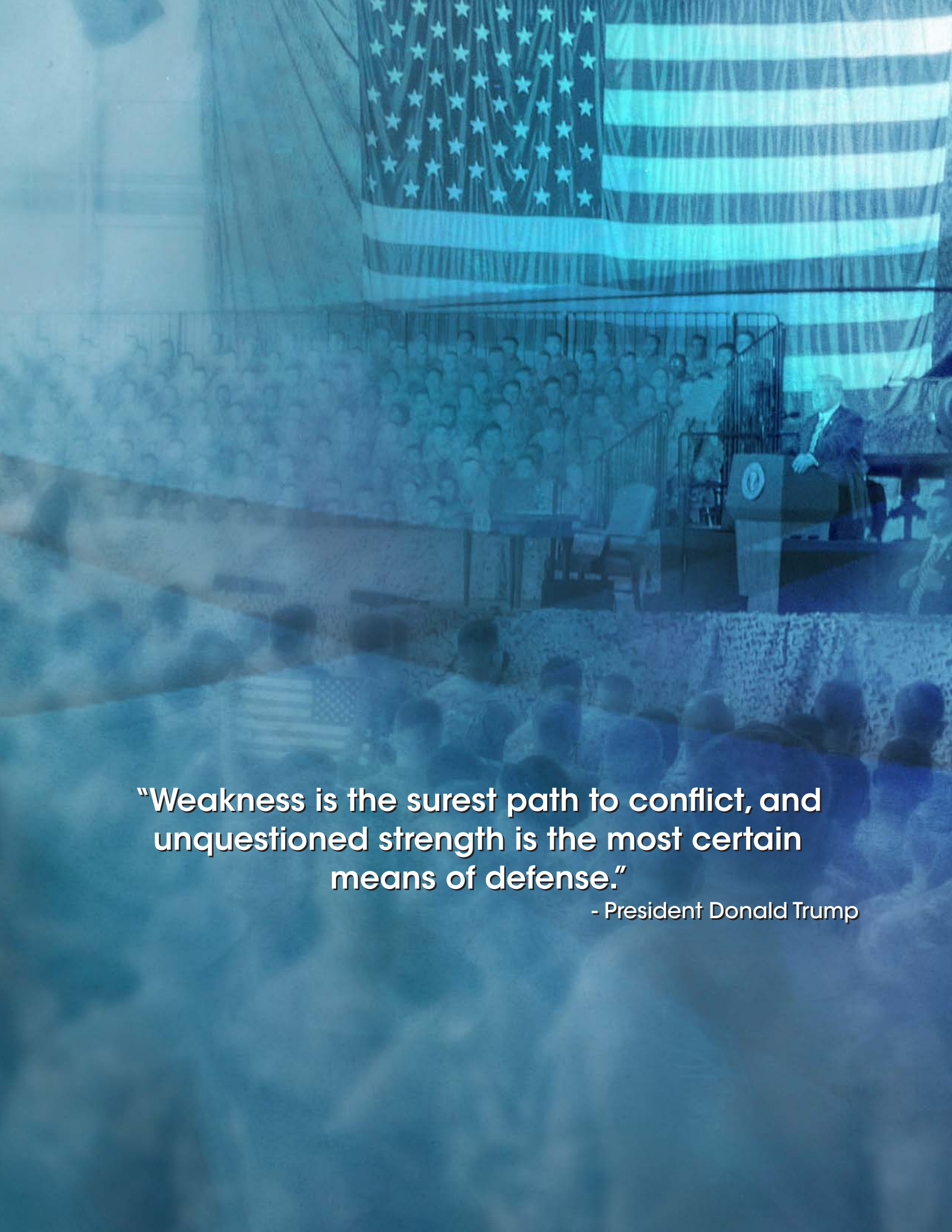


Providing for the Common Defense

A Promise Kept to the American Taxpayer



September 2018



**“Weakness is the surest path to conflict, and
unquestioned strength is the most certain
means of defense.”**

- President Donald Trump



THE SECRETARY OF DEFENSE

September 26, 2018

The Bipartisan Budget Act of 2018 enabled the Department of Defense (DoD) to continue rebuilding the U.S. military after years of destructive budget cuts. In a time of competing priorities, Congress demonstrated political courage to ensure America's sentinels remain the combat-credible military force we need to deter war and guarantee the President and our diplomats always negotiate from a position of strength.

Congress did its part – and we are grateful to the American taxpayers for their support. It is now DoD's duty to spend these funds responsibly.

This report demonstrates how DoD has kept its promise that every decision we make is focused on lethality and affordability.

The following pages highlight how our investments over the last 18 months directly support our 2018 National Defense Strategy's three lines of effort:

- Restoring readiness and building a more lethal force;
- Strengthening existing alliances while building new partnerships abroad; and
- Reforming and modernizing our Department for greater affordability, accountability, and performance.

