



# USTRANSCOM 2011 ANNUAL REPORT



# Meeting a Global Challenge

## FY11 SIGNIFICANT EVENTS

In 2011, USTRANSCOM's number one priority remained support to the warfighter—and our reputation, earned through deployments, sustainment, redeployments, surges and draw downs, and humanitarian crises has never been stronger. We seek to be effective at the lowest fully burdened costs and our efforts to date have delivered over \$5.7 billion in cost avoidance. We improved our organization through 12 Department of Defense efficiency proposals and an Agile Transportation for the 21st Century program. These improvements will properly align command relationships while eliminating redundancies and optimizing the use of technology to rapidly pivot the enterprise for optimum support to warfighters around the world. The USTRANSCOM team ensures that strategic mobility remains one of our nation's most asymmetric advantages—a force multiplier for good.

### FY11 Support of Worldwide Exercises, Operations, and Contingencies

Airlift: 35,424 missions; 99,467 sorties; 2,148,714 passengers; 715,204 short tons of cargo  
 Aerial Refueling: 31,916 sorties; 1,561,064,000 pounds fuel offloaded; 111,362 receivers  
 Sealift: 19,894,900 measurement tons (SDDC liner/port ops and MSC cargo)  
 Global Patient Movements: 26,950; Patients Moved: 15,445  
 Operational Support Airlift: 15,699 Requirements; 8,739 missions; 109,537 passengers; 1,106 short tons

### Joint Enabling Capabilities Command

Deployed over 750 personnel to support 4 humanitarian assistance/disaster relief operations; 7 contingency operations; and over 30 exercises

In March, every combatant command had a Priority 1A mission. First time in USTRANSCOM's history this has occurred.



FRONT COVER: A U.S. Marine Corps M1A1 Abrams tank sits on a flightline prior to being loaded onto an Air Force C-17 Globemaster III aircraft en route to Afghanistan in support of Operation ENDURING FREEDOM. Photo by Staff Sergeant Andy M. Kin

# Commander's Statement

The USTRANSCOM team posted a stellar year in 2011 in the face of unprecedented geopolitical change and natural disasters, all the while supporting combat operations in multiple theaters. In doing so, USTRANSCOM's innovative and dedicated team proved our credo: **Together, We Deliver.**

The New Year began with the Arab Spring in progress, which started in Tunisia and spread to Egypt, Libya, Bahrain, Syria, and Yemen. In support, USTRANSCOM evacuated innocents, provided aerial refueling to combat forces, moved security forces, and delivered humanitarian relief supplies.

In March 2011, USTRANSCOM supported coalition efforts to protect Libyan civilians in Operations ODYSSEY DAWN and UNIFIED PROTECTOR. On short notice, USTRANSCOM coordinated round-the-clock air refueling operations supporting coalition aircraft. Over the course of the seven-month operation, our tankers flew over 4,400 sorties and offloaded 250 million pounds of fuel enabling over 9,600 strike missions. Acting on order of the President, we later delivered thousands of uniforms, flak vests, and other non-lethal military supplies to the freedom fighters. Our efforts helped topple Libya's brutal dictator. After Muammar Gaddafi fell, we rapidly evacuated wounded Libyans to the United States. Discussing the successful conclusion of Operation UNIFIED PROTECTOR, NATO Secretary General Rasmussen said, "We answered the call."

Combat operations in Libya were just one of many challenges our team faced in March. To start, a powerful 9.0 magnitude earthquake near the east coast of Japan knocked the earth off its axis. The ensuing tsunami overwhelmed Japanese coastal areas, damaged property as far away as California, and caused a nuclear meltdown at the Fukushima nuclear power plant. USTRANSCOM evacuated over 7,500 people and 400 pets, and transported nuclear experts and material to Japan. The USTRANSCOM team also moved the President through Brazil, Chile, and El Salvador supporting his strategic engagements. Adding combat operations in Afghanistan, Iraq, and the Horn of Africa, March 2011 became the first time in history that USTRANSCOM simultaneously supported priority one movements in all six geographic combatant commands!

