

STATEMENT

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BEFORE THE SUBCOMMITTEES ON

SEAPOWER AND EXPEDITIONARY FORCES

AND

AIR AND LAND FORCES

OF THE HOUSE ARMED SERVICES COMMITTEE

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Mr. Chairmen, Ranking Members, distinguished members of the Subcommittees, thank you for this opportunity to appear before you to discuss the Mine Resistant Ambush Protected vehicle program. My name is Archie Massicotte and I am the President of International Military and Government, LLC which is an affiliate of Navistar International Corporation. I am pleased, Mr. Chairmen, to provide the Subcommittees with information on how International Military and Government is collaborating with the Joint Program Office MRAP to bring our vast experience in manufacturing, engineering, parts and service and more to the U.S. Military.

International ® branded military vehicles served our troops in World War I, World War II, Vietnam, Korea, and the Gulf War. Today there are over 3,500 International vehicles in Iraq and Afghanistan serving in Military and Reconstruction roles in Operation Iraqi Freedom and Operation Enduring Freedom.

Our company is uniquely positioned to leverage one of the world's largest commercial truck and engine platforms for large scale production and parts support as well as fielding and logistics service worldwide.

I would offer the following facts as evidence of our Program Readiness:

- ▶ International delivered 77 MRAP vehicles in the first 100 days of our production contract.
- ▶ International's MRAP vehicles arrived in theater 136 days after receiving a production contract
- ▶ As of this date, International has been under a production contract for 160 Days and has delivered 407 MRAP vehicles.
- ▶ International has 95 MRAP's in Iraq today and 36 ready and awaiting transport at Charleston Air Force Base.
- ▶ International has mobilized to support the vehicles in theater; we have 23 Field Support Representatives on the ground and more in training; we've shipped over 58,000 parts to support the operation; and have trained operators, mechanics, and depot level maintenance units to ensure that the units have operational ready vehicles.

## **Navistar**

Navistar International Corporation (Other OTC: NAVZ) is the parent company of International Truck and Engine Corporation, the principal operating company for all International ® brand trucks, MaxxForce brand diesel engines, IC brand school and commercial buses, and Workhorse brand chassis for motor homes and step vans. The company also provides truck and engine parts and service, and financing services.

With a broad engineering foundation to support the development of new products, International builds trucks and engines that are recognized for advanced technology, reliability, and superior performance. It is this robust engineering underpinning that allows us to rapidly adapt the MRAP to evolving threats and requirements.

There are over one and a half million International trucks on the road today serving in the most demanding roles in the most rugged industries. Every day International cement trucks, dump trucks, refuelers, water tankers, long haul carriers, and a wide variety of essential service trucks are helping to build new futures across our Nation and around the World.

In 2006 International produced and sold over 160,000 vehicles to a broad array of blue chip customers. These vehicles are built in factories in Ohio, Texas, Arkansas, Oklahoma, and Mississippi with components and subsystems that are drawn from virtually every state across America. International leads the world in the production and sale of Medium Diesel Engines. In 2006 International, through its state of the art factories in Alabama, Illinois, Indiana, and Wisconsin produced and sold over 560,000 diesel engines that power this nation's transportation sector.

To support this active fleet of trucks and engines International has developed the world's largest network of dealerships; with over 900 dealers across the United States in all 50 states supporting everyday operations and another 75 dealers around the globe carrying International products and supporting this world renowned American brand. This includes a dealership in Iraq and in Afghanistan to support the reconstruction vehicles in operation today.

International recently launched the **ProStar** a new commercial truck that has been proven in independent tests to be the most fuel efficient Class 8 truck on the road today. The ProStar is the flagship product for International and represents a Navistar culture that demands high standards, continuous improvement, and superior workmanship in every aspect of its products and performance.

**International Military and Government LLC** is wholly-owned subsidiary of International Truck and Engine Corporation. International military and Government leverages off the vast array of commercial capabilities and products in the parent company to bring leading-edge military vehicles to the U.S. Marine Corps, U.S. Air Force, U.S. Army, Afghan Military, Taiwanese Military, and Israeli Military. International's Family of Vehicles (FOV) all emphasize commonality and lower cost of ownership while providing unique modularity and versatility. International works closely with selected armor solution providers to design and field specific mission survivability packages. For example in 2005 and 2006 a large defense prime contractor needed armored line haul tractors to move supplies in and around Iraq. The defense prime chose International to build fully integrated armored tractors because of the uniqueness of the survivability package and International's ability to build the vehicles rapidly. International provides full lifecycle support to all of its major customers and takes particular pride in the proactive and continued involvement with customers with critical roles in OIF and OEF. This constant communication has honed our ability to adapt to changing conditions and allowed us to provide better support to units in theater.

