Thanks for your support . . . and what you do every day!

Our #1 Priority = the Warfighter

Complexity:

- What we do
- Where we do it (Operating Environment)
- How we do it

Fundamentally Different Way of Doing Business
TWVs in the News...

U.S. Army Cuts Buys Of Wheeled Vehicles 15 Percent
✓ No New HMMWVs Past This Year
✓ Fewer JLTVs
✓ 7 Percent MRAP Reduction

Budget Limits Efforts to Add, Upgrade Vehicles

Obama Warns More DoD Cuts May Be Needed

Steep Cost of Military Vehicles Outlined in Army Report

Marines Eye Ground Vehicles, Budget In Mind

Gates Says Budget Impasse Threatens Readiness
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Complexity of What We Do Every Day

Munitions Support
Arsenal/Depot Operations
Chem Demil
Foreign Military Sales
Forward Presence CONUS Reach Back

- Munitions Support
- Arsenal/Depot Operations
- Chem Demil
- Foreign Military Sales
- Forward Presence
- CONUS Reach Back

Army's Division Support Command

- Over 70,300 Military & Civilian Employees Worldwide
- Obligated approx $92B in Contracts FY10
- $49B Budget FY10
- Impacts in -
  - 50 States
  - 155 Countries
- 86 Bn/Bde Commands

Research, Dev and Engineering
Global Distribution and Deployment
Army Pre-Positioned Stocks (APS)

Factory to Foxhole . . . From Concept to Combat
Dealing with Unknown Challenges

- **BORDER DELAYS**
- **THEFT & PILFERAGE**
- **WEATHER**
  - POLITICAL UNREST
  - EXPANDING MILITANCY
  - HOST GOVERNMENT RULE
  - UNCERTAINTY
  - ECONOMIC ISSUES
  - VISIBILITY ISSUES
- **ATTACKS**
- **LABOR ISSUES**
- **ROAD CONDITIONS**

My Logisticians are a humorless lot...they know if my campaign fails, they are the first ones I will slay. - Alexander the Great
Along With Complex Contingency Operations

- RAPID PORT OPENING
- EMERGENCY RATIONS
- LOGISTIC SUPPORT
- HUMANITARIAN ASSISTANCE
  - CIVIL UNREST
  - DISASTER RESPONSE
  - HURRICANES
  - EARTHQUAKES
  - FLOODS
- WATER PURIFICATION
- MORTUARY AFFAIRS

Whenever We Are Called...
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... And Then There's BRAC

- Involves half of all US States
- One out of every six AMC employees affected (approximately 11,000)
- More moves and more people affected than any other Army organization
- Approximately half of all moves completed by October 2010
Fundamentally Different Way of Doing Business

All About Becoming More Efficient and Effective
Implementing Innovative Ideas
Changing to Meet Mission Requirements

Evolving the Fleet Over Time

Working Together to Adapt to New Threats

Represents Adaptability of Design
MRAP Variants

63 Models
25,793 MRAPs
$45B

- Currently Fielded in OEF
Managing Materiel for the Army

Lead Materiel Integrator develops materiel sourcing solutions IAW Army priorities to support integrated demand signals.

AMC-Lead Materiel Integrator

Readiness Enterprise
Demand Signal Integrator

Priorities
Policy
Resources
Programs
Strategy

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Fundamentally a Different Way of Doing Business!
Managing the Sources of Repair

- Depots / Nat Maint Contractors Repair
  - AMC
  - RECAP
  - Automatic Return Items
  - Major Overhaul
  - TPE and APS

- Directorate of Logistics
  - IMCOM
  - Below Depot Repair
  - Repair and Return

- Field Logistics Repair
  - FORSCOM
  - Augments DOLs
  - Flexible Size and Mission

- Fleet Management Expanded
  - TRADOC

Aligning Core Competencies

- Speed!

