

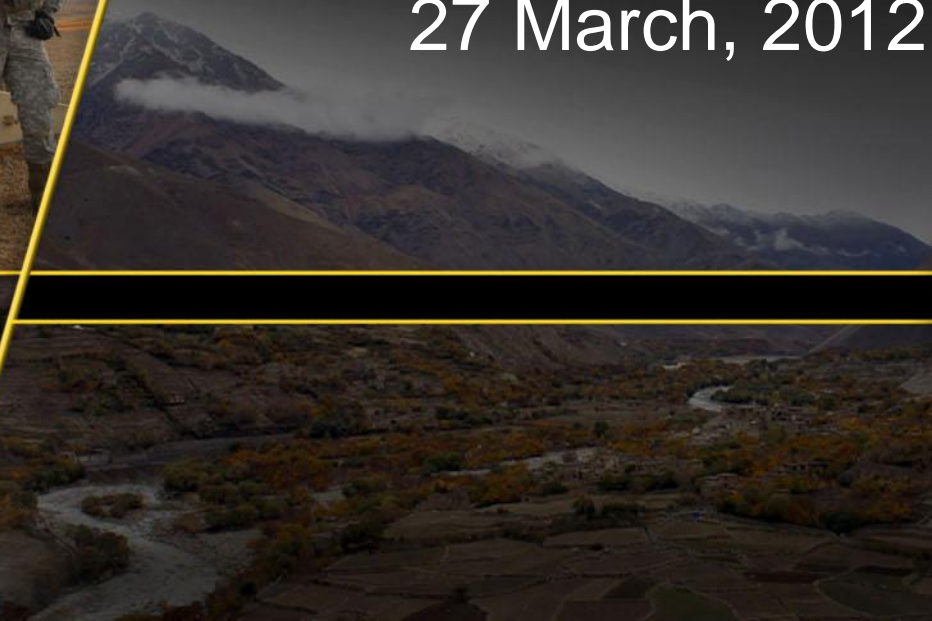
**AMERICA'S ARMY:
THE STRENGTH OF THE NATION™**



NETWORK THE FORCE ■ DETER AND DEFEAT HYBRID THREATS ■ EMPOWER AND PROTECT THE SOLDIER



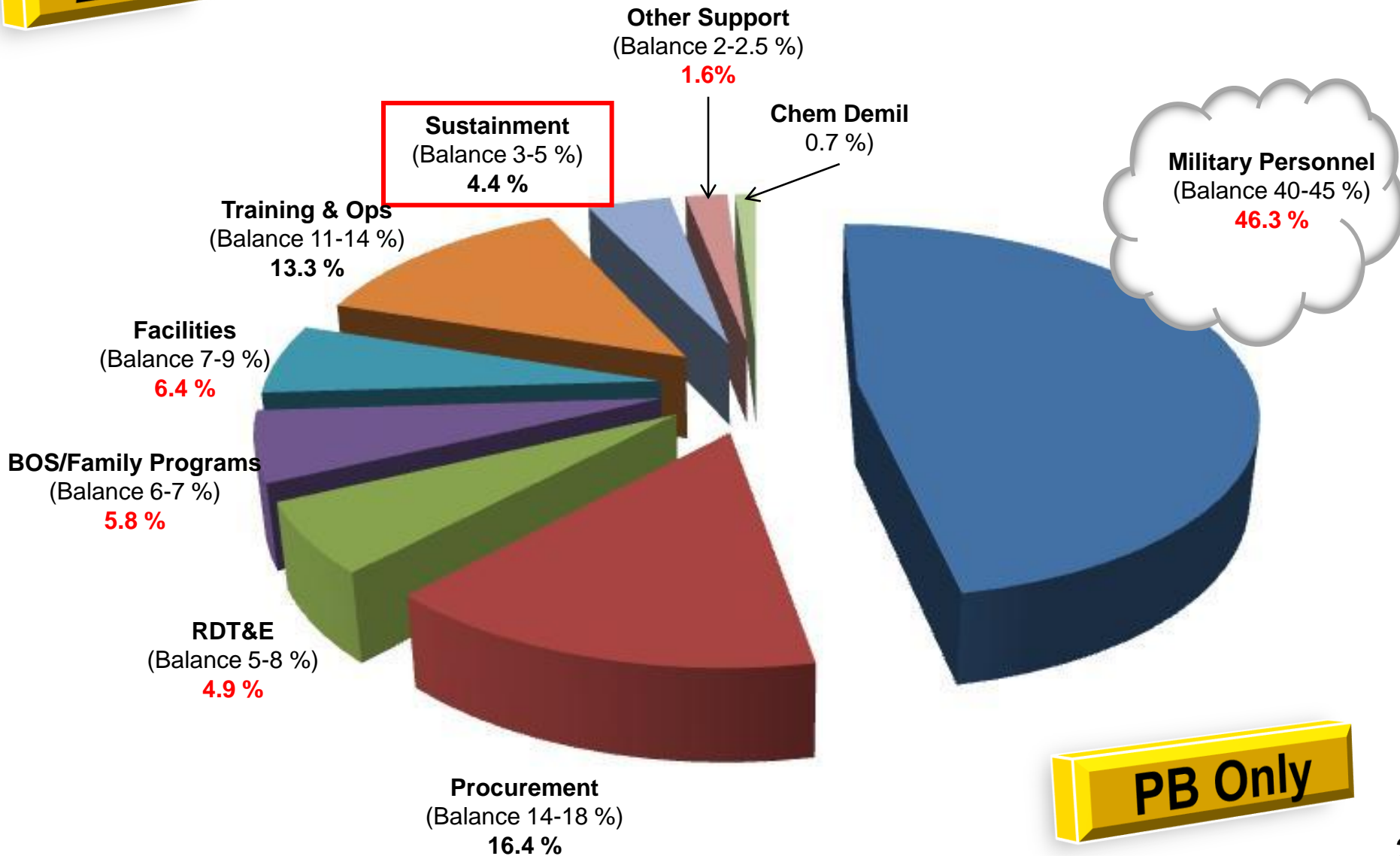
28th Annual National Logistics Conference 27 March, 2012



