2002, The Army released *Field Manual (FM) 7-0, Training the Force*. Synchronized with other field manuals and publications being updated to respond to

changes in Army, joint, multinational, and interagency operations, *FM 7-0* is the capstone doctrinal manual for Army training and leader development. It provides the developmental methodology for training and growing competent, confident Soldiers, and it addresses both current and future Objective Force training requirements.

We are transforming the way we fight future wars, and The Army is participating fully in a DoD-sponsored program to transform how forces train to fight. This effort involves four major initiatives: building upon existing service interoperability training; linking component and joint command staff planning and execution; enhancing existing joint training exercises to address joint interoperability; and studying the requirement for dedicated joint training environments for functional warfighting and complex joint tasks. The Army hosted the first joint National Training Center (NTC) event at Fort Irwin, CA, in May 2003. In June 2003, the U.S. Army Forces Command executed the 2nd joint NTC event – JCS exercise ROVING SANDS.

During the late 1990s, funding for the recapitalization and modernization of The Army's Combat Training Centers (CTCs) was reduced, eroding their capability to support their critical missions. To address these problems, The Army will invest nearly $700M over the next six years to modernize these training centers.

Force Protection And Antiterrorism

Our efforts focus on improved force protection policy and doctrine; more rigorous training and exercises; improved threat reporting and coordination with national intelligence and law enforcement agencies; enhanced detection and deterrence capabilities for Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) threats; increased capabilities and protection for access control; and expanded assessments of Major Commands (MACOM) and installation force protection programs. Both operational and installation environments rely upon secure, networked information infrastructure to execute daily enterprise-wide processes and decision-making, so the parameters of force protection include contemporary and evolving cyber threats.

The Army's Information Systems Security Program (ISSP) secures The Army's portion of the Global Information Grid (GIG), secures the digitized force, and supports information superiority and network security defense-in-depth initiatives. ISSP provides the capability to detect system intrusions and alterations and react to information warfare attacks in a measured and coordinated manner. To the greatest extent possible, it protects warfighters' secure communications – from the sustaining base to the foxhole.

Soldiers, Active and Reserve, are heavily engaged in force protection and antiterrorism missions. Soldiers guard military installations, nuclear power plants, dams and power generation facilities; tunnels, bridges, and rail stations; and emergency operations centers. During the 2002 Winter Olympics in Salt Lake City, Utah, nearly 1,500 ARNG Soldiers provided security, and Soldiers guarded key infrastructure sites during Super Bowl XXXVII in January 2003. Over 12,500 Reserve Component Soldiers are currently mobilized for Operation NOBLE EAGLE to fulfill Force Protection requirements, and in

February 2003, over 8,000 Army National Guard Soldiers will support airport security requirements – a requirement that could reach 9,500 Soldiers. Security of detention facilities and detainees at Guantanamo Bay Detention requires approximately 1,500 Army personnel, half of whom are Military Police. Army Reserve Internment and Resettlement battalions on 6-month rotations impact military police availability to CONUS Force Protection requirements.

Installations

Army installations are our Nation's power projection platforms, and they provide critical training support to The Army and other members of the joint team. The Army has traditionally accepted substantial risk in infrastructure to maintain its current warfighting readiness. However, a decade of chronic under funding has led to a condition in which over 50% of our facilities and infrastructure are in such poor condition that commanders rated them as "adversely affecting mission requirements." Our facilities maintenance must improve. Over the past two years, we began to rectify this situation with significant increases in funding and innovative business practices. These efforts have been dramatically successful as we continue to correct a problem that was 10 years in the making. In an effort to prevent further degradation we increased funding for facilities sustainment.

Sustainment

The Army is revolutionizing its logistics process. Through one initiative, the Single Stock Fund (SSF), we extend national visibility of stockage locations, capitalize inventories into the Army Working Capital Fund, and reduce customer wait time by an average of 18.5%. The SSF will continue to reduce inventory requirements and generate even more savings for The Army by creating greater flexibility for the management of inventories.