Going forward, stable funding rooted in a consistent, predictable budget process will be essential to fielding a force that can deter – and if necessary, defeat – any threat in this constantly changing world.

I look forward to continuing our work with Congress to protect this great experiment in democracy and maintain the trust of the American people.

James N. Mattis
Secretary of Defense



ATTACK TARGETS

#	COUNTRY
633	United States
338	United Arab Emirates
52	Spain
29	Italy

LIVE ATTACKS

TIMESTAMP	ATTACKER	ATTACKER IP	ATTACKER GEO	TARGET GEO	STATUS
06/28/07:001	IP:192.168.1.1	192.168.1.1	Washington, DC	ON:US:WASHDC	ATTACK
06/28/07:716	IP:192.168.1.2	192.168.1.2	Washington, DC	ON:US:WASHDC	ATTACK
06/28/07:578	IP:192.168.1.3	192.168.1.3	Washington, DC	ON:US:WASHDC	ATTACK
06/28/07:878	IP:192.168.1.4	192.168.1.4	Washington, DC	ON:US:WASHDC	ATTACK

REBUILDING THE MILITARY

TABLE OF CONTENTS

Defense Challenges	1
The 2018 National Defense Strategy	2
Funding the National Defense Strategy	3
People: Adapting the Force	4
Operations: Restoring Readiness	5
Investments: Enhancing Lethality	7
Strengthening Alliances as We Attract New Partners	9
Business Reform to Support the Warfighter	11
Financial Statement Audit	12
Protecting the Next Generation	13

DEFENSE CHALLENGES

Primary Challenge: Great Power Competition

CHINA



is using influence operations to penetrate democratic societies in a whole-of-government approach and is leveraging military modernization and predatory economics to coerce other countries in an effort to reorder the Indo-Pacific region and beyond to its advantage. China's militarization of disputed features in the South China Sea contributes to the intimidation and coercion of regional allies and partners, undermines the principles of a free and open Indo-Pacific, and is inconsistent with President Xi's 2015 Rose Garden pledges to President Obama.

RUSSIA



seeks veto authority over nations in their governmental, economic, and diplomatic decisions in order to shatter the North Atlantic Treaty Organization (NATO) and change European and Middle East security and economic structures to its favor. Russia continues to use destabilizing activities as a security tool and subjugates democratic processes, as demonstrated by its occupation of territory seized following its invasion of Georgia in 2008 and its occupation of parts of Ukraine in 2014. In Syria, it supports the murderous Assad regime.

Enduring Challenges

NORTH KOREA

DoD continues to ensure that the President and our diplomats negotiate from a position of strength with credible military options available to protect the U.S. and its interests. The U.S. works with allies and likeminded nations to enforce United Nations Security Council resolutions.

IRAN

is the principal destabilizing force in the Middle East and is increasing its malign influence, using state-sponsored terrorist activities, a growing network of proxies, and its cyber, naval, and missile programs. Iran is aiding a humanitarian catastrophe in Yemen by supporting and arming the Houthis in their conflict against the internationally recognized government.

VIOLENT EXTREMIST ORGANIZATIONS

continue to sow hatred, destroying peace and murdering innocents across the globe, particularly in regions with unstable political and economic structures. Terrorist acts committed by ISIS continue to pose a threat to the stability of the Middle East, despite the defeat of the physical caliphate in Syria and Iraq.

STATE OF DEFENSE IN 2016

Five years of operating under destructive spending caps left DoD with a significant funding shortfall. This resulted in:

- The smallest military since 1940;
- Key munitions shortages;
- Aircraft and ships unable to deploy;
- Declining technological edge; and
- An urgent requirement to refresh our nuclear deterrent.

THE 2018 NATIONAL DEFENSE STRATEGY

Consistent with President Trump’s National Security Strategy, the first National Defense Strategy in a decade orchestrates DoD’s response to a more complex security environment than any experienced in recent memory. The central challenge to American prosperity and security is the reemergence of long-term strategic competition by China and Russia.

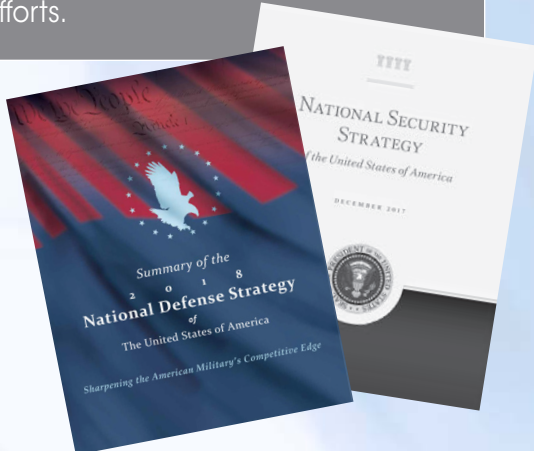
As directed in the National Defense Strategy, DoD is making urgent and significant change to expand the competitive space and rebuild America’s military advantage. A more lethal, agile, and innovative Joint Force, together with a robust constellation of allies and partners and departmental reform, will sustain American influence and ensure favorable balances of power that safeguard American interests.

