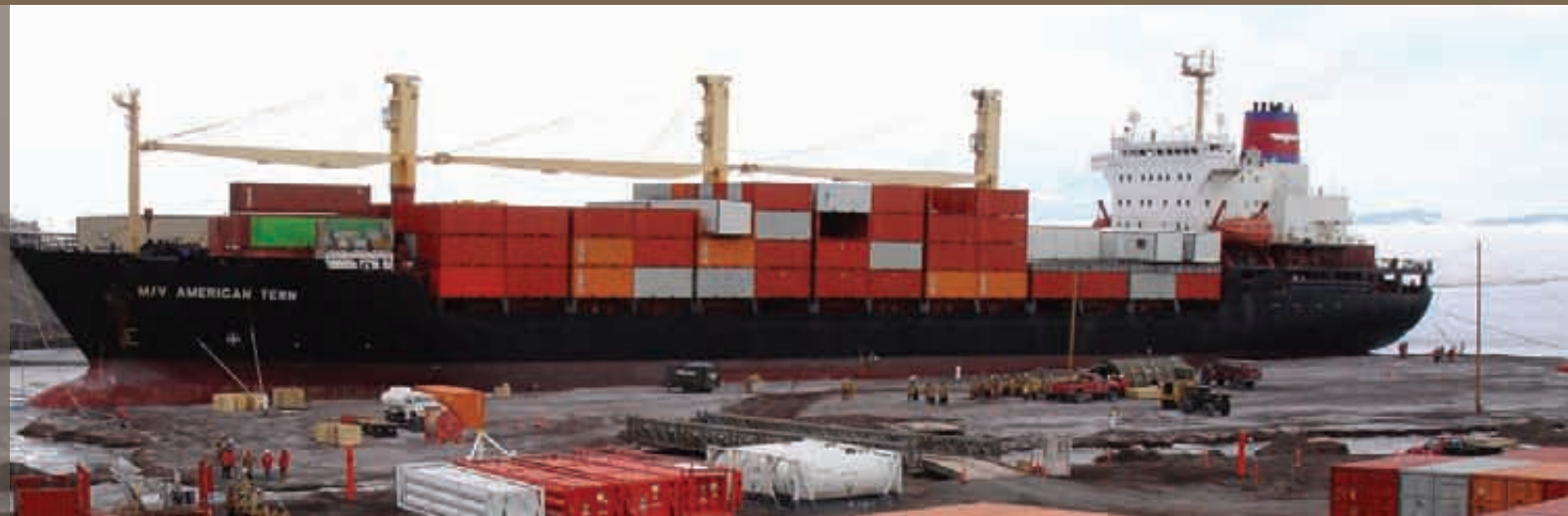




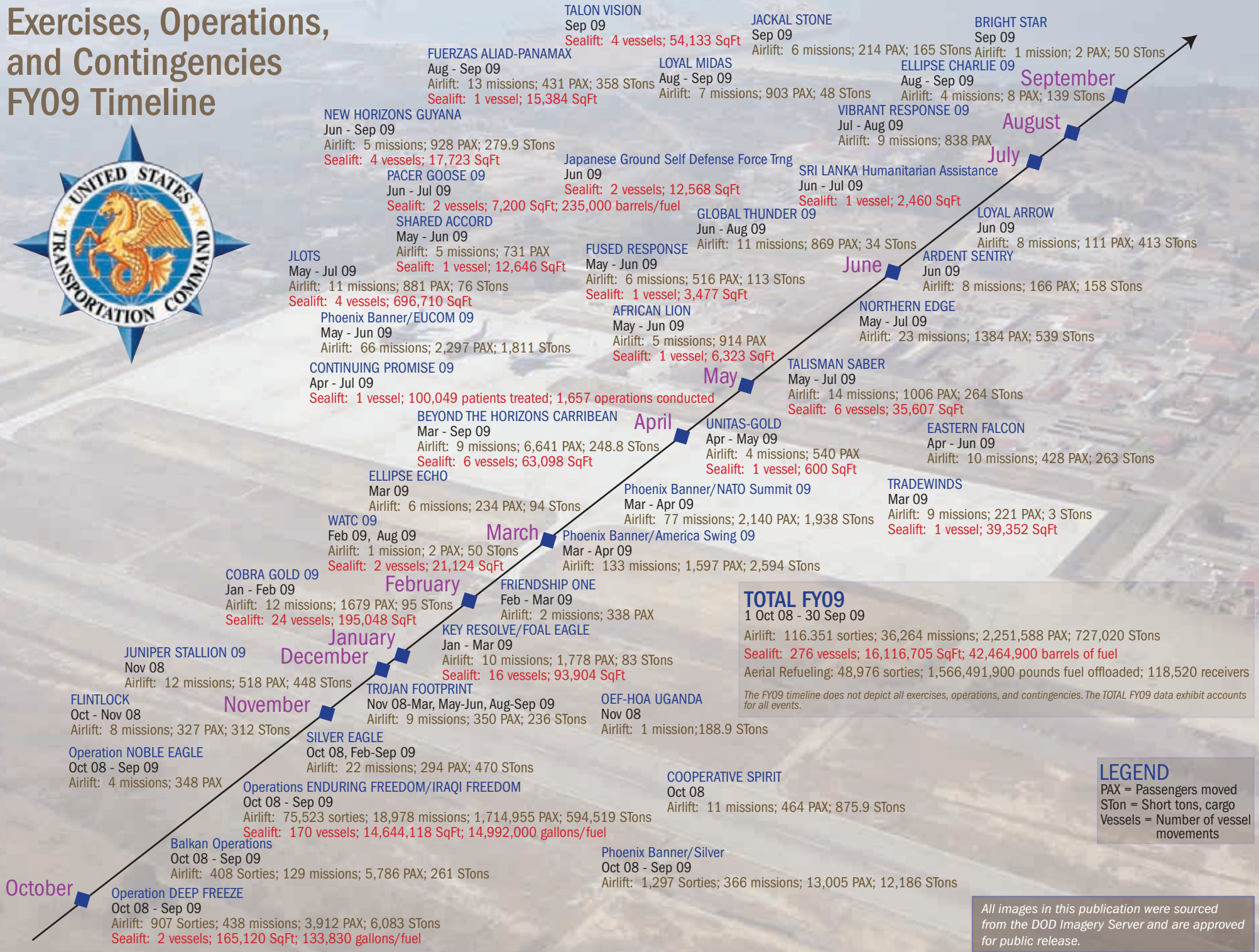
USTRANS COM



2009
Annual
Report



Exercises, Operations, and Contingencies FY09 Timeline



All images in this publication were sourced from the DOD Imagery Server and are approved for public release.

Commander's Statement

This year was full, from one end to another, with operational, logistical, and geo-political challenges, and demanded unparalleled performance from our global enterprise. Our performance exceeded our customers' expectations, while at the same time, we continued to grow and evolve in our Distribution Process Owner (DPO) role. Our team is charged with synchronizing and delivering unmatched strategic global transportation and distribution capability, and producing LOGISTICS SUPERIORITY for our Nation—and we have.

Our USTRANSCOM Championship Team—a Total Force partnership of active duty, Reserve Component, civilian, contractor, and commercial industry colleagues—answered every call, improved with every challenge, and prepared for meeting new challenges ahead. It is 140,000 people working around the world, day in and day out, to produce one of this Nation's greatest asymmetrical advantages.

As the Joint Deployment and Distribution Enterprise (JDDE), we grew stronger throughout the year in our understanding and execution of our role as DPO, and in our efforts to generate SPEED from one end of the process to the other—from point-of-supply to point-of-effect. That called for us to build and leverage ever-greater synchronization, integration, and networking in our distribution process and ever-stronger relationships among the JDDE partners--USTRANSCOM and its component commands (Military Surface Deployment and Distribution Command, Military Sealift Command, and Air Mobility Command), commercial industry, combatant commands and U.S. government agency customers. These relationships helped us establish, select, and manage air, sea, and ground bridges within the distribution process, and the en route infrastructure that supports them. They helped us manage capacity and synchronize the modes and nodes so we gain the best possible speed--velocity, efficiency, visibility, and precision--in delivering what our warfighters need, when and where they need it.

We dramatically improved the distribution process this year by relying increasingly on a “fused operations” approach to real-time planning, and using the Joint Deployment and Distribution Operations Center personnel in theater to manage execution. We've increased our use of asset visibility technology to track and manipulate flow through the distribution “pipeline.” And we made major strides in developing an enterprise approach to the information systems that support decision-making both by USTRANSCOM as well as theater commanders.

