

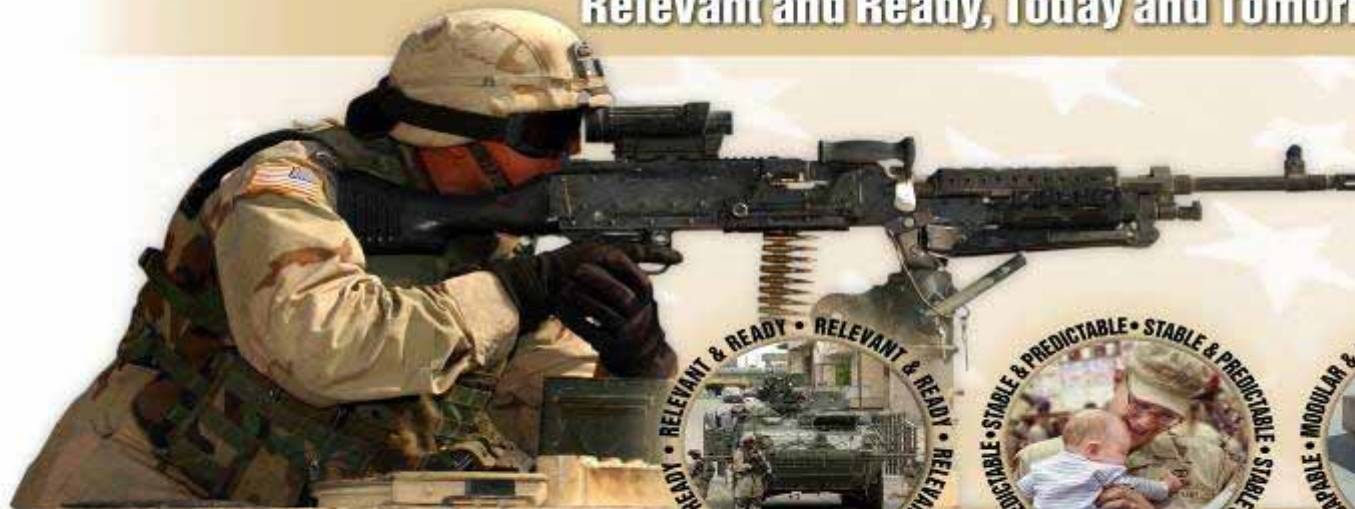


TACOM
 The Soldier and Ground Systems
 Life Cycle Management Command



Our Army at War...

Relevant and Ready, Today and Tomorrow



A Campaign Quality Army with Joint and Expeditionary Capabilities



Committed to Excellence — Supporting America's Warfighters



PURPOSE

PROVIDE AN OVERVIEW TACOM AGING GROUND SYSTEMS

Preserving Superiority/Combat
Overmatch for our Ground Forces



Outline

- Where Are We Today?
- How Do We Get a Balance?
- An LCMC Plan To Address Aging fleets
- Summary/Conclusion



Where Are We Today?

- **GWOT remains top priority**
- Deployed forces in support of GWOT will continue at current levels for some time
- Modularity timeline remains IAW Army Campaign Plan
- Equipment being aged at profound rates due to environmental stress and Op Tempo's from OIF/OEF
- Battle losses will continue at current rates draining resources
- Increased Opportunities To Provide Capability, Reliability and Technology Improvements Because of Numbers of Systems Being Touched (Reset/Recap/Reconstitution)