Another initiative, the National Maintenance Program (NMP), enhances weapon system readiness, reliability, and availability rates by bringing Army Class IX repair parts to a single national standard. Increased reliability will reduce overall weapon system Operating and Support cost. NMP centralizes the management and control of Army maintenance activities for components and end items. NMP will produce appropriately sized Army maintenance capacity that still meets total maintenance requirements.

Strategic Readiness Reporting

Upon completion of its implementation, the Army's Strategic Readiness System (SRS) will be a precision readiness measurement tool that provides Army leadership with accurate, objective, predictive, and actionable readiness information to dramatically enhance resource management toward one end – strategic readiness to defend the United States. The Army Scorecard – a product of SRS – will integrate readiness data from the business arena and the operating, generating, and sustaining forces of both the Active and Reserve Components. Army Scorecard methodology focuses on four critical areas: *People* – investing in Soldiers and their families; *Readiness* – maintaining the support

capability to the Combatant Commanders' operational requirements; *Transformation* – transforming The Army into the Objective Force; and application of *sound business practices*.

SRS markedly improves how we measure readiness. It gathers timely information with precision and expands the scope of the data considered. We are further developing this system to leverage leading indicators and predict trends – solving problems that affect readiness *before* they become problems, from Well-Being to weapons platforms. SRS will help enable The Army preserve readiness to support Combatant Commanders, invest in Soldiers and their families, identify and adopt sound business practices, and transform The Army to the Objective Force.

Transformation

Balancing Risk As We Manage Change

Balancing risk is integral to Army Transformation. To maintain current readiness while we transform, we are managing operational risk: risk in current readiness for near-term conflicts with future risk – the ability to develop new capabilities and operational concepts that will dissuade or defeat mid- to long-term military challenges. The Army has accepted risk in selective modernization and recapitalization, and we continue to assess these risks as we balance current readiness, the well-being of our people, Transformation, the war on terrorism, and new operational commitments. Between 1999 to 2002, The Army has terminated 29 programs and restructured 20 others for a total savings of $12.8B. These funds were reallocated to resource the Stryker Brigades and essential Objective Force research and development.

In Program Budget 2004 and its associated Five-Year Defense Plan (FYDP), The Army has generated an additional $22B of savings by terminating 24 additional systems and reducing or restructuring 24 other systems. The Army reinvested these savings in the development of transformational capabilities in these and other programs: Future Combat System - $13.5B, Precision Munitions - $3.2B, Sensors and Communications - $2.3B, Science and Technology - $1.1B, and Missile and Air Defense - $1.1B. The operational risk associated with the decreased funding for certain current programs is acceptable as long as we field Stryker Brigades on schedule and accelerate the fielding of the Objective Force for arrival, this decade. We will continue to reassess the risk associated with system reductions and related organizational changes against operational requirements and the strategic environment.

Transforming – Changing the Way We Fight

The Army is fundamentally changing the way we fight and creating a force more responsive to the strategic requirements of the Nation. We are building a joint precision maneuver capability that can enter a theater at the time and place of our choosing, maneuver at will to gain positional advantage, deliver precise joint fires and, if necessary, close with and destroy the enemy.

The Objective Force is an army designed from the bottom up around a single, networked, integrated C4ISR architecture that will link us to joint, interagency, and multi-national forces. It will be a rapidly deployable, mounted formation, seamlessly integrated into the joint force and capable of delivering decisive victory across the spectrum of military operations. The Objective Force and its Future Combat System will leverage and deliver precise combat power. It is a capabilities-based force that rapidly responds to strategic environment requirements.

To help guide our Transformation efforts, The Army leverages lessons-learned from extensive experimentation and wargaming. We are working to harness the power of knowledge, the benefits of science and technology, and innovative business solutions to transform both the Operational and Institutional Army into the Objective Force. The Army's annual Title 10 Wargames provide critical insights for developing the Objective Force. Likewise, results from joint experiments – Millennium Challenge '02 and other service Title 10 Wargames like Global Engagement, Navy Global, and Expeditionary Warrior, and more – also inform these efforts. We are also learning valuable lessons from current operations in Afghanistan and Iraq.