Our growing success in working as a DPO team was clear as we implemented the Northern Distribution Network in support of US and coalition operations in Afghanistan, executed a Joint Task Force-Port Opening in support of the Stryker Brigade move into theater, and transported high-demand Mine-Resistant Ambush-Protected (MRAP) vehicles into the USCENTCOM AOR. These accomplishments, and many others, only reinforced for us how crucial to the warfighter our efforts to increase the distribution process performance really are.

Throughout the year, we matured in our DPO role, improved our vision of future challenges and opportunities in the global operating environment, operated jointly within our command as well as with other combatant commands, and transformed our distribution processes and the defense transportation system. To these ends, we gained Joint Capabilities Board authority for Logistics to review and endorse new mobility capabilities for the Joint Requirements Oversight Council. We're seeking a more formal Global Campaign Planning role for distribution. And we are co-leading the development of the DOD Mobility Capabilities and Requirements Study. All of these initiatives are focused on providing our Nation, and its combatant commanders, with the best possible options in the operational decisions they face today and in the future.

As the Commander of USCENTCOM said, USTRANSCOM “is always leaning forward and thinking ahead to solve my problems.” We don't know all of the new challenges that may lie ahead, but we do know that our experienced team has the proven capability to meet them based on our ethos, “we will always...ALWAYS...deliver.”



A handwritten signature in black ink that reads "Duncan J. McNabb".

DUNCAN J. McNABB
General, USAF
Commander

Our Mission

Develop and direct the Joint Deployment and Distribution Enterprise to globally project strategic national security capabilities; accurately sense the operating environment; provide end-to-end distribution process visibility; and responsive support of Joint, US Government, and Secretary of Defense-approved multinational and non-governmental logistical requirements.

USTRANSCOM
Mission Statement

Provide global surface deployment and distribution services to meet the nation's objectives.

SDDC
Mission Statement

USTRANSCOM is a Unified Combatant Command of the Armed Forces of the United States with missions assigned in the President's Unified Command Plan, and described further in Department of Defense (DOD) Directive 5158.04, United States Transportation Command, and DOD Instruction 5158.06, Distribution Process Owner (DPO). The Commander of USTRANSCOM is a functional combatant commander reporting to the President of the United States through the Secretary of Defense with assigned missions to:

- Provide common-user and commercial air, land, and sea transportation, terminal management, and aerial refueling to support the global deployment, employment, sustainment, and redeployment of US forces;
- Serve as the Mobility Joint Force Provider, identifying and recommending to the Chairman, Joint Chiefs of Staff global joint sourcing solutions in coordination with the military services and other combatant commanders, and supervising the implementation of sourcing decisions;
- Provide DOD global patient movement, in coordination with geographic combatant commands, through the Defense Transportation System; and,
- Serve as the DPO, coordinating and overseeing the DOD distribution system to provide interoperability, synchronization, and alignment of DOD-wide, end-to-end distribution. The DPO will develop and implement distribution process improvements that enhance the Defense Logistics and Global Supply Chain Management System.

USTRANSCOM executes transportation-related missions through its three service component commands: the Military Surface Deployment and Distribution Command (SDDC), Military Sealift Command (MSC), and Air Mobility Command (AMC).

Total Force – Total Partnership

The Reserve Component provides 55 percent of its total force to complement USTRANSCOM's active duty forces, and is fully integrated throughout the Command. In fiscal year 2009, over 35,000 man-days of highly trained, ready, and relevant mobilization Reserve members from the Army Reserve, Army National Guard, Marine Corps Reserve, Navy Reserve, Air National Guard, Air Force Reserve, and Coast Guard Reserve were provided as a critical component to help USTRANSCOM meet its global mission responsibilities.

Military Surface Deployment and Distribution Command

SDDC is the DOD's manager for all aspects of surface movements: planning, booking, shipping, tracking cargo, and conducting port operations worldwide for the warfighter anywhere in the world. With more than 4,600 military and civilian personnel, SDDC supports USTRANSCOM and other combatant commanders by providing surface distribution solutions, operating all common-user seaports worldwide, and by procuring more than \$1.8 billion annually in commercial truck, rail, barge, pipeline, and ocean transportation services. In fiscal year 2009, in partnership with the best of US commercial shipping, port, trucking, and rail service providers, SDDC transported over 12.5 million square feet of DOD unit and retrograde cargo throughout the world.



Stryker trans-load operations at Diego Garcia. The 5th Stryker Brigade Combat Team deployed from Fort Lewis, WA to Afghanistan with more than 900 pieces of equipment. Executing a multi-modal solution to move the brigade through Diego Garcia resulted in the unit's arrival about five days earlier than requested and with a \$64 million cost-avoidance.

Military Sealift Command

MSC delivers combat cargo and fuel to sustain US forces around the globe in both peacetime and during war for as long as operations require. Using a daily average of 30 ships and crews for USTRANSCOM operations, MSC provides common-user strategic sealift capability and theater-specific prepositioned support. During combat operations, more than 90 percent of all equipment and supplies needed to sustain US military forces are carried by sea. Since the start of operations in Iraq and Afghanistan, MSC ships have delivered 107 million square feet of combat cargo and 13.6 billion gallons of fuel. MSC prepositioning ships are forward-deployed worldwide ensuring rapid support for the full range of military operations. MSC also supports humanitarian assistance and disaster response missions.



U.S. Navy photo by Edward Baxter

MSC's new offshore petroleum distribution system (OPDS) ship MV Vice Admiral K.R. Wheeler serves as an at-sea pumping station that transfers fuel from a tanker to ashore forces, from a distance of up to eight miles, a capability not found elsewhere in the U.S. military or commercial industry. During operations, MV Wheeler is supported by 165-foot tow and tug boat MV Fast Tempo, which holds the tanker in position while MV Wheeler approaches, using a computerized dynamic positioning system with multiple thrusters, two of which can rotate 360 degrees. In August and September, MV Wheeler along with tanker USNS Lawrence H. Gianella successfully tested this system. The OPDS takes less than 48 hours to set up and can pump fuel ashore at a rate of about 1,400 gallons per minute or up to 1.7 million gallons in 20 hours.

Air Mobility Command

AMC is the Air Force major command primarily responsible for providing airlift, air refueling, air mobility support, and aeromedical evacuation capability. AMC is responsible for developing weapon system standards and integrated command and control processes for the entire air mobility force. Global standardization of air mobility processes ensures forces—from any source—are effectively and efficiently combined. AMC's global presence of fixed operating sites, deployable support, liaison teams, and worldwide forces operating continuously are the mainstay of Air Force global mobility.

Delivering 727,020 short tons of humanitarian supplies and warfighting materiel while its aeromedical missions supported 17,591 patients requiring care and attention, AMC successfully maintained pace with global air mobility requirements throughout fiscal year 2009.



Photo by Senior Airman Susan Tracy

A Mine-Resistant, Ambush-Protected All-Terrain Vehicle (M-ATV) sits on the tarmac at Bagram Airfield, Afghanistan, 1 October 2009, after being offloaded from a C-17 Globemaster III from McChord AFB, WA, less than a day after leaving Charleston AFB, SC. The M-ATV is designed to replace the up-armored High Mobility Multi-wheeled Vehicle in Afghanistan.

Provide ocean transportation via organic and chartered commercial ships, delivering combat equipment, vehicles, fuel, supplies, and ammunition to sustain US forces worldwide during peacetime and in war for as long as operational requirements dictate.

MSC
Mission Statement

Provide global air mobility—right effects, right place, right time.

AMC
Mission Statement

State of the Joint Deployment and Distribution Enterprise

"No other nation has our strategic ability to move...it is one of our greatest asymmetric advantages."

General Duncan J. McNabb
Commander, USTRANSCOM

The state of the JDDE can be captured in one thought—progress. Stakeholders should mark 2009 as a year with multiple successes and look forward to a future with a compelling vision for continued progress and a clear focus: warfighter support.

As fiscal year 2009 began, the DOD published two documents that portray the future. The Joint Operating Environment captures the uncertain and complex future America faces with the associated global implications, and the Capstone Concept for Joint Operations lays out the Chairman's vision for the joint force. One consistent theme that arises from these documents is America's ability to project power rapidly and sustain operations globally. This is a foundational condition that governs the conduct of US joint operations and creates logistics dominance over any and all adversaries. This thought reflects the heart of the JDDE's purpose and shapes the objectives USTRANSCOM pursues on behalf of the JDDE as the Distribution Process Owner (DPO).