DoD’s Three Lines of Effort



CHANGING COURSE IN 2018

Recognizing the challenges facing the nation and DoD, Congress took the difficult step of reversing the 2016 trends and restoring funding to pre-spending cap levels with the 2018 and 2019 budgets, facilitating implementation of the National Defense Strategy. These budgets are driven by a strategy to reinforce all aspects of national power and preserve sustainable military advantages for the U.S. warfighter. DoD now has momentum, but needs stable funding to continue its efforts.



FUNDING THE NATIONAL DEFENSE STRATEGY

In 2018, the American people, through the President of the United States and Congress, provided \$700 billion in national security funding, with \$671 billion going to DoD to implement the 2018 National Defense Strategy. DoD is 15% of the Federal Budget; so for every thousand dollars paid in taxes, \$150 goes to the Department for people, operations, and investments in new military equipment.

WHERE DO YOUR TAX DOLLARS GO?

For every \$1,000 in Federal taxes:

Department of Defense	\$150
People	\$50
Operations	\$47
Investments	\$53

THE FISCAL YEAR 2018 DOD BUDGET

Department of Defense	\$671B
People	\$222B
Operations	\$212B
Investments	\$237B

YOUR TAXES AT WORK

PEOPLE



Active Duty Military

- 483,500 Army
- 327,900 Navy
- 186,000 Marine Corps
- 325,100 Air Force

DoD Civilians

- 741,671

Guard/Reserve

- 343,500 Army National Guard (NG)
- 199,500 Army Reserve
- 59,000 Navy Reserve
- 38,500 USMC Reserve
- 106,600 Air NG
- 69,800 AF Reserve

FY18 Enacted Amounts

CURRENT OPERATIONAL FORCE

- 58 Army Brigade Combat Teams (31 Active and 27 Guard/Reserve)
- 284 Navy Battle Force Ships
- 3 USMC Marine Expeditionary Forces
- 312 Air Force Operational Squadrons

FY18 Enacted Amounts

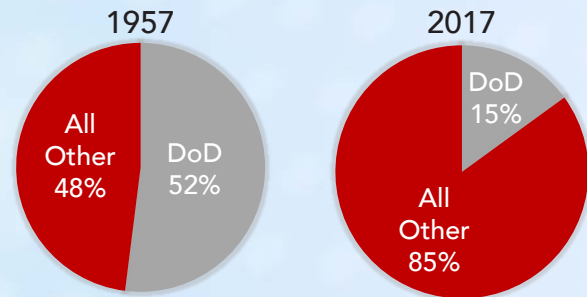
INVESTMENTS

- 90 F-35 Fighter Jets
- 13 Battle Force Ships
- 24 F/A-18 Fighter Jets
- 100 H-60 Helicopters
- 2,637 Joint Light Tactical Vehicles
- 44,916 Joint Direct Attack Munitions
- 8,004 Guided Multiple Launch Rocket System
- 3 Evolved Expendable Launch Vehicles

FY18 Enacted Amounts

DEPARTMENT OF DEFENSE SPENDING IS NEAR HISTORIC LOWS AS A SHARE OF BOTH THE FEDERAL BUDGET AND THE NATIONAL ECONOMY

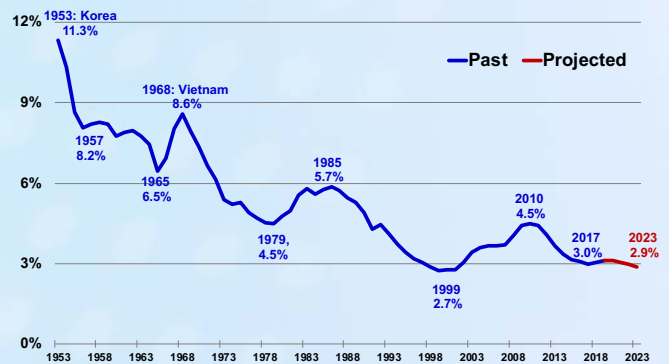
DoD's % of the Federal Budget*



*DoD does not include funding for the U.S. Department of Veterans Affairs.

Source: OMB Historical Tables 5-2 & 5-4; U.S. Department of the Treasury FY 2019 Budget in Brief, Mandatory Funding Levels; and the Budget of the U.S. Government 1958

DoD's Spending as a % of gross Domestic Product (GDP)*



*DoD does not include funding for the U.S. Department of Veterans Affairs.