In April 2011, the President designated USTRANSCOM the global distribution synchronizer in the Unified Command Plan. With this authority, USTRANSCOM will coordinate with combatant commands to synchronize the plans of each to create a more capable global distribution system. In doing so, the future logistics success of combatant commands will rest on the collective investments made by each combatant command, in partnership with USTRANSCOM.



Throughout the year, USTRANSCOM collaborated with U.S. Central Command, U.S. European Command, the Defense Logistics Agency, the Department of State, and commercial industry to operate and expand the Northern Distribution Network. This network of sea-lanes, roads, rail, and airways through the Central Asian States provides a strategic logistics alternative to supply forces in Afghanistan. It also serves to bind these countries economically, creating new partnerships, which enhance the stability of the region. This year we added arctic overflight routes of commercial and military aircraft making it now possible to fly directly from the continental U.S. to the Manas Transportation Center in Kyrgyzstan. We also concluded agreements allowing more two-way transit traffic and types of supplies.

Using this network, in addition to multi-modal efforts, we balanced the logistics workload across our strategic lines of communication, which reduced our vulnerability to single points of failure.

We continued building innovative solutions to improve our support to the warfighter, chiefly, through the smart use of multi-modal operations. One of our significant multi-modal operations this year was the continuation of the movement of Mine Resistant Ambush Protected All Terrain Vehicles (MATV) to Afghanistan. We shipped these vehicles to seaports in theater and then airlifted them five at a time aboard C-17s into country. Leveraging the cost-effectiveness of ships with the ability of C-17s to access Afghanistan safely, multi-modal operations moved the majority of the 850 delivered MATVs from October 2010 through September 2011.

As the U.S. government seeks solutions to long-term deficit-reduction challenges, USTRANSCOM is committed to being part of the DOD solution. By building trust and accountability in an environment that encourages innovation and collaboration, the USTRANSCOM team will lead this effort. We will lead the way by thoroughly validating joint requirements and exacting fiscal responsibility across the transportation enterprise to best enable the warfighter.

Looking forward to the opportunities which lie ahead in 2012, nobody can predict what future events will require our attention. We'll find solutions to the fiscal challenges ahead while continuing to look forward into an ever-changing strategic future, ensuring our people and the Joint Force are fully supported. The USTRANSCOM team will lead this effort and make certain that **Together, We Deliver.**

A handwritten signature in black ink that reads "William M. Fraser III".

**WILLIAM M. FRASER III**  
General, USAF  
Commander

# The USTRANSCOM Team

*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, U.S. Government, and Secretary of Defense-approved multinational and non-governmental logistical requirements.*

*USTRANSCOM  
Mission Statement*

*Provide expeditionary and sustained end-to-end deployment and distribution to meet the nation's objectives.*

*SDDC  
Mission Statement*

USTRANSCOM is a unified combatant command with missions assigned by the President of the United States in the Unified Command Plan. USTRANSCOM's responsibilities, functions, relationships, and authorities are delineated further in Department of Defense Directive 5158.04, "United States Transportation Command." The Commander, USTRANSCOM, reports to the President through the Secretary of Defense with specifically assigned responsibilities to serve as the:

- Mobility Joint Force Provider, identifying and recommending global joint sourcing solutions to the Chairman of the Joint Chiefs of Staff, in coordination with the Services and other combatant commanders, from all mobility forces and capabilities, and supervising the implementation of sourcing decisions;
- DOD Single Manager for Transportation (other than Service unique or theater-assigned assets), providing common-user and commercial air, land, and sea transportation, terminal management, and aerial refueling to support the global deployment, employment, sustainment, and redeployment of U.S. forces;
- DOD Single Manager for Patient Movement, providing global patient movement in coordination with the geographic combatant commands;
- DOD Distribution Process Owner (DPO), coordinating and overseeing the DOD distribution system and developing and implementing distribution process improvements that enhance defense logistics and global supply chain management systems;
- DoD Distribution Portfolio Management Manager for Sustainment and Force Movement, managing systems, programs, and initiatives that provide key capabilities for distribution activities across the Joint Deployment and Distribution Enterprise (JDDE);
- Global Distribution Synchronizer, synchronizing distribution planning within the DOD Campaign Planning construct through a Global Campaign Plan for Distribution;
- Global Standing Joint Force Headquarters Provider, deploying mission-tailored joint force headquarters capabilities on short notice for limited duration to assist combatant commanders in establishing, organizing and operating a joint force headquarters.