The USTRANSCOM Commander shared his intent as the DPO that, in the complex, future joint operating environment, USTRANSCOM will be challenged to build an integrated, networked, end-to-end distribution capability that delivers to the "right place," at the "right time" and at the best value for the nation. However, by building the foundation of the JDDE with deployment and distribution partners, remarkable improvements were gained in velocity, precision, visibility, and efficiency—yielding speed as an asymmetric advantage no other nation has. The year saw several significant JDDE milestones, such as the transportation of over 10,000 Mine Resistant Ambush Protected vehicles to the USCENTCOM theater of operations; development of the Northern Distribution Network to provide a robust set of distribution options for operations in Afghanistan; and the generation of over \$3B savings/cost avoidances in distribution and related logistics areas. As the DPO, the expectation is clear: the JDDE partners—together—can drive the necessary improvements that none can accomplish individu-

ally. In that light, several other significant activities in 2009 set the stage for future progress.

We continued implementing DOD's Automatic Identification Technology Concept of Operations for supply and distribution operations. We made progress in the Alaska Radio Frequency Identification initiative, and additionally, we enhanced in-transit visibility of the Pakistan ground lines of communication through the implementation satellite tracking. Satellite tracking also supports operational route adjustments and container prioritization. Continued progress with both passive and active Radio Frequency Identification (RFID) technologies and implementing strategies are crucial for management and tracking of items moving through the joint distribution pipeline. On a broader front, USTRANSCOM continued to develop the DPO's Corporate Services Vision (CSV) for building out the Joint Deployment and Distribution Architecture-Enhanced (JDDA-E). This CSV approach, using a plan/order/ship/track/pay framework, makes efficient use of functional services to mitigate the high cost of point-to-point system interfaces. The CSV approach provides flexibility and agility to provide information technology support which is a critical factor in a continuous process improvement environment required by the JDDE.



Photo by Lance Corporal Jeremy Harris

A US Marine guides a convoy returning from field training. The Marines are participating in Exercise Mojave Viper to prepare for their upcoming deployment to Afghanistan.

Since achieving its initial operational capability in September 2008, the Joint Distribution Process Analysis Center, the analytical engine for USTRANSCOM and its components, has been deeply immersed in critical JDDE analysis. Examples include co-leading (with Office of the Secretary of Defense (Cost Assessment and Program Evaluation) SECDEF's Mobility Capabilities and Requirements Study (MCRS-16) and extensive Northern Distribution Network transportation infrastructure analysis to increase and optimize support to the warfighter.

The Defense Transportation Coordination Initiative (DTCI) celebrated the first anniversary of operations in March 2009. Partnering with a world-class logistics provider, and along with tremendous support from the Defense Logistics Agency (DLA), the DTCI has produced impressive results. In just the first year of operation, DTCI avoided \$17M in costs for the DOD. As the initiative has matured, savings have increased. Reducing cycle times, improving predictability through increased use of scheduled (dedicated) trucks, and refining cross docking operations comprise the DTCI operational goals. These goals are shared with another major JDDE effort, DPO Strategic Opportunities (DSO), which is a combined effort of USTRANSCOM, DLA, General Services Administration (GSA), AMC and SDDC. DSO brings about supply chain improvements by synchronizing the activities of the DOD supply chain partners and focusing process improvements on air, surface, and network optimization, and supply alignment for materiel placement. The DSO team has already set high standards, receiving the 2009 DOD Supply Chain Operational Excellence Award and the 2009 Supply Chain Council Global Award for Supply Chain Excellence.

Finally, USTRANSCOM made progress in launching Agile Transportation for the 21st Century (AT21), with the purpose of providing improved time-definite delivery with best-value transportation solutions to fully support combatant commanders' movement requirements. USTRANSCOM defined 12 specific operational outcomes to guide the development effort, with the two overarching outcomes—optimization of end-to-end force and sustainment movements—as the essence of the AT21 effort. AT21 development targets process improvements with supporting information technology that includes business process management, optimization, visualization and alerting. USTRANSCOM anticipates awarding a contract for Increment 1 of AT21 by the second quarter of fiscal year 2010.

Progress is a journey, not an end, and the successes gained in fiscal year 2009 can be attributed to the hard work of all the JDDE partners in concert. Looking towards 2010, we will build on the accomplishments of 2009 by continuing to build partnerships and working together towards the common goal of improving the effectiveness and efficiency of the JDDE, and viewing success through the eyes of the warfighter.

Cost Avoidances

From fiscal year 2004 through 2009, actions taken by the JDDE have avoided or saved \$3.2 billion in cost. The savings accrue to Overseas Contingency Operations supplementals and allow the Services to purchase other high priority items.

DPO Cost Avoidances (FY04-FY09)

Transportation Initiatives

Air-to-surface conversion	\$2,938.0
Truck-to-rail conversion	\$11.3
Other	\$93.5
Total Transportation	\$3,042.8

Materiel Initiatives

Supply interventions resulting in order cancellation	\$87.1
Cancellation of refrigerated container contract	\$31.2
Identifying "lost" equipment/returning to supply system	\$28.0
Other	\$3.6
Total Materiel	\$149.9
Total Cost Avoidance	\$3,192.7

(Dollars in Millions)

"The way I describe it, what you do is like oxygen. We all need it, and we don't think about it until we don't have it. You provide the oxygen and the lifeblood of operations around the world."

*Admiral Mike Mullen, Chairman,
Joint Chiefs of Staff*

Delivering Full-Spectrum Deployment and Distribution Solutions

USTRANSCOM executes its transportation-related missions through its Service components. As the DPO, it collaborates with combatant commanders, the military services, defense agencies, the Office of the Secretary of Defense, the Joint Staff, and industry to deliver full-spectrum deployment and distribution solutions.

Our combatant command responsibility as the single manager for DOD transportation requires that we deliver responsive, effective, and efficient movement solutions. DPO responsibilities require that we view the DOD's global supply chain end-to-end to optimize and integrate the individual efforts and processes of JDDE partners.

Major themes for actions associated with the Command's strategy and engagement with stakeholders and partners include Logistics Support to Theater Operations, Enhancing Distribution Processes, and Defense Transportation System Modernization.

SUPPORTING THEATER OPERATIONS

We have undertaken a major initiative to significantly improve the performance of DOD-wide distribution processes with DPO Strategic Opportunities (DSO). This collaborative effort with our components and distribution partners is focused on five enterprise-level challenges that could realize significant distribution improvements, improve customer wait time, generate substantial cost savings/avoidances, and enable profound service improvements in the DOD supply chain. These areas include:

1. Distribution Process Improvement – Re-engineering distribution processes across the DOD to remove white space—unnecessary slack time—from distribution processes and improve end-to-end velocity.
2. Strategic Surface Optimization – Maximizing use of best-value surface containers, reducing costs by increasing consolidation and improving velocity by decreasing consolidation hold time.
3. Strategic Air Optimization – Improving roundtrip airframe utilization, redesigning materiel flow and using the full array of

organic and commercial airlift services, to more closely match airlift capacity with requirements resulting in cost reductions and velocity improvements.

4. Supply Alignment – Strategically placing selected materiel in forward inventory locations to minimize use of high-cost air transport, leading to significant savings and improved velocity.

5. Strategic Network Optimization – Properly optimizing the number, location, and function of supply chain nodes to reduce costs with simultaneous improvements in distribution effectiveness.

Early DSO efforts have already resulted in 10% to 30% improvements in velocity and similar levels of cost reduction. By partnering across the supply chain to deliver synchronized end-to-end performance improvements, the DSO team is aggressively pursuing the goal set by the Distribution Executive Board to achieve \$500M in annual savings across the DOD supply chain and 25% improvements in velocity by fiscal year 2012.

Taking the Supply Chain Vertical

The dual challenge of rugged terrain and sparse infrastructure significantly impact the effectiveness of traditional convoy

resupply operations for many forward bases and combat outposts in Afghanistan. Vertical resupply enables rapid and precise delivery and distribution of tailored support packages to soldiers operating for extended periods of time in austere locations that are considerable distances from forward operating bases. In fiscal year 2009 alone, more than 21 million pounds were delivered vertically and annual airdrop deliveries since 2006 have increased more than 500%.



Photo by Capt John Courtney

Federal Emergency Management Agency officials arrive in Pago Pago, American Samoa on 1 October 2009. This was the first airlift mission from McChord AFB, WA to the Samoan Islands in support of humanitarian relief efforts following the 29 September tsunami.



Photo by Specialist Tia P. Sokimson

US soldiers prepare to gather fuel supplies being dropped from a C-130 Hercules aircraft into a landing zone at Forward Operating Base Baylough in the Zabul province of Afghanistan 17 September 2009.

The vertical supply chain must also serve very small dispersed teams operating in remote Afghani locations where even conventional airdrop solutions do not offer sufficient precision or recovery options. Low-Cost, Low-Altitude (LCLA) airdrops satisfy a vertical resupply need not fully met by rotary wing assets by leveraging small contract aircraft to vertically insert 400-500 pound cargo bundles without imposing rigger or parachute recovery requirements onto small, mobile operating forces.