Complete  In Process  Friction Point

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Aligning our Core Competencies to Support our Army
77 DOLs - Over 350 Contracts Valued at $900M Annually

✓ 7100+ Army Civilians and Military
✓ ~ 15K Contractors
✓ $ Savings Potential:
  • Contract Management
  • Fewer Contracts
  • Contract Management Fees
  • Standardize SOWs

EAGLE CONTRACT STRATEGY

AMC Single Logistic Integrator
✓ Efficient ARFORGEN Support
✓ One Source of Repair
✓ Right Size the Industrial Base
✓ Eliminate Redundancy

✓ 59 of 77 DOLs OPCON’d
✓ 5 FLRCs Eliminated
✓ >$1M Overhead Savings
✓ >$100M of parts returned to the wholesale system

MFR: OPCON Of ME DOL Functions (23 JAN 2007)
OPCON MOA: 31 CONUS Installations (18 MAR 2008)
MOU: Realign DOLs to ME Competencies (6 MAR 2009)
OPCON: CONUS DOLs to AMC (1 Oct 2010)
OPCON: USAREUR DOLs (1 Apr 2011)
Korea DOLs (1 Jan 2011)
End State Transfer of funds POM 13-17 (Goal)

Organizing for the Future
### Enabling Efficiencies

#### LSS Benefits

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>FY10</th>
<th>FY09</th>
<th>FY08</th>
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<tbody>
<tr>
<td>$402M</td>
<td>$250M</td>
<td>$310M</td>
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#### Patriot Launcher

<table>
<thead>
<tr>
<th>Labor Cost per Unit</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
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</thead>
<tbody>
<tr>
<td>$144K</td>
<td>$92K</td>
<td>$494</td>
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</table>

#### M1114

<table>
<thead>
<tr>
<th>Man-Hours per Vehicle</th>
<th>FY05</th>
<th>FY10</th>
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</thead>
<tbody>
<tr>
<td>440</td>
<td>241 Hrs</td>
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</table>

#### Gunners Primary Site

<table>
<thead>
<tr>
<th>Man-Hours per Unit</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
</tr>
</thead>
<tbody>
<tr>
<td>85</td>
<td>85 Hrs</td>
<td></td>
<td></td>
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</tbody>
</table>

### Total Benefits

$4.7B

- 10 LSS Excellence Awards
- 7 Value Engineering (VE) Awards
- 1 Malcolm Baldrige Quality Award
- 26 Shingo Medallions

### 42 ISO Certifications across AMC

### Lower Cost . . . Higher Quality . . Faster Delivery!
Foreign Military Sales Opportunities

FMS Portfolio by Region

2007 $9.0B
3897 Cases

2007 $9.0B
3897 Cases

2010 $14.6B
4657 Cases

COUNTRIES: 31
CASES: 471
VALUE: $2.5B

COUNTRIES: 54
CASES: 1423
VALUE: $13B

COUNTRIES: 15
Personnel: 199
Security Assistance Training

COUNTRIES: 20
CASES: 867
VALUE: $17.2B

TOTAL ACTIVE FMS
COUNTRIES: 155
CASES: 4657
VALUE: $118.6B

COUNTRIES: 20
CASES: 1682
VALUE: $85.3B

COUNTRIES: 20
CASES: 867
VALUE: $17.2B

COUNTRIES: 30
CASES: 214
VALUE: $564.4M

Building Partner Capacity and Goodwill
Example of FMS Partnering

- Growth Industry - Opportunity
- Increased Partner Capacity - Countries Get More “Bang for Their Buck”
- Reinvestment into Industrial Base - Organic & Commercial
- Extended Requirements for Parts - OEM & Second Sources

M113 Example:
- Refurbishment Program in Alabama:
  - ANAD M113FOVs: $46M parts/labor
  - BAE Systems M113A2s: ($35M parts/labor)

- Potential Future FMS Programs:
  - Over 6,000 EDA M113FOVs have allocated to other FMS customers
  - Future Maintenance Programs for Past FMS Sales
Not Business As Usual

✓ Institutionalize ARFORGEN Based Rotational Model
✓ Eliminate Redundancies
✓ Incentivize Efficiencies
✓ Enterprise as a Mindset

✓ Invest in the Most Value
✓ Balanced Force
✓ Maintain the Combat Edge
✓ Cost informed Requirements Process
Working Together
Challenges and Opportunities

- Conditions Based Maintenance
- Common Parts
- Fuel Efficiency
- Power and Mobility
- Integrated Armor
- Vehicle Recovery
- Autonomous Capabilities
- Embedded Training & Simulators
- Core/50–50
Turning Challenges into Opportunities

You... Us...
Working Together...
Responding to New Challenges

Collaboration, Cooperation and Relationships
Thanks for your support . . . and what you do every day!

Our #1 Priority = the Warfighter

Complexity:

• What we do
• Where we do it (Operating Environment)
• How we do it

Fundamentally Different Way of Doing Business
Thank You

Your thoughts, ideas, suggestions, questions?

Focused on the Warfighter