Two important differences in the Unified Command Plan set USTRANSCOM apart from other combatant commands. First, when USTRANSCOM's assigned mobility forces are deployed in a geographic

combatant commander's area of responsibility, these forces remain assigned to and under the control of the Commander, USTRANSCOM, unless otherwise directed. This ensures rapid and agile response to our nation's global distribution requirements. Secondly, as DPO, USTRANSCOM identifies opportunities to improve the effectiveness and efficiency of vital support to warfighters. Through DPO governance bodies, USTRANSCOM collaborates with the entire community of interest to develop and implement distribution process improvements.

## Military Surface Deployment and Distribution Command

SDDC links the JDDE with the Army's Materiel Enterprise as the Army's Service Component Command of USTRANSCOM and a major subordinate command to Army Materiel Command. This unique position allows SDDC to serve as a bridge – connecting the capabilities of these supporting enterprises to the requirements of the supported combatant commands. Serving as DOD's global surface transportation expert, SDDC plans, books, ships, and tracks cargo; conducts port operations; and manages personal property moves for warfighters and other federal employees and their families. SDDC's Transportation Engineering Agency is responsible for improving the global deployability and sustainment of U.S. Armed Forces by providing DOD with transportation engineering, policy guidance, research, and analytical expertise supporting the National Military Strategy. SDDC delivers transportation and distribution solutions, operates all common-user seaports worldwide and influences more than \$5 billion in commercial truck, rail, barge, ocean transportation and personal property services.



Photo by Mark Diamond

Lieutenant Colonel Chris Hart (center), 834th Transportation Battalion Commander, discusses vessel discharge operations with Guillermo Aquino, lead marine cargo specialist for the 834th. SDDC supported the prepositioning mission and also capitalized on familiarization training for about 50 Soldiers and Sailors from various locations throughout the country.

## Military Sealift Command

MSC provides efficient, cost-effective sea transportation for USTRANSCOM and the DOD in peace and war. Headquartered in Washington, D.C., MSC uses a mixture of government-owned and commercial ships to provide surge sealift capability for worldwide unit equipment movement; prepositioned sealift of combat equipment, vehicles and supplies for U.S. combat forces; and sustainment and redeployment sealift to keep deployed forces continuously ready until the mission is complete. MSC also supports humanitarian assistance and disaster response missions as directed.

MSC ships are crewed by civilian mariners and have small Navy departments for supply functions. Reservists assigned to MSC provide expeditionary port operations capabilities and headquarters and subordinate command post augmentation. MSC ships operate four business areas for USTRANSCOM: Tanker Operations, Dry Cargo, Strategic Surge, and Afloat Prepositioned Force resourced by the Transportation Working Capital Fund (Afloat Prepositioned Force-T.) MSC reports through three separate chains of command: to USTRANSCOM for defense transportation matters, to U.S. Fleet Forces Command for Navy-specific issues and to the Assistant Secretary of the Navy for Research, Development and Acquisition for procurement policy and oversight.



Photo by Phil Kenyon

An MSC-chartered heavy-lift ship prepares to transport a patrol boat on the ocean leg of its journey to Bahrain. The ship's crane holds the boat in a sling, as workers prepare a cradle to prevent damage to the boat during transit.