Looking forward, USTRANSCOM is expanding its toolkit for precision airdrop by extending LCLA solutions to organic lift platforms. We are also pursuing technology advancements through modernization efforts to improve upon the already successful Joint Precision Airdrop System aerial delivery system.

ENHANCING DISTRIBUTION PROCESSES

Global Distribution Synchronizer

The command is pursuing a Unified Command Plan (UCP) change to have the USTRANSCOM Commander designated the “Global Distribution Synchronizer.” This UCP change is required to formally designate the Commander as responsible for synchronizing distribution planning within DOD’s campaign planning construct. Similar to “global synchronizer” roles assigned to three other combatant commanders, this role is a natural extension of responsibilities already assigned to the Commander as a combatant commander, and the DPO, to “coordinate and synchronize” distribution activities.

The campaign planning construct, first directed within the 2008 *Guidance for Employment of the Force*, was established to shift DOD planning from responsive actions to early, proactive measures to, among other objectives, “set conditions for military success.” Within this construct, “global synchronizers” are tasked to ensure combatant commands’ plans are synchronized across the DOD. Given the imperative to project and sustain forces across global distances, we see a compelling need to synchronize DOD’s global distribution planning through a Global Campaign Plan for Distribution. This will enable all DOD distribution stakeholders to incorporate an end-to-end, global view in their own distribution planning efforts.

Global Infrastructure

Preserving and expanding global infrastructure is the cornerstone of our ability to globally project national security capabilities. USTRANSCOM uses the Global En Route Infrastructure Steering Committee in combination with regional steering committees to identify worldwide priority construction projects. This year the committees recommended taxiway and ramp improvements in Rota, Spain, an aircraft parking apron in Souda Bay, Greece and taxiway enhancements to Camp Lemonnier, Djibouti. These projects are intended to bolster infrastructure at our increasingly important intermodal nodes and strategic seaports.

En route intermodal ports such as Rota, Diego Garcia and Souda Bay are becoming critical to meeting regular DOD distribution requirements, contingency deployment and sustainment, as well as relief operations. Combining sealift and airlift capability at intermodal sites allows USTRANSCOM to increase velocity, decrease delivery times and save money simultaneously. A recent example of this was implementing a multi-modal solution to move the 5th Stryker Brigade Combat Team from Fort Lewis, WA to Afghanistan.



Overhead view of Naval Station Rota, Spain showing its strategic value as an en route intermodal port. Pictured is the deep water port, parking ramp for 14 wide-body aircraft, and a direct road connecting the seaport and airport.

The 5th Stryker Brigade Combat Team – with more than 3,800 troops and 900 pieces of the unit’s equipment, including more than 300 Stryker armored combat vehicles – deployed from Fort Lewis, WA to Afghanistan’s Kandahar province.

Afghanistan is a landlocked country – no seaport. Exclusive use of aircraft to move the unit would have incurred enormous costs.

Employing the DPO’s Joint Task Force-Port Opening capability and implementing a multi-modal solution to move the Stryker Brigade through Diego Garcia, resulted in the brigade’s arrival about five days earlier than requested and with a \$64 million cost-avoidance.

Delivering Full-Spectrum Deployment and Distribution Solutions

ENHANCING DISTRIBUTION PROCESSES

Integrated Data Environment/Global Transportation Network Convergence

USTRANSCOM and DLA are partnering to develop and implement IGC to provide significant JDDE Command, Control, Communications and Computer (C4) capabilities to the warfighter. IGC joins IDE's data broker capabilities and GTN's in-transit visibility and data warehousing capabilities to provide true end-to-end visibility, enabling warfighters with the ability to see assets regardless of location or status throughout the JDDE. IGC objectives include providing integrated distribution data for the DPO, providing timely access to historical data, supporting USTRANSCOM Corporate Services Vision (CSV) as the data warehouse and broker for DPO, and retiring the existing GTN operational data store. Recent accomplishments include loading remaining non-secure/unclassified data feeds into the GTN enterprise data warehouse; initiating the stand-up of the secure classified IGC capabilities; and creating business rules for data integration to provide JDDE asset visibility, whether in-storage, in-transit, or in-theater.

Senior Leader Airlift

USTRANSCOM is leading and participating in two key initiatives to improve warfighter capabilities in the critical area of senior leader airlift: Senior Leaders Command, Control, and Communications System - Airborne, and the next generation common movement management system.

Senior Leaders Command, Control, and Communications System - Airborne

USTRANSCOM developed requirements that will deliver robust, redundant, and interoperable airborne command and control communications systems. In 2008, USTRANSCOM staffed and obtained Joint Requirements Oversight Council approval for the Senior Leaders Command, Control, and Communications System - Airborne (SLC3S-A) Capabilities Development Document. This foundational requirements document represents the first set of JROC-approved operational and technical standards for the joint

SLC3S mission and is the benchmark for future SLC3S requirements development efforts throughout DOD. Additionally, the approval of the SLC3S-A capabilities document paved the way to implement the \$700M SLC3S-A Communications Program.

This will standardize and enhance communications aboard 25 Operational Support Airlift/Very Important Persons Special Air Mission (OSA/VIPSAM) aircraft. Future SLC3S-A requirements efforts will focus on improving SLC3S-A off-aircraft communications links and supporting ground infrastructure. Alternate methods of communication will be evaluated and implemented if necessary to ensure that national leaders are able to communicate reliably and securely regardless of location or platform.

Next Generation Operational Support Airlift Common Movement Management System

USTRANSCOM remains a strong stakeholder in the development of an OSA common movement management system in partnership with the Services. This common system will enable improved world-wide visibility of the OSA enterprise, greatly enhanced tracking of senior DOD and US Government senior leaders, and result in improved scheduling efficiencies.



Photo by Mark Piggott

Sailors assigned to Navy Cargo Handling Battalion and Soldiers assigned to the 149th Transportation Battalion load a 250-bed Fleet Hospital and a 10-bed Expeditionary Medical Facility onto the Motor Vessel *Ocean Titan*, at Yorktown, VA.



US Air Force file photo

The Joint Operational Support Airlift Center is the single manager for scheduling all DOD continental United States OSA requirements. During peacetime, OSA missions provide support to DOD command, installation, and management functions while improving readiness and providing cost-effective training of aircrews. Wartime OSA missions move high priority passengers and cargo in direct support of combat or contingency operations.

Corporate Services Vision

USTRANSCOM initiated the CSV to maximize JDDE C4 capabilities, and simultaneously resolve the problem confronting us to meet continually increasing C4 requirements with increasingly constrained resources. Existing JDDE C4 infrastructure consists of hundreds of monolithic point-to-point systems with thousands of interfaces that are maintained at very high cost to the government. To improve JDDE C4 warfighter support capabilities and concurrently reduce costs in response to resource constraints, CSV is focused on these outcomes:

- A laboratory environment to identify, develop, and test Corporate Services requirements prior to fielding;
- A production environment, i.e., iDistribute Portal, to provide JDDE Corporate Services to warfighters and other JDDE customers;
- Corporate Services sustainment to manage customer relationships and JDDE Corporate Services, and monitor JDDE business activity.



File photo

Logistical Vehicle System downloading equipment onto a TRIDENT pier at Camp Lejeune, NC.

USTRANSCOM completed another successful Joint Logistics Over-the-Shore (JLOTS) exercise at Camp Lejeune, NC and Guantanamo Bay, Cuba (GTMO). JLOTS is the process of loading and unloading ships without the benefit of deep draft-capable, fixed port facilities; or as a means of moving forces closer to tactical assembly areas. This was the first time two JLOTS exercises took place simultaneously in two different locations.

More than 2,000 sailors and soldiers participated in the exercise at both locations. Ships from the Ready Reserve Force deployed JLOTS equipment from the east coast to Camp Lejeune and GTMO. These included the SS *Cape May*, a heavy lift vessel, and the SS *Cornhusker State*, an auxiliary crane ship. Both locations were used to simulate disaster relief operations by transporting equipment and supplies over the shore.

Transportation Tracking Number

Over the past 20 years, the DOD planners and operators have sought to compare actual execution detail with planned movement. USTRANSCOM and US Joint Forces Command are near the end of a three-year research and development project entitled Transportation Tracking Number (TTN), a FedEx-like, unique identifier for unit moves. On 28 February 2009, the Vice Chairman, Joint Chiefs of Staff signed the Joint Requirements Oversight Council Memorandum directing the military services and USTRANSCOM to implement TTN by February 2011.