A Resource "Portfolio" View

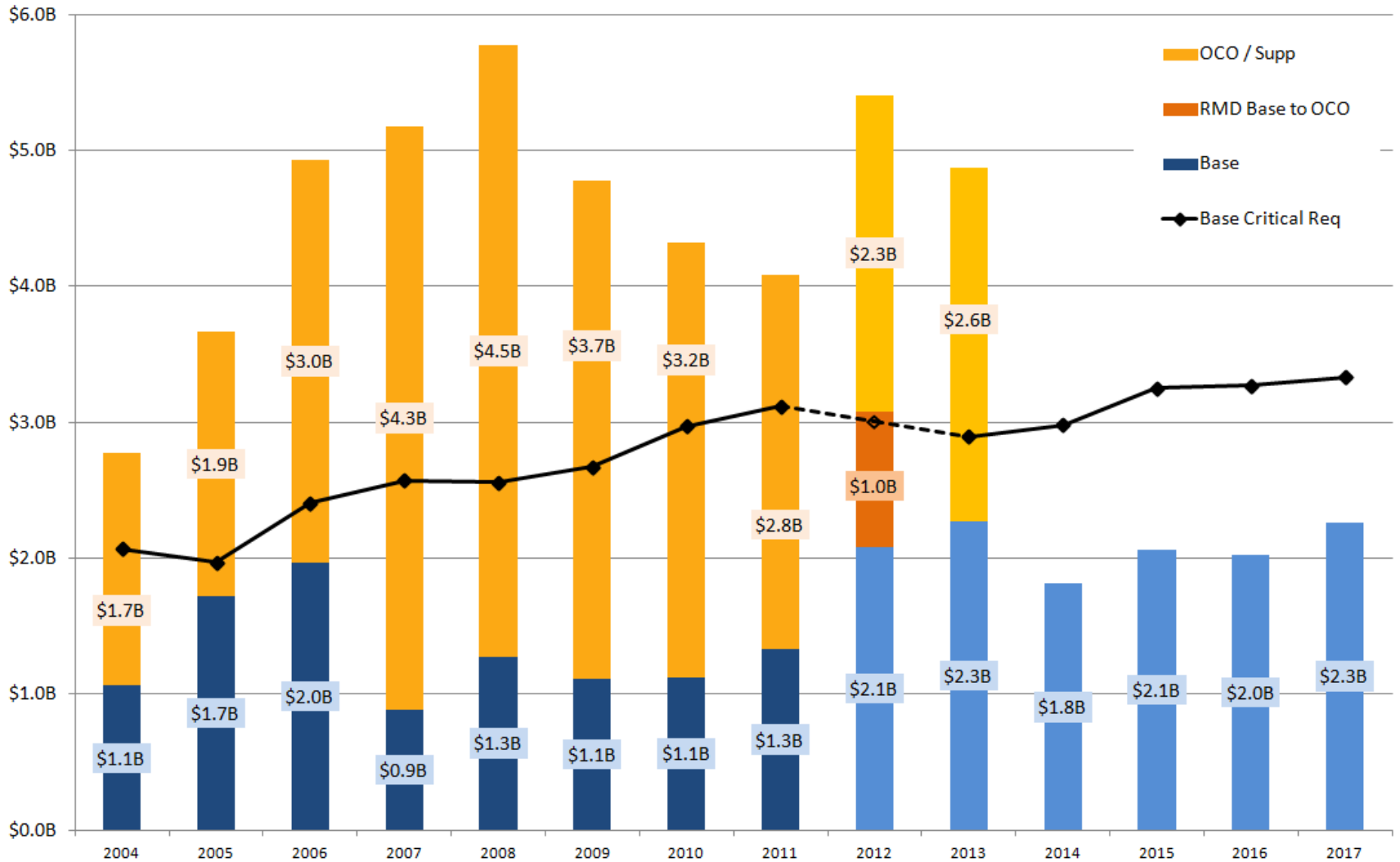
2017

Using historical ranges to define "balance."



PB Only

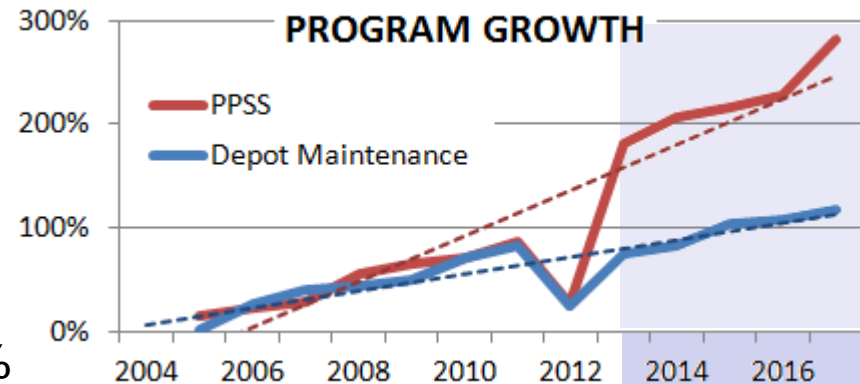
Depot Maintenance



Depot Maintenance surged from 12.5M DLH to 29.9M DLH

Key Issues

- **Reduced Force Structure ≠ Reduced Sustainment Costs**
 - Maintenance costs reflect size of the equipment inventory, not the force
 - Divestiture / Demilitarization will cause short term cost increase
- **Systems transitioning to Sustainment**
 - 37 systems between FY13-17 (e.g. Abrams, Bradley, and Apache)
 - Resulting funding shortfall estimated at \$400M annually
- **Post Production Software Support** – Maintains a system's operational capability through license purchases and software modifications/updates
 - Army has growing density of software-intensive systems
 - Historical growth rate equal to Depot Maintenance: 84%
 - *Projected* growth rate exceeds Depot Maintenance: 105% vs. 19%