## Air Mobility Command

As USTRANSCOM's air component, AMC delivers unrivaled global reach for America with its total force team of Active Duty, Air National Guard, Air Force Reserve Command, civilians and contractors. Together, the Mobility Air Forces sustain the force, fuel the fight, and save lives when supporting USTRANSCOM requirements through their core capabilities of airlift, air refueling, and aeromedical evacuation.

Mobility Air Forces are expeditionary in nature. Through Global Reach Laydown – a capability that enables Mobility Air Forces to respond worldwide with rapid deployment and movement of aircraft, cargo, and passengers – AMC continues to operate in an ever-changing environment.

Global Reach Laydown is a strategy that uses resources from various deployable units and U.S.-based and en route infrastructure. Global Reach Laydown brings these resources together to achieve specific objectives of any particular mobility operation.

AMC's people are the key to effectively providing unrivaled global reach for America...Always!



Photo by Master Sergeant Jeffrey Allen

U.S. Air Force Staff Sergeant Russell Johnson, a loadmaster with the 816th Expeditionary Airlift Squadron, pushes a bundle of meals, ready to eat (MREs) onto a C-17 Globemaster III aircraft. The aircraft air dropped 48,000 pounds of MREs to resupply forces on the ground in Afghanistan.

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

MSC  
Mission Statement

*Provide global air mobility...delivering the right effects to the right place at the right time.*

AMC  
Mission Statement

USTRANSCOM's Reserve Component is an irreplaceable and cost-effective element which supports the DOD's global logistical network and supplies geographic combatant commanders with critical joint enabling capabilities. This all-volunteer force of National Guard and Reserve members provides an operational force that can be used on a regular basis, while ensuring strategic depth for unanticipated national and world-wide crises. Our citizen Airmen, Soldiers, Marines, Sailors, and Coast Guardsmen allow USTRANSCOM to meet its worldwide mobility requirements and challenges of the 21st Century.

# The USTRANSCOM Team

## Joint Enabling Capabilities Command

The JECC located at Naval Station Norfolk, Virginia, and MacDill Air Force Base, Florida, was reassigned as a subordinate command to USTRANSCOM

*Provide mission-tailored, ready joint capability packages to combatant commanders in order to facilitate rapid establishment of joint force headquarters, fulfill global response force execution and bridge joint operational requirements.*

*JECC  
Mission Statement*



Photo by Mr. Rick Maupin, JECC/JCSE

Staff Sergeant Jordan Gladden, a Joint Communications Support Element member, maintained communications equipment and ensured uninterrupted connectivity while deployed in Afghanistan in 2011 in support of Operation ENDURING FREEDOM.

on 1 July 2011. The JECC provides mission-tailored, ready joint capability packages to combatant commanders in order to facilitate rapid establishment of joint force headquarters, fulfill global response force execution, and bridge joint operational requirements.

The JECC consists of three subordinate commands which rapidly enable critical command and control capabilities and deliver tailored, mission-specific support to the joint force commander.

- The Joint Deployable Team is a flexible employment package composed of personnel with expertise in operations, plans, knowledge management, intelligence, and logistics. Mission-tailored teams enable a joint task force headquarters to rapidly form, plan, operate and integrate with interagency and non-military elements of national power for crisis resolution.
- The Joint Communications Support Element rapidly delivers secure, reliable and scalable command, control, communications and computer capabilities ranging from small mobile teams to full-sized joint task force headquarters deployments.
- The Joint Public Affairs Support Element (JPASE) provides the joint force commander with a trained, equipped, scalable and expeditionary joint public affairs capability supporting world wide operational requirements. The JPASE also provides joint

public affairs training through participation in the Joint Exercise Program to better enable joint force commanders and their staffs to successfully meet evolving public affairs and information challenges in their respective theaters of operation.