The TTN will serve as the glue that keeps the business information together. Through the implementation of TTN, updates to deployment doctrine and policy changes, data standardization efforts, or business rules updates will not affect the deployment system's ability to provide a planned versus actual view of the transportation closure of force or capability supporting an operation. The TTN offers an assured process to assign and use unique tracking numbers for unit movements, improving execution tracking of equipment throughout their deployments. The new identification number will add value to the existing Transportation Control Number, Unit Identification Code, and Unit Line Number through its guaranteed uniqueness to the requirement. TTN will be compatible with the existing and future tracking systems used by the DOD.



SDDC file photo

Transportation officials check RFID tags for in-transit visibility on containers.

Delivering Full-Spectrum Deployment and Distribution Solutions

MODERNIZING THE DEFENSE TRANSPORTATION SYSTEM

Science and Technology

In addition to previously mentioned research and development efforts, USTRANSCOM partners with the warfighter and scientific community to develop and transition joint technologies that transform DOD's logistics and supply chain capabilities while simultaneously reducing costs. Leveraging emerging technologies from the military services, select defense agencies, combatant commands, non-DOD government agencies, national laboratories, industry, and academia, USTRANSCOM funds developmental projects to rapidly deliver new capabilities. Identified by the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics as a "model program and #1 in transitioning new capabilities," fiscal year 2009 saw an increase in funding authority from \$15M to \$30M.

Supporting the command's strategic themes, USTRANSCOM's research and development activities pursued innovative cargo delivery capabilities, advanced end-to-end visibility, collaborative information exchange, and improved patient care monitoring. Enhancing Distribution Processes is being addressed via innovative modeling and simulation capabilities, container standardization, collaborative planning/execution tools, predictive analysis, and enhanced movement and throughput capabilities. Projects that improve aircraft delivery capacity, transfer 20-foot containers at sea and address chemical and biological decontamination support the Defense Transportation System Modernization theme.

USTRANSCOM's Research, Development, Test, and Evaluation Program promises to continue to deliver a wide variety of joint capability enhancements. You may obtain additional information regarding this program, to include current projects, technology areas of interest, and procedures/format for submitting new proposals at <http://www.transcom.mil/rdte/>.



Photo by JM/C team

The Joint Modular Intermodal Container (JM/C) team is loading an intermodal container onto a C-130 during a military utility assessment. The JM/C provides standardized cargo carrying capability for ease of handling and transfer between transportation conveyances.

KC-X Aerial Refueling Aircraft

As we look to the future, rapid global mobility will remain a key enabler to the effectiveness of the joint force. Therefore, USTRANSCOM's top modernization priority is to work with the Air Force to recapitalize our aging tanker fleet of 415 Eisenhower-era KC-135s with a new platform to preserve a unique asymmetric advantage for our nation. The KC-X, with permanent centerline hose and drogue refueling system allowing same sortie service to Air Force, Navy, Marine and coalition aircraft, will address the significant risk we are currently carrying in air refueling capacity and address further capability risks associated with a fleet that is almost 50 years old - and will be over 80 years old by the time they are retired from the inventory. The ability to carry more cargo and to fly safely into more operating locations, thanks to the addition of defensive systems, will provide even greater mission flexibility than exists today. Further delays in replacing this aircraft will add significant risk to our ability to rapidly project combat power to support the nation and our allies. It is imperative to expedite a smart, steady reinvestment program.

Joint Precision Airdrop System

JPADS and the JPADS family of delivery systems extend our vertical re-supply capability and provide notable improvements in accuracy when compared to conventional airdrop. The USTRANSCOM research and development-funded JPADS-Mission Planner (JPADS-MP) has enabled precision airdrop from higher altitudes, thereby dramatically reducing the threat to our aircraft and aircrews while keeping truck convoys off dangerous roads.

USTRANSCOM is funding additional research to improve aerial delivery accuracy as well as explore the ability of unmanned aerial systems to sustain the warfighter. Since its introduction in 2006, nearly 45 million pounds of cargo and supplies have been dropped via JPADS-MP in support of Operations IRAQI FREEDOM and ENDURING FREEDOM. USTRANSCOM continues to work with the Army's Research, Development, Engineering Command and Air Mobility Command to improve the accuracy and capability of joint precision airdrop.



Photo by Senior Airman Brian Ferguson

A global positioning system-guided JPADS floats to the ground after being dropped from the back of a US Air Force C-130 Hercules aircraft. JPADS allows conventional military aircraft to accurately drop sensors, munitions, or supplies onto the battlefield from higher altitudes and further from the drop zone, minimizing risk to the aircraft and the possibility of enemy detection of aircraft drop zones.

Defense Personal Property System

The DPS is a next-generation, fully-integrated, centralized web-based system for the management of personal property shipments for the DOD. Each year, the DOD is responsible for moving and storing approximately 500,000 to 600,000 household goods shipments at a cost of over \$2.2 billion. With oversight provided by USTRANSCOM, the DPS customer-centric approach provides a more responsive, user-friendly experience while ensuring timely and accurate delivery of personal property shipments. It also provides direct customer feedback to identify and reward Transportation

Service Providers/carriers that deliver quality service at reasonable rates. DPS improves the quality of service from moving companies via a best value procurement, and is driven by web-based customer surveys. DPS streamlines the claims process for loss or damage incurred during a move by utilizing direct claims settlement, and provides full replacement value protection for all DOD customers.

Defense Transportation Coordination Initiative

DTCI is one of the DPO initiatives contributing to the Under Secretary of Defense for Acquisition, Technology and Logistics' goal to integrate DOD logistics making it more responsive to warfighter readiness while achieving greater efficiency. DTCI is a continental United States freight program that focuses on reducing cycle times and improving predictability through the use of more dedicated truck schedules and cross docking operations. DTCI's premise also includes obtaining efficiencies through best business practices such as increased consolidations and mode conversions. The DTCI coordinator has the visibility of freight movement requirements across the enterprise through a network of transportation providers. This visibility allows the coordinator to successfully schedule and fulfill the program's movement requirements.

DTCI's goal is to better support the warfighters through improved performance and efficiencies. We have implemented DTCI at all 18 Defense Distribution Center depots and over 35 service sites. The initiative is well on its way to achieving the program's goals and milestones. DTCI and the contractor have worked collaboratively to identify significant areas where process improvement opportunities exist to leverage commercial best practices not normally embraced by the government.

Photo by Cindi Bishop, DDSP Public Affairs



Commercial trucks at receiving docks, Defense Distribution Depot Susquehanna, PA.

*"Not only are we getting materiel to destination at less cost, we're getting it there faster at less cost. This is a big deal because it represents the direction I intend to take business – and that's with contracts that are based on performance."
(referring to DTCI)*

*General Duncan J. McNabb
Commander, USTRANSCOM*

The United States Transportation Command— Synchronizing and delivering full-spectrum deployment and distribution solutions.



US Air Force Second Lieutenant Chris Sweeney, aircraft maintenance officer, stands in front of a C-17 Globemaster III cargo aircraft at Pegasus White Ice Runway after delivering personnel and supplies from Christchurch, New Zealand, to McMurdo Station, Antarctica, during Operation DEEP FREEZE. Operation DEEP FREEZE enlists the US Air Force, Navy, and Coast Guard to provide operational and logistic support to the National Science Foundation and the US Antarctic Program—
US Marine Corps photo by Staff Sergeant Benn

Globally projecting national security capabilities—Measuring success through the eyes of the warfighter.



US Marine Corps Sergeant Major David Bradford, 3rd Battalion, 8th Marines, and Staff Sergeant Justin Bradley talk in Delaram, Farah, Afghanistan about recent security improvements implemented in the city. Bradford and Bradley are coordinating with the Afghan National Police to increase security for Delaram citizens—US Marine Corps photo by Chief Warrant Officer Philippe Chasse

Global Projection of National Will

Summary of Action

Operations in fiscal year 2009 were marked by a shift in emphasis from Operation IRAQI FREEDOM in Iraq to Operation ENDURING FREEDOM in Afghanistan. As USTRANSCOM continues to support the planning and execution of the drawdown from Iraq, USTRANSCOM is supporting the initial increase in troop strength in Afghanistan.

In order to support the increased presence in Afghanistan, the USTRANSCOM team spearheaded the establishment of the Northern Distribution Network (NDN) through Russia, the Caucasus, and the Central Asian States to augment the primary ground lines of communication through Pakistan.

The Northern Distribution Network

The NDN is a proven, viable component of the overall logistics network supporting Operation ENDURING FREEDOM and International Security Assistance Force operations in Afghanistan. The network offers combatant, allied and sub-unified commanders greater flexibility by providing warfighters with a strategic alternative for sustainment cargo movement while relieving congestion on the Pakistan ground lines of communication.