Sources: OMB Historical Table 1-2, Green Book Table 6-13

PEOPLE: ADAPTING THE FORCE

U.S. service members and civilian employees are the bedrock of American military might, and are the Department's most important asset. Over 2.9 million people, whether in uniform or as civilian employees, serve in DoD carrying out the 2018 National Defense Strategy and increasing lethality and capabilities to operate in new threat domains. DoD is adding more than 20,000 Soldiers, Sailors, Airmen, and Marines to fill the Department's most critical skill gaps inherited from its years under the funding caps. DoD is also adapting its professional military education as an investment in strategic and warfighting excellence.

Fully Operational Cyber Mission Force

The over 6,200 Soldiers, Sailors, Airmen, Marines, and civilians of the Cyber Mission Force became fully operational in May 2018, under DoD's newest combatant command - U.S. Cyber Command. They now stand ready to defend the nation by blocking adversary activity, conducting military cyberspace operations in support of Combatant Commanders, and defending DoD's information network.



Increasing Air Force Maintainers

Increased funding allowed the Air Force to hire over 4,600 new aircraft maintainers, eliminating a critical shortfall. Furthermore, when combined with additional funding for operations, the Air Force increased readiness for major combat operations by approximately 15%.



Hiring Shipyard Personnel

The Navy has expanded efforts to hire and train public shipyard workers. Seven hundred skilled workers added to date will help ensure all scheduled ship maintenance periods are completed on time and ships are returned to the fleet ready for action.



Expanding Army Warfighting Capabilities

The Army continues to provide credible and capable strategic land power to the Combatant Commanders to prevent conflict, shape the environment, and win decisively. Despite a challenging recruiting environment, the Army is expanding key warfighter capabilities to support worldwide deployments in rocket artillery, air defense, cyber, and electronic warfare. Currently, the Army has over 180,000 Soldiers deployed in over 140 countries supporting 10 key contingency operations and several theater security cooperation activities.



OPERATIONS: RESTORING READINESS

As We Build a More Lethal Joint Force

The surest way to prevent war is to be prepared to win. The Joint Force must be prepared to sustain favorable balances of power and deter aggression in key regions. Over the next several years, America is building a more lethal and ready force to effectively confront threats in multiple domains.

Increasing Warfighter Training and Readiness

Funding provided by Congress enabled a 17% increase in the number of exercises conducted over the past two years, which enhances America's ability to work with allies and partners to address shared security challenges.

The Department implemented a Globally Integrated Exercise (GIE) initiative to address global risk and the arrangement of cohesive Joint Force actions in time, space, and purpose. The GIE program ensures the Joint Force, as part of a whole-of-government approach, is able to operate as an integrated global force with U.S. allies and partners.



A LETHAL

PERSONNEL

Strengthening Collective Security in Europe

DoD is enhancing cooperation in Europe through increased rotations of U.S. Forces and growth in exercises and training with allies to improve readiness and ensure preparedness to operate effectively together. For example, U.S. Army Europe conducted multinational exercises Saber Strike in June 2018, and Noble Partner in August 2018 to enhance interoperability with regional partners from more than 25 countries. Twenty-one thousand participants conducted training operations in Estonia, Latvia, Lithuania, Poland, and Georgia with more than 1,000 combat and support vehicles, and over 60 helicopters.



TRAINING

Tailoring Forces

Increased DoD resources accelerated the stand-up of Army Security Force Assistance Brigades (SFABs), which are specifically built to train, advise, assist, and enable foreign security forces. By assuming this mission, SFABs preserve the readiness of Brigade Combat Teams (BCTs), allowing BCTs to focus on their warfighting missions. The deployment of the first SFAB brought a tailored, more experienced force with a smaller footprint to accomplish this complex mission at reduced cost and impact to the Army. The Army plans to establish six SFABs; five in the Army and one in the Army National Guard.



ORDNANCE

READY FORCE



Enhancing Ground Combat Capabilities

To meet battlefield capabilities of potential adversaries, the Army is converting two Infantry Brigade Combat Teams to Armored Brigade Combat Teams (ABCT), the Army's most lethal and survivable formation, adding the 15th and 16th ABCT to the Army's structure. ABCTs conduct combined arms fire and maneuver to deter or destroy adversaries in support of Combatant Commanders' war plans.



Expanding Surveillance

DoD used the Intelligence Surveillance Reconnaissance (ISR) Transfer Fund to provide over \$1.2 billion in additional ISR capabilities in 2017 and 2018. This investment led to over 6,100 additional hours per month of intelligence collection and improved warfighter readiness, and enabled enhanced decision-making capability for Combatant Commanders.