To evaluate the effectiveness of the Stryker Brigade Combat Team (SBCT) concepts for battalion and company operations in a Joint Force, The Army employed a SBCT unit during Millennium Challenge '02. Less than four weeks after Stryker vehicles were delivered to the first unit at Fort Lewis, the unit demonstrated rapid air and sealift deployability and integrated into the exercise well. Additionally, when given a mission on short notice to support a Marine Corps unit in ground operations, the SBCT unit demonstrated its agility and versatility.

An Information Enabled Army

Achieving the full spectrum dominance of the Objective Force (OF) requires changing the way we fight. We cannot achieve the OF capabilities without leveraging the full potential of technological advances developed by the Nation's industrial base and science and technology communities. We have consolidated management of Information Technologies (IT) into a single effort – Army Knowledge Management (AKM).

Information management is critical to achieving The Army Vision, and AKM supports Transformation through the development and implementation of a net-centric, knowledge-based Army architecture interoperable with the joint system. AKM will accelerate the Detect-Decide-Deliver planning processes and enable warfighters to first *see* the adversary– before our forces are detected; *understand* the Common Relevant Operating Picture (CROP); *act* against adversaries; and *finish* the warfight with decisive victories – *see first, understand first, act first, finish decisively*. AKM will provide knowledge at the point of decision for all leaders.

The net-centric operations that AKM enables will decrease our logistic footprint and enhance sustainability of the Objective Force through multi-nodal distribution networks. Advanced information technologies will dramatically enhance Battle Command.

Command, Control, Communications, and Computer (C4) decision tools seamlessly linked to Intelligence, Surveillance, and Reconnaissance (ISR) assets produce a radically improved Common Relevant Operating Picture (CROP) and enable Battle Command.

The Army Knowledge Enterprise (AKE) construct describes our process to enable improved strategic and tactical information distribution and collaboration. AKE leverages the ingenuity and resourcefulness in shaping the environment to achieve dominance and helps leaders achieve decision superiority and mission efficiencies.

Operational: The Objective Force

The Objective Force will consist of command structures scaled to meet Joint Force Commander requirements and modular combined-arms units tailored according to each situation. Objective Force integrated, mobile, air-ground teams will conduct mounted and dismounted operations and employ both manned and unmanned platforms to achieve decisive victories. The Objective Force will conduct simultaneous combat and stability operations and master transitions between operational phases. It will be offensively oriented, multi-dimensional force enabled by advanced information technologies that give Soldiers real-time intelligence and actionable information.

The Objective Force will arrive in theater combat capable – deployment will be synonymous with employment. The Objective Force will be strategically responsive and rapidly deployable worldwide by air, sea, highway and rail modes to support inter-theater strategic deployment and intra-theater operational maneuver. An Objective Force Unit of Action (UA) will deploy on almost one-third the number of aircraft required to deploy a heavy brigade combat team today. It will be operationally deployable and capable of operational maneuver over strategic distances by air, land, or sea. Soldiers will overcome anti-access and area denial strategies and environments through precision maneuver and decision superiority.

The Objective Force networked system will include Soldiers equipped with the Land Warrior system; a family of 18 integrated, synchronized, manned and unmanned Future Combat Systems (FCS); and critical complementary systems such as the Comanche, High Mobility Artillery Rocket System (HIMARS) with Guided MLRS rockets, and the Future Tactical Truck System. The components of the FCS are being synchronously developed and fielded, as a complete family to achieve the warfighting capabilities the Nation requires to defeat adversaries.

Soldiers of the Objective Force will seamlessly integrate Objective Force capabilities with the capabilities of joint, Special Operations, multinational forces, and other federal agencies. The Land Warrior system will integrate individual Soldiers in the network while providing them increased protection and lethality. And FCS will give Soldiers the capability to destroy any adversary in any weather and environment with smaller calibers, greater precision, more devastating target effects, and at longer-ranges.

