

Exhibit 10

March 2011 Gates Speech

Remarks by Secretary Gates at the United States Air Force Academy

**Presenter: Secretary of Defense Robert M. Gates
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SEC. GATES: Thank you, Josh, for that introduction.

It's a pleasure to be back in Colorado Springs, for my third and final visit to the Air Force Academy as Secretary of Defense. I had the honor of addressing cadets last spring, meaning you may have a distinct feeling of déjà vu right about now.

I would take your willingness to return for this encore performance as a compliment, but I also know from experience that your presence is not exactly optional. So I'll just thank you for trying to stay awake and promise to keep my remarks reasonably brief.

Which brings to mind a story about George Bernard Shaw, who once told a speaker he had 15 minutes to speak. The speaker replied, "15 minutes? How can I tell them all I know in 15 minutes?" Shaw said, "I advise you to speak very slowly."

As Secretary of Defense, I have many opportunities to interact with our military's top leaders. I have relatively fewer chances to interact with our military's youngest leaders. So it's great to see all the Firsties in this hall, who have only 82 days to go until commissioning. And I know the Four Degrees aren't in the audience right now, but, over closed-circuit TV, I do want to congratulate them in advance on achieving recognition next week.

Whether it's visiting the service academies or meeting with junior enlisted at forward operating bases in Afghanistan, it is always an extraordinary pleasure to interact with our future military leaders. That's because you will be having an impact on your service and our nation's security long after I and all of today's generals are long retired from government service. As future Air Force leaders, you will be the ones tackling the challenges of the 21st century head on. And those challenges will be significant. So today, I want to talk to you about what I believe the Air Force of the 21st century must look like -- the challenges to be embraced, the pitfalls to be avoided -- and what that will mean for you as leaders.

We are far removed from the world as it was 44 years ago, when in January 1967, I was commissioned a second Lieutenant in the Air Force. In my first assignment, I spent a year targeting the Soviet Union with ICBMs [Intercontinental Ballistic Missiles] at Whiteman Air Force Base, before heading to Washington to begin my career at CIA [Central Intelligence Agency] as an analyst on the Soviet desk. The decades-long Cold War had long receded by the time I became Secretary of Defense, but when I arrived at the Pentagon I found that all of the military services -- including the Air Force -- still to a great extent viewed the world through the prism of the 20th century. They were largely oriented towards winning big battles in big wars against nation-states comparably armed and equipped, even as our military was struggling to defeat insurgencies in Afghanistan and Iraq.

More than five years after 9/11, all the services were only then beginning to undertake the changes required to prevail in the more diverse and uncertain security environment of this century. One of my priorities as Secretary of Defense has been to accelerate that process of institutional change, in order to ensure that our military was both responding to the urgent needs of our troops in Iraq and Afghanistan, and simultaneously investing in and preparing for a range of future threats -- from global terrorism to ethnic conflicts; from rogue nations to rising powers with increasingly sophisticated capabilities. I freely acknowledge that this focus has, at various times, brushed up against the traditional preferences and bureaucratic sacred cows of all the services -- including the Air Force.

Almost three years ago I challenged the Air Force, and indeed our entire military, to do more, much more, to get needed unmanned intelligence, surveillance, and reconnaissance assets into theater, a process I compared to "pulling teeth." Over the course of my tenure, I've also questioned whether the Air Force has the right mix of platforms for the future. Some, inside the Pentagon and out, thought I had it in for the Air Force.

But far from being a skeptic of air power, I believe that air supremacy -- in all its components -- will be indispensable to maintaining American military strength, deterrence, and global reach for decades to come. Here, to some degree, the Air Force is a victim of its own success. There hasn't been a U.S. Air Force airplane lost in air combat in nearly 40 years, or an American soldier attacked by enemy aircraft since Korea. American ownership of the skies has been so effortless it is taken for granted. Air supremacy in this century, however, will almost certainly mean different things, and require different systems, personnel policies, and thinking than was the case for most of the Cold War.