**Specific Information Request from the Subcommittee:**

1. *MRAP program scope and timeliness to include analysis of adequate funding of the program:* International has been awarded five delivery orders for MRAP vehicles. The total number of vehicles ordered by DOD from International is 2,971. International will complete its last delivery of vehicles under these delivery orders by April 2008. The total value of these contracts is \$1.55 Billion. The MRAP funding has been adequate. Beyond adequacy there are two aspects of funding that are important for any manufacturer. The first is to have an uninterrupted flow so as to not have to go through unnecessary shut down and startup of the manufacturing line and the second is to have as much forward visibility as possible thereby allowing International to optimize various factors for efficiency and cost control.. .

2. *Industrial base capacity, any potential material chokepoints at the sub-tier supplier level, and mechanisms being used to expand International's industrial capacity.* International produces the MRAP chassis at its Garland, Texas Assembly Plant; sources the armored capsule parts from Plasan Sasa and assembles the final product at the International Assembly Plant in West Point, MS. Through careful analysis of material and key supplier constraints International has projected that the assembly plant will be producing 500 MRAP vehicles per month by February 2008.

- Chassis. International produces the MRAP chassis at its Garland, TX Assembly Plant. For all practical purposes there is no upper limit capacity constraint on MRAP chassis from Garland. The Garland Plant produced over 33,000 vehicles in 2006 during which time the plant was not operating at full capacity. The MRAP chassis requires very little customizing and rolls off the assembly line fully prepared for armor adaptation and delivery to West Point.
- Armor Kit. Plasan Sasa provides the armor parts for MaxxPro. Plasan Sasa is recognized as a world leader in the design of high survivability vehicle solutions. Plasan Sasa has proven its design capabilities in other critical applications to include the USMC MTRV armor solution. Plasan produces the metal composite parts on its own autoclave machine and has sub-contracted for the supply of armored plates from fully qualified suppliers
- Armor Part Subcontractors. As International continues its steep launch ramp-up the MAXXPRO™ armor kit supply base is undergoing a careful transition from a largely Israeli network of contractors to a more concentrated U.S. supply effort. By October 2007, U.S. suppliers are producing the very complex and long-lead components for the MAXXPRO™. In addition the International-Plasan sourcing team is qualifying new U.S. based suppliers for all armor steel parts and non-ballistic parts. The key tenants of this transition are the integrity of the survivability design and security of supply. Plasan Sasa will continue to provide the metal composite kit parts. It is this transition to a U.S. Supply base which gradually lifts the capacity limits on International and allows us to get to 500 units a month in February 2008.
- Automotive Suppliers. Through these long term relationships and in close coordination with suppliers, International projects that all of the key automotive suppliers can meet or exceed the 500 per month production target for February

2008 and beyond. International's automotive suppliers have a long history of providing high volume components to the parent company. International dedicates full time purchasing resources to ongoing relationships with key MAXXPRO suppliers to ensure that each one is aware of MAXXPRO's production plans and upcoming requirements.

- Steel. International, and Plasan, have identified and are in contract with multiple global suppliers of armored steel. These steel suppliers are well aware of the MRAP Program and have dedicated sufficient production volume to International's requirements. International and Plasan continue to use multiple sources to ensure competitive conditions and to provide alternate sources in the event of production problems at any particular plant.
3. *International analysis of coordination between the Company and the MRAP Program Office.* The Joint Program Office MRAP (JPO-MRAP) provides International with extraordinary leadership in every aspect of this unprecedented and complex procurement program. This JPO leadership is open and objective in its direction and guidance while always maintaining high standards for requirements and delivery. From a contractor perspective the truly valuable aspect of MRAP is the widespread culture of teamwork and support. Whether the government agency is the U.S. Army Test Center at Aberdeen or Space and Naval Warfare Systems Command (SPAWAR) or any of the other multitude of agencies involved in the program the widespread attitude is "How can we help you?" and "What do you need from us to help you go faster?" This MRAP lean-forward culture is contagious and has a very positive effect on International's internal readiness.
  4. *International's willingness to communicate and interact with other MRAP suppliers with respect to sharing best practices for the MRAP vehicles.* International is committed to doing whatever is best for the warfighter. That is what guides us. International regularly meets and discusses business opportunities with other military and tactical wheeled vehicle suppliers and recently teamed with BAE to pursue the JLTV Program. International is collaborating with each of the MRAP manufacturers and cross-training Field Support Technicians to be able to provide universal support to any and all MRAP vehicles. This cooperative initiative is an important breakthrough and will yield

substantially more flexible field support. International is open to additional collaboration efforts that assist the program and the warfighter.

