

A statement on the
Posture of the United States Army 2005

by

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and
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The annual Army Posture Statement is an unclassified summary of Army roles, missions, accomplishments, plans and programs.

Designed to reinforce the Secretary of the Army and Chief of Staff, Army's posture and budget testimony before Congress, the Army Posture Statement serves a broad audience as a basic reference on the state of the Army.

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America remains a nation at war, fighting adversaries who threaten our civilization and way of life. The most significant aspect of our current strategic reality is that the Global War on Terror in which we are now engaged will be a protracted one.

The Army's primary mission is to provide necessary forces and capabilities to the Combatant Commanders in support of the National Security and Defense Strategies. We have more than 300,000 Soldiers deployed or forward stationed today to support operations in Iraq, Afghanistan, and other theaters of war and to deter aggression, while securing the homeland. We are fighting today while simultaneously preparing for tomorrow.

To continue to accomplish our mission, we are aggressively restructuring the Army. We are transforming from a force designed for contingency operations in the post-Cold War era to a force designed for continuous operations in a new era that presents challenges to the Nation ranging from traditional to potentially catastrophic.

The Army is dependent upon the resources requested in the fiscal year 2006 President's Budget, coupled with emergency supplemental appropriations, to support current operations. These funds will also enable the force to recover from the stress placed on equipment and Soldiers during combat and continually "reset" itself for future deployments. Moreover, these resources are required to continue to transform the Army into a larger, more powerful force built on self-sufficient brigade-based modules. This force will be more flexible, more rapidly deployable and better able to sustain the protracted military campaigns and conduct the joint, expeditionary operations required by the 21st century security environment.

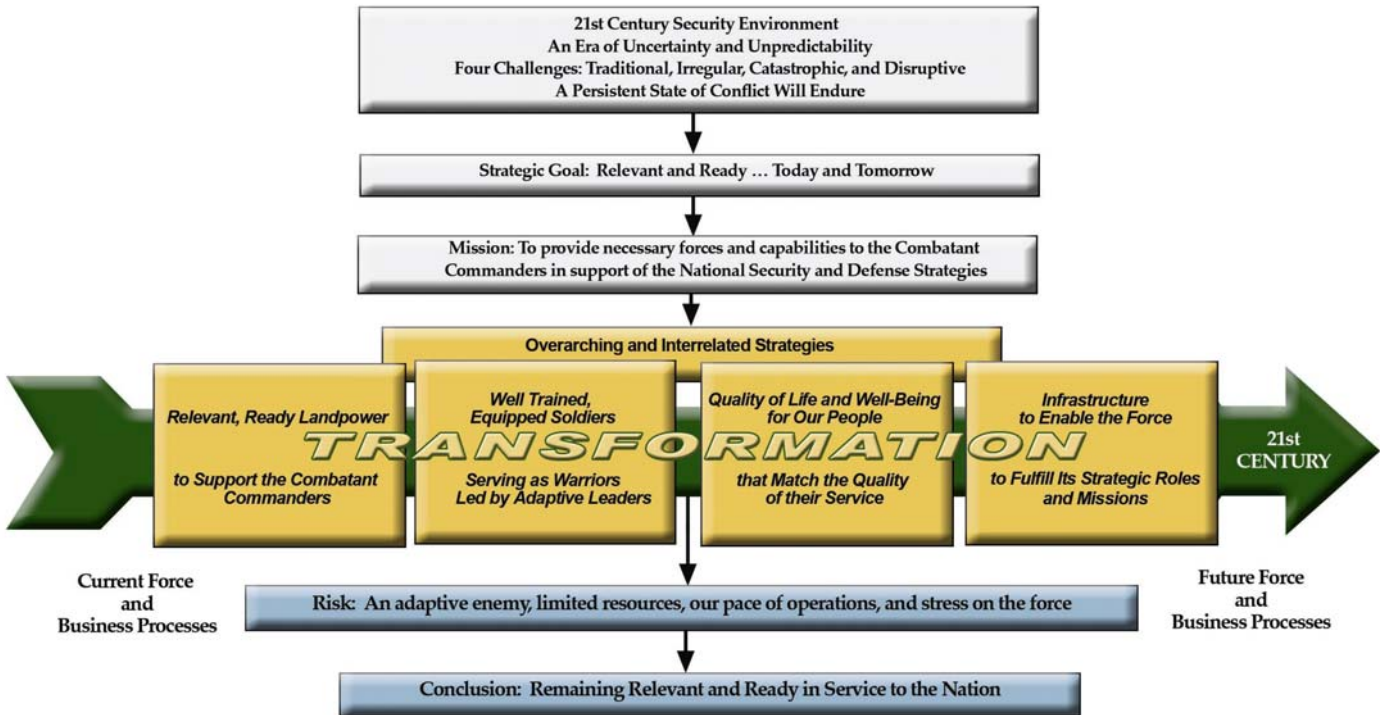
We are sustaining our global commitments while making tremendous progress in our transformation. We will need the continued support of the Congress, the President, and the American people to accomplish our mission today and tomorrow, while providing for the well-being of our All-Volunteer Soldiers, their families and our civilian workforce who are serving the Nation in this time of war.

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PURPOSE AND ORGANIZATION OF THE POSTURE STATEMENT

The 2005 Army Posture Statement provides an overview of today's Army. Focusing on the Soldier, our centerpiece, it provides a perspective on the 21st century security environment. This environment provides the context for reaffirming our overarching Strategic Goal and our enduring Mission. The Posture Statement describes how the Army is executing four overarching, interrelated strategies – centered on people, forces, quality of life and infrastructure – needed to accomplish this Mission. Our initiatives, posture, progress, and requirements are explained within the context of these strategies. Army transformation is described not as an end in itself, but rather in terms of how it is already contributing to accomplishing the Mission today, while preparing the force to accomplish its Strategic Goal – to remain relevant and ready to meet the Combatant Commanders' needs — today and tomorrow. A discussion of Risk and an examination of future security challenges are furnished to complete this assessment of our current posture as we continue to serve the Nation today, while preparing for the uncertainties of tomorrow.



2005 ARMY POSTURE STATEMENT EXECUTIVE SUMMARY

21st Century Security Environment: An Era of Uncertainty and Unpredictability

Operating within an uncertain, unpredictable environment, the Army must be prepared to sustain operations during a period of persistent conflict — a blurring of familiar distinctions between war and peace.

To improve our ability to provide forces and capabilities to the Combatant Commanders for the foreseeable future, the Army is undergoing its most profound restructuring in more than 50 years.

With the support of the Congress, the President, and the Department of Defense, we are making tremendous progress.

Transforming to Accomplish the Mission: Modularity, Rebalancing, and Stabilization

Army Transformation is focused to improve the capability of the Soldier, who remains the centerpiece of our formations. It has four primary goals.

- First, we are restructuring from a division-based to a brigade-based force. These brigades are designed as *modules*, or self-sufficient and standardized Brigade Combat Teams, that can be more readily deployed and combined with other Army and joint forces to meet the precise needs of the Combatant Commanders. The result of this transformational initiative will be an operational Army that is larger and more powerful, flexible and rapidly deployable.

This program, which we call modularity, will increase the combat power of the Active Component by 30 percent as well as the size of the Army's overall pool of available forces by 60 percent. The total number of available brigades will increase from 48 to 77 with 10 active brigades (three-and-a-third divisions in our old terms) being added by the end of 2006. Our goal for this larger pool of available forces is to enable the Army to generate forces in a rotational manner that will support two years at home following each deployed year for active forces, four years at home following each deployed year for the Army Reserve and five years at home following each deployed year for National Guard forces. Implementing this program will provide more time to train, predictable deployment schedules, and the continuous supply of manpower required by the Combatant Commanders and civil authorities.

The force, above the brigade level, will be supported by similarly modular supporting brigades that provide aviation, fires, logistics, and other support. Our headquarters structure will also become far more versatile and efficient as we eliminate an entire echelon of command — moving from three to two levels. Similar innovations will occur in the logistics and intelligence organizations that support our forces and other Services.

Our restructuring is already well underway. The 3rd Infantry Division, the vanguard of the invasion of Iraq, will return to Iraq as a restructured, modular force.

- Second, we are rebalancing our active and reserve forces to produce more units with the skills in highest demand. This will realign the specialties of more than 100,000 Soldiers, producing a 50 percent increase in infantry capabilities, with similar increases in military police, civil affairs, intelligence, and other critical skills. We have already converted more than 34,000 spaces.
- Third, Soldiers are being stabilized within units for longer periods to increase combat readiness and cohesion, reduce turnover and eliminate many repetitive training requirements. With fewer Soldiers and

families moving, more Soldiers will be available on any given day to train or to fight. This initiative, started in 2004, also transitions our Army from an individual replacement manning system to a unit focused system – to prepare Soldiers to go to war as vital members of cohesive units.