In order to make that transition, the Air Force has had to shed the nostalgia that can too often consume the institutional culture of any large, successful organization. This is a problem for all the services. Each has had a traditional orientation -- rooted originally in World War II and the Cold War, and then reinforced in the 1991 Persian Gulf campaign -- that has been, to varying degrees, neglected in the Iraq and Afghanistan campaigns. Blue-water carrier ops in the case of the Navy, mechanized combined arms warfare for the Army, and amphibious assault for the Marine Corps.

For the Air Force, its traditional orientation has been air-to-air combat and strategic bombing, and members of those communities have so dominated the service leadership and organizational culture that other critical missions and new capabilities have been subordinated and neglected. I recall in the early 1990s, when I was Director of CIA, I pushed to get UAVs [Unmanned Aerial Vehicles] into development because they represented a less risky and far more versatile means of gathering data in the field, and other nations like Israel were using effectively. In 1992, however, the Air Force would not co-fund with CIA an aircraft without a pilot.

Now, in case there was any doubt, I strongly believe the United States military will always need manned flight. But I also believe we must recognize the enormous strategic and cultural implications of the vast expansion in remotely piloted vehicles, both for reconnaissance and strike, in this past decade -- a development entirely unexpected just ten years ago. As Secretary Donley has pointed out, in 2000 the leadership of the Air Force projected an unmanned aerial system fleet of less than 80 by 2020 -- and today that projection has grown more than six-fold.

The concerns about a diminished role for manned flight date back to before the founding of the independent U.S. Air Force in 1947, a time when new developments in rockets were seen as making airplanes obsolete. Consider what General Hap Arnold told the Air Force Science Advisory Group, in 1944. He said that, in the future: "I see a manless Air Force. I see no excuse for men in fighter planes to shoot down bombers...The next Air Force is going to be built around scientists."

Almost twenty years later, when President Kennedy gave the commencement address here at the Air Force Academy, he felt compelled to reassure the graduating class that he firmly disagreed with those that "claim that the future of the Air Force is mortgaged to an obsolete weapons system, the manned aircraft, or that Air Force officers of the future will be nothing more than 'silent silo sitters.'"

Of course, none of those predictions came true. And those making similar projections today would be just as misguided. Even given the potential game-changing capabilities of UAVs, we do not want to engage in the kind of techno-optimism about remote-control warfare that has muddled strategic thinking in the past. The Air Force -- and all the services -- are seeking to find the right balance between preserving what is unique and valuable in their traditions, while making the adjustments needed to win the wars of today and prepare for likely future threats.

The campaign underway in Afghanistan, though primarily a ground engagement, has become a major demonstration of the global reach, effectiveness, and necessity of U.S. air power. The pace of air operations in support of soldiers and Marines has surged over the past year, and that has played an important role in rolling back the Taliban from their strongholds. In 2010, the Air Force completed more than 33,000 close air support sorties in Afghanistan, an increase of more than 20 percent compared to the year before. Meanwhile, combined ISR sorties in Iraq and Afghanistan have almost doubled since 2008 and tripled since 2007.

The Air Force now has 48 Predator and Reaper combat air patrols currently flying -- compared to 18 CAPs in 2007 -- and is training more pilots for advanced UAVs than for any other single weapons system. Nonetheless, the demand from commanders for ISR [Intelligence, Surveillance and Reconnaissance] continues to outpace supply, and we must press on to ensure that everything that can be done is being done to give our troops down range what they need to survive and succeed on the battlefield.

Equally important to the projection of our power in combat theaters has been the work of mobility forces. Last year, in order to accomplish the major drawdown in Iraq and the simultaneous surge in Afghanistan, nearly 300,000 short tons of cargo were airlifted in both theaters. And the Air Force airdropped more than 60 million pounds of supplies for Operation Enduring Freedom, almost double the total from 2009. Our airmen, as you know, are also playing the critical role of life-savers -- completing 9,700 personnel recovery sorties in 2010 alone. All told, the expertise and courage of Air Force search and rescue teams are making the goal of the "golden hour" medevac a reality in Afghanistan. Without all of the efforts and exertions of tens of thousands of airmen, many of them on the ground -- including engineers, security forces, medical personnel, explosive ordnance disposal experts -- the entire U.S. war effort would grind to a halt.