Restoring Helicopters

The Marine Corps returned 18 CH-53 Sea Stallion heavy lift transport helicopters to operational status, which generated 5,500 flight hours in training and operational flights, allowing the fleet to achieve service readiness goals two years ahead of schedule. The CH-53E program increased mission capable aircraft by 140% since 2016.



Getting Ships Back to Sea

A \$1.6 billion increase in U.S. investment in ship maintenance has enabled the Navy to complete previously deferred maintenance, funding 58 ships in maintenance in 2017 and 77 ships in maintenance in 2018. This funding improves the material condition of Navy ships for future deployments and ensures ships stay in service.

A ready, lethal force requires dedicated people with proper training, modern equipment with regular maintenance, and sufficient ordnance.

INVESTMENTS: ENHANCING LETHALITY

DoD is investing in the technologies that will increase the lethality of both the current and future force, ensuring the U.S. military continues to defend America's interests. The Department is investing heavily in weapons systems such as the Ford-class aircraft carrier, the F-35 Joint Strike Fighter, and Armored Multi-Purpose Vehicle, while also modernizing weapons systems like the Abrams Main Battle Tank, F/A-18 combat jet, and the B-52 strategic bomber, to prevail in today's fight. To ensure the Department can obtain the equipment and supplies it needs in the event of conflict, DoD is investing in a stable and efficient defense industrial base by expanding the production capacity of precision-guided munitions and shipbuilding facilities, and supporting a sustainable national defense industrial base workforce.

Procuring Advanced Fighter Jets

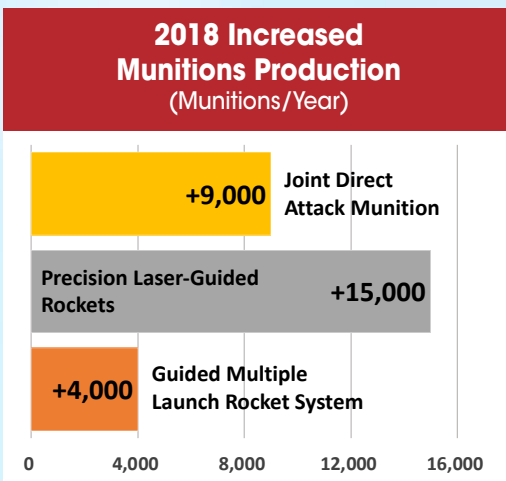
With the support of Congress, the Air Force invested \$1.4 billion to procure 15 additional F-35A Joint Strike Fighter aircraft, and accelerated production to deliver nearly an entire F-35A squadron one year earlier than scheduled.

Investing in Infantry Firepower

DoD established the Close Combat Lethality Task Force (CCLTF) to develop and monitor improvements to American infantry squads, ensuring close combat superiority against near-peer competitors. The CCLTF is working to implement next generation close combat training, equipment, and armaments on an accelerated schedule to make sure our infantry is deadly and protected.

Increasing Production of Critical Munitions

To increase combat readiness, DoD invested \$272 million to increase total industrial production capacity for smart bomb guidance systems (Joint Direct Attack Munitions) by 23%, allowing the Air Force to achieve its requirement six years earlier than projected.





Keeping the U.S. Nuclear Deterrent Credible

The 2018 Nuclear Posture Review affirmed the need for the nuclear triad, validating DoD's long-overdue recapitalization of the nation's nuclear armed missiles, submarines, bombers, dual-capable aircraft, and related infrastructure to keep U.S. nuclear deterrent credible and modernized for decades. In 2018 this effort includes \$862 million for the Columbia-class ballistic missile submarine, \$451 million for the Long Range Standoff Weapon, \$216 million for the Ground-Based Strategic Deterrent, \$112 million for B-52 Modernization, and \$98 million for Nuclear Command, Control, and Communications Modernization.

What is the Nuclear Triad?

For more than six decades, across 10 presidential administrations, the United States has fielded a triad of complementary nuclear delivery systems involving land-, sea-, and air-based nuclear weapons to deter nuclear and non-nuclear aggression against the United States and its interests.

Fortifying Missile Defense

With more DoD resources, the Department funded a 20-silo missile field at Fort Greely, Alaska, to have a total of 64 interceptors, based in Alaska and California, capable of destroying ballistic missile threats to the homeland. Funding also supported full operational capability of a ballistic missile defense for U.S. allies, partners, and U.S. forces in Europe. The Navy's new construction and modernization programs are delivering four ballistic missile defense-capable destroyers each year.

Increasing Tank Lethality

The Army is upgrading and modernizing 202 Abrams tanks, at a cost of \$1.7 billion, increasing battlefield lethality and survivability through turret and hull armor upgrades, improved computer systems, and increased power generation and distribution systems.