- Fourth, we are working to complement our operational transformation by ensuring that our business, force generation and training functions improve how we support a wartime Army and the other Services. We are divesting functions no longer relevant and reengineering business processes to increase responsiveness to the Combatant Commanders. Other improvements include developing a joint, interdependent end-to-end logistics structure, and fostering a culture of innovation to increase institutional agility. We seek to improve effectiveness and identify efficiencies that will free human and financial resources to better support operational requirements.

Balancing Risk: The Tension Between Current and Future Demands

The Army is grateful for the support of the Congress, the President, the Department of Defense, and the American people as we fight the Global War on Terror. Continued support — financial and moral — is vital. This year, like previous years since September 11, the Army's base budget supports force generation and sustainment operations and the supplemental budget request supports wartime efforts. The combination of these spending measures is needed to enable the Army to:

- Recruit and retain the All-Volunteer Force and their families by enabling the establishment of equitable rotation plans and improving quality-of-life programs;
- Generate and sustain a force that is properly manned, trained and led, in order to prevail in the Global War on Terror, while sustaining other global commitments;
- Enhance Soldiers' ability to fight by rapidly spiraling promising technologies that are ready now into the Current Force; and
- Reset the force by repairing and recapitalizing equipment that is aging rapidly — far faster than projected — due to sustained combat operations in severe environmental conditions.

The scale and the pace of Army transformation is essential to improve the ability of American Soldiers to defeat adversaries who will pose complex, irregular challenges that are becoming increasingly more sophisticated and dangerous than those we now face.

Focusing Resources on Wartime Requirements: Major Decisions in 2004

The Army benefited from three major decisions in 2004, all providing resources to address immediate wartime needs. The Army restructured or adjusted 126 programs. Two of these programs had the most significant impact. First, the Army cancelled the Comanche Program and reinvested the savings into other urgent aviation requirements. This decision enabled us to begin purchasing new airframes, fix many equipment shortfalls, enhance survivability, and begin modernizing our fleet. Second, we modified the schedule for fielding Future Combat Systems to put better capabilities into the hands of our fighting Soldiers. Third, Congress provided the authority to increase Active Component end strength by 30,000 Soldiers to support the war and the Army's conversion to modular formations.

Our Army at War — Relevant and Ready ... Today and Tomorrow

Our Nation remains at war. Soldiers understand their mission. They are well equipped and trained for the fight. They are well led by excellent leaders. Our transformation is already enhancing our capabilities today, while ensuring our preparedness for tomorrow. These efforts, however, will require full support of the base budget and supplemental.

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<http://www.army.mil>*

21st Century Security Environment: An Era of Uncertainty and Unpredictability

We remain an Army at War. It is a war unlike any other in our Nation's history, prosecuted not by states, but by extremists employing irregular means to erode our power and resolve. Our adversaries threaten the ideas that form the bedrock of our society, endangering our freedoms and way of life. Fueled by an ideology that promotes intractable hatred, this war will endure in some form for the foreseeable future. The Army, in service to the Nation, must therefore be prepared to sustain operations during a period of persistent conflict — a blurring of familiar distinctions between war and peace. This is the most significant aspect of the 21st century security environment.

The emergence of unconventional and asymmetric threats, such as radical Islamic terrorist efforts aimed at the United States and other developed countries, has stretched the U.S. military. Protection afforded by geographic distance has decreased, while challenges and threats from extremists using weapons of mass destruction and attacks on civilian, military and economic targets have increased. While the current trend toward regional and global integration may render inter-state war less likely, the stability and legitimacy of the conventional political order in regions vital to the United States are increasingly under pressure.

There are now new actors, methods and capabilities that imperil the United States, its interests and its alliances in strategically significant ways. The Defense Strategy has identified four types of emerging security challenges for U.S. forces: irregular, traditional, catastrophic and disruptive. The "Four Challenges," described in Figure 1, categorize many of the issues expected in the future security environment. In many situations, these challenges may overlap, may occur simultaneously and may offer no easily discernible transition from one to another.

The Defense Strategy still recognizes the traditional threat paradigm, focused primarily on other states and known enemies. In the aftermath of September 11, 2001, however, it is no longer sufficient to be prepared to defend only against this type of threat. Our old concepts of security, deterrence and warning, developed through traditional intelligence approaches, do not apply sufficiently in this new strategic environment. While we must remain ready to sustain the full range of our global commitments, our overwhelming military superiority no longer serves as an adequate deterrent against many emerging threats, especially those of radical fundamentalist terrorists.

The implications of our environment are clear. We must understand the character of the irregular warfare we now face and adapt accordingly. In waging this war against determined adversaries, we have arrayed a vast, hierarchical organization against an elusive, adaptive network. Consequently, the Army is adapting to eliminate irrelevant policies, processes and doctrines. We must move beyond marginal improvements in our efforts to strengthen interdependencies with other Services and other agencies and reinforce a culture that fosters innovation and agility.



FIGURE 1

To respond to the challenges presented in this era of uncertainty and unpredictability, the Army has accelerated its transformation. During times of peace, change is generally slow and deliberate — at a pace supported by limited resources. In wartime, however, change must occur faster; a measured approach to change will not work.

We must remain ready to sustain the full range of our global commitments beyond those associated with the Global War on Terror. At the same time, the Army must be prepared to conduct sustained operations during a period of protracted conflict.

Strategic Goal: Remaining Relevant and Ready ... Today and Tomorrow

In light of the uncertainty and the challenges inherent to the 21st century security environment, the Army's overarching strategic goal is to remain relevant and ready by providing the Joint Force with essential capabilities to dominate across the full range of military operations. The Army will be:

- **Relevant** to the challenges posed by the global security environment as evidenced by the organization and training of our forces, the innovation and adaptability of our leaders and the design and practices of our institutional support structures.
- **Ready** to provide the Combatant Commanders with the capabilities — principally well-led, trained and equipped forces — required to achieve operational objectives across the range of military operations.

To meet this goal, the Army must position itself in terms of mindset, capability, effectiveness, efficiency, training, education, leadership and the overall culture of the Service for the context in which it will operate for the foreseeable future.

The American Soldier remains our primary focus — the centerpiece of all that we do as an Army. Throughout our history, Soldiers have answered the call to end tyranny, to free the oppressed and to light the path to democracy for struggling nations. Soldiers — imbued with the ideals of the Warrior Ethos, a commitment to defend the freedoms that America enjoys and an unwavering belief that they will be victorious — are, and will remain, the foundation of the Army.

Mission: Supporting the National Security and Defense Strategies

The Army exists to serve the American people, to protect enduring national interests and to fulfill national military responsibilities. Our mission is enduring: to provide necessary forces and capabilities to the Combatant Commanders in support of the National Security and Defense Strategies. The Army is charged to provide forces able to conduct prompt, sustained combat on land as well as stability and reconstruction operations, when required. Moreover, the Army is charged to provide logistical and other capabilities to enable other Services to accomplish their missions.

To achieve its mission, the Army is providing the Joint Force with capabilities required to prevail in the protracted Global War on Terror and sustain the full range of its global commitments. At the same time, the Army is undergoing one of its most profound transformations since World War II. Army Transformation will meet the needs of Joint Force Commanders today and tomorrow, by providing a campaign-quality Army with joint and expeditionary capabilities. A continuous cycle of innovation and experimentation, informed by experience, is improving the forces and capabilities we are providing today and ensuring that we are well postured for tomorrow's challenges.

We are working to create a unique synergy from both of our tasks, fighting today while transforming for tomorrow, to ensure we “get it right.” The size and mix of our components and capabilities must be in balance.

Our global posture, both at home and abroad, must enhance agility and readiness to conduct expeditionary operations on short notice. In addition, the force must be designed, equipped, sustained and supported in a manner that will enable us to continue to be effective partners, with the other Services and the armed forces of other nations, in the conduct of sustained, protracted military campaigns.

Soldiers remain at the center of our transformation focus. *Soldiers are the Army.* It is the Soldier — fierce, well trained, well equipped and well led — who serves as the ultimate expression of the capabilities the Army provides to the Joint Force and to the Nation. As always, we remain dedicated to the well-being of our Soldiers, their families and our civilian workforce.

The character and skill of our Soldiers, leaders and civilian workforce and the attitudes and actions of our family must reflect our military and organizational challenges. Like any large, complex organization committed to achieving transformational change, our efforts to change our culture will prove to be our true measure of success.