Joint C4ISR – a net-centric information architecture nested within the Global Information Grid (GIG) – will connect the Objective Force. Every Objective Force

Soldier and platform will be capable of sensing and engaging the enemy while maintaining situational awareness of friendly forces. Advanced information technologies and C4ISR decision tools and assets will enhance the Common Relevant Operating Picture (CROP). The Objective Force will identify, locate, and engage critical targets with lethal or non-lethal affects and assess battle damage on those targets. The joint C4ISR linkages will enable the attack of targets with whatever joint or Army assets are available for immediate employment. Similarly, enhanced situational awareness will facilitate multi-layered active and passive defense measures.

The FCS is a transformational approach to meeting this Nation's requirements for the Objective Force. We will design and field a balanced FCS family to avoid optimizing a component at the expense of sub-optimizing overarching capabilities of Objective and joint forces. Acquisition and requirements development processes are being updated to accommodate DoD's direction to field a networked system of systems rapidly through spiral development and an open architecture that allows maturing technological insertions as they occur.

The Army embraces the ongoing DoD and Joint Staff Capabilities and Acquisition processes reform efforts to achieve revolutionary capabilities in the fielding of a new generation of equipment. This collaborative effort holistically enables us to design new information-age capable organizations, use evolutionary acquisition strategies to equip those organizations, and see the Objective Force fielded this decade.

Enabling the Objective Force Soldier

Eighteen manned and unmanned systems; the Objective Force Soldier; and C4ISR comprise the Future Combat System. Manned and unmanned reconnaissance capabilities are part of the FCS Family of Systems' interdependent networked air- and ground-based maneuver, maneuver support, and sustainment systems.

There are 10 Unmanned Systems: Unmanned Aerial Vehicles (UAV) Classes 1-4; Unmanned Ground Vehicles (UGV) – the Multifunction Utility/Logistics and Equipment (MULE); the Armed Robotic Vehicle (ARV); and the Manpackable Unmanned Ground Vehicle (MUGV); Unattended Ground Sensors (UGS); and Unattended Munitions – the Non-Line-of-Sight (NLOS) Launch System (LS) and Intelligent Munitions Systems (IMS).

There are 8 manned systems: the Infantry Carrier Vehicle (ICV); Command and Control Vehicle (C2V); Reconnaissance and Surveillance Vehicle (RSV); Line-of-Sight, Beyond-Line-of-Sight Mounted Combat System (LOS/BLOS MCS); NLOS- Mortar; Medical Vehicle (MV); the FCS Recovery and Maintenance Vehicle (FRMV); and the Non-Line-of-Sight (NLOS) Cannon.

Decisive warfighting is about fires and maneuver. Joint and organic close, supporting, indirect fires destroy the enemy, suppress the enemy's capabilities, protect our forces and enable ground units to maneuver. The ICV, the Unattended Munitions NLOS-LS, IMS, C2V, MCS, NLOS-Mortar, and NLOS Cannon are important elements of the FCS that

will enable the Objective Force to conduct distributed and simultaneous joint combat operations. With joint fires, the NLOS Cannon is critical to support and protect our land forces in hostile environments. NLOS-LS NetFires is a platform-independent launcher with a family of missiles with precision attack and loitering capabilities. Both Precision Guided Mortar Munitions and Excalibur precision cannon munitions will enhance organic maneuver fires. A new, joint fire support, battle command and fire support architecture will allow rapid target engagement by any asset.

The Land Warrior program responds to this legacy and enhances our Soldiers combat power generation capability. The Land Warrior program will develop a lightweight, low observable, enhanced-armor protection, fighting ensemble for the individual Objective Force Soldier. Through networked connectivity to the FCS-equipped, maneuver Unit of Action, Land Warrior Soldiers will enable revolutionary lethality, mobility, survivability, and sustainability for the individual warfighter while reducing logistics demands.