The versatility on display by the Air Force in combat theaters these past few years befits the greatest traditions of the force. Yet I'm concerned that the view still lingers in some corners that once I depart as Secretary, and once U.S. forces drawdown in Iraq and in Afghanistan in accordance with the President's and NATO's strategy, things can get back to what some consider to be real Air Force normal.

This must not happen. Stability and security missions, counterterrorism, train, assist and equip, persistent battlefield ISR, close air support, search and rescue, and the ever-critical transport missions are with us to stay -- even without a repeat of Iraq and Afghanistan. Air Force leaders now and in the future must have a comprehensive and integrated view of the service's future needs and capabilities -- including the service's important role in cyber and space -- a view that encompasses with equal emphasis all of its varied missions.

That includes the requirement for more sophisticated, high end capabilities. I've said before that it would be irresponsible to assume that a future adversary -- given enough time, money, and technological acumen -- will not one day be able to directly threaten U.S. command of the skies.

So even as I've touted the need to incorporate the lessons of the current conflicts, I have also committed the Department of Defense, and this country, to the most advanced and expensive tactical fighter program in history -- the \$300 billion F-35 Joint Strike Fighter. The department is programmed to buy 2,400 of these aircraft, and the first Air Force training aircraft will arrive at Eglin Air Force Base in just over two months. Having a robust, large quantity of fifth generation tactical air fighters is something I view as a core requirement, and in this era of increasing budget constraints, my goal has been to ensure that core capabilities for all the services are protected. This has meant increasing development funding for the F-35, scaling back or cutting other programs that are not as essential, and intervening directly to get the program back on track, on budget, and on schedule.

At the same time that F-35 received high priority, the Department made the decision not to buy more than the 187 F-22s planned for our arsenal. As I have said before, the F-22 is far and away the best air-to-air fighter ever produced, and it will ensure U.S. command of the skies for the next generation. But in assessing how many F-22s the Air Force needed, the Department had to make choices and set priorities among competing demands and risks. Three years before I took this job, the previous Secretary of Defense imposed a funding cap on the F-22 and approved a program of 183 aircraft. Subsequent analysis conducted by the Department concluded that 187 was the number needed for high-end air to air missions that only the F-22 could perform, the number ultimately chosen. Within a fixed Air Force and overall Department of Defense budget, buying more F-22s would have meant doing less of something else -- in this case, other air power capabilities where the military was underinvested relative to the threat.

Given that the military will face a broadening spectrum of conflict, and that our nation finds itself in an era of fiscal duress, the military's resources need to be invested in those capabilities that are of use across the widest possible range of scenarios. One of the ways that spectrum will broaden is with the emergence of high end, asymmetric threats. Indeed, looking at capabilities that China and others are developing -- long-range precision weapons, including anti-ship cruise and ballistic missiles, quieter submarines, advanced air defense missiles -- and what the Iranians and North Koreans are up to, they appear designed to neutralize the advantages the U.S. military has enjoyed since the end of the Cold War -- unfettered freedom of movement and the ability to project power to any region across the globe by surging aircraft, ships, troops and supplies.

The Air Force will play a lead role in maintaining U.S. military supremacy in the face of this anti-access, area-denial strategy. In fact, as you may know, the Air Force and Navy have been working together on an Air Sea battle concept that has the potential to do for America's military deterrent power at the beginning of the 21st century what Air Land Battle did near the end of the 20th. The leadership of the Air Force and the Navy, who are collaborating closely on this new doctrine, recognize the enormous potential in developing new joint war fighting capabilities -- think of naval forces in airfield defense, or stealth bombers augmented by Navy submarines -- and the clear benefits from this more efficient use of taxpayer dollars.