Guided by the compelling requirement to accomplish our mission in service to the Nation, the Army is changing now — and making tremendous progress. With the continued support of Congress and the Department of Defense, we will maintain the momentum we have established, through our collective efforts, to transform capabilities, processes, leadership and culture.

Accomplishing the Mission Today: Sustaining Global Commitments

The Army's first priority is to sustain its increasing global commitments that extend across the full range of military missions, well beyond those associated with the Global War on Terror. Today, our Current Force is engaged, across the range of military operations, in ways we could never have forecasted before September 11, 2001, operating at a very high pace that will likely continue for some time.



The Army is providing forces and capabilities for Operation Iraqi Freedom, for Operation Enduring Freedom and for other global requirements. The Army continues to deter aggression and keep peace on the Korean

Peninsula, on the Sinai Peninsula, in the Balkans and elsewhere around the world. In addition, the Army supports numerous humanitarian assistance missions and supports organizations such as Joint Task Force Bravo in Central America to counter illicit narcotics trafficking.

Today, approximately 640,000 Soldiers are serving on active duty. 315,000 Soldiers are deployed or forward stationed in more than 120 countries to support operations in Iraq, Afghanistan and other theaters of war and deter aggression, while securing the homeland. These Soldiers are from all components: Active (155,000), Army National Guard (113,000) and Army Reserve (47,000). Soldiers participate in homeland security activities and support civil authorities for many different missions within the United States. A large Army civilian workforce (over 250,000), reinforced by contractors, supports our Army — to mobilize, deploy and sustain the operational forces — both at home and abroad.

Soldiers from the Army National Guard and the Army Reserve are making a vital contribution. 150,000 Soldiers are mobilized and performing a diverse range of missions worldwide. In addition to their duties overseas, Soldiers from both the Guard and the Reserve supported civil authorities during disaster relief operations, such as those which occurred in Florida following four major hurricanes.

On any given day, the Army National Guard has more than 10,000 Soldiers on duty to protect key assets across the Nation, including Air Force bases. More than 24,000 Soldiers provided security for both the Democratic and Republican National Conventions and the Group of Eight Summit. National Guard Soldiers are also promoting stability in Iraq and in the Balkans, while performing complex, vital tasks such as U.S. Northern Command's ballistic missile defense mission. Guard Soldiers, operating in an unprecedented role, are organizing and training a multicomponent brigade in Colorado and a battalion in Alaska to execute the newly assigned mission.

The Army Reserve, in addition to providing vital support for operations in Iraq and Afghanistan, is providing a wide range of response capabilities in the event of an attack on the homeland. This support includes almost 200 emergency preparedness liaison officers that interact with local communities. The Reserve has also fielded and trained 75 chemical decontamination platoons with more than 2,400 Soldiers for mass casualty operations and more than 250 fully equipped hazardous material technicians to train with local first responders.

Enabling Mission Accomplishment: Four Overarching, Interrelated Strategies

To enable mission accomplishment, the Army is executing four overarching, interrelated strategies. These strategies seek to accomplish the Army's mission, consistent with the requirements prescribed by the National Security and Defense Strategies. These strategies are enabling the Army to continue to accomplish its mission *today* — in service to the Nation — while building and maintaining the capabilities to ensure the Army remains relevant and ready to the needs of the Combatant Commanders *tomorrow*. The Army is:

- **Providing Relevant and Ready Landpower** in support of the Combat Commanders and the Joint Force to sustain the full range of our global commitments;
- **Training and Equipping our Soldiers to Serve as Warriors and Growing Adaptive Leaders** who are highly competent, flexible and able to deal with the 21st century challenges they now confront;
- **Attaining a Quality of Life and Well-Being for Our People** that match the quality of the service they provide; and
- **Providing Infrastructure to Enable the Force to Fulfill its Strategic Roles** by establishing and maintaining the infrastructure and the information network required to develop, to generate, to train and to sustain the force.

These interrelated strategies serve to unify our collective efforts. **Relevant, Ready Landpower** depends on **Soldiers** who are well trained, equipped and led. Soldiers must be supported by high **Standards for Quality of Life** and modern infrastructure to **Enable the Force to Fulfill its Strategic Roles and Missions**.

The Army's current posture, initiatives and progress are described within the context of these interrelated strategies. The initiatives demonstrate how the strategies are being executed and, in a broader sense, the resources required to execute them. Transformation is the central thread which runs through each of these strategies.

Army transformation represents much more than improvements in equipment or warfighting methods. It is a multidimensional, interdependent process that involves:

- Adapting new technologies and business operations;
- Improving joint warfighting concepts and business processes;
- Changing organizational structures; and
- Developing leaders, people and culture that reflect the realities of our operating environment.

Providing Relevant and Ready Landpower to Support the Combatant Commanders

Building a Campaign-Quality Force with Joint and Expeditionary Capabilities

"Campaign qualities" refers to the Army's ability not only to win decisively in the conduct of combat on land but also in its ability to sustain operations. The Army supports the Combatant Commanders and the Joint Force, other agencies and coalition partners, for as long as may be required.

The Army continues to improve strategic responsiveness in two ways. First, the Army is becoming more expeditionary. We are improving our ability to deploy rapidly to conduct joint operations in austere theaters. Our enemies are elusive, adaptive and seek refuge in complex terrain, often harbored by failed or failing states. They fully leverage many of the same technologies we do such as the Internet and satellite communications. To improve on our joint warfighting proficiency we are embracing these conditions in deployment scenarios, training and education.

Second, we have improved our review and resourcing procedures to anticipate and support the Integrated Priority Lists developed by the Combatant Commanders. Likewise, we are continuing to anticipate and respond with urgency to our commanders' needs.

Enhancing Joint Interdependence

Each branch of the Armed Forces excels in a different domain — land, air, sea and space. Joint interdependence purposefully combines each Service's strengths, while minimizing their vulnerabilities. The Army is ensuring that our systems are fully complementary with the other Services.

We are working aggressively with the other Services to improve the ability to dominate across the range of military operations. Our efforts embrace two characteristics of modern warfare. First, technology has extended the reach of modern weapon systems to the extent that collective force protection and anti-access techniques are necessary, even in facing irregular, asymmetric challenges. Second, the other Services' capabilities to dominate air, sea and space have direct impact on ground forces' ability to dominate on land.

Our new modular formations will operate better in joint, multinational and interagency environments. These formations are designed to enhance joint concepts for battle command, fires and effects, logistics, force projection, intelligence, as well as air and missile defense. Our joint training opportunities will continue to improve as we work with Joint Forces Command and the other Services to develop a Joint National

Training Capability. The planning, scenarios, connectivity and overall realism we are working to create will enhance critical joint operations skills for commanders and Soldiers.

The ultimate test of joint initiatives is the Soldier. If a concept does not empower Soldiers, then we have to question its relevance. We are continuing our work to ensure that emerging capabilities and training requirements are created joint from the outset.

Resetting the Force

Major combat and stability operations in Iraq and Afghanistan are placing tremendous demands on our equipment and our Soldiers. As a result, we must *reset* those units — by preparing Soldiers and their equipment for future missions — often as part of new modular formations. *We use this opportunity to reset our units forward to the future — not to return them to their legacy designs.*

The major elements of our Reset Program include:

- Providing considerable training and professional development for Soldiers and leaders;
- Bringing unit readiness back up to Army standards;
- Reorganizing returning units into modular unit designs;
- Retraining essential tasks to incorporate lessons learned from Iraq and Afghanistan; and
- Adjusting pre-positioned stocks of ammunition and equipment to support the force.

Resetting the force reflects how we care for our people and prepare units for upcoming training and deployments, while positioning the Army to be more responsive to emerging threats and contingencies. Today, the standard for Active and Reserve Component reset is six and twelve months, respectively. Through a focused effort, our reset processes are becoming considerably more efficient in terms of both time and resources. The Army's depot capability and efforts to partner with industry are critical to this effort.

The Reset Program is designed to reverse the effects of combat stress on our equipment. Amidst the constant demands of war, our equipment is aging far more rapidly than projected. Because of higher operational tempo, rough desert environments and limited depot maintenance available in theater, our operational fleets are aging four years for every year in theater — dramatically shortening their life. Over 6,500 tracked and wheeled vehicles must be recapitalized this year alone. An additional 500 aviation systems must also be recapitalized. We will require additional funding to “buy back” some of this age through extensive recapitalization programs as well as replacing combat losses.

