

Statement by David Heebner
President General Dynamics Land Systems
House of Representatives Defense Subcommittees
November 8, 2007

Thank you, Chairman Taylor, Chairman Abercrombie and Ranking Members Bartlett and Saxton for allowing me an opportunity to testify at this joint session of the Seapower and Expeditionary Forces subcommittee and the Air and Land Forces subcommittee of the House Armed Services Committee. My name is David Heebner and I am the president of General Dynamics Land Systems.

It is an honor for me to represent General Dynamics Land Systems employees across the United States and Canada, and our component suppliers around the world who are building Mine Resistant Ambush Protected vehicles for American Forces.

The history of General Dynamics Land Systems (GDLS) can be traced to the fall of 1940 when the Department of Defense contracted with the Chrysler Corporation to build a plant in Warren, Michigan, capable of producing tanks for the U.S. Army. By April of 1941, in less than nine months, virgin farm land gave way to the Detroit Arsenal tank plant which mass produced the legendary Sherman tank, the life saving combat vehicle of World War II. The engineering expertise, manufacturing pride and commitment epitomized by the "Greatest Generation" is living in the employees working on the MRAP production lines today. That legacy has transferred from the production teams and supply chain managers who cut their teeth on the Abrams main battle tank, the Canadian and Marine Corps Light Armored Vehicles and the Army's Stryker wheeled

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combat vehicle. Our employees are committed to winning the global war on terror, just as their parents and grandparents were in the trying days of the greatest generation.

My objective here today is to report to you that GDLS and our partners are focused on meeting or exceeding the extremely aggressive plan to deliver MRAP vehicles to our fighting forces. We have added manufacturing facilities, hired and trained employees, qualified suppliers and are helping suppliers increase their capacity. We have encountered issues common to start-up programs, but we have dealt with them and continue to ramp-up production.

We are working effectively with the Joint Program Office and consider ourselves fortunate to be part of the larger team addressing this most urgent need. We have communicated directly with Secretary Young and clearly understand his charge for us to perform. We have the full support of our corporate leadership at General Dynamics and see the same high level of commitment from our partners.

General Dynamics Land Systems is producing two different types of vehicles for the MRAP program. The improved RG-31 Mk5E, a BAE OMC South Africa vehicle, is under contract to General Dynamics Land Systems-Canada. The Cougar MRAP category I & II vehicles are built in partnership with Force Protection Industries of South Carolina.

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Before initiation of the MRAP program production, we provided over 500 RG-31 vehicles for use by U.S. Army and Marine Corps Explosive Ordnance Detachments, Special Operations Forces and for Canadian Forces. These vehicles were built in BAE OMC's South Africa plant and shipped to military forces in theater where they are supported by General Dynamics Land Systems. Our world wide supplier base and the lifting of program international restrictions enabled us to ramp up production rates for the MRAP program. With the support and concurrence of BAE, we established a U.S. production site at Demmer Corporation in Michigan. The production plants in the USA and South Africa together will deliver 600 MRAP vehicles by March 2008. This is an example of cooperation between two major international defense companies, spanning two continents, to provide urgently needed capability to our forces.

GDLS began producing armored Cougar capsules for Force Protection Industries in 2006. Capsules were manufactured at our Ohio plant and were shipped to FPI in South Carolina for final assembly. This successful relationship, led to the formation of a joint venture (Force Dynamics) between GDLS and FPI to deliver Cougar MRAP category I & II vehicles. The joint venture shares the production and program management responsibilities for MRAP contracts. With FPI's full support, in less than 120 days following contract award, GDLS capitalized, installed tooling, established process documentation, hired and trained hundreds of employees, and delivered its first complete MRAP vehicle from a new production site in Alabama. In addition, we established production at Spartan Motors in Michigan which together with our Alabama site will

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produce 105 vehicles this month and their combined monthly rate will be 226 by April. The Force Dynamics Joint Venture has combined the strengths and full capabilities of both companies to better manage, produce and successfully deliver MRAP Cougar vehicles.

General Dynamics Land Systems – Canada is funded to deliver 600 RG-31 vehicles and will complete deliveries by March 2008. We remain capable of fulfilling additional contracts should the program office determine there are further requirements for the RG-31. Additional deliveries can begin within six months following contract award.

General Dynamics Land Systems together with Force Protection Industries will jointly deliver more than 2,700 Cougar category I & II MRAP vehicles by the end of April 2008. We are currently 55 Cougar MRAP vehicles ahead of schedule and will continue to accelerate production. Maintaining this accelerated production performance beyond April 2008 will require timely commitment of additional funds. Funding for new orders must be in place and contracts awarded by December 1st to remain inside our key supplier's material lead times and avoid a disruption at the Alabama, Michigan, Ohio and South Carolina production plants.

As with any accelerated manufacturing program, industrial capacity and material chokepoints at the sub-tier supplier level warrant close attention. In order to continue

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accelerated deliveries of Cougar MRAP vehicles, the Joint Venture has identified axles and armor steel as watch items. To ensure continuity of supply at required levels, we are arranging for alternate sources of both commodities. For vehicle axles, we are working with Arvin Meritor, American Axle & Manufacturing, Axle Tech, Dana Corporation and Magna to augment our current suppliers. Similarly, we are bringing on a second source for H-Hard steel, Algoma, to complement the existing supplier. Mittal. We constantly take the pulse of our supply chain, monitoring to ensure orders are placed inside our material lead-times.

I mentioned previously that we are delivering 600 RG-31 MRAPs from two production lines. Ramping-up of production in South Africa and establishing a new line in Michigan have not been without challenges. However, we have effectively worked through those challenges in manpower hiring and training, tooling, process control and supplier qualification. We face axle supply constraints to accelerating RG-31 deliveries, but expect to break-through this bottleneck and complete contracted deliveries in first quarter 2008.

Cooperation with the MRAP program office can be characterized as highly intense, professional and effective. While we would have preferred earlier, larger contract awards, the program office provided early insights of potential awards to enable our planning and rapidly issued contracts as soon as funds became available. Our product performance feedback from field testing and insights on emerging threats has

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been shared. GDLS and our Joint Venture partners strongly compliment the program office for its responsiveness to changing conditions and for their energetic and timely resolution of issues requiring immediate attention.

Success in the defense industry today requires having the agility to both compete and partner with other original equipment manufacturers. I believe each company represented here today has learned how to do both. GDLS is proud of our relationship that exists with our partners at BAE and Force Protection Industries. Together we have shared management, process and production expertise to respond more quickly and effectively to MRAP requirements. We are willing to communicate and interact with other MRAP suppliers to share best-practices for MRAP vehicles. There are minor contract terms that would need to be worked out, but we are ready to collaborate if doing so improves the survivability or production rates of these vehicles.

In summary, permit me to assure both Chairmen and Ranking Members of the commitment to the MRAP program of General Dynamics Land Systems and its suppliers and partners around the world. We are doing everything possible to meet or exceed planned deliveries and we are willing to share best practices among MRAP suppliers to assist the joint program office continue its commendable performance. Maintaining high quality production momentum is our most critical near term objective. That requires timely receipt of new funding. By December 1st we must receive new contracts to ensure our suppliers can meet production demands and reduce risk to the delivery schedules.

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Thank you Chairman Taylor, Chairman Abercrombie and Ranking Members
Bartlett and Saxton for your active interest and dedicated support of the MRAP program.
I look forward to your questions.