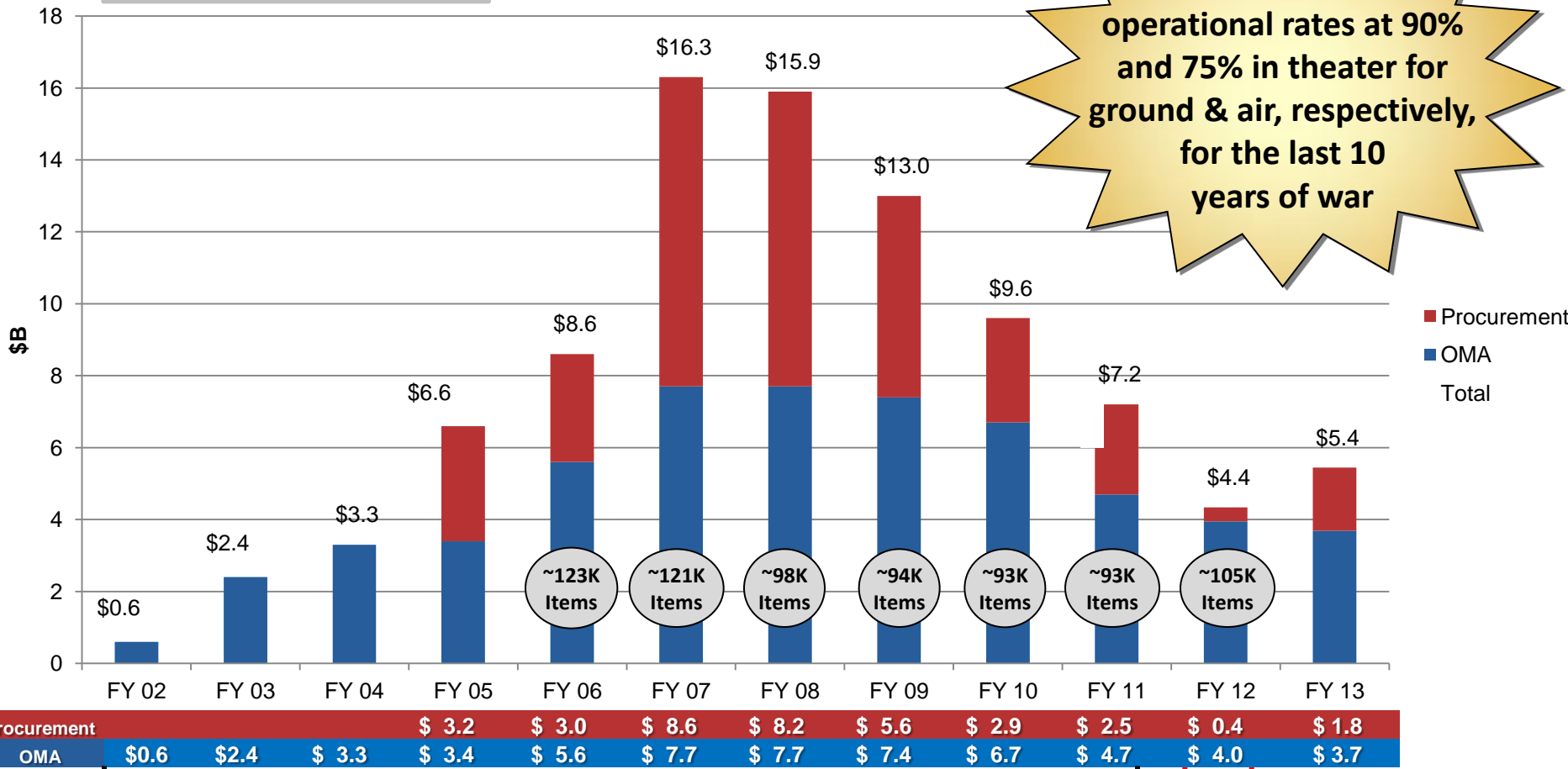


Army Reset Funding 2002-2013

Items Completed at Depot Sources of Repair (OMA)

Equipment Reset

Reset has sustained operational rates at 90% and 75% in theater for ground & air, respectively, for the last 10 years of war