Science and Technology (S&T) investments in military logistics are an important enabler for the Objective Force. We are placing our emphasis on sustainment's big drivers – fuel, ammunition, maintenance, and water – to dramatically reduce our logistics footprint and lift requirements in these areas.

Bridging the Capabilities Gap – Stryker Brigade Combat Teams

The Army responded to a capabilities gap between its lethal, survivable, but slow-to-deploy heavy forces and its rapidly deployable light forces that lack adequate protection, lethality, and tactical mobility. In 2002, The Army began fielding the first Stryker Brigade Combat Team to bridge that gap. In 2003 – less than four years after its announcement – we are on track to achieve IOC with the first SBCT at Fort Lewis, Washington.

Stryker Brigade Combat Teams respond to Combatant Commander requirements across the spectrum of military operations. Optimized for combat in complex and urban terrain, Stryker Brigades will be decisive in other major combat operations. The SBCT Reconnaissance, Surveillance, and Target Acquisition (RSTA) Squadron provides organic human intelligence capabilities and UAVs embedded at the brigade level. Its military intelligence and signal companies leverage theater and national assets to create an information-enabled force.

Leveraging platform commonality, enhancing logistics practices and enablers, and reorganizing logistics formations, the SBCT is vastly more deployable and sustainable than our heavy forces, while significantly increasing combat power generating capabilities. Augmented for sustained operations, the SBCT requires 37% fewer CSS personnel than a digitized heavy brigade. While capitalizing on these advantages, developing and available technologies allow us to mass effects and create a robust, reliable capability to conduct operational maneuver over strategic distances.

Finally, SBCTs provide an invaluable means of spearheading Transformation. The SBCT trains junior officers and noncommissioned officers in the tactics, techniques, and procedures that will inform employment of the Objective Force.

The Army has resourced six Stryker Brigade Combat Teams to contribute to fulfilling the 1-4-2-1-defense construct and national security requirements; however, at this time, the Secretary of Defense has only authorized the procurement of the first four brigades. The Army will provide the Secretary of Defense with a plan for Stryker Brigades 5 and 6.

Fielding of the SBCTs affects the entire Army, and current fielding timelines will enhance the Nation's ability to fight and win the GWOT and conduct major combat operations. The transformation of four Active Component brigades to SBCTs provides a rotational base with three of the SBCTs focused on the Pacific theater. One of the two SBCTs fielded at Fort Lewis will be forward-based in Europe not later than 2007. The Stryker Cavalry Regiment will support the XVIII Airborne Corps' critical need for robust, armed reconnaissance. The conversion of a Reserve Component brigade to an SBCT will enhance our strategic reserve and support the GWOT, Smaller Scale Contingencies, and Homeland Defense missions. Additionally, SBCT stationing provides rapid, strategic responsiveness through power projection platforms capable of supporting four critical regions described in the 1-4-2-1-defense construct. The first SBCT has formed, trained, tested and is now capable and will be deploying to OIF.

Preserving the Army's Legacy

Today's force guarantees The Army's near-term warfighting readiness to fight and win our Nation's wars, decisively. Because we bypassed a procurement generation, our Combat Support and Combat Service Support systems now exceed their 20-year expected life cycle, and 75% of our critical combat systems exceed their expected half-life cycle. To maintain operational readiness while preserving resources for Transformation, The Army is recapitalizing and selectively modernizing a portion of the current force. The modernization program addresses the critical issue of AC and RC interoperability and serves as a bridge to mesh these two components seamlessly. In general, The Army *increased* funding for programs that are *clearly transformational* and support the Defense transformation goals, *sustained* funding for high priority systems that will transition to the Objective Force, and *reduced* funding for systems not essential to Army Transformation. We remain committed to a 17-system recapitalization program and have reduced prioritized recapitalization from three-and-one-third to two divisions.

Army Special Operations Forces (SOF) are indispensable and will continue to provide unique capabilities to the Joint Force and Land Component Commanders. Increasing joint campaign requirements for SOF contributed to the validation and resourced growth in SOF structure.