The 3rd Armored Cavalry Regiment, the 3rd Infantry Division and 129 of the more than 500 Army Reserve units (over 25 percent) have already completed the Reset Program. The 4th Infantry Division, the 2nd Light Cavalry Regiment, the 10th Mountain Division, the 1st Armored Division, the 76th Infantry Brigade (Indiana), the 30th Infantry Brigade (North Carolina), the 82nd Airborne Division and the 101st Airborne Division (Air Assault) are in various stages of the Reset Program.

Resetting units is not a one-time event. It is required for all redeploying units. A window of vulnerability exists at the end of our current operations. We project that it will take close to two years after the return of forces from Iraq and Afghanistan to completely refit our forces and to reconstitute the equipment held in our five pre-positioned sets. Only through an appropriately funded Reset Program can we extend the life of the operational fleet to remain ready to support and sustain protracted conflict. Congress has greatly helped the Army by providing supplemental funding to meet this critical need. We will continue to require additional resources to complete this essential work.

Converting to a Brigade-Based, Modular Force

Modular conversion will enable the Army to generate force packages optimized to meet the demands of a particular situation, without the overhead and support previously provided by higher commands. Modular units are tailored to meet the Combatant Commanders' requirements. These units, known as Brigade Combat Teams (BCTs), are more robust, require less augmentation and are standardized in design to increase interoperability. They are, in essence, a self-sufficient, stand-alone tactical force, consisting of 3,500 to 4,000 Soldiers, that is organized and trains the way it fights.

Modular BCTs will serve as the building blocks of Army capabilities. There are three common organizational designs for ground BCTs and five for support brigades. The three designs include a heavy brigade with two armor-mechanized infantry battalions and an armed reconnaissance battalion; an infantry brigade with two infantry battalions and an armed reconnaissance and surveillance battalion; and a Stryker brigade with three Stryker battalions and a reconnaissance and surveillance battalion. Four of the five types of support brigades perform a single function each: aviation; fires; sustain; and battlefield surveillance. The fifth, maneuver enhancement brigade, is organized around a versatile core of supporting units that provide engineer, military police, air defense, chemical and signal capabilities.

By creating a modular, brigade-based Army, we are creating forces that are more rapidly deployable and more capable of independent action than our current division-based organization. Their strategic responsiveness will be greatly improved. Modularity increases each unit's capability by building in the communications, liaison and logistics capabilities needed to permit greater operational autonomy and support the ability to conduct joint, multinational operations. These capabilities have previously been resident at much higher organizational echelons.

We are also eliminating an entire echelon of command above the brigade headquarters, moving from three levels to two. Doing so removes redundancies in command structure and frees additional personnel spaces for use elsewhere. We are also eliminating several layers of logistics headquarters to increase responsiveness, further reduce redundancy and improve joint logistics integration.

In addition, the new higher-level headquarters will become significantly more capable and versatile than comparable headquarters today. These modular headquarters will be able to command and control any combination of capabilities: Army, joint or coalition. Their design, training and mindset will allow them to serve as the core of joint or multinational task force headquarters, with significantly reduced personnel augmentation. This will relieve stress on the force by eliminating a continuing demand to fill headquarters manning requirements on a temporary basis.

The Army is also transforming its Reserve Component structures to the new BCT organization. We are applying the lessons learned in Iraq and Afghanistan to better train, equip, support and generate these units from their home stations. The Army Reserve is developing Army Reserve Expeditionary Packages to better generate and distribute critical force capabilities. This rotational force model streamlines mobilization, training and equipping of units; enhances readiness; and improves predictability for Soldiers, families and civilian employers.

Execution of this transformation is already well underway. As units redeploy from fighting, their conversion process begins. The 3rd Infantry Division and the 101st Airborne Division have already reorganized their existing brigades and created a new brigade each. The 3rd Infantry Division is the first converted unit returning to Iraq. The 10th Mountain Division and the 4th Infantry Division will soon follow. By the end of 2006, we will have added 10 new brigades. Potentially, we will create five more in 2007. The Army National Guard is converting 34 BCTs or separate brigades to modular designs. At the end of our effort, the Army will have 77 and potentially 82 total BCTs.

Rebalancing Active and Reserve Component Units and Skills

Our current Active and Reserve Component structure is not optimized for rapid deployment and sustainment. We are restructuring the force to increase units with special skills that are routinely in high demand by the

Combatant Commanders, such as infantry, military police, transportation and civil affairs. Rather than requesting additional force increases, we are decreasing force structure in less demand. When completed, we will have restructured and rebalanced more than 100,000 positions. We have already converted more than 34,000 of these positions.

We are also placing more combat support and combat service support structure into the Active Component to improve deployability and the ability to sustain operations during the first 30 days of a contingency. This increase in high-demand sustainment units will reduce the requirements for immediate mobilization of Reserve Component units.

The Army Reserve's Federal Reserve Restructuring Initiative is another program that is helping to resource units at higher levels by converting or eliminating current force structure and specialties in low demand to increase those in greatest demand. This initiative relieves stress on units in higher demand and adds depth to the Army's operational forces.

Stabilizing Soldiers and Units to Enhance Cohesion and Predictability

To improve unit cohesion and readiness, while reducing both turbulence in units and uncertainty for families, we are changing how we man our units. Our objective is to keep Soldiers in units longer to reduce chronically high turnover rates of Soldiers and leaders, improve cohesion within units and increase training proficiency and overall combat readiness. Units that stay together longer build higher levels of teamwork, understand their duties and their equipment better, require less periodic retraining and tend to perform better during deployments. Fewer moves of Soldiers and their families also saves the Army money.

These assignment policies, now being implemented, will also improve quality of life and predictability for Soldiers, families and civilian employers. Stabilizing Soldiers, which in certain cases, will be challenging to achieve in the near term, will allow their families to build deeper roots within their communities and enjoy better opportunities for spouse employment, continuity of healthcare, schooling and other benefits. This program also reduces the chance of a Soldier moving from a unit that recently redeployed to a unit preparing to deploy. The Army gains more cohesive, more experienced units while Soldiers and families benefit from greater predictability, stability and access to stronger support networks that enhance well-being.

The 172nd Separate Infantry Brigade, in Alaska, was the first unit to implement unit stability. The Army will man four more brigades using this method this year. The Army will continue to implement stabilization policies as units redeploy to their home stations.

Leveraging Army Science and Technology Programs

The focus of Army science and technology is to accelerate maturing technologies with promising capabilities into the Current Force faster than expected. These technologies include:

- Networked battle command and logistics systems;
- Networked precision missiles and gun-launched munitions; and
- Improved intelligence sensors, active and passive protection systems, unmanned ground and air systems and low-cost multispectral sensors.

Many of these technologies are already being fielded to our front-line Soldiers to dramatically improve their capabilities. Specific science and technology initiatives will improve existing capabilities to:

- Detect and neutralize mines and improvised explosive devices (IEDs);
- Identify friendly forces in combat;
- Develop medical technology for self-diagnosis and treatment;

- Identify hostile fire indicators; and
- Enhance survivability, training systems and robotics.

We are working to harness the full potential of our science and technology establishment to improve the capability of our forces to defeat opponents in complex environments, which include urban terrain, triple-canopy jungle conditions, desert terrain, mountainous environments and caves.

Spiraling Future Combat Systems Capabilities into the Current Force

Our largest, most promising, science and technology investment remains the pursuit of Future Combat Systems (FCS) technologies. The FCS-equipped force will add crucial capabilities to the Future Force to achieve Department of Defense transformation goals. FCS is not a platform. It is a family of 18 networked air and ground-based maneuver, maneuver support and sustainment systems.

Networked FCS capabilities will provide unprecedented levels of situational awareness by integrating communications, sensors, battle command systems as well as manned and unmanned reconnaissance and surveillance systems. FCS-equipped units, operating as a system of systems, will be more deployable and survivable than our current units and will enhance joint capabilities. They will also be better suited to conduct immediate operations, over extremely long distances, with other members of the Joint Force, to produce strategic effects.

In July 2004, the Army restructured the FCS program to accelerate the introduction of battle command, the Army network and other crucial capabilities to the Current Force, while we continue to build our initial FCS-equipped BCT. Improvements to the Army network, known as LandWarNet, are focused on applying lessons learned from Iraq and Afghanistan to improve our forces' ability to see first, understand first, act first and finish decisively. LandWarNet, designed to support all Joint communications architectures, will apply the most mature technologies commercially available and support the fielding of the Joint Network Node, the Warfighter Information Network and the Joint Tactical Radio System.

The Network provides the backbone for introducing the key FCS capabilities identified to be fielded early which include:

- Unattended ground sensors;
- Intelligent munitions;
- Non-line-of-sight launch systems and cannon artillery; and
- A range of unmanned aerial platforms.