Actual Execution

Authorized Jan 2012

The Army will require OCO Reset Funding for 2-3 years after hostilities

Key Takeaways

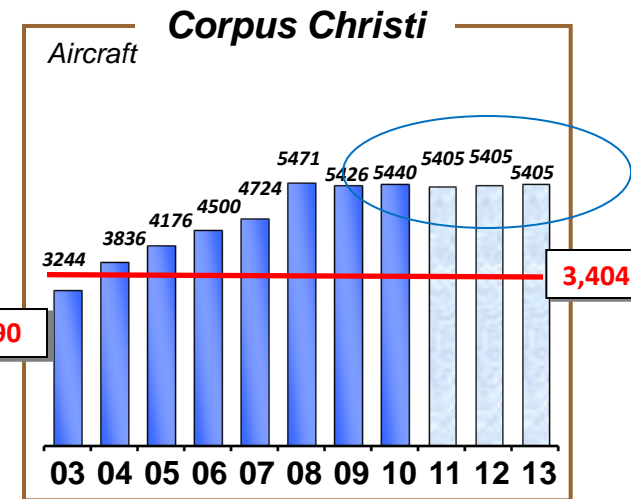
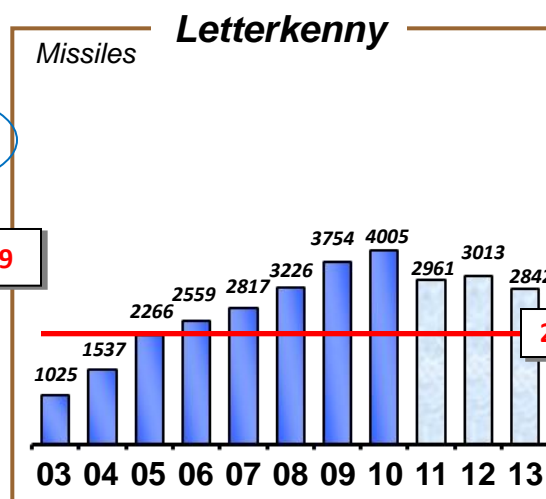
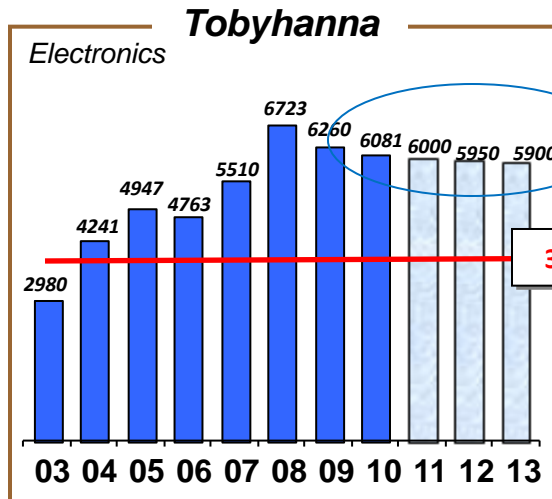
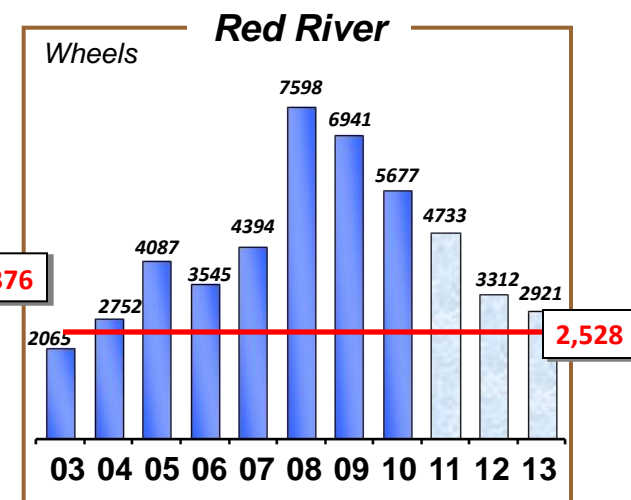