The Army will remain the largest user of space-based capabilities among the Services. Army space assets are providing tangible support to the war on terrorism and Operation ENDURING FREEDOM – they ensure Army and Joint Force Commanders optimize

communications, satellite intelligence, Global Positioning System, imagery, weather, missile warning, and other space-based capabilities in every aspect of planning and operations. We are working diligently with the joint and interagency space community to ensure that Army and joint space systems continue to provide their essential capabilities now and for the Objective Force.

Aviation Transformation and Restructuring

Aviation Transformation further demonstrates our hard choices in balancing risk to resource Transformation. Our current interim plan lowers operating and sustainment costs while posturing aviation for arrival of the Objective Force by 2010. Apache modernization is an integral part of the plan. The AH-64D Longbow will enhance domination of the maneuver battlespace and provide the ground commander with a versatile, long-range weapon system against a range of fixed and moving targets. The RAH-66 Comanche program is on track to field a helicopter with stealth qualities in FY 2009 to provide Armed Reconnaissance and Close Combat support to our Objective Force FCS formations. The UH-60 Blackhawk continues to be the assault workhorse of Army Aviation, executing over 40% of The Army's annual flying hours. We are extending the life of the UH-60 while providing it with capabilities required of the future battlespace. Similarly, we are fully committed to the CH-47F Chinook program. The CH-47 was the primary lift platform in OEF and performed superbly. The Army is committed to improving on this capability and extending the life of this Army workhorse. As we restructure and standardize attack and lift formations across the force, we will also adjust the stationing and alignment of Reserve Component aviation units to mitigate the near-term risk.

Army National Guard Aviation comprises almost 50% of our aviation force and is one of our most valuable assets. Essential for successful execution of the Nation's military strategy, the ARNG currently has aviation units deployed in Afghanistan, Kuwait, Bosnia, Europe, and Saudi Arabia, as well as Central and South America.

Army Guard Restructuring Initiative (AGRI)

ARNGRI seeks to transform a sizeable portion of ARNG combat structure into more deployable, flexible fighting forces to support Army requirements at home and abroad. ARNGRI will introduce two new organizations into the force structure: Mobile Light Brigades (MLB) and Multi-Functional Divisions (MFD). These organizations will provide full spectrum capabilities in support of Combatant Commanders. MLB will operate as subordinate units to MFD, which will also contain two combat support / service support brigades capable of supporting either major combat or homeland security operations.

Army Reserve Transformation Initiatives

Army Reserve initiatives ensure the USAR is missioned, organized, and equipped to provide interoperability across the full spectrum of military operations. Transformational

organizations include experimentation forces, information operations, joint augmentation, network security, and interagency units. The Readiness Command and Federal Reserve Restructuring Initiatives will help the USAR fulfill these new mission requirements. Regional Readiness Commands will focus on readiness, leader development, and training, which will demand a new personnel system that achieves holistic life-cycle management for Reserve Soldiers.

Institutional – Enhancing the Way We Do Business

We cannot accelerate Army Transformation without transforming the way The Army does business – from transformation of logistics and acquisition to personnel and installation transformation. Changing The Army is first about changing the way we think, and better business practices represent practical application of common sense initiatives that best serve.

Transformation of Installation Management (TIM)

Recognizing the requirement to enhance support to commanders, The Army restructured the management of Army installations under the Installation Management Agency (IMA) - a new field-operating agency of the Assistant Chief of Staff for Installation Management. Its mission is to provide equitable, efficient, and effective management of Army installations worldwide to support readiness; enable Well-Being; improve infrastructure; and preserve the environment. This new management approach eliminates the migration of base operations funds to other operational accounts below the HQDA level. It also enables the development of multi-functional installations to support evolving force structure and Army Transformation.