These high end conflict scenarios are also driving the development of new air power capabilities. Although program cuts and cancellations tend to make the headlines, the Air Force is actually investing in significant new modernization programs. The budget the president submitted to the Congress last month included funds for a joint portfolio of long-range strike systems, including a new, optionally-manned, nuclear-capable, penetrating Air Force bomber, which remains a core element of this nation's power projection capability. The budget also funds F-22 modernization that leverages radar and electronic protection technologies from the F-35 program to ensure the F-22's continued dominance. Meanwhile, the multi-billion dollar effort to modernize the radars of the F-15s will keep this key fighter available and viable into the future. Finally, a new follow-on to the AMRAAM [Advanced Medium-Range Air-to-Air Missile], the medium range air-to-air missile, will have greater range, lethality and protection against electronic jamming.

A key aspect of the service's portfolio of capabilities will remain its nuclear deterrent. Thanks to the leadership of Secretary Donley and General Schwartz, the Air Force has come a long way in restoring institutional excellence to this mission, where there is no room for error. America's nuclear deterrent -- including the missile and bomber legs maintained by the Air Force -- will remain a critical guarantor of our security, even as the nation works toward the long term goal of a world without nuclear weapons.

All told, I've described a wide range of capabilities -- from low-end asymmetric to high end asymmetric and conventional -- that the Air Force will need in the 21st century. Over the last four years, I have pushed the Air Force, and indeed all of the services, to institutionalize capabilities needed for asymmetric threats and unconventional warfare. However, as my discussion of air supremacy today should confirm, this is not because these are the only kinds of missions I believe the military must be prepared for.

But my message to the services is being distorted by some and misunderstood by others. At the Navy League last year, I suggested that the Navy should think anew about the role of aircraft carriers and the size of amphibious modernization programs. The speech was characterized by some as my doubting the value of carriers and amphibious assault capabilities altogether. At West Point last week I questioned the wisdom of sending large land armies into major conflicts in Asia, Africa, and the Middle East, and suggested the Army should think about the number and role of its heavy armored formations for the future. That has been interpreted as my questioning the need for the Army at all, or at least one its present size, the value of heavy armor generally, and the even the wisdom of our involvement in Afghanistan. I suspect that my remarks today will be construed as an attack on bombers and TACAIR [tactical air].

But my actions and my budgets over the last four years belie these mistaken interpretations. You have just heard me elaborate what we are doing to modernize the tactical air and bomber fleet. For the Navy, I have approved continuing the carrier program but also more attack submarines, a new ballistic missile submarine, and more guided missile destroyers. For the Army, we will invest billions modernizing armored vehicles, tactical communications, and other ground combat systems. And the Marine Corps' existing amphibious assault capabilities will be upgraded and new systems funded for the ship-to-shore mission. During my tenure as Secretary of Defense, I have approved the largest increases in the size of the Army and Marine Corps in decades. In 2007, I stopped the drawdown in personnel for both the Air Force and Navy. And I supported and have presided over the surges in both Iraq and Afghanistan.

All that said, I have also been trying to get across to all of the military services that they will have many and varied missions in the 21st century. As a result, they must think harder about the entire range of these missions and how to achieve the right balance of capabilities in an era of tight budgets. As I said a few moments ago, military leaders must have a comprehensive and integrated view of their service's future needs and capabilities, a view that encompasses with equal emphasis all of the services' varied missions. And service leaders must think about how to use the assets they have with the greatest possible flexibility, and how much capability they need.

This country requires all the capabilities we have in the services -- yes, I mean carriers, TACAIR, tanks, and amphibious assault -- but the way we use them in the 21st century will almost certainly not be the way they were used in the 20th century. Above all, the services must not return to the last century's mindset after Iraq and Afghanistan, but prepare and plan for a very different world than we all left in 2001.

Finally, all the services also need to think aggressively about how to truly take advantage of being part of the joint force -- whether for search and rescue, ISR, fire support, forced entry from the sea, long-range strike, or anything else. From the opening weeks of the Afghan campaign nearly a decade ago, to the complex operations required in both combat theaters, we have seen what is possible when America's military services are employing and integrating every tool at their disposal. As I mentioned earlier, the Air Force and the Navy are off to a promising start in trying to leverage each other's capabilities to overcome future anti-access and area-denial threats. But we must always guard against the old bureaucratic politics and parochial tendencies -- especially after the Iraq and Afghanistan campaigns wind down and budgets become tight. It's easier to be joint and talk joint when there's money to go around and a war to be won. It's much harder to do when tough choices have to be made within and between the military services -- between what is ideal from a particular service perspective, and what will get the job done taking into account broader priorities and considerations.