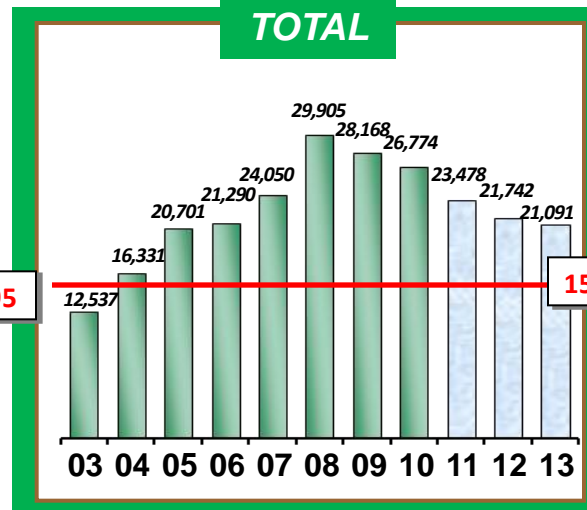
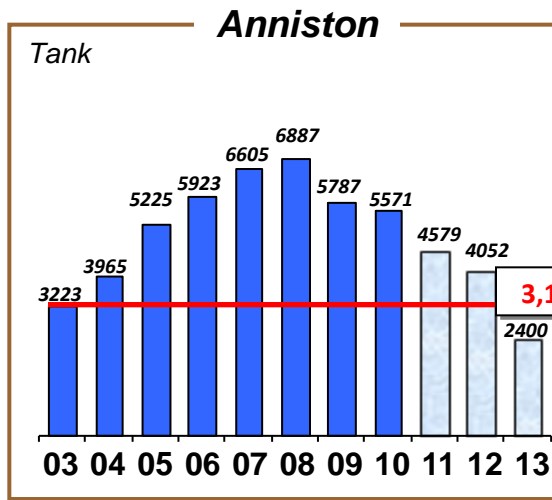
- Sustainment Reasonably Funded but 2014/2015 bare watching
- Post Production Software Support a growing concern
- RESET is funded primarily through Supplemental/ Overseas Contingency Operations (OCO) funding
- RESET needed 2-3 Years after conflict