These systems provide greater target detection, force protection and precision-attack capabilities than we have today. Specific programs will enhance protection from enemy mortars, artillery and rockets and improve Soldiers' ability to communicate in urban and other complex settings. The acceleration of selective FCS technologies is providing immediate solutions to critical problems our Soldiers face today. The technologies we spiral into the Current Force today, coupled with the doctrinal and organizational concepts being developed to enable them, will also help to improve the decisions we make concerning the Future Force.

Restructuring Army Aviation

The Army is also transforming its aviation forces to develop modular, capabilities-based forces optimized to operate in a more joint environment. This past year, the Army cancelled the Comanche Program and redirected its resources into other Army aviation programs. The technologies developed by the Comanche Program are being used in our current Army aviation platforms.

The reallocation of funding allowed the Army to modularize, modernize and improve its force protection capabilities. The Army is accelerating aircrew protection and fielding Aircraft Survivability

Equipment. Our modular structure reduces the number of brigade designs from seven to two. Over the next six years, we are purchasing more than 800 new aircraft that include 108 attack, 365 utility and 368 armed reconnaissance helicopters. We are also modernizing an additional 300 helicopters. These initiatives will enable the Army to extend the life of its critical aviation assets beyond 2020. This will greatly reduce the age of our aviation fleet, improve readiness rates and reduce maintenance costs.

As a result of the Comanche termination decision, the Army will:

- Accelerate the modernization of Reserve Component aviation;
- Accelerate the Unmanned Aerial Vehicle, Light Utility Helicopter and Armed Reconnaissance Helicopter programs;
- Focus additional resources on the Future Cargo Aircraft program designed to improve intra-theater lift capacity;
- Develop a common cockpit for cargo and utility aircraft;
- Field improved deployability and sustainment kits; and
- Purchase and install advanced avionics packages.

This restructuring will result in dramatic Army-wide efficiencies by reducing training costs and standardizing both maintenance and logistics requirements.

Training and Equipping Soldiers to Serve as Warriors and Growing Adaptive Leaders

Reinforcing Our Centerpiece: Soldiers as Warriors

Human skills may change as technology and warfare demand greater versatility. No matter how much the tools of warfare improve, it is the Soldier who must exploit these tools to accomplish his mission. The Soldier will remain the ultimate combination of sensor and shooter.

The Army prepares every Soldier to be a Warrior by replicating, to the maximum degree possible, the stark realities of combat to condition Soldiers to react instinctively. We have changed our training systems to reflect the realities of war and to better prepare our Soldiers. Our goal is to build Soldiers' confidence in themselves, their equipment, their leaders and their fellow Soldiers.

The biggest change is in our initial military training for new Soldiers. Initial-entry Soldiers are now being prepared to operate in an environment that knows no boundaries. They are receiving substantially more marksmanship training, hand-to-hand combat instruction, an increased emphasis on physical fitness, live-fire convoy training and more focus on skills Soldiers need to operate and survive in combat.

Our Soldiers are smart, competent and totally dedicated to defending the Nation. All are guided by Army Values (Figure 2).

They commit to live by the ideals contained in The Soldier's Creed (Figure 3). This creed captures the Warrior Ethos and outlines the professional attitudes and beliefs desired of American Soldiers.

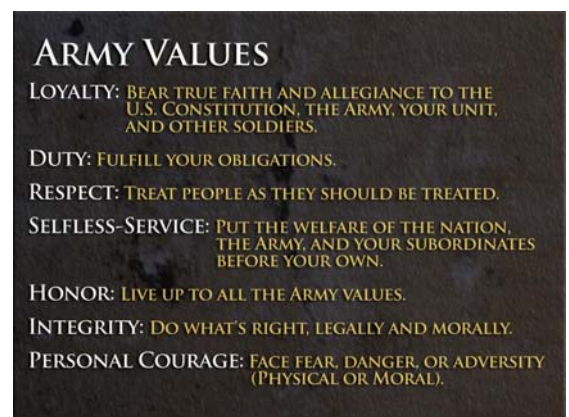


Figure 2:

Mental and physical toughness underpin the beliefs embraced in the Soldier's Creed and must be developed within all Soldiers — without regard to their specialty, their unit or their location on the battlefield. The Warrior Ethos engenders the refusal to accept failure, the conviction that military service is much more than just another job, and the unfailing commitment to be victorious. It defines who Soldiers are and what Soldiers must do. It is derived from our long-standing Army Values and reinforces a personal commitment to service.

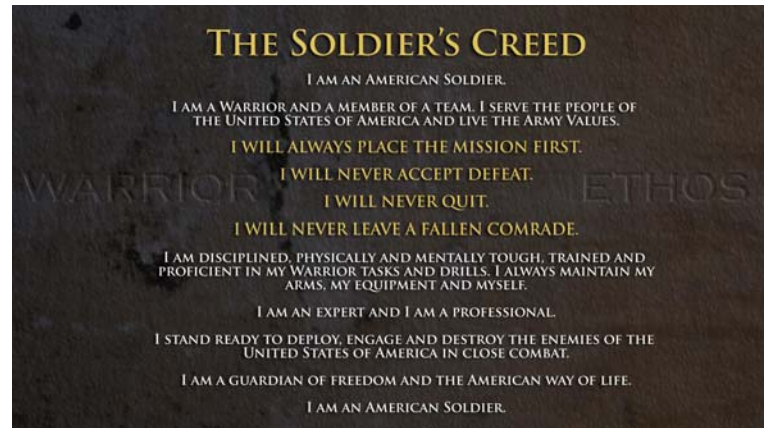


Figure 3

Soldiers join the Army to serve. Our Soldiers know that their service is required to secure our Nation's freedoms and to maintain the American way of life. We will never take for granted the personal sacrifices our Soldiers and their families endure, which include facing the hardship of war, extended periods of separation and, in the case of our Reserve Component Soldiers, concerns over continued employment and advancement in their civilian jobs.

Recruiting and Retaining Soldiers

The Army continues to attract highly qualified and motivated young people to serve. To maintain our high-quality Army, we must recruit and retain good Soldiers. We are proud of the men and women who come into the Armed Forces to make a difference, to be part of something larger than themselves and to "give something back" to their country.

In 2004, we met our Active and Reserve recruiting goals. The Army National Guard fell just short of its overall recruiting goal. While the recruiting environment is a challenging one, we have not lowered our standards. Our reenlistment rates reflect a positive outlook toward continued service. In 2004, the Active Component far exceeded its retention goal (107 percent) while the Army Reserve and Army National Guard achieved 99 percent of their goals.

Our continued success is a testament to the citizen-patriots of America who enlist and reenlist in our ranks, yet we know that our operational situation could negatively impact recruiting and retention. We are therefore resourcing several incentives to help attract and retain the right people. We continue to offer options for continued service while meeting Soldiers' individual goals. Moreover, we continue to adjust policies and incentives to access new Soldiers, reenlist current Soldiers and reduce unit attrition rates. This ensures that our Army is manned with top-quality people and capitalizes on investments in training, education and mentoring.

In light of the challenges we foresee, we will need the best minds within the Army, Congress, industry and academia to create the environment and to devise and implement strategies to sustain our ranks with the high-quality men and women that are our centerpiece.

Equipping Our Soldiers

Our Soldiers rely on and deserve the very best protection and equipment we can provide. To equip them for the challenges they face, one of the most critical issues we are addressing is vehicle armor. With the support of Congress, acting in full partnership with industry, the Army has dramatically increased the pace of both production and fielding. By March 2005, the current requirement of approximately 32,500 tactical wheeled vehicles in the Iraq and Afghanistan theaters will be protected either with integrated, add-on or locally fabricated armor. By June 2005, we will have replaced all fabricated armor with add-on armor. This rapid delivery schedule has increased the number of armored vehicles in theater one-hundred-fold since August 2003.

Figure 4 lists eight key Soldier protection areas ranging from providing body armor for Soldiers to armor for HMMWVs, trucks and other key vehicles. Our enemies will continue to adapt their tactics; we will remain steadfast in our commitment to protect our Soldiers by meeting and exceeding theater requirements in all areas.

In addition to protecting Soldiers, the Army is working aggressively to provide them the best possible equipment. The Army has established two programs to anticipate Soldiers' needs and respond quickly to those identified by commanders. Through emergency supplemental appropriations, Congress has been particularly helpful in funding these vital programs.

The Rapid Fielding Initiative (RFI) is designed to fill Soldier equipment shortfalls by quickly fielding commercial off-the-shelf technology rather than waiting for standard acquisition programs to address these shortages. RFI is increasing Soldier capabilities at an unprecedented pace. Since September 2002, we have equipped 36 Brigade Combat Teams. In 2004 alone, the Army equipped more than 180,000 Soldiers.