Since April 2009, two main NDN ground lines of communication, a Russia route, from Latvia through Russia, Kazakhstan and Uzbekistan to Afghanistan and a Caucasus route, from Georgia through Azerbaijan, Kazakhstan and Uzbekistan to Afghanistan, have been successfully operated by US Flag commercial carriers using multi-modal transportation—air, ship, truck and rail.

In fiscal year 2009, USTRANSCOM, teamed with joint, interagency, and commercial partners, delivered over 3,000 containers of cargo to locations throughout Afghanistan via the NDN.

“We are inherently flexible and have a quick response capability that is second to none. We have to be—our customers expect and depend on us to be innovative, cost-efficient, and reliable.”

General Duncan J. McNabb
Commander, USTRANSCOM

“You’re creating more than logistical opportunities. You’ve created relationship opportunities in regards to the Northern Distribution Network,” (referring to military supply lines through Central Asia to Afghanistan)

Admiral Mike Mullen, Chairman,
Joint Chiefs of Staff

Surface Lift

SDDC’s success is achieved by leveraging the capability of the commercial transportation industry and military assets to create an efficient flow of materials. SDDC was instrumental in the import and export of approximately 12.4 million square feet of unit cargo in support of combat operations. Of that, SDDC shipped more than 7.7 million square feet of cargo to the USCENTCOM Area of Responsibility via 134 vessels, including more than 90 percent of all ammunition through SDDC’s Military Ocean Terminal at Sunny Point, NC. SDDC’s forward-based forces ensured seamless cargo throughput by operating common-user ports, ensuring 100 percent visibility of shipments, and monitoring the pipeline via third-party logistics contractors. To protect warfighters, SDDC delivered 7,010 MRAPs, 2,588 up-armored High Mobility Multi-wheeled Vehicles, and 32 Armored Security Vehicles to the USCENTCOM theater of operations. SDDC also supported contingency and exercise movements of approximately 2.5 million square feet of cargo globally.



DOD photo by Fred W. Baker III

Trucks haul 40’ shipping containers along the narrow and dangerous “K-G Pass” that works its way through steep mountains and connects the Afghan provinces of Khowst and Paktia.

SDDC's responsibilities for Global Container Management have been established under USTRANSCOM with responsibility as the DOD Proponent for Container Management. Much emphasis has been placed on cost avoidance and reducing the detention cost for containers in the Operations ENDURING FREEDOM and IRAQI FREEDOM theaters. The fiscal year began with promise as the USCENTCOM Area of Responsibility realized the lowest monthly estimated detention cost of \$795K in October 2008. In April 2009, SDDC completed the biennial 2008 DOD Container Inventory. The results of the inventory validated the continuing need for global container management efforts and pointed out the value of continued monitoring, tracking, and management in all AORs to avoid unnecessary waste of limited transportation assets and dollars.

The Defense Transportation Tracking System (DTTS) Program Management Office began the fiscal year by completing its move from Norfolk, VA to Scott AFB, IL as a result of the 2005 Base Realignment and Closure Commission Report. The DTTS had another record year with a total of 75,583 shipments, including 73,492 DOD shipments of arms, ammunition, and explosives. Additional shipments were monitored for the US Postal Service, some North Atlantic Treaty Organization allies, the Center for Disease Control, and the DLA. This year, the DTTS added a new customer when it started tracking shipments for the Nuclear Regulatory Commission.

Airlift

The US military is an expeditionary force called upon by national leaders to perform their functions around the globe either directly accomplishing national objectives or supporting other agencies in that pursuit. Quick and decisive responses can defuse crises before they escalate, deter aggression, and in some cases defeat an adversary before he can solidify his gains. Airlift is the fastest and most flexible of the transportation modes and is therefore in high demand.

During fiscal year 2009 in support of Overseas Contingency Operations, AMC global operations airlifted 594,519 short tons of cargo, and 1,714,983 passengers.

Aerial Refueling

Aerial refueling is a force enabler and force multiplier permitting aircraft to operate beyond their unrefueled ranges and also takeoff with larger payloads.

In fiscal year 2009, AMC's tankers conducted a total of 48,976 sorties, offloading 1.5 billion pounds of fuel supporting contingency operations as well as training and exercise missions enhancing global air mobility and operational readiness. Aerial refueling aircraft supporting Operations IRAQI FREEDOM and ENDURING FREEDOM sustained combat air operations for Air Force, Navy, Marine Corps, and allied airlift, strike, and reconnaissance aircraft.



Photo by Technical Sergeant Tony Tolley

US Air Force Capt. Jennifer Trapp, left, aircraft commander and Capt. Matt Petersen, first pilot, pilot their C-17 Globemaster III aircraft on approach to refuel with a KC-135 Stratotanker aircraft.

"In the end, everything we do is about our ultimate customer – the warfighter. Our efforts ensure that the men and women serving this nation have what they need, when and where they need it."

*Rear Admiral Robert D. Reilly, Jr.
Commander, Military Sealift Command*

As of 1 Oct 2009 in support of Operations ENDURING FREEDOM/IRAQI FREEDOM, USTRANSCOM moved:

- 11.6M tons dry cargo (air & sea)/equivalent to a line of tractor trailers from Portland to Seattle to Miami
- 6.1M PAX/equivalent to the population of Tennessee
- 6.3B gallons of fuel (air & sea)/equivalent to approximately 16 days of US daily motor gasoline consumption

“With the global mission of today, we simply can’t operate without the help of our Guard and Reserve. A fully integrated, highly trained, operational force that epitomizes ‘One Team, One Fight’.”

*Major General Mitch Mitchell,
Commander, Joint Transportation
Reserve Unit*

Sealift

Supporting our warfighters remained one of MSC’s most critical missions: transporting 3,059 MRAP vehicles to USCENTCOM and 100 Army helicopters to Afghanistan in an effort to improve protection for troops engaged in combat operations; ensuring the uninterrupted flow of sustainment equipment and fuel through supply chains; and providing a sea-based platform for launching Joint Special Operations Task Force operations. MSC led anti-piracy collaborative efforts to ensure the secure flow of governmental and military sealift, as well as US-flagged commercial shipping. Other significant missions were the annual resupply of the National Science Foundation outpost in Antarctica and Thule Air Base in Greenland, and a major JLOTS exercise in Guantanamo Bay, Cuba.

Joint Task Force-Port Opening Seaport of Debarkation

Recognizing the need for a faster response to natural disasters and military contingencies, USTRANSCOM certified the Joint Task Force-Port Opening Seaport of Debarkation (JTF-PO SPOD) concept of operations in June, upon successful completion of field training and proof-of-concept exercises. By focusing operational capabilities, JTF-PO SPOD could shorten the port opening timeframe from two months to less than 10 days. Under this concept, an MSC marine transportation specialist (MTS) will deploy to a port within 72 hours of request for port opening services by a combatant commander. The MTS will assist with the port assessment and provide



File photo

LCU 2000 being downloaded in Guantanamo Bay, Cuba during a Joint Logistics Over-the-Shore exercise.

input to follow-on MSC Expeditionary Port Unit (EPU) and SDDC personnel. The MTS and SDDC personnel could begin managing the port in seven days via contracted labor and cargo offload equipment. EPU personnel would arrive within 10 days to coordinate ship husbanding services, ship movement control, and port management. Army personnel from one of three Rapid Port Opening Elements, aligned to SDDC in 2009, would ensure cargo moving through the port is tracked and organized at a forward node, for eventual distribution in the theater of operations.

Patient Movement

During fiscal year 2009, the Global Patient Movement Requirements Center orchestrated the movement of more than 17,000 patients throughout the world. Eight percent of these patients were categorized as urgent or priority, requiring movement within 12-24 hours.

In response to advances in trauma care, the USTRANSCOM Command Surgeon spearheaded an initiative to decrease the age of fresh blood arriving in the USCENTCOM theater. Extensive collaboration involved USCENTCOM, the Joint Blood Program Office, the Armed Forces Whole Blood Processing Labs, the Joint Staff, and the 618th Tanker Airlift Control Center. Through this initiative, we were able to reduce the age of fresh blood on arrival into theater from an average of 15 days to seven days.



File photo

An Aeromedical Evacuation Flight Nurse injects medicine into a patient's intravenous liquids during a medical evacuation flight from Balad Air Base, Iraq to Ramstein Air Base, Germany. Aeromedical evacuation squadrons provide a broad scope of in-flight inter-theater aeromedical care by highly trained crews and Critical Care Air Transport Teams.