Back-up

Depot Maintenance Demand (DLH)

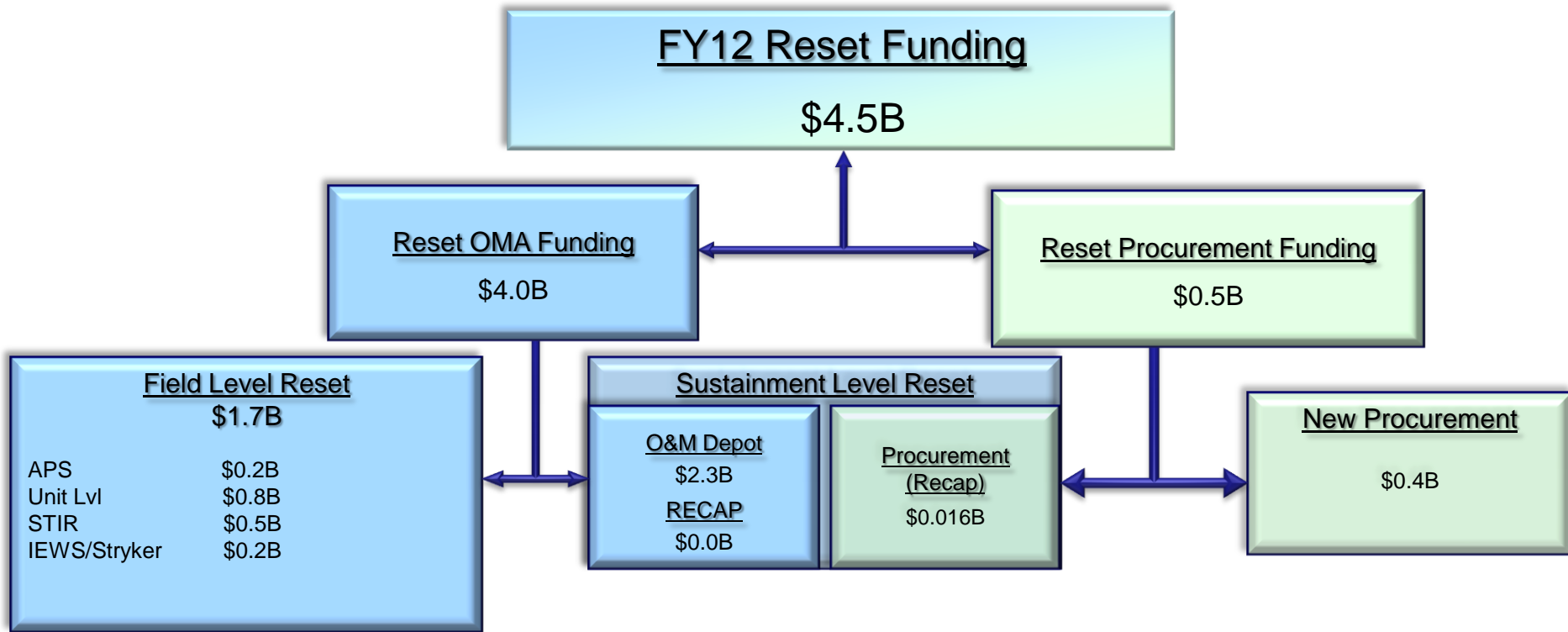
DLH = Direct Labor Hours (Millions)

Core DLHs = —



*Depot workload surged to support OIF and OEF;
Tracked & Wheeled surge requirements declining, Aircraft & Electronic requirements endure*

FY12 Reset Funding Summary



*Figures may not add due to rounding

Comments.

- Reset Procurement funding request includes recapitalization for M4 Carbines (\$0.016B).
- Reset Procurement Includes \$.07B for RC Equipment Replacement and \$.07B in support of APS.
- \$.03B for replacement of Battle Loss includes: \$.145B Kiowa Warrior, \$.035B Apache Block III, and \$.011B FHTV
- FY12 \$4.5B supports field level completion of 28 BDEs and Depot Level Reset of approximately 100K pieces of equipment