We are equipping deploying National Guard, Army Reserve and Active Component Soldiers to a common standard. Current plans call for equipping about 258,000 Soldiers in 2005 and the entire operational force by September 2007. We are using fielding teams at home stations and in theater to ensure that every Soldier receives 49 items including body armor, advanced ballistic helmets, hydration systems, ballistic goggles, kneepads, elbow pads and other items. The equipment being issued to units reflects the lessons learned during three years of fighting in complex environments, including optical sights for weapons, grappling hooks, door rams and fiber optic viewers to support Soldiers' ability to observe from protected positions.

The Rapid Equipping Force (REF) typically uses commercial and field-engineered solutions to quickly meet operational needs. REF has executed numerous initiatives to support the Army's Improvised Explosive Device (IED) Task Force and the requirements of the other Services. REF solutions meet immediate needs and are then assessed for wider fielding and incorporation into standard acquisition processes.

REF teams in Afghanistan and Iraq interact with commanders at brigade and battalion levels. Equipment

EQUIPPING OUR SOLDIERS: SOLDIER PROTECTION PROGRAMS IN IRAQ AND AFGHANISTAN		
AREA	WHERE WE WERE AUGUST 2003	WHERE WE ARE IN JANUARY 2005
SOLDIER BODY ARMOR	Estimated 109,000 Soldiers equipped - Deltoid Auxiliary Protectors not fielded	All Soldiers and DoD civilians in theater equipped - plus 60,000 Deltoid Auxiliary Protectors issued
UP-ARMORED HMMWVs	Approximately 250 in theater	More than 6,400 HMMWVs fielded
TACTICAL WHEELED VEHICLE ADD-ON ARMOR KITS	Developing plan to equip more than 10,000 vehicles	More than 19,000 vehicles in theater have add-on armor kits
ARMORED SECURITY VEHICLES (ASV)	ASV program cancelled during the 2003 budget and programming decision	82 ASVs in theater; total requirement of 872 approved
BRADLEY REACTIVE ARMOR TILES (BRAT)	140 vehicle sets delivered	592 sets delivered; acceleration plan in execution
COUNTER IED DEVICE	Minimal capability in theater	1,496 systems in theater
TACTICAL AND SMALL UNMANNED AERIAL VEHICLE (UAV)	Two systems deployed to theater - requirement is 194	128 systems deployed; requirement remains 194
AIRCRAFT SURVIVABILITY EQUIPMENT (ASE)	No Fixed Wing ASE; In process of upgrading CH-47 Chinook and UH-60 Blackhawk aircraft with basic ASE	All theater aircraft upgraded with basic ASE. In process of upgrading to an advanced Common Missile Warning System/Improved Countermeasure Munitions Dispenser (CMWS/ICMD)

Figure 4

provided ranges from lock shims to open padlocks nondestructively to far more sophisticated, remote-controlled reconnaissance devices to explore caves, tunnels, wells and other confined spaces without endangering Soldiers. REF also provides predeployment and in-theater training on the technological solutions it provides.

Training Soldiers and Growing Adaptive Leaders

A balance of training and education is required to prepare Soldiers to perform their duties. Training prepares Soldiers and leaders to operate in relatively certain conditions, focusing on “*what to think*.” Education prepares Soldiers and leaders to operate in uncertain conditions, focusing more on “*how to think*.” We are developing more rigorous, stressful training scenarios to prepare leaders to be more comfortable while operating amidst uncertainty.

Our programs develop leaders with the right mix of unit experiences, training and education needed to adapt to the rigors and challenges of war. We continue to adjust training, across the Army, to reflect the joint operating environment by incorporating the lessons learned from current operations. We are also implementing the National Security Personnel System, an innovative new approach to civilian personnel management and leader identification. This will help to transform our management and development of critical Army civilians and achieve our desired objectives for the overall mindset and culture of the force.

In light of the challenges posed by the 21st century security environment, the Army is moving from an “*alert — train — deploy*” training model to a “*train — alert — deploy — employ*” model. We recognize that, in an increasing number of situations, we will have little time to train prior to deploying. For this reason, Army transformation is focused on providing key training and education to increase readiness for no-notice expeditionary operations.

We have incorporated lessons learned into all of our systems and training scenarios at our mobilization stations and combat training centers. This adaptation is having an immediate, tangible impact on the streets of Iraq, the battlefields of Afghanistan and in other places around the world. Other key improvements include:

- Increased funding to adapt ranges and facilities to reflect likely combat situations;
- Adjusted Defense Language Institute requirements to meet immediate operational needs for Arabic translators;
- Increased ammunition allocations to improve every Soldier’s live-fire weapons training; and
- Required live-fire training to ensure all Soldiers and units develop proficiency in the key battle drills needed to conduct safe convoy operations and other tasks.

To ensure our leaders learn from our veterans, we have implemented formal assignment guidelines to make best use of Soldier and leader experiences. We are assigning veterans to key joint billets as well as to key instructor and doctrine development positions. In addition, our most experienced officers and noncommissioned officers will return to operational units to apply their experiences in leading our fighting units.

The Army remains committed to the education of our leaders even during this period of war. In fact, we are more aggressively pursuing leaders’ education now than during any other period of conflict in our history. We are educating our leaders to expand their minds, increase their cultural awareness and to promote a “lifetime of learning.” These initiatives to our professional military education are based on three pillars — institutional education, self-study and experience. The synergy created by the combination of these three forms of education provides our leaders with enhanced capabilities to adapt to an increasingly ambiguous security environment.

To facilitate excellence in our leaders at every level, Joint Professional Military Education (JPME) is embedded throughout Army learning. Joint awareness is introduced in precommissioning education and training of all officers, as well as the mid-level noncommissioned officer courses. Our training and education systems further

emphasize a more in-depth understanding of joint principles and concepts beginning at the Captain/Major level for officers and the Sergeant Major level for our noncommissioned officers. Our senior-level JPME programs develop our civilian leaders and further educate military leaders on the joint, multinational and interagency processes. This education is reinforced by experiences obtained in joint assignments. This increased understanding of the capabilities of other Services and external organizations significantly improves our leaders' ability to support the Joint Force in achieving national objectives.

Our military education programs teach our leaders critical thinking skills in “*how to think*” versus “*what to think*.” Supported by Army Values, the Warrior Ethos and the experiences obtained through training and combat, Army leaders at all levels continue to hone the skills required to win in the complex environment of the 21st century.

Enhancing the Combat Training Centers

The Combat Training Center (CTC) Program provides highly realistic training to prepare Soldiers and leaders to execute our doctrine for operating with other Services, the military forces of other nations and other agencies of the U.S. Government. This training is essential as we become increasingly more interdependent with other Services, allies and the interagency community. The training centers include the Battle Command Training Program at Fort Leavenworth, Kansas; the Joint Readiness Training Center at Fort Polk, Louisiana; the National Training Center at Fort Irwin, California; and the Combat Maneuver Training Center at Hohenfels, Germany.

These training centers are agents of change. Training scenarios are constantly updated to reflect changing battlefield conditions and incorporate lessons learned. In all scenarios, Soldiers and leaders are presented with complex, cross-cultural challenges by large numbers of role players who act as both combatants and foreign citizens.

Additionally, each of the training centers is building extensive urban combat training facilities, as well as cave and tunnel complexes, to simulate wartime environments. As the Army transforms to a modular force, the CTCs will improve their ability to export a CTC-like training experience to home stations to reduce deployment requirements for training. The CTCs will continue to adapt to meet the training requirements to best serve a modularized Army.

Attaining a Quality of Life and Well-Being for Our People that Match the Quality of Their Service

Maintaining the Viability of the All-Volunteer Force

The United States Army owes its success to the All-Volunteer Force, which provides the high-quality, versatile young Americans we depend on to serve as Soldiers. This is the first time in our history in which the Nation has tested the All-Volunteer Force during a prolonged war. The quality-of-life programs that support our Soldiers and their families, as well as our civilian workforce, will play a major role in maintaining the overall viability of this concept. Determining what kind of All-Volunteer Army we need and developing the environment, compensation, education and other incentives to keep it appropriately manned may well be the greatest strategic challenge we face.

Maintaining the viability of this force will depend on several factors. First, American citizens must remain convinced that the Army is a great place to serve. While Soldiers perform their duties to meet Army expectations, the Army, in turn, must provide an environment in which individual aspirations can be met. To concentrate on the challenges they face, Soldiers must understand the frequency and cycle of projected deployments. Likewise, they must believe that their families will be provided for in their absence. Similarly, programs to encourage civilian employer support to Reserve Component Soldiers, who comprise more than

half the Army force, are required to recruit and retain Reserve Component Soldiers.