Expanding the Fleet

The Navy invested \$23.8 billion in critical shipbuilding programs to begin increasing the fleet size to 355 ships. The 2018 budget procured 13 battle force ships, including one aircraft carrier, three littoral combat ships, two submarines, two destroyers, one amphibious assault ship, and four auxiliary ships. These investments support a stable and efficient defense industrial base that encourages industry investment in capital improvements, capital expansion, and a properly sized world-class workforce.

Investment in modernizing technology makes the warfighter more lethal and survivable, and ensures the safety of the American people and our interests.

STRENGTHENING ALLIANCES AS WE ATTRACT NEW PARTNERS

Leveraging Global Relationships

Mutually beneficial alliances and partnerships are crucial to American national security, providing a durable, asymmetric strategic advantage that no competitor can match. This approach has served the United States and its friends well, in peace and war, for the past 75 years. When the United States shares responsibility for common defense, the security burden becomes lighter and more cost-effective.

Maintaining a Free and Open Indo-Pacific

The Southeast Asia Maritime Security Initiative boosted key partner nations' abilities to conduct maritime security and awareness operations, helped to secure sovereignty of partners, and improved interoperability. Together with the Philippines, the United States is defeating ISIS's branch in Mindanao while also working with partners such as Singapore, Malaysia, and Indonesia to address regional terrorist threats. The historic U.S. aircraft carrier visit to Vietnam in 2018 shows a strengthening relationship, and the U.S. and India are forming a strategic partnership by deepening security cooperation.



Broadening the International Coalition in Afghanistan

At the 2018 North Atlantic Treaty Organization (NATO) Summit in Brussels, NATO nations committed to increase force contributions in Afghanistan to historic highs and broadened the international coalition by welcoming Qatar and United Arab Emirates as operational partners to the Resolute Support Mission. NATO also committed to extend financial sustainment of the Afghan National Defense and Security Forces (ANDSF) through 2024. International contributions to the Afghan National Army Trust Fund in 2018 have increased by \$35 million with the addition of two new donor countries, and many contributing countries continue to donate above their 2016 Warsaw Summit pledges. In total, U.S. international partners provide \$900 million to support the ANDSF.



Growing Partners' Defense Capabilities

In the last three years, U.S. Foreign Military Sales have increased by 62%. For example, Gulf partners are purchasing advanced missile defenses that are interoperable with U.S. forces, enabling a more effective combined defense network. The United Arab Emirates was the first foreign partner to procure the Terminal High Altitude Area Defense missile defense system to complement its existing Patriot defense network, with both programs at a combined value of \$11 billion. Saudi Arabia is upgrading its existing Patriot batteries, and Kuwait is upgrading its Patriot units. Meanwhile, Qatar is expected to field the first of its Patriot systems in 2019, with a case value of \$7 billion.





Leveraging Combined Purchasing Power

By working with allies and partners to place large aircraft orders, DoD negotiated lower prices as larger-scale production makes individual planes cheaper to produce. These economies of scale will result in estimated savings of \$11 billion when procuring more than 2,000 fighter jets.



Improved Burden Sharing to Deter Russia

In 2014, only three NATO allies' military spending was 2% of GDP. In 2018, eight nations are projected to meet the 2% pledge and 19 allies are on track for 2% by 2024. Since 2016, NATO allies have added over \$42 billion in new defense spending, reversing the downward trend.



Annihilating ISIS in Iraq and Syria

Operation Inherent Resolve has significantly degraded ISIS in Syria and Iraq. U.S. intelligence, surveillance, special operations, and air strikes combined with partners on the ground to remove high-level ISIS leaders and cripple their networks. Investments in 2017 of \$1.8 billion to train and equip capable partner forces have enabled the Global Coalition to roll back 99% of ISIS-held territory in Iraq and Syria while reducing the burden on U.S. forces.



Working Towards the Final, Fully-Verified Denuclearization of the Korean Peninsula

The President and U.S. diplomats are negotiating from a position of strength to achieve a denuclearized Korean Peninsula. The U.S. and its allies and partners are strictly enforcing United Nations Security Council Resolution sanctions and ensuring credible military options exist to defend the United States and its interests.

America's security is stronger and more sustainable through global relationships.

BUSINESS REFORM TO SUPPORT THE WARFIGHTER

At the direction of and with support from Congress, the Department has made two important organization reforms.

In early 2018, the Department executed its most significant restructure in 30 years, dividing the Under Secretary of Defense (USD) for Acquisition, Technology and Logistics into the USD for Acquisition and Sustainment (A&S) and USD for Research and Engineering (R&E).

- USD (A&S) increased lethality and readiness while enhancing global relationships and cooperation by reforming key pieces of the Foreign Military Sales process and accelerating sales through pilot programs with Romania, Japan, Saudi Arabia, and Bahrain.
- USD (R&E) created a new modernization “Road to Dominance” that is pushing advances and increased investment in nine priority areas including hypersonics, space, and fully networked communications.