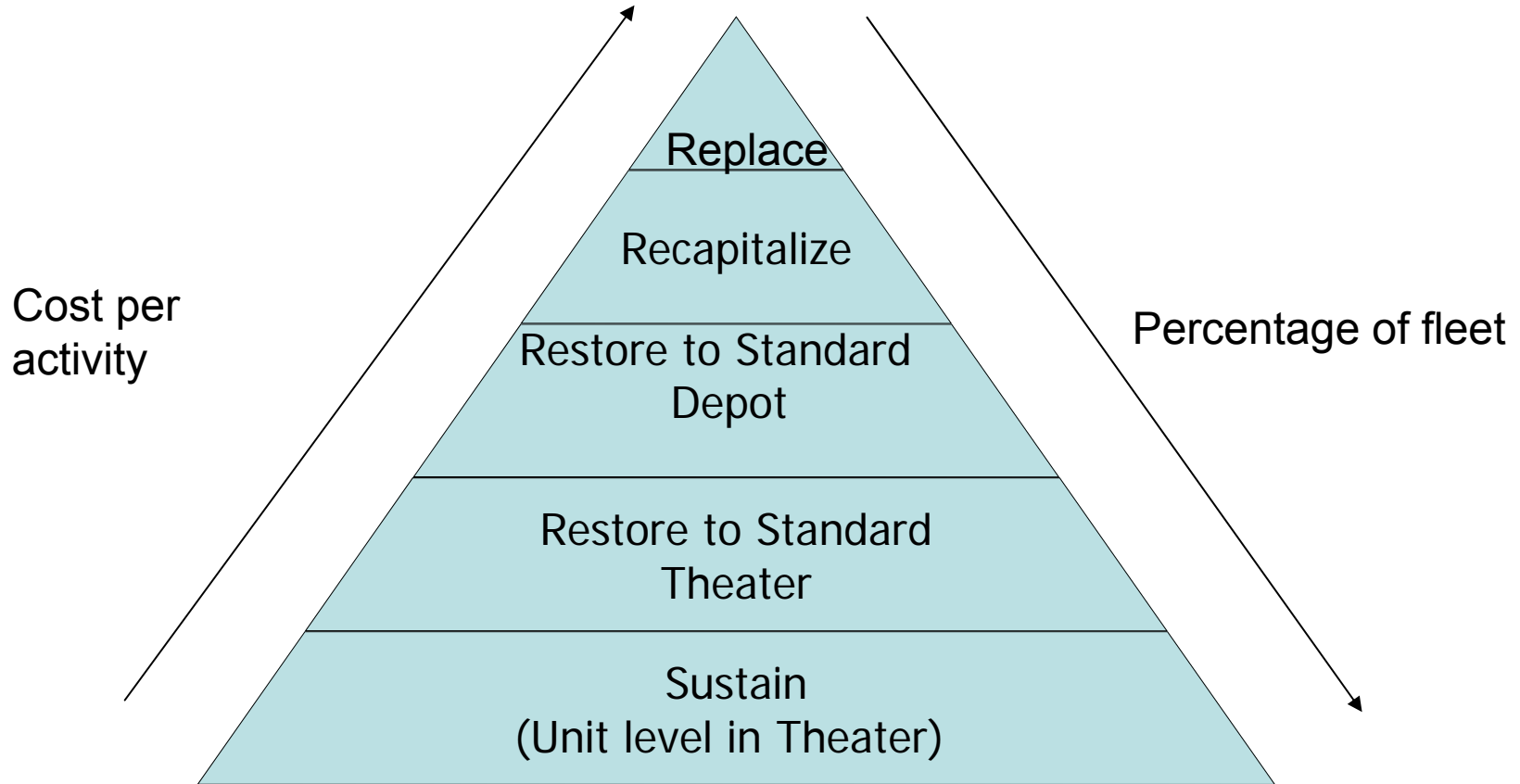


GWOT Support

Commodity	Number of Vehicles/Aircraft ^a	Fleet Size (PB05)	Percentage of Fleet in Use
Wheeled Vehicles			
Light Tactical Vehicles	36,665	116,979	31
Medium Tactical Vehicles	6,498	71,163	9
Heavy Tactical Vehicles	5,537	25,041	22
Totals	48,700	213,183	23
Combat Vehicles			
M 1 Fleet	819	4,392	19
M 2/M 3 Fleet	884	3,719	24
M 113	1,287	13,387	10
Stryker	311	930	33
Totals	3,301	22,428	15
Aviation			
Light Reconnaissance	96	352	27
Utility	238	1,619	15
Cargo	66	459	14
Attack	86	713	12
Totals	486	3,143	15

^a Reflects vehicle and aircraft deployments in OIF as of September 2004.

Overall, roughly 40% of Army Equipment has been deployed to OIF/OEF by the end of FY 05



Upgrade or replace based on Army Transformation priorities to improve warfighting capability



OSD Stress Study

An excerpt from the SECDEF's memo to Mr Bolten, OMB, dtd 26 Mar 2004:

"...effort is needed to understand more clearly how operations are contributing to greater wear and tear on equipment, and what the implications are for future supplemental appropriation requests. The study will determine the additional depot maintenance needed to repair and replace systems, tally the equipment lost in combat operations, and identify which items might have to be replaced sooner than anticipated."