The Army is executing a full, diverse range of programs and activities that will help us to attract and retain the quality people we need to maintain a volunteer force during a time of war. It is of national interest to retain these dedicated Soldiers to sustain the overall viability of our All-Volunteer Army. The support of Congress and the American people is vital to this effort.

Caring for Army Families and Soldiers

Army Well-Being programs contribute to the Army's ability to provide trained and ready forces. These programs enable leaders to care for their people while accomplishing the missions assigned to their units. Providing for the well-being of Soldiers' families is a fundamental leadership imperative that requires adequate support and resources. We are pursuing numerous programs designed to improve spouse employment, ease the transitioning of high school students during moves and extend in-state college tuition rates to military families. We are also examining how best to expand support for veterans and National Guard and Army Reserve Soldiers. For example, TRICARE policies now allow for the eligibility of National Guard and Reserve Soldiers and their families.

Housing programs are another way in which we manifest our care for Soldiers and their families. We continue to focus considerable effort on our Residential Communities Initiative and Barracks Modernization Program. Congressional support for these initiatives has had a dramatic effect on improving the quality of life for our Soldiers and their families. The Army has already privatized more than 50,000 housing units and will eventually privatize over 32,000 more.

Programs like the Residential Communities Initiative, when reinforced with other ongoing programs, will greatly help in our ability to retain Soldiers and families. These programs include:

- Improvements in healthcare, child care, youth programs, schools, facilities and other well-being initiatives; and
- Investments in new barracks for Soldiers without families, new centers for Reserve Component units and significant improvements in training ranges.

We support our Soldiers who have become casualties during war through the Disabled Soldier Support System (DS3). This initiative provides our Army's most severely disabled Soldiers and their families with a system of follow-up support beyond their transition from military service. DS3 provides support to families during the initial casualty notification, tracks the Soldier's return trip home and provides appropriate assistance in coordinating pertinent local, federal and national agencies. For the Soldier, this support includes rehabilitation, support at the medical and physical evaluation boards (which embrace unprecedented ways for severely injured Soldiers to continue to serve) and integration with veterans affairs organizations, as required.

The Army will continue to look for ways to improve on our DS3 initiative and deliver on our unfailing obligation to care for our people. To monitor and to report on the care being afforded to our Soldiers in the DS3 program, we have enlisted the support of our voluntary Civilian Aides to the Secretary of the Army. These aides are notified when disabled Soldiers are released from active service. They support the transition of these Soldiers to civilian life and work closely with civic leaders to assist in job placement, continued rehabilitation, education and other services to benefit these Soldiers and their families.

The resilience of the young men and women and their spouses, who have sacrificed so that others might have a brighter future, is humbling and exemplary. We will honor their service and sacrifice by remaining steadfast in our support to them.

Providing Infrastructure to Enable the Force to Fulfill Its Strategic Roles and Missions

Business Transformation

Transformation of our business, resourcing and acquisition processes promotes the long-term health of the Army. It will free human and financial resources that can be better applied towards accomplishing our warfighting requirements and accelerating other aspects of transformation.

We are working aggressively to **streamline our business processes and practices** by taking advantage of industry innovation through commercial off-the-shelf (COTS) products, outsourcing and partnering. We are also adopting electronic business operations and a portfolio management approach to information technology requirements, while continuing to pursue U.S. Government guidelines for competitive sourcing. These reform initiatives will remain congruent with other Department of Defense transformation initiatives, such as the Defense Integrated Military Human Resources System.

One key business initiative is the General Fund Enterprise Business System, an integrated COTS system that will replace the Army's 30-year-old accounting systems. The objective is to meet legislative requirements, while helping the Army to obtain an unqualified audit opinion of its annual financial statements.

Additionally, the Army Review and Resourcing Board is helping to validate and resource requirements, to accelerate the "requirements to solutions" cycle time and to make recommendations to the leadership on resource adjustments. The Army intends to make our processes more flexible, transparent and responsive to both immediate and future requirements of the Joint Force.

To meet the needs of the Future Force and to improve both effectiveness and efficiency, we are also **adapting the Institutional Army**. The Institutional Army helps to accomplish our Title 10 functions to recruit and train our Soldiers, generate and sustain the force and other Services with materiel and equipment, and prepare the force for the future through doctrine development, research and experimentation. It represents about one-third of the Army in the form of Active, National Guard, Army Reserve units, Department of the Army civilians and contractors. It includes Headquarters, Department of the Army; Training and Doctrine Command; Forces Command; Army Medical Command; Army Materiel Command; Army Corps of Engineers and numerous other organizations.

The idea of adapting the Institutional Army is not new. Driven by strategic, operational and fiscal necessities of war, the time to do it is now. The Army Campaign Plan communicates the scope of adaptation that is required to:

- Identify and divest ourselves of functions no longer relevant to current missions;
- Develop a joint, interdependent, end-to-end logistics structure that integrates a responsive civil-military sustaining base to better meet Army operational requirements;
- Foster a culture of innovation to significantly increase institutional agility; and
- Convert military positions to civilian positions, where appropriate, to improve the availability of Soldiers for deploying units.

We are incorporating these objectives into a comprehensive plan for adapting the Institutional Army, process-by-process, structure-by-structure, over a multiyear period. This plan will provide context, direction and a general vector to support the immediate adaptation of the Institutional Army to reflect our wartime focus. The Army will develop this plan during this fiscal year.

Maintaining Our Installations as "Flagships of Readiness"

Our installations are an essential component in maintaining the premier Army in the world. Our installations are the platforms from which we rapidly mobilize and deploy military power and sustain our military families. Installations also play a vital role in training the force and reconstituting it upon return from deployment. They

also provide deployed commanders with the ability to reach back for information and other support through advanced communications technology.

To enable the creation of new modular brigades, the Army has greatly accelerated the normal planning, programming and budgeting cycle, requiring installation commanders to find innovative solutions to support additional Soldiers training and living on our installations. The Army is using existing facilities when available and making renovations and modifications, where feasible. Often, we must acquire temporary structures to satisfy facility shortfalls. We are also funding site preparation work, permanent utility infrastructure and renovation projects. Each installation has unique requirements to support and sustain the Army's new modular force structure.

The condition of our installation infrastructure, such as vehicle maintenance and physical fitness facilities, continues to present challenges due to the compounding effects of many decades of underfunding. Investment in the installations that are homes to our Soldiers and families, and the workplace for our civilians, will continue to play a vital role in attracting and retaining volunteers to serve.

Improving Global Force Posture

The Army is adjusting its global posture to meet the needs of Combatant Commanders. The objective is to increase strategic responsiveness while decreasing its overseas footprint and exposure. As part of a larger Department of Defense program, these adjustments will have a fundamental impact on our facilities and our ability to surge forces when needed. In place of traditional overseas bases with extensive infrastructure, we intend to use smaller forward operating bases with pre-positioned equipment and rotational presence of personnel.

Parallel with the Base Realignment and Closure process, the Army is identifying critical joint power projection installations to support the mobilization, demobilization and rapid deployment of Army forces. We are also enhancing force reception and deployed logistics capabilities to quickly respond to unforeseen contingencies.

To complete the transition to an expeditionary force, we will reposition ground forces to meet emerging challenges and adjust our permanent overseas presence to a unit-rotation model that is synchronized with force generation initiatives. In Europe, both heavy divisions will return to the United States. They are being replaced by expanding the airborne brigade in Italy, enhancing the Army's training center in Germany and establishing a possible rotational presence in Eastern Europe. We will maintain a rotational presence in the Middle East while eliminating many of our permanent bases. In the Pacific, we will maintain smaller forward-presence forces, but will station more agile and expeditionary forces capable of rapid response at power projection bases. Finally, we will leverage our improved readiness to increase our rotational training presence among our security partners.

LandWarNet

LandWarNet is the Army's portion of the Department of Defense's Global Information Grid. LandWarNet, a combination of infrastructure and services, moves information through a seamless network and enables the management of warfighting and business information.

Operations in Iraq and Afghanistan highlight the power of a highly mobile communications network and network-centric operations. A network-centric force has dramatically improved situational awareness and quality of information which, in turn, leads to dramatic improvements in military effectiveness across the range of vital functions including operational cycle times, command and control, force application, force protection and logistics. These improvements combine to create unprecedented levels of flexibility and agility.

The 1st Cavalry Division and the 1st Armored Division have demonstrated this agility in their operations. Using the power of networked communications, they have been able to move information at unprecedented rates which has shortened the time required to conduct tactical and operational updates. This has accelerated the speed of command by enabling faster planning and execution of operations. Using this technology, Stryker units were able to move from northern locations to the south and fight two battles within 48 hours,

demonstrating a significant improvement in both flexibility and agility.