This complex world, and the wide variety of capabilities and missions I've described, should give you a sense of the tremendous and varied challenges you will face throughout your career. But there are also tremendous opportunities ahead. And in order to take advantage of these opportunities -- whether afforded by new technology or new strategic realities -- as officers you will need to show great flexibility, agility, resourcefulness, and imagination. Because your Air Force will face different kinds of conflict than it has prepared for during the last six decades, it will need leaders who think creatively and decisively in the manner of Air Force legends like Billy Mitchell, Hap Arnold, Bernard Schriever, and John Boyd. You will need to challenge conventional wisdom and call things as you see them to subordinates and superiors alike.

A related quality you will need as leaders is accountability. Great leaders embrace accountability in all that they do, and are willing to accept criticism from within or outside their organization. Holding leaders to a high standard of performance and ethics is a credit to the Air Force. But to meet that high standard going forward, you must have the discipline to cultivate integrity and moral courage from here at the Academy, and then from your earliest days as a commissioned officer. Those qualities do not suddenly emerge fully developed overnight or as a revelation after you have assumed important responsibilities. They have their roots in the small decisions you will make here and early in your career and must be strengthened all along the way. And you must always ensure that your moral courage serves the greater good: that it serves what is best for the nation and your highest values -- not a particular program or ego or service parochialism.

I would close by noting that you all entered military service in a time of war, knowing you would be at war. For my part, know that I feel personally responsible for each and every one of you, as if you were my own sons and daughters, and will for as long as I am Secretary of Defense. My only prayer is that you serve with honor and return home safely. And I personally thank you from the bottom of my heart for your service. And from one airman to another, I bid you farewell and ask God's blessing on each of you.

Q: Sir, Cadet First Class Tom Chandler. Sir, in order for the president's national security strategy to succeed, should politicians subscribe to the view that America is exceptional among its peers in the international community?

SEC. GATES: Well, I must tell you that I am very much an American exceptionalist. I believe that this country, unlike almost any other country in the world, is a force for good, and that we have accomplished that over the decades.

We've certainly made our mistakes. There are times when we have not lived up to our own values. But one of the things that makes this country great, in my view, is that we are the most self-critical and quickly self-correcting country in the world. When we get off the path, we get back on faster than anybody.

And I believe that as you look at the tens of millions, literally the hundreds of millions of people that have gained their freedom over the past -- just over the past 20 years, beginning with the collapse of the Soviet Union, and the number of people whose freedom has been protected or restored to them by military action by the United States, whether it's World War I or World War II or subsequent conflicts, Iraq, Afghanistan -- I think you put all these things together, it is a unique historical record.

And I believe that our willingness to be a force for good is unique in the world. We obviously look out for our interests. I am considered sort of the quintessential realist. But I think that if you scratch most of us, you will find that we are both idealists and romantics in terms of what this country stands for. So from my standpoint, the achievement of our objectives requires us to have a vision of ourselves as a unique country and carrying out unique roles in the world, whether it's in our national security or other arenas as well.

Q: Thank you, sir.

Q: Sir, Cadet First Class Trent Belter from CS-40.

Sir, you mentioned that the Air Force should be prepared in the future to use a broader set of capabilities. In some cases these capabilities may overlap with those of the other services.

What does that overlap mean for the joint force of the future?

SEC. GATES: Well, one of the things that's quite clear from Iraq and Afghanistan is that we have come to a place where we operate very effectively jointly. But we do not procure jointly. We -- the services still want to do their own thing.

And one of the things that we're working on right now: each of the services has its own programs for UAVs. But there are some cases where a common capability would serve everybody. One thing that's common to all of these UAVs, in many respects, are the kinds of ground stations that they have. The air -- the Army and the Marine Corps are working very closely together on a program called Shadow and -- where they are basically doing this jointly.