Commercial Partners

Civil Reserve Air Fleet

The CRAF is a critical partner in our ability to rapidly project and sustain forces. CRAF is a voluntary contractual partnership between the DOD and US commercial air carriers designed to augment military airlift with commercial aircraft during times of crisis and high operations tempo. The airlines contractually pledge aircraft for activation when needed, and as an incentive for committing aircraft to the program, USTRANSCOM makes peacetime airlift business available to the air carriers. Three stages of incremental CRAF activation provide an adaptable airlift force suitable for the contingency at hand. USTRANSCOM normally activates Stage I for minor regional crises, Stage II for large-scale major combat operations, and Stage III during periods of national mobilization. This additional strategic mobility capability is absolutely critical to DOD's ability to prosecute missions abroad. During activation of CRAF Stage 3, commercial partners will carry nearly 40 percent of cargo and more than 90 percent of passengers transported to forward staging bases. Secretary of Defense approval is required before any activation.

Civil Reserve Air Fleet Support FY 09	
Number Passenger/Cargo Aircraft	835 PAX; 242 Cargo
Commercial Companies (CRAF Partners)	34
Troops Carried	1,397,690
Cargo (short tons)	196,565
Commercial missions	9,439

Voluntary Intermodal Sealift Agreement

VISA represents a success achieved between USTRANSCOM and the commercial industry to cooperatively meet our nation's sealift contingency requirements. Through its contingency contracts, VISA provides DOD with assured access to: militarily useful, US-flagged, dry cargo sealift capacity; mariners; the global infrastructure; and the intermodal capability required to augment organic sealift capabilities during conflict. When needed, the program is activated in three stages of increasing levels of commitment, depending on

the severity of the contingency. All major US-flagged carriers participate in VISA, and over 90 percent of their dry cargo vessels are enrolled, including roll-on roll-off and container ships, break-bulk ships, seagoing tugs and barges.

Port Readiness Network

Through coordination and cooperation among its members, the National Port Readiness Network ensures the readiness of military and commercial ports for the deployment of military personnel and cargo in the event of mobilization or a national defense contingency. Chaired by the US Maritime Administration, the National Port Readiness Network is comprised of components of USTRANSCOM, the US Army Forces Command, and other agencies, including the US Army Corps of Engineers, the US Coast Guard, and the Transportation Security Agency. Additionally, each of the 16 commercial strategic seaports located throughout the continental US, Alaska, and Guam has a Port Readiness Committee that coordinates with these agencies to ensure the readiness of the port network.

*"We won't make any decisions unilaterally. Our focus will be on keeping the partnership as vibrant and strong as it is today."
(referring to CRAF viability in a post-OIF/OEF environment)*

*General Duncan J. McNabb
Commander, USTRANSCOM*



US Navy photo

A US Marine from the III Marine Expeditionary Force's Combat Logistics Regiment Three directs a Marine Corps amphibious assault vehicle to a staging area at the port of Laem Chabang, Thailand. One hundred pieces of rolling stock were offloaded from MSC's Maritime Prepositioning Ship USNS *Maj Stephen W. Pless* in support of COBRA GOLD 2009.

Performance

USTRANSCOM Transportation Working Capital Fund

USTRANSCOM's Transportation Working Capital Fund (TWCF) is a revolving fund for defense transportation. It models a customer-seller relationship between the provider (USTRANSCOM) and the customer (Services or geographic combatant commanders). Whether it is supporting Overseas Contingency Operations or responding to humanitarian crises, the TWCF provides greater flexibility than direct appropriations to quickly respond to dramatic changes in the tempo of operations.

The general concept of the fund is to operate on a break-even basis. The focus is on customer satisfaction and cost efficiency. It uses business-like cost accounting to determine the total cost of a business activity. Therefore, cost visibility is just as critical to the financial success of the Working Capital Fund as in-transit visibility is to the operational aspect of the mission. Customers see a true picture of their costs so they can make informed business decisions.

The TWCF ended fiscal year 2009 with increased costs and revenue due to another year of supporting Overseas Contingency Operations and other emerging contingency and humanitarian operations. The \$12.1 billion in fiscal year 2009 revenue would place USTRANSCOM 223rd on the United States' Fortune 500 companies list.

The Defense Enterprise Accounting and Management System (DEAMS) was launched in 2003 as a joint initiative of the Air Force, USTRANSCOM, and Defense Finance and Accounting Service. The DEAMS mission is to support the nation's warfighters with timely, accurate, and reliable financial information. We are developing DEAMS in several phases and when fully fielded, DEAMS will transform financial management and set a new standard for effective and efficient stewardship of our nation's defense resources.

TWCF Net Operating Result

	Actual FY09	Planned FY09	Variance FY09
Revenue	\$12,105.0	\$10,057.9	\$2,047.1
Expense	\$11,856.0	\$10,496.7	\$1,359.3
NOR	\$249.0	(\$438.8)	\$687.8

(Dollars in Millions)

(Source: FY10 President's Budget)

SDDC's Financial Performance

SDDC delivers global surface deployment and distribution services through the Defense Transportation System to fully support the warfighter, delivering critically needed supplies and equipment, creating a dynamic customer focused enterprise capable of supporting global expeditionary and peacetime requirements.

During fiscal year 2009, SDDC moved over 22.9M measurement tons of cargo in support of our forces and their missions worldwide. This marks the highest period of billable workload activity since the beginning of Operations IRAQI FREEDOM and ENDURING FREEDOM.

Although SDDC workload levels were higher than previous fiscal years, SDDC's quality and transparency of financial and accounting support to the many SDDC customers remains sound. SDDC is highly confident that our greatest asset, the people of SDDC, will continue to support our nation's forces and objectives anywhere in the world while leveraging the flexibility and responsiveness of the TWCF.

Fiscal year 2009 net operating result is (\$429.1M) which is (\$142.4M) below the Fiscal Year 2010 President's Budget plan of (\$286.7M). This was primarily due to increased Overseas Contingency Operations workload when rates were set low to return prior year profits.



SDDC file photo

Major General James L. Hodge, Commanding General, SDDC, watches from USAV GEN Frank S. Besson, Jr. (LSV-1), as it approaches USNS Seay during the Joint Logistics Over the Shore 2009 training exercise at Camp Lejeune, NC.

SDDC Net Operating Result

	Actual FY09	Planned FY09	Variance FY09
Revenue	\$2,139.2	\$1,500.9	\$638.3
Expense	\$2,568.3	\$1,787.6	\$780.7
NOR	(\$429.1)	(\$286.7)	(\$142.4)

(Dollars in Millions)

(Source: FY10 President's Budget)

MSC's Financial Performance

MSC's primary focus is supporting the warfighting commanders. MSC delivers this support through the TWCF while continuously striving to reduce costs and cultivate customer-provider relationships.

MSC's Financial Improvement Program (FIP) is an ongoing initiative to facilitate the audit of MSC Financial Statements. The Under Secretary of Defense (Comptroller) established the Financial Improvement and Audit Readiness (FIAR) Plan to identify critical activities for improving internal controls, resolving auditor identified weaknesses, optimizing fiscal stewardship, and achieving audit readiness. In support of the FIAR, MSC's strategy is to address end-to-end processes, procedures, and controls in preparation for asserting audit readiness by Major Command. The FIP initiative will simultaneously provide managers with more accurate, reliable, and timely financial management information, as well as prepare MSC for asserting audit readiness.

Fiscal year 2009 net operating result is \$32.9M, which is (\$24.6M) below the Fiscal Year 2010 President's Budget plan of \$57.5M. This was due primarily to the Surge program executing approximately 600 days lower than budgeted Overseas Contingency Operations workload.



Rear Admiral Robert Reilly Jr., interacts with the crew of fleet replenishment oiler USNS Walter S. Diehl while the ship and the admiral were visiting Sealift Logistics Command Far East in Singapore. Rear Admiral Reilly commanded MSC from March 2006 – October 2009.

MSC Net Operating Result			
	Actual FY09	Planned FY09	Variance FY09
Revenue	\$674.7	\$725.1	(\$50.4)
Expense	\$641.8	\$667.6	(\$25.8)
NOR	\$32.9	\$57.5	(\$24.6)

(Dollars in Millions)

(Source: FY10 President's Budget)

AMC's Financial Performance

AMC's focus on providing "Unrivaled Global Reach for America... Always!" was the driving force behind its contributions to the DOD, combatant commanders, Services, and other customers in moving and sustaining forces, refueling aircraft in-flight, transporting wounded warriors, and delivering humanitarian aid across the globe. This effort represents an extensive global enterprise of mobility aircraft, personnel, and air mobility support capabilities. An operation of this magnitude requires a mature financial mechanism – the TWCF – with the responsiveness and flexibility that enables dynamic execution of the air mobility global enterprise.