JECC and its three subordinate commands deployed over 750 personnel during fiscal year 2011 to support combatant command operations and exercises across the full spectrum of military operations, including:

- USCENTCOM's Operation NEW DAWN in Iraq, Operation ENDURING FREEDOM and Combined Joint Interagency Task Force 435 in Afghanistan, and disaster relief efforts in Pakistan.
- USPACOM's Operations TOMODACHI and PACIFIC PASSAGE, the humanitarian assistance and voluntary authorized departure missions following the earthquake and tsunami in Japan.
- USAFRICOM's Operation ODYSSEY DAWN and ODYSSEY GUARD, as well as NATO's Operation UNIFIED PROTECTOR, supporting the international response to the crisis in Libya.
- USNORTHCOM's Hurricane Irene disaster relief efforts.
- USSOUTHCOM's Operation CONTINUING PROMISE, a humanitarian assistance mission in Central and South America.

The integration of the JECC enhances USTRANSCOM's ability to provide unique, mission-ready support to joint force commands worldwide.



Photo by Mass Communication Specialist 2nd Class Daniel Viramontes

Joint Task Force ODYSSEY DAWN staff members discuss command and control of the multi-phase international military operations. Personnel from the JECC Joint Deployable Team were deployed on board the USS *Mount Whitney* (LCC/JCC-20) and assisted with the joint operational planning from February to April 2011.

# State of the Joint Deployment and Distribution Enterprise

Throughout fiscal year 2011, the JDDE demonstrated its extraordinary ability to globally project national will for a wide range of military and humanitarian requirements. It succeeded in meeting operational and geopolitical challenges to maintain our warfighters' lifeline while delivering value to the nation. March 2011 was almost certainly unique in the history of the JDDE, as it successfully supported simultaneous Priority 1 requirements in every geographic combatant commander's area of responsibility — Pacific Command and Northern Command for the Japanese earthquake and tsunami; Southern Command for the President's trip to South America; European Command and Africa Command with unrest in North Africa; and Central Command with unrest in the Middle East; Operation NEW DAWN, and Operation ENDURING FREEDOM. That's why we can confidently say the JDDE is strong, battle-tested, and ready for new opportunities to support our nation's warfighters.

## Achieving Velocity Through Capacity and Mass

USTRANSCOM'S newest Unified Command Plan-assigned mission to serve as the Global Distribution Synchronizer brings new opportunities for improved warfighter support. Our ongoing efforts in Agile Transportation for the 21st Century (AT21) and DPO Strategic Opportunities are only initial steps in this effort. USTRANSCOM remains committed to identifying other opportunities that will increase flexibility, coordination, communication, and synchronization of distribution support to the warfighter across the spectrum of operations.

Our ongoing work on en route infrastructure improvements and pre-positioning efforts allow us to coordinate the most effective and efficient use of organic and commercial transportation mass, available forces and materiel, food, fuel, and sustainment in the most precise and timely fashion: speed when necessary, volume when needed taking maximum advantage of transportation infrastructure while not exceeding capacity, and all in a coordinated and controlled manner.



Photo by Senior Airman Kenny Holston

U.S. Soldiers check the cargo on their convoy comprised of medium tactical vehicle trucks, heavy expanded mobility tactical trucks, and mine-resistant, ambush-protected vehicles before continuing a resupply mission in southern Afghanistan.

## Reengineering JDDE Business Processes

JDDE business process reengineering improves transportation planning, forecast accuracy, and on-time delivery of forces and sustainment to combatant commanders at a lower cost to the Services. AT21 uses industry best practices and government and commercial off-the-shelf optimization and scheduling tools to deliver best value, end-to-end distribution and deployment solutions. We expect the AT21 initiative to deliver a significant return on investment. We are also investigating industry-leading collaborative technologies, computer gaming, and social networking innovations to provide additional capability.

## Improving Visibility Across the Supply Chain

In cooperation with the Defense Logistics Agency (DLA) and USTRANSCOM, the JDDE is improving visibility across the supply chain through the Integrated Data Environment/Global Transportation Network Convergence initiative. The purpose of this initiative to collect supply, transportation and deployment data from disparate systems and allow access to that data from anywhere in the world. This capability provides warfighters access to real time, actionable logistics information and allows them to make informed decisions.