**International ® MAXXPRO™ Vehicle.** The International MRAP vehicle's name is **MAXXPRO for Maximum Protection**. MAXXPRO is a unique and advanced MRAP

- Survivability There are numerous advanced survivability features included within the MAXXPRO™. The cumulative effect of these complementary subsystems is a highly survivable MRAP vehicle that did extremely well in blast and ballistic testing.
- Performance. The MAXXPRO™ features a proven International I-308 8.7 liter diesel engine which provides 330 HP to power the 35,000 lb vehicle. The MAXXPRO™ is built on the International 7000 Series Severe Service chassis and together with its Allison Transmission and Arvin Meritor axles the MAXXPRO™ is more than capable of carrying 6 to 8 soldiers and their associated equipment and gear.
- Manufacturability. Unlike most other MRAP vehicles the MAXXPRO™ is constructed by bolting and bonding a series of overlapping plates made of a combination of materials to include High Hard Steel, Aluminum, Kevlar, and Metal Composites. Not only is this design highly survivable but it is easily assembled when compared to a welding operation. This manufacturability feature is a key characteristic in determining production capacities. This bolt and bond design also allows for easier maintenance and repair in the field.
- Viability. International has undertaken integrated growth initiatives to ensure that the MAXXPRO remains relevant for the warfighter into the future. These include a developmental program to grow the payload capability by 10,000 lbs; a re-engine initiative to put the International I-313 (400 HP) Engine in the MAXXPRO™ so as to maintain power, speed and maneuverability; and to develop standardized integration points for multiple armor packages. It is expected that these results will be available in Spring 2008.
- Soldier and Marine Viewpoints: Anecdotal evidence from soldiers and marines who have utilized the MAXXPRO™ include comments on the exceptionally spacious interior that allows for multiple configurations and full spectrum mission

flexibility, the ease of operation and relatively quiet conditions; and the 5 sizable access/ egress points which present options in emergency situations.

**International MRAP Program Success Stories:**

- Aberdeen Test Experience: International delivered its PVT (Prototype Test) vehicles to the Aberdeen Test Center *early* for testing. The vehicles underwent a structured series of ballistic, blast, and automotive tests. The objectivity of the tests and the openness and candor of the test community allowed International to demonstrate its responsiveness and dedication to testing. International routinely beat test expectations especially with regard to repair and return-to-service for vehicles damaged during blasts. This eagerness was in keeping with the MRAP spirit and allowed International to begin building a reputation for partnering that continues to follow the Company today.
- Production Reliability. International takes great pride in never having missed a promised delivery date for any military program. This carefully forged integrity is being tested during the MRAP launch ramp, but the Defense Contract Management Agency (DCMA) and the JPO will attest to International's commitment to deliver the promised quantities at the time promised. As International continues to smooth out its material supply flow the Company will build on its well deserved reputation for production reliability even as our production quantities grow to unprecedented levels.
- SPAWAR Collaboration. International, in cooperation with the GFE (Government Furnished Equipment) integration activity at SPAWAR, has identified a series of integration activities which are best done further upstream in the production process. Working together with SPAWAR these activities have been relocated to the International assembly plant at West Point and in doing so have expedited the end-to-end production/integration process time for each vehicle. This International-SPAWAR collaboration is an important success story and reflects the shared goal of 'getting MRAP vehicles to Warfighters as soon as possible'. All vehicles delivered last month had the SPAWAR integration work performed before it left International's West Point facility.
- Fielding and Logistics Support. International has 'leaned-forward' to ensure that the U.S. Military has the required resources to field and support the MAXXPRO™ vehicles. Preparing manuals, training programs, field support technicians,



specialty tools and equipment, and other logistical support items, International understands the importance of fleet support and operational readiness.

- Manufacturer Collaboration. International is committed to doing whatever is best for the Warfighter. International is participating in the manufacturer collaboration to cross train field support personnel on all platforms and is enthusiastically training army mechanics at Red River Army Depot.

**Summary.** International, along with the entire workforce of Navistar, is proud to be building vehicles that protect our Armed Forces. We regard this program as more than just a contract – it is a distinct privilege. The engineering excellence, advanced MRAP design, high capacity production, world class support structure, and financial strength combine to make International an ideal partner for the Government on this important and high priority MRAP program.

Thank you, Mr. Chairmen and members of the Subcommittee, for the opportunity to share some of my views and experiences. I would be happy to answer any questions you may have.