OMA:
- 10/20 3D
- Depot maintenance
- Sustainment
AOR

OPA, APA, ... (procurement)

- Battle Losses

RECAP (OMA, WCTV, OPA)

Washouts (uneconomical to repair) (OPA, APA, ...)

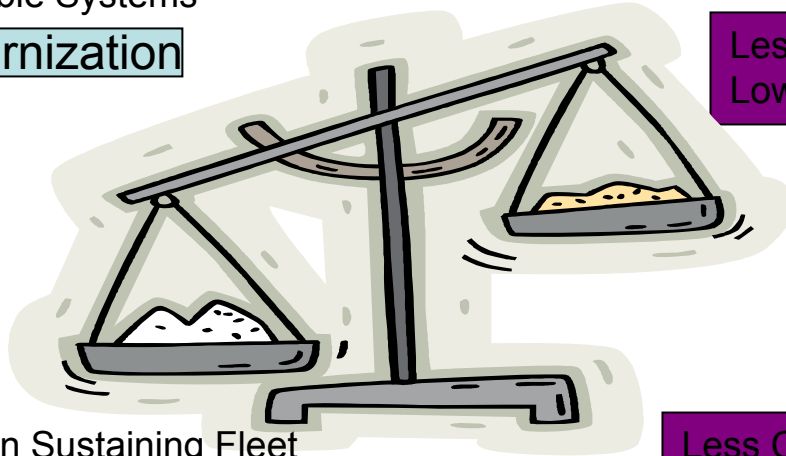
We are identifying **incremental** costs in these categories



How Do We Get a Balance?

Invest in New More
Capable Systems

Modernization



Less Sustainment \$\$
Lower Readiness

Invest in Sustaining Fleet

Sustainment

Less Capable Systems
Higher National Risk

DECREASING READINESS
INCREASED O&S COSTS
SHORTENED LIFETIME
REDUCED CAPABILITY

INCREASED READINESS
REDUCED O&S COSTS
INCREASED LIFETIME
INCREASED CAPABILITY

- In FY 03, RESET little more than an idea

- In FY 04, \$2.4B provided for RESET, but requirement was \$4B – with very little procurement

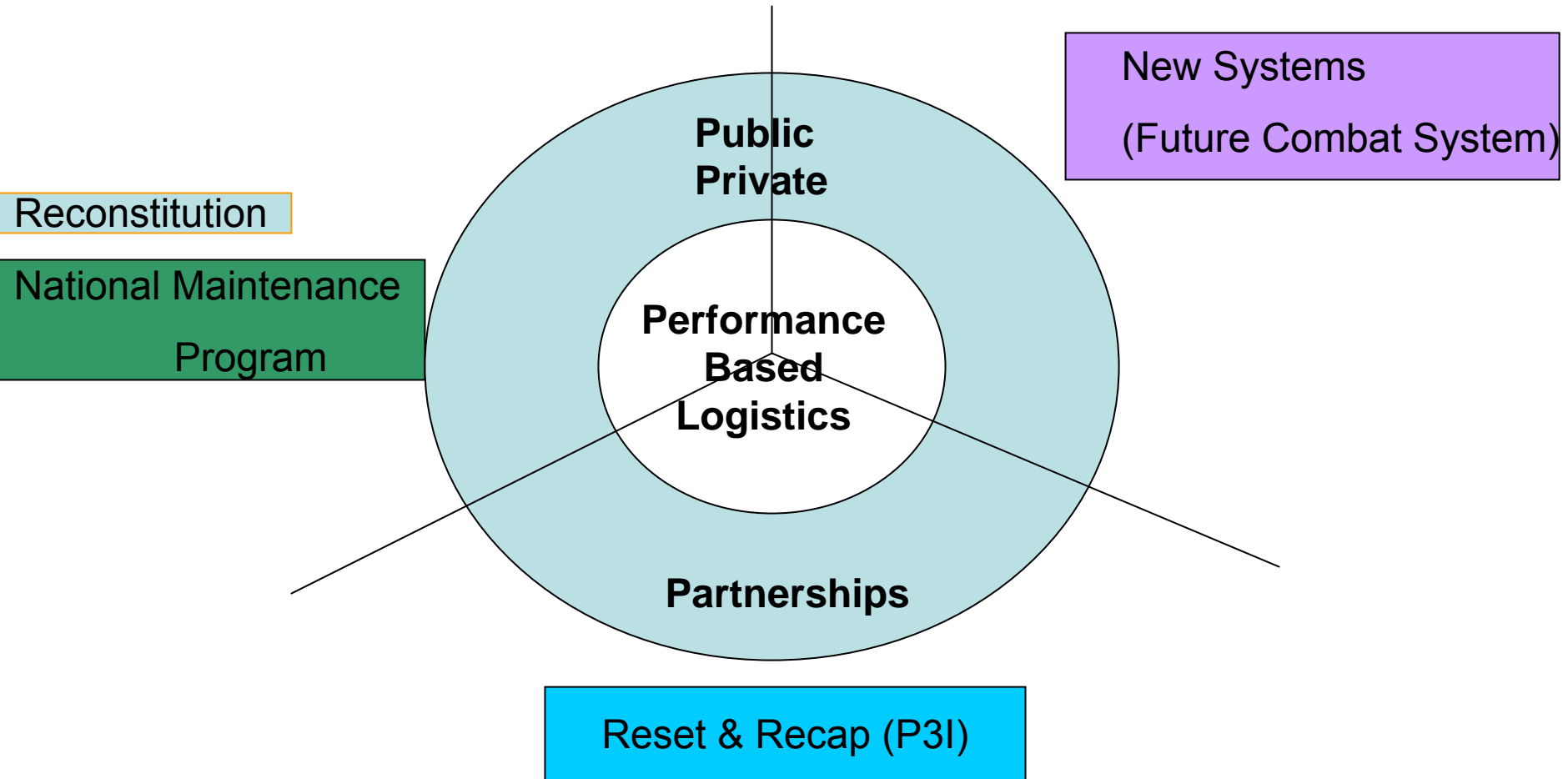
- In FY 05, Army received ~\$10B in procurement, with \$3.2 going towards RECAP and replacement of losses