The Office of the Chief Management Officer (CMO) also reorganized to meet new roles and responsibilities by running the enterprise-wide Reform Management Group and transforming business operations. These efforts will increase organizational effectiveness through management of shared services, delivery of business data, and improving the coordination and outputs of the Department’s 28 agencies.

Continuous Reform in Action

DoD is actively identifying opportunities to make the Department a smarter customer and a more effective enterprise through:

1. improved maintenance and sustainment of America’s warfighting capability;
2. reduced overhead to enhance lethality;
3. greater enterprise-wide efficiencies; and
4. increased performance at the speed of relevance.

This continuous reform is realizing operational and financial benefits through the innovation in nine lines of business: Contract Management; Healthcare; Logistics and Supply Chain; Information Technology (IT); Financial Management; Human Resources; Real Property; Test and Evaluation; and Community Services.

Examples of Reform Initiatives:

- Achieving \$1.61 billion in benefits by implementing private sector best practices in purchasing goods and services contracts in the Air Force and Defense Agencies.
- Saving \$297 million to date through commercial IT solutions, Department-wide network management, and optimized data centers.
- Improving patient care and medical readiness by consolidating four healthcare enterprises into one, which when combined with other reforms will save more than \$2.5 billion by 2023.

Combined, these savings translate into one year of operating costs for six Carrier Air Wings and three F-16 squadrons and procurement of 25 Joint Strike Fighters.

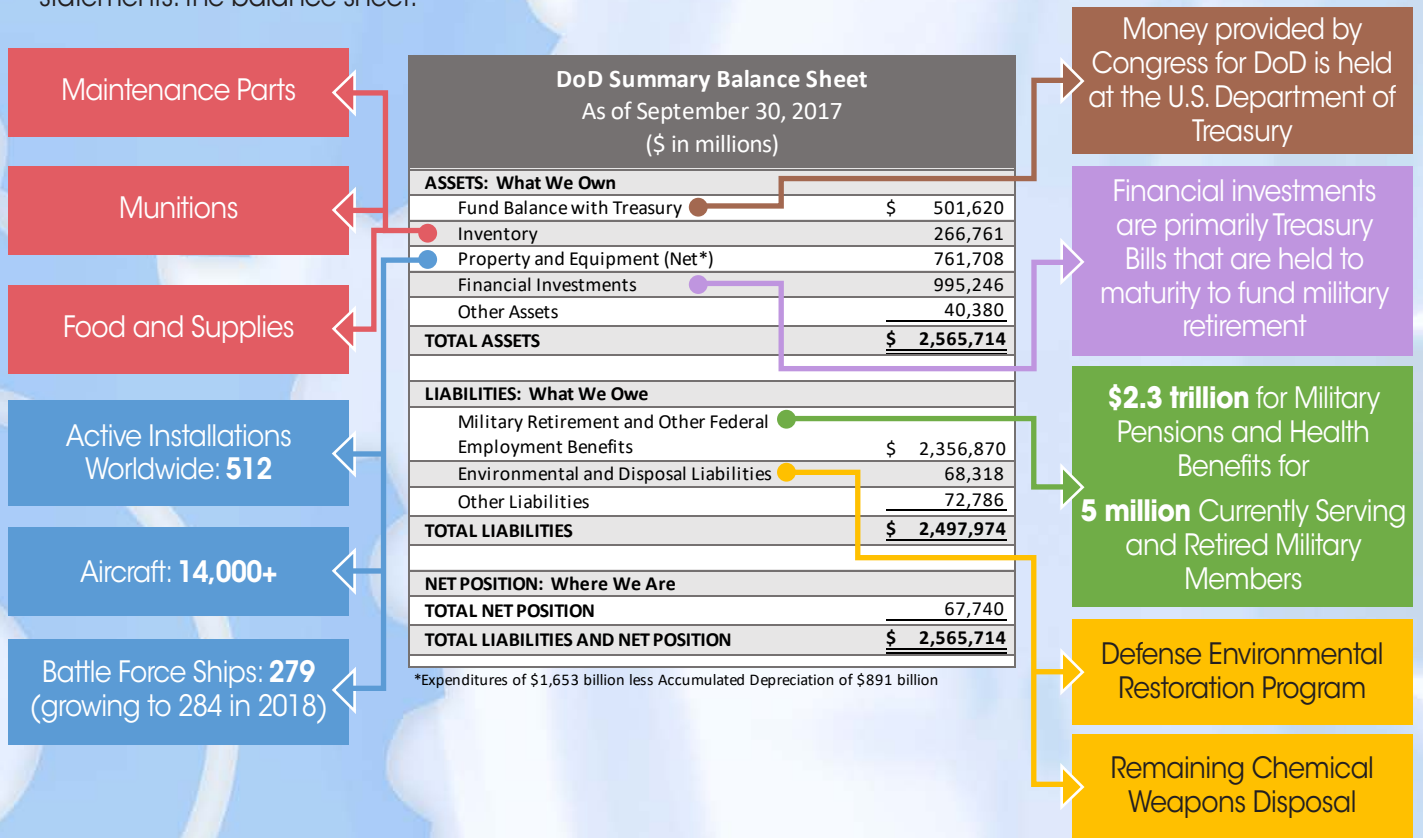
FINANCIAL STATEMENT AUDIT

In December 2017, DoD started its first-ever consolidated financial statement audit, the largest and most complex financial audit ever. The audit will cover roughly \$2.6 trillion in assets and touch every mission and line of business in the Department.