Barracks and the Family Housing programs significantly increase the well being of our Soldiers and their families. We established the Barracks Upgrade Program (BUP) in the late 1990's to improve single Soldiers' housing conditions. Through 2002, we have upgraded or funded-for-upgrade 70% of our permanent party barracks to Soldier suites that consist of two single bedrooms with a shared bath and common area. We will continue the BUP until all permanent party barracks achieve this standard.

We established the Residential Communities Initiative for our families. This program capitalizes on commercial expertise and private capital to perform a non-core function for The Army – family housing management. The program provides greater value to us by eliminating the housing deficit at our first eleven sites, while leveraging a $209M Army investment into $4.1B of initial private development. Pending OSD and Congressional approval, 28 projects are planned through 2006 that will impact over 72,000 housing units or 80% of Army Family Housing in the United States. By the end of 2007, we will have the programs and projects in place to meet the OSD goal of eliminating inadequate family housing. We will accomplish this goal through RCI and increased Army investment in family housing construction at non-privatized installations. The Reserve Component (RC) enhances RCI through real property exchange authority that is only available to the RC. This legislative authority allows the exchange of RC owned property

with public or private entities and has a tremendous potential to improve future RC infrastructure at no governmental cost.

The Army has also aggressively reduced its financial burden and physical footprint by disposing of 34% of its facilities from a 1990 high of 116 billion square feet. The Army anticipates that the Congressional FY 2005 Base Realignment and Closure (BRAC) authority will permit additional appropriate reductions. BRAC will enable us to dispose of excess infrastructure and realign the remaining facilities with the requirements of the transforming Army and the Objective Force. BRAC will also allow us to re-allocate resources from closed or realigned installations to other high priority requirements.

The Army continues to improve its utilities infrastructure by divesting non-core utility systems' operation and maintenance through privatization. As of December 2002, we had privatized 64 of the 351 systems in the program, and we have an additional 104 presently under negotiation.

As part of our Army Knowledge Management, we are modernizing our Installation Information Infrastructure – *infostructure* – to support a net-centric, knowledge-based Army. The Installation Information Infrastructure Modernization Program (I3MP) executes a multi-year, $3.2B program for upgrades to optical fiber and copper cable, installation of advanced digital equipment, and upgrades to Defense Global Information Grid gateways. This program will ensure worldwide, high-speed data connectivity at Army installations. To date, we have completed 22 of 95 CONUS installations and initiated upgrades at four installations outside of the continental United States. We plan to complete I3MP in 2009.

Acquisition Transformation

The Army is leading the way in acquisition reform within DoD's broad transformation of defense acquisition policies and procedures. Our FCS program may prove to be the largest DoD acquisition effort that fully embraces evolutionary concepts of acquisition and spiral development – leveraging the potential of rapid advancement within individual technologies by allowing changes within programs as technologies mature.

The FCS program is evolutionary in its design and incorporates periodic blocked improvements within its 19 systems and 540 spirally developing technologies – the Objective Force Soldier and 18 manned and unmanned systems. The Army's use of a Lead System Integrator enables a "best of the best" approach to selection from competing industry efforts. Our unprecedented partnership with DARPA ensures the FCS effort leverages that agency's DoD-wide perspective and resources to produce the best capability and value for the Joint Force.

The Army continues to revise its acquisition policies and applicable regulatory guidance. The Army transferred control of all acquisition program management to the Army Acquisition Executive and eliminated duplication of effort in two major Army commands. Subsequently, twelve Program Executive Officers (PEO) report to the Army

Acquisition Executive, and their subordinate PEOs assumed management of all Army acquisition programs, regardless of Acquisition Category. The plan ensures a single chain of authority for acquisition programs within The Army, and clearly holds Program Managers responsible and accountable for life cycle program management.

Another initiative is the Army Contracting Agency (ACA) that realigns our previously decentralized installation and information technology contracting processes into one organization. Responsible for all contracts over $500K and tasked to eliminate redundant contracts, ACA leverages Army-wide requirements to achieve economies of scale. ACA supports Army Transformation efforts by aligning all base support contracting into a single organization; acts as the single coordinating element and forms the base from which to deploy contingency-contracting, operational support to the warfighting commands; and will continue to support small business awards.