## 2011 Stakeholder Survey

Stakeholders from combatant commands, component commands, Office of the Secretary of Defense, the Services, Joint Staff, DLA, General Services Administration, Army Air Force Exchange System and some commercial partners provided 1,316 responses including more than 8,000 written comments.

We identified two common themes: People don't understand USTRANSCOM's missions and people are concerned about USTRANSCOM's transparency when working with partners and customers. Clearly, external partners look to USTRANSCOM for collaboration and service, and that is what we will provide. Going forward, we will focus on clarifying roles, increasing trust and sharing information with partners and customers.

# State of the JDDE

*“The foundation of our profession is trust. What you do for our armed forces enables that trust to occur...we are the only military in the world that if we call for something...if we need something on the battlefield, we’re going to get it. And about nine times out of 10, it will get there because of TRANSCOM.”*

*General Martin E. Dempsey  
Chairman, Joint Chiefs of Staff*

## Implementing Capability-Based Portfolio Management

The DPO continues to enhance development and integration of IT systems with strategic planning in order to more efficiently allocate funds to the highest operational requirements. This method focuses on known Joint Capability Area gaps to improve the overall performance and efficiency of the JDDE.

## Improving Aircraft Utilization

The JDDE launched the Next Generation Cargo Capability initiative to improve aircraft cargo utilization at major continental AMC aerial ports. This initiative focuses on improving cargo processing, implementing new cargo aggregation standards, and balancing airlift availability with cargo generation. Since implementation at Dover Air Force Base, Delaware in August 2010, and subsequently at Joint Base McGuire-Dix-Lakehurst, New Jersey, Travis Air Force Base, California, and Naval Air Station Norfolk, Virginia, enterprise pallet and aircraft utilization has increased by 10 percent. Increases in pallet and aircraft utilization translates to lower enterprise costs and supports additional DPO initiatives such as Civil Reserve Air Fleet modernization, fuel savings, and in-theater slot time reduction.

## Diversifying Ground Supply Routes

We are continuing to diversify our ground supply routes into and out of Afghanistan to maintain strategically and logistically viable ground lines of communication that support the warfighter. We are working closely with the Office of the Secretary of Defense, U.S. Central, European, and Pacific Commands and the Department of State to constantly refine, develop, and mature supply routes.

## Final Assessment

The JDDE has the awesome responsibility to support men and women who fight to preserve our liberty as well as those who provide lifesaving humanitarian relief and disaster response—and to do so in an operating environment increasingly characterized by uncertainty, complexity, and rapid change. Looking to the future, the JDDE partners will continue to meet these global challenges and provide effective, best value support to our nation.

### Cost Avoidances

From fiscal year 2004 through 2011, actions taken by the JDDE have avoided or saved \$5.7 billion in cost. The savings accrue to Overseas Contingency Operations supplemental funding and allow the Services to purchase other high priority items.

### DPO Cost Avoidances (FY04 – FY11)

Transportation/Materiel Initiatives	
Shifts in Transportation Modes Air to surface; truck to rail; multi-modal; forward stocking initiatives	\$4,923.5
DPO Strategic Opportunities Better utilization (TRANSCOM's Surface and Air Optimization; DLA's Supply Alignment and Strategic Network Optimization)	\$344.3
Aggregated Passenger Requirements Maximize strategic airlift	\$79.3
Defense Transportation Coordination Initiative CONUS lower freight cost via consolidation	\$200.1
Other Supply Chain Initiatives Includes returning missing equipment; hurricane efficiencies; pallet repair; cancelled contracts and shipments; reducing stock numbers; and other supply chain interventions.	\$164.6
<b>Total Cost Avoidance</b>	<b>\$5,711.8</b>

*(Dollars in Millions)*



Photo by Master Sergeant Laura Deckman

U.S. Airmen unload cargo at Kandahar Airfield, Afghanistan.



