**Key Issues**

- **Funding**: overall decline; supplementals reduced; R&D reduced
- **Few new starts** – affordability limitations
- **Concerns about precision affordability**
- **Stated interest in non-lethal options**; but few $,
- **Mandatory IM**
- **Eroding industrial base** – particularly 2nd & 3rd tier suppliers;
- **Army Ammo Plants** – modernization, competition, funding
QDR Impacts on Conventional Ammo

- Force structure changes drive requirements
  - Army
    - Fewer HBCTs; More SBCTs
    - Additional Combat Avn Bdes
    - More UAVs
  - Navy
    - Fewer Carrier Wings
    - Additional Riverine Sqdn
  - Air Force
    - Field Light Attack aircraft
  - SOF
    - Additional fixed & rotary wing assets
- Implied requirements to support Irregular Operations
  - Perception that lethality is good enough
    - Non-lethal to lethal options = scalable effects
  - Reduced collateral damage drives precision efforts
    - Concern about affordability
  - Likely AORs = need for improved log spt features
- Desire to rapidly equip partner nations
  - Desire to reform export control regimes
- Industrial base implications
  - Shifting requirements = shifting volumes
  - Acquisition reform

The Current Fight Remains the Priority
QUESTIONS ?