But one of the -- one of the reasons that we've made some of the program changes that we have in the past couple of years has been -- because of service -- was investing in a capability for itself that actually was a capability to serve another service. And so why not work together in creating that capability? Search and rescue is an example.

So I think that we have a lot of opportunities in front of us in terms of joint procurement. The Joint Strike Fighter is good example of this, where we're taking essentially the same airframe, particularly for the Air Force and the -- and the Navy and working off of that. And I think that leverage is a good thing.

Clearly there are some capabilities that will be service unique, and those will continue. I'm sure those will be well-protected, and we don't have to worry about them being vulnerable. But I do think, particularly in the current budgetary environment, that we're going to have to be more effective in looking for ways to do acquisition and procurement in more areas more jointly.

STAFF: We have time for one final question.

Q: Sir, what programs do you see being cut in the military due to our recent budget cuts?

SEC. GATES: Well, right now I think that we're in a pretty good place. I went to the Congress -- to the president and the Congress [inaudible] in 2009 with recommendations to cap or cancel 33 different programs. At this point, 32 of them have been implemented. The one that remains -- still completely -- still somewhat undecided is the fate of what I call the extra engine for the F-35.

And I think we'll know the outcome of that fairly shortly. The House budget bill does not contain any money for the extra engine. The Senate voted against it two years ago, so my hope is we can finally shed this potential extra \$3 billion expenditure that we don't need.

The major program change for the 2012 budget is the cancellation of the Marines Expeditionary Fighting Vehicle. We've invested -- the program originated in the Reagan administration. We've spent \$3 billion. It's many years overdue. And to complete the program would cost another \$12 billion. And that's to move 4,000 Marines from ship to shore. And the Marine Corps has decided it can't afford it. It basically would eat the entire ground vehicle budget for the Marine Corps between now and 2025.

So they are basically going to accelerate the Marine Personnel Carrier. They're going to upgrade some of the amphibious assault vehicles they have now, and then they're going to start a new program for a new amphibious assault vehicle that doesn't have all the bells and whistles of the EFV [Expeditionary Fighting Vehicle].

I think that's probably the biggest program change in the FY [fiscal year] '12 budget. As we look out over the next number of years, depending on what -- I think that's -- I think we're in pretty good place right now because of the measures that we've taken over the last couple of years. We've cut or curtailed programs that, if completed, would have cost the taxpayers about \$330 billion.

So I think we've done a good job of imposing some discipline internally. I think we will have to make some very difficult choices probably in the next -- toward the latter part of this decade. The president and the Congress and the services are going to face some real challenges.

For example, how can -- a lot of the ships that were built -- surface ships that were built in the Reagan era will be aging out in the 2020s, and I worry about whether the Navy can afford to continue building both the number of surface ships that it needs and also fund building and deploying a brand-new ballistic missile submarine. But we've cut that down a lot. It's now -- the original estimate was \$7 billion a boat. We've got that down now to a little below \$5 billion. It's still a very expensive boat. But whether they can do the same -- do both of them at the same time, I think, is going to be a challenge.

The Air Force is going to face a big challenge. Whether we can fund a new tanker, F-35s, a new bomber and all of these other capabilities simultaneously, I think, is going to be a tough question that people will have to confront. But my view is if I don't get these programs started now, a future Congress and a president, and you as senior officers, in the future won't have any options or won't have any choices. So I think it's important to get these things started.

It's a long answer to your question. My view is that from my perspective at this point, I don't see other major programs on the block for the next year or two, but we'll just have to see how serious the budget situation gets.

Thank you all very much. (Applause)

COL. LARSON: Sir, thank you so much for coming and speaking to us -- with us today. On behalf of the superintendent, the cadet wing and all of us here at the Air Force Academy, I have the two class presidents to present you with gifts: a coin from the class of 2012, and the book the "Spirit and Flight" from the class of 2011.

CADET: Sir, thank you very much for your remarks today. We really appreciate it, so thanks.

SEC. GATES: Thanks a lot.

COL. LARSON: Ladies and gentlemen, please join me in a round of applause in thanking Secretary Gates for his time, his message and his continued service and unwavering dedication to our great nation.