- We expect increased requirements for a minimum of two years after hostilities end, and the backlog to replace and repair equipment is growing...

FUNDING AVAILABILITY BALANCES



Plan to Address Aging Fleets





National Maintenance Program

Definition

NMP is a centrally coordinated and controlled repair-based logistics system for the Army that distributes sustainment maintenance workload across depot and below-depot activities, based on national need developed through a national requirements determination process.

Why NMP?

NMP ensures reparable items are repaired to a consistent national standard; thereby, preserving reliability.

**NMP Sustains RECAP Investment:
\$125.5M (<1% OF RECAP Investment)**



NATIONAL MAINTENANCE PROGRAM OBJECTIVES

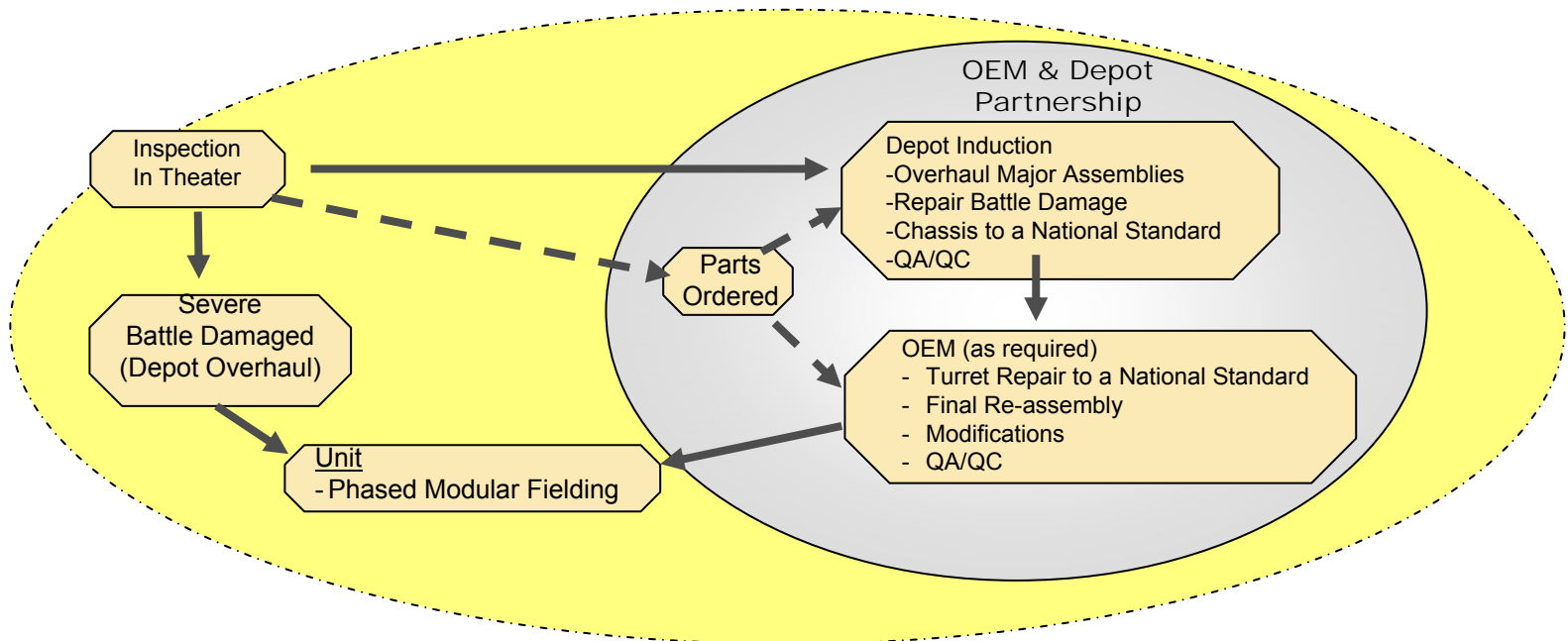
- Standardize repair of all major components to HIGHEST LEVEL (Depot Maintenance Work Requirement DMWR)
- Reduced tolerances, greater emphasis on extending equipment life
- Mandatory replacement of all reliability enhancing repair parts