Logistics Transformation

Designing the right logistics architecture is fundamental to success. The Army's Logistics Transformation will focus on creating an overarching corporate logistics enterprise that employs industries' best business practices. Our mobility and deployability goals for the Objective Force are to deploy a combat brigade within 96 hours after lift off, a division on the ground in 120 hours, and a five-division corps in theater in 30 days. To achieve this strategic responsiveness, the Army Strategic Mobility Program serves as a catalyst to bring about force projection changes both in The Army's and in our Sister Services' lift programs. Platforms like the Intra-Theater Support Vessel and Inter-Theater Shallow Draft High Speed Sealift provide transformational capabilities for operational and strategic maneuver and sustainment of Army formations.

Army Prepositioned Stocks ashore and afloat continue to be a critical component of Army power projection. The Army is currently participating in a Joint Staff led Worldwide Prepositioning Study to determine if location, mix, and capabilities in existing stocks require adjustments to meet the Defense Strategy more effectively.

The Objective Force requires The Army to optimize its logistics footprint through the leverage of technology and innovative sustainment concepts. We are already developing and integrating key enablers to provide a transformed, corporate logistics enterprise, including embedded diagnostics and prognostics, tactical logistics data digitization, serial number tracking, and the Global Combat Service Support – Army (GCSS-A) system that utilizes a commercial Enterprise Resource Planning solution. The ERP approach changes our logistics automation systems strategy from one of custom code development for unique Army requirements to adoption of a commercial off-the-shelf product.

The selective use of the Logistics Civil Augmentation Program to augment military logistics force structure provides commanders with the flexibility to reallocate manpower, resources, and materiel by adding contractors to the equation of logistics support. In addition to providing services and some supply support, these contractors can

quickly deploy to establish base camps, receive and process Soldiers as they begin arriving in theater, and reverse the process on return.

Advanced Medical Technology

The Army is the lead agent for DoD vaccine, drug, and development programs for medical countermeasures to battlefield threats. This includes vaccines against naturally occurring infectious diseases of military significance, combat casualty care, military operational medicine, and telemedicine research. The program also funds Food and Drug Administration requirements for technology transition to advanced development.

The medical force provides the requisite medical intervention and care for the Joint Force deployed around the globe. With its Medical Reengineering Initiative, The Army Medical Department has transformed 28% of its force structure to promote scalability through tailored, capabilities-based packages that result in improved tactical mobility, reduced footprint, and increased modularity for flexible task organization. MRI supports both the current forces and the Stryker Brigades, and is the bridge to the Objective Medical Force.

Business Initiatives Council (BIC)

In June 2001, the Secretary of Defense established the DoD Business Initiatives Council with a goal to improve business operations and processes. We aggressively explored ways to improve internal business practices, and established The Army BIC. The Secretary of the Army has approved a total of 35 initiatives under the ABIC. We submitted a number of the initiatives through the formal DoD BIC process for implementation across the Services and other DoD activities. The BIC process has helped to create a culture of innovation and inter-service cooperation as a result of cooperation across the military departments, the Joint Staff and OSD.

A COMMITMENT TO THE FUTURE

With the continued strong support of the Administration, the Congress, our Soldiers, and our civilians, and the greatest industrial base and science and technology communities in the world, The Army will field the Objective Force – this decade. By 2010, we will have fielded the first operationally capable Objective Force unit equipped with the Future Combat Systems. Our Stryker Brigade Combat Teams will be providing Combatant Commanders capabilities not currently available – enhanced strategic responsiveness and the ability to operate in a distributed, non-linear battlespace. Through selective recapitalization and modernization of today's systems that enable our Soldiers to preserve our legacy, we will have sustained a decisive-win capability at a high state of readiness as an integral part of the Joint Force. We will have significantly improved the well being of our people and sustainment of Army infrastructure.