While DoD has numerous program and contract cost audits, a financial statement audit is different. A financial statement audit is comprehensive and occurs annually. The Department will post audit results for the public to review starting November 15th, and annually thereafter.

What Are Financial Statements?

Financial statements are a summary of an organization's business activities over the course of a year and highlight what it owns (assets) and what it owes (liabilities). Below is an example of one of DoD's key financial statements: the balance sheet.



What Happens in a Financial Statement Audit?

Auditors (about 1,200 this year) review DoD business processes and activities. From the Department's more than 18 billion transactions, auditors evaluate statistically valid samples for accuracy and completeness. In particular, auditors:

- Verify count, location, and condition of military equipment, real property, and inventory;
- Test for security vulnerabilities in DoD business systems; and
- Validate the accuracy of personnel records and actions, such as promotions and separations.

The financial statement audit will identify problems—DoD will develop effective solutions.

PROTECTING THE NEXT GENERATION

Refocusing Innovation

The DoD's long history of technological innovation has delivered unmatched competitive advantages over potential adversaries. These military advantages, however, are eroding in the face of emerging threats, which necessitates continued and focused investment in national defense.

Today's science and technology investments are the foundation for future breakthroughs, creating affordable, decisive advantages, while prototyping and experimentation activities will help drive down risk.

Competing in Space

U.S. space systems have historically maintained a technological advantage over those of potential adversaries, but competitors are now actively developing ways to deny American use of space in a crisis. To protect U.S. interests and enable DoD operations, the Department is laying foundations for a space force to protect U.S. defense advantages and enable DoD operations through deterrence of malicious activities, ensure U.S. space systems meet national security requirements, and provide vital capabilities to joint and coalition forces across the spectrum of conflict.



Advancing Modernization Priorities with New Army Futures Command

The Army established Army Futures Command to streamline and accelerate acquisition and rapidly deliver warfighting capabilities to the future force, reducing the requirements development process from nearly five years to one year. With cross-functional teams, the command is tackling six modernization priorities: Long Range Precision Fires; Next Generation Combat Vehicle; Future Vertical Lift; Network Command, Control, Communication, and Intelligence; Air and Missile Defense; and Soldier Lethality.



Unlocking Artificial Intelligence Potential

DoD Artificial Intelligence (AI) investments offer the opportunity to upgrade military operational capabilities while improving affordability and streamlining key business functions. Efforts include: Project Maven, which uses AI to augment, accelerate, and automate manpower-intensive intelligence functions; scaling the DoD-wide impact of AI; and synchronizing DoD AI activities to expand Joint Force advantages.



Accelerating Hypersonic Weapons Development

The Department is investing in hypersonic systems that can travel five times faster than the speed of sound. This is a game-changing capability that will create technology surprise for potential U.S. adversaries. Through an investment of \$107 million in 2017 and 2018, the Air Force anticipates fielding a hypersonic weapon system prototype in 2021, five years earlier than planned.





With continued support, we will ensure we never send America's sons and daughters into a fair fight.

It is our duty to ensure that our warfighters are ready to face any challenge. With Congress' support, DoD has begun to arrest the erosion of our competitive advantage by aligning the Department's budget with the National Defense Strategy.

The Department is:

- Building a more lethal force:
 - Adding personnel to fill critical skill gaps
 - Improving training to increase the readiness of the warfighter
 - Investing in equipment to enhance the lethality of the warfighter
 - Funding maintenance so our ships, vehicles, and aircraft are ready to fight
 - Increasing ordnance production to ensure we are prepared to respond
- Strengthening alliances as we attract new partners
- Reforming the Department for greater performance and accountability

DoD is making significant progress, but without sustained and predictable funding, our gains will fade and investments will not realize their full potential.

At the heart of this document is the Department's unwavering commitment to our warfighters that stand watch over friends, families, neighbors, and the nation they have sworn to protect. Though this document is focused on investments in lethality and modernization to support the warfighter, the Department continues to invest in initiatives and facilities for our service members and their families. We are grateful for their dedication and service to our country.



*Publication Prepared by:
Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer
U.S. Department of Defense*