Equipping Soldiers with world-class communications capabilities is also improving the ability to provide logistical support. For example, the 3rd Infantry Division was fielded, prior to their redeployment to Iraq this year, with the Joint Network Transport Capability-Spiral, which includes the Joint Network Node, Trojan Spirit and the Combat Service Support Very Small Aperture Terminal. These systems provide versatile satellite communications that improve the ability to sustain operations over extended distances in complex terrain by reducing gaps in current capability. Three other divisions will receive these systems this year. We are also fielding commercial solutions available now to expand communications capabilities and to increase self-sufficiency.

The Network will also help to provide “actionable intelligence” for commanders and Soldiers in a more timely manner than today. The Network will improve situational awareness and the quality and speed of combat decision making. It will leverage the Army’s initiatives to expand human intelligence and improve analytical capabilities for deployed forces. Moreover, it will enable improvements in collaboration and analysis, while making it possible to share intelligence products more readily with the commanders and Soldiers that have the greatest need for them.

Accelerating the fielding of Battle Command capabilities to establish a more capable and reliable network will support the Department of Defense goal to bring the joint community closer to a common operational picture. LandWarNet will integrate joint maneuver forces, joint fires and actionable intelligence to produce far greater capability and responsiveness. The combined effect of our Battle Command and Network programs will be to improve combat capability today, while enhancing the relevance and readiness of the Future Force.

Balancing Risk: The Tension Between Current and Future Demands

To reduce the risk associated with operations in support of the Global War on Terror, in the aftermath of September 11, we have made numerous decisions to allocate resources to immediate, urgent wartime needs. These decisions, made prior to and during 2004, have better enabled our Soldiers to accomplish their missions. Our challenge, in the months and years ahead, will be to establish a balance between current and future investments that will keep risk at moderate levels as we support the execution of the full scope of our global commitments while preparing for future challenges.

“Buying Back” Capabilities

Prior to September 11, the Army’s strategic investment decisions were based on a prevailing view that, in the absence of a peer competitor, risk could be accepted in numerous areas of procurement for the Current Force to facilitate substantial investment in the Future Force.

In the aftermath of September 11, Army requirements changed dramatically. Army decisions made during 2004 reflect the need to “buy back” many of the capabilities, forsaken in recent years, now required to support the Combatant Commanders. Buying back these capabilities has reduced operational risk, improved force protection and supports evolving priorities. While these decisions have produced dramatic, immediate improvements for our Soldiers and for our capabilities in Iraq and Afghanistan, the costs, in excess of \$6.5 billion, have been substantial.

Major Decisions in 2004

During 2004, the Army restructured or cancelled 126 programs to free resources for more pressing wartime requirements. The most significant of these decisions are described below.

- In May 2004, as highlighted earlier, the Army cancelled the Comanche Program. We are reinvesting the \$14.6 billion in savings into pressing Army aviation requirements and correcting many chronic equipment shortfalls.
- In July 2004, the Army restructured the Future Combat Systems (FCS) Program to accelerate the

introduction of crucial new capabilities to the Current Force. By accelerating FCS, the Army will be able to spiral promising technologies into the hands of Soldiers and leaders to give them the tools they need now.

Other decisions made by Congress or the Department of Defense acted to significantly enhance the Army's capability to accomplish its assigned missions.

- In October 2004, the Army was authorized by the National Defense Authorization Act to raise Active Component end strength by 20,000 Soldiers and, between 2005 and 2009, increase by an additional 10,000 Soldiers. This increase is intended to provide the personnel strength needed to implement our modular conversion and rebalancing initiatives. The increase in end strength also expands the potential options for operational tour lengths, which we are fully evaluating in the larger context of the Army's ability to generate the combat and sustainment forces needed to support operations in multiple theaters of war.
- During Fiscal Year 2004, in addition to supporting these critical decisions, the Department of Defense and the other Services supported Army operations and helped to maintain transformational momentum, by reprogramming significant resources to Army accounts. The Army also received more than \$15.4 billion of a \$25 billion contingency reserve fund appropriated by Congress.

Meeting Today's Demands While Preparing for Tomorrow

We have done much to mitigate risk, in all dimensions, but particularly in **operational** risk. Creating modular units; fielding of Stryker Brigade Combat Teams; restructuring of Army Aviation following the cancellation of the Comanche Program; establishing the Reset Program and initiating rapid fielding; and rapid equipping programs are all helping to meet demands for Army forces, while reducing levels of operational risk.

Due to dramatically increased operational tempo, the operational fleet's condition and age are affecting current equipment readiness. Increased mileage and flight hours, coupled with the severe environmental conditions encountered in Iraq and Afghanistan, have placed greater stress on the fleet than expected. The Army will require assistance to address the risk. As part of the Reset Program, increased repair, recapitalization and replacement of systems will be required to ensure our fleet is maintained and fully capable.

Numerous initiatives are focused to reduce **force management** risk. These include:

- Establishing a larger pool of rotational forces through modularity;
- Rebalancing the Active and Reserve Components;
- Eliminating redundant capabilities;
- Executing a comprehensive military-to-civilian conversion program;
- Stabilizing the force;
- Enhancing recruiting and retention by adding recruiters and creating special incentives; and
- Increasing the personnel strength of the operational Army.

In addition, congressional approval of increases in Active Component personnel strength is helping the Army to man its transforming modular Brigade Combat Teams now undergoing activation or conversion.

Our Army is focusing resources on spiraling higher payoff technologies into the Current Force to minimize **future** risks. Our investment accounts will be critical to our ability to maintain technological superiority and ensure the development and fielding of the Future Force. We will need assistance to maintain these investment accounts to strike the proper balance between supporting current operations and readiness and investing in capabilities required to ensure future success.

To reduce **institutional** risk, we are continuing to refine our resourcing processes to make them more agile and responsive to the immediate requirements of the Combatant Commanders and to help prepare the

Army for future challenges. Our investments in LandWarNet (to facilitate real time, common understanding of dynamic situations) are improving our installations' ability to project and sustain forces. This result is a more rapidly deployable force that requires less logistics overhead structure and a greater capacity to reach back to their home stations for intelligence, medical and other essential support.

Increased funding will be required to accomplish our current tasks and simultaneously prepare for the future. Reduced funding would have a significant impact on procurement; repair, recapitalization and replacement of the heavily utilized operational fleet; resetting the force; and Soldier programs, while preparing the force to accomplish the full range of future requirements, projected in an uncertain, unpredictable era.

Remaining Relevant and Ready in Service to the Nation

Our commitment to the Nation is certain and unwavering. The Army has defended the Nation for 230 years. We continue to remain vigilant in this fundamental task by providing the Nation unique capabilities to complement those provided by the other Services.

The Army remains a values-based organization committed to the ideals of Loyalty, Duty, Respect, Selfless Service, Honor, Integrity and Personal Courage. These ideals are embodied in the Soldier's Creed and the Warrior Ethos and are ingrained into the fiber of every American Soldier. We remain dedicated to preparing every Soldier to face the realities of combat and positioning the Army to face the challenges of the future.

Even as we fight the Global War on Terror and sustain our other strategic commitments, we must continue to focus on tomorrow. We are challenging our institutional practices and our assessment of current and future warfighting capabilities by asking key questions and continuing to validate our answers to them:

- What are the strategic requirements of the 21st century security environment?
- What are the characteristics and capabilities of a truly joint, interdependent, network-centric force, designed to dominate across the full range of military operations?
- Will Army and joint transformation activities produce the capabilities required to dominate across the range of military operations in the environment where they will most likely occur?
- Are joint land forces (Army, Marines and Special Operations Forces) properly sized, structured and trained to perform the full scope of missions required now and in the future?
- What are the optimal roles for the Army's Active and Reserve Components and the Joint Force in homeland defense?
- What will the impact of sustained, protracted conflict be on the All-Volunteer force?
- What combination of quality of life, compensation, incentives, service options and other tools will be required to recruit and retain the All-Volunteer Force of the future?

We continue in our determination to achieve our overarching strategic goal: to remain relevant and ready by providing the Combatant Commanders with the capabilities required to dominate across the range of military operations.

With the support of the Department of Defense and Congress, we are sustaining our global commitments while making tremendous progress in our transformation — the most dramatic restructuring of the Army in more than 50 years. We will need your continued support in order to provide relevant and ready forces and other capabilities to the Combatant Commanders, while providing for the well-being of our All-Volunteer Soldiers and their families who are serving the Nation in this time of war.