During fiscal year 2009, AMC's structured global airlift channel system transported 291,776 short tons of cargo – 40 percent of all materiel moved by air. Supported by its network of worldwide aerial ports, AMC's channel system is an essential functional element of USTRANSCOM's Integrated Distribution Lanes. These lanes offer DOD customers, particularly the combatant commanders, an airlift network providing responsive, predictable, and efficient materiel movement.

It is important to note that many of AMC's channel, contingency, and special assignment missions are operated by its commercial partners in the CRAF, who are vital in maintaining America's premier air mobility capabilities.

Fiscal year 2009 net operating result is \$619.8M, which is \$838.9M above the Fiscal Year 2010 President's Budget plan of (\$219.1M). This was due primarily to increased workload supporting Overseas Contingency Operations.



General Arthur Lichte takes delivery of a C-130J from the Lockheed Martin facility in Dobbins, Georgia in May 2009. General Lichte was the Commander, AMC from September 2007 – November 2009.

AMC Net Operating Result			
	Actual FY09	Planned FY09	Variance FY09
Revenue	\$8,944.5	\$7,466.1	\$1,478.4
Expense	\$8,324.7	\$7,685.2	\$639.5
NOR	\$619.8	(\$219.1)	\$838.9

(Dollars in Millions)

(Source: FY10 President's Budget)

Component Performance by Business Area

SDDC

Definition of Business Areas:

Port Operations	Vessel loading and discharging operations, cargo staging and stow planning, documentation, and oversight of stevedore services
Traffic Management	Direction, control, and supervision of all traffic, freight management, and transportation services
GPC	(Known as Global Privately Owned Vehicle Contract) Booking and movement of privately owned vehicles
Liner	Ocean movement of DOD cargo by scheduled commercial ocean carrier service

SDDC Net Operating Result			
	Revenue	Expense	NOR
Port Ops	\$196.1	\$279.1	(\$83.0)
TFC Mgt	\$96.2	\$110.9	(\$14.7)
GPC	\$202.3	\$213.4	(\$11.1)
Liner	\$1,644.6	\$1,964.9	(\$320.3)
TOTAL	\$2,139.2	\$2,568.3	(\$429.1)

(Dollars in Millions)

MSC

Definition of Business Areas:

Cargo	Movement of DOD dry cargo
Tankers	Movement of DOD bulk petroleum products
Surge	Strategic lift capabilities used for contingencies and Joint Chiefs of Staff exercises
Prepo	Prepositioning support placing military equipment and supplies in key ocean areas prior to contingencies

MSC Net Operating Result			
	Revenue	Expense	NOR
Cargo	\$177.3	\$177.7	(\$0.4)
Tankers	\$175.3	\$156.2	\$19.1
Surge	\$120.9	\$146.5	(\$25.6)
Prepo	\$201.2	\$161.4	\$39.8
TOTAL	\$674.7	\$641.8	\$32.9

(Dollars in Millions)

AMC

Definition of Business Areas:

PAX	Passenger airlift from CONUS to OCONUS along scheduled routes
Cargo	Shipment of cargo from port to port or from depot to customer along scheduled routes
SAAM	Special Assignment Airlift Mission: rental of entire aircraft to move cargo and/or passengers
Exercise	Rental of entire aircraft in support of Joint Chiefs of Staff exercises
Training	Air Force/Air Force Reserves purchase of flying hours to train crews

AMC Net Operating Result			
	Revenue	Expense	NOR
PAX	\$273.7	\$259.6	\$14.1
Cargo	\$2,400.1	\$2,564.2	(\$164.1)
SAAM	\$5,582.1	\$4,898.4	\$683.7
Exercise	\$99.1	\$100.6	(\$1.5)
Training	\$589.5	\$501.9	\$87.6
TOTAL	\$8,944.5	\$8,324.7	\$619.8

(Dollars in Millions)



Photo by Private First Class John Raufmann.

Stevedores on contract for the 836th US Army Transportation Battalion, Yokohama, Japan, load equipment onto the MV *Cape Howe* in support of Exercise COBRA GOLD at US Marine Corps Air Station Iwakuni, Japan. COBRA GOLD is a six-week, joint-combined exercise to strengthen military cooperation between the United States and Thailand.



Photo by LCDR Corey Barker

Crew members prepare to unload a pallet of humanitarian supplies from a C-17 Globemaster III in Georgia. The pallet contains cots, blankets and medical supplies.



Photo courtesy US Navy

The roll-on roll-off ship, T-AKR 302 USNS *William W. Seay*, Bob Hope Class, docked and taking on cargo at the Military Sealift Command (MSC), Port of Savannah.

Appendix

Department of Defense United States Transportation Command

Statement of Financial Condition (Dollars in Millions)

	FY2009	FY2008
Assets:		
Cash	\$711.8	\$424.6
Available for Operations	\$541.7	\$238.2
Required for Capital Purchases	\$170.1	\$186.4
Accounts Receivable	\$1,492.5	\$1,310.8
Advances Made	\$6.6	\$12.7
Operating Material and Supplies	\$0.0	\$0.6
Capital Property (Net)	\$956.8	\$1,073.9
Total Assets	\$3,167.7	\$2,822.6
Liabilities:		
Accounts Payable	\$897.1	\$985.3
Accrued Liabilities	\$45.8	\$42.6
Other Liabilities	\$430.3	\$255.3
Total Liabilities	\$1,373.2	\$1,283.2
Government Equity:		
Unexpended Appropriations	\$6.1	\$0.0
Paid-in-Capital	(\$1,342.7)	(\$1,337.8)
Accumulated Operating Results	\$3,131.1	\$2,877.2
Total Government Equity	\$1,794.5	\$1,539.4
Total Liabilities and Equity	\$3,167.7	\$2,822.6

Statement of Revenue and Expenses
(Dollars in Millions)

	FY2009	FY2008
Revenue:		
Appropriated Capital Used	\$8.9	\$542.6
Gross Sales	\$12,143.8	\$11,697.1
Operations	\$11,992.1	\$11,547.4
Depreciation	\$151.7	\$149.7
Other Income	\$10.9	\$95.9
Refunds/Discounts	(\$58.6)	(\$69.2)
Total Income	\$12,105.0	\$12,266.4
Expenses:		
Salaries and Wages:		
Military Personnel Compensation & Benefits	\$41.5	\$35.0
Civilian Personnel Compensation & Benefits	\$311.3	\$305.6
Travel and Transportation of Personnel	\$163.2	\$139.2
Materials and Supplies	\$1,884.6	\$2,423.0
Equipment	\$14.3	\$11.5
Transportation of Things	\$2,571.2	\$1,865.3
Depreciation — Capital	\$151.7	\$149.7
Printing and Reproduction	\$0.3	\$0.5
Rent, Communications, Utilities, and Misc Charges	\$30.8	\$28.9
Bad Debts	\$0.2	\$11.5
Other Purchased Services	\$6,562.6	\$7,277.6
Other Losses	\$124.3	\$10.8
Total Expenses	\$11,856.0	\$12,258.6
Net Operating Result	\$249.0	\$7.8
Depreciation on Non-TWCF Acquired Property, Plant & Equipment	\$4.9	\$4.5
Beginning Accumulated Operating Results	\$2,877.2	\$2,864.9
Prior Year Adjustments	\$0.0	\$0.0
Accumulated Operating Result	\$3,131.1	\$2,877.2

“Our team is charged with synchronizing and delivering an unmatched strategic global transportation and distribution military capability, and producing LOGISTICS SUPERIORITY for our Nation—and we have.”

*General Duncan J. McNabb
Commander, USTRANSCOM*



Gen Duncan J. McNabb, Commander USTRANSCOM, onboard the USNS Lawrence H. Gianella, a government owned, contractor operated tanker, discusses ships operations with the ship's two captains, Will Tayleo and Bob Mills -

Photo by Larry Larsson, SFA Ops, McMurdo Antarctica

United States Transportation Command

General Duncan J. McNabb

US Air Force

Commander, United States Transportation Command



General Raymond E. Johns, Jr.

US Air Force

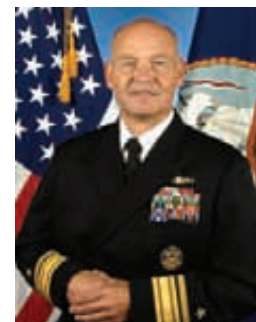
Commander, Air Mobility Command



Rear Admiral Mark H. Buzby

US Navy

Commander, Military Sealift Command



Major General James L. Hodge

US Army

*Commander, Military Surface Deployment
and Distribution Command*





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