Objective Equipment Type National Level Reset Model

Central Manager and Execution Agent

- **100% Empowered ... 100% Funded ... 100% Accountable**
- **Single Standard ... Single Focal Point**
- **Integrates Redeployment-Reset-Modularity-Life Cycle**
- **Manage Timelines iaw Army Priorities and Requirements**





What is Recapitalization?

The rebuild and selected upgrade of currently fielded systems to ensure operational readiness and a zero time/zero mile condition with enhanced capabilities

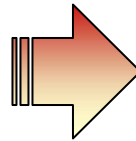
Rebuild - Restores equipment to a like-new condition in appearance, performance, and life expectancy; inserts new technology to improve safety, reliability and maintainability where practical; system retains its model designation (OMA)

Selected Upgrade - Rebuild of system and adds warfighting capability improvements to address capability shortcomings; results in a new model with new life (OPA)

Two Paths

Rebuild - OMA

Selected Upgrade - OPA



RECAP GOALS:

- ✓ Enhance effectiveness and warfighting capability
- ✓ Extend service life
- ✓ Reduce Operating & Support costs
- ✓ Improve reliability, safety, maintainability

What systems do we recap?
The criteria we consider ...

- Exceed half life metric
- Cost effective (recap vs maintain or buy new)
- Readiness trends
- O & S costs
- In fleet beyond 2020



Teaming to support Recapitalization

System	OEM	Depot
M1 Abrams	GDLS	Anniston
M2/3 BFVS	BAE	Red River
M88 MRV	BAE	Anniston
AVLB	GDLS	Anniston
M9 ACE	BAE	Anniston
M113A3	BAE	Anniston
HEMTT	Oshkosh	Red River
HMMWV	AM General	Red River



Summary

- **Increasing RECAP buys back the increased risk we have assumed because of the increased stress on equipment from GWOT.**
- **RECAP increases support the Army's transition to Modularity, but are based on the wear on equipment we have experienced.**
- **Performance Based Logistics will Leverage Contract and Organic capacity increases that are available to support this strategy.**
- **Recapitalization provides the Army a mechanism to bring our fleets to near zero miles and insert technology.**
- **Aging methodology similar or identical to all services**
- **Public Private Partnerships (PPP) and National Maintenance Contracts have increased the efficiency of our depot programs and provided the ability to expand capability and allow the Army to execute this expanded Recapitalization program.**



Conclusions

- **Strategies represent a balanced approach that mitigates risk (RESET/RECAP) with available funding until we can buy new – sustainment of current readiness, selective modernization and procurement of new systems/capabilities.**
- **RESET and RECAP are leveraged to modernize critical capabilities where practical.**
- **System life cycle and future roles are critical components of our fleet strategy and investment.**
- **Investment is adequate to address our most critical requirements (fall short of our goals) but represent a prudent and increase investment into our most critical fleets while sustaining and procuring other modularity capabilities.**
- **Using a Life Cycle Management Command Construct Facilitates Establishing a Balance Between Modernization and Sustainment**