# Transforming Strategic Transportation

## Executing En Route Strategy

The past year was characterized by a rapidly changing and highly uncertain security environment. We were increasingly challenged to ensure DOD's deployment and distribution networks were fully capable of deploying and sustaining forces. We supported rapid and decisive operations in complex, non-contiguous, and anti-access environments – often in immature theaters lacking robust distribution infrastructure.

This past year, we completed a comprehensive Global Access and Infrastructure Assessment that lays the foundation for our global access strategy. This guides the development of the En Route Infrastructure Master Plan, provides key analytical underpinnings for our role as the Global Distribution Synchronizer and ensures essential capabilities of global access, mobility, and reach.

The assessment declares the importance of building resiliency and redundancy into our global distribution networks, route structures, and critical nodes. Moreover, it provides a process and framework whereby combatant commanders may collaborate closely to maintain and improve global access, and synchronize all future distribution-related posture initiatives.



Photo by Master Sergeant Laura Deckman

U.S. Airmen with the 621st Contingency Response Element unload equipment from a C-17 Globemaster III aircraft upon arrival at Mihail Kogalniceanu Air Base, Romania on 9 May 2011. Service members with the 621st Contingency Response Wing were deployed to the base to extend airfield capability supporting multi-modal operations during a USTRANSCOM proof of principle evaluation. The process was expected to demonstrate the feasibility of using the air base as a hub for equipment flowing into and out of Afghanistan.



Photo by Sergeant Brian Lautenslager

U.S. Marines with Combat Logistics Battalion 2 navigate the terrain of Helmand province, Afghanistan. The Marines provided security for the convoy as it delivered supplies to Forward Operating Base Nelay, Afghanistan.

## Expanding Multi-modal Operations

Through multi-modal operations, we moved large volumes of cargo and thousands of vehicles by sea to locations in closer proximity to the U.S. Central Command area of operations, by truck from the seaports to the nearby airfields and then by air to Afghanistan. This concept was used with great success throughout 2010 and 2011 as we moved over 4,200 of 7,000 Mine Resistant Ambush Protected all-terrain vehicles to Afghanistan via multi-modal. Employing the combination of air, land, and sea modes of transportation resulted in increased velocity, better utilization of aircraft, and ultimately reduced costs by almost \$85 million in fiscal year 2011 and \$485 million since April 2010 when multi-modal operations for these vehicles began.

In a proof-of-principle demonstration, we are evaluating the viability of using Mihail Kogalniceanu Air Base, Romania as a multi-modal port for moving passengers and equipment into and out of Afghanistan. The evaluation began in May.

## Arctic Over-Flight

Implementation of the new Russian and Kazakhstan transit agreement strengthened the Northern Air Corridor to Afghanistan and developed an expedited passage from North America to Afghanistan. This routing eliminated 1,500 miles of travel, reduced travel time and cost while promoting utilization of modern fuel efficient aircraft and the accompanied fuel savings. Over 3,800 passengers have benefited from this shorter routing while the DOD saved \$3 million.

Direct delivery via arctic over-flight is another example of providing the right effects, to the right place, at the right time through global reach.

# Transforming Strategic Transportation

## Enhancing Supply Chain Management

The JDDE is improving the DOD supply chain through a series of DPO Strategic Opportunities (DSO) initiatives, supported by institutional performance metrics and collaborative analysis. DSO initiatives include five major opportunities to enhance readiness, improve velocity and reduce DOD supply chain costs. Strategic Surface and Air Optimization initiatives lower the cost of distribution by better consolidating cargo, and modifying container and pallet build rules to gain better utilization. The JDDE is also increasing distribution effectiveness and efficiency through Strategic Network Optimization and Supply Alignment, which aims to optimize the number, location and strategic function of supply chain nodes as well as optimizing the inventory levels within these nodes.

We also accomplished a major milestone this year with DPO governance approval of world-wide time definite delivery standards, which are now in the coordination process to be the new Department-wide standard for measuring logistics response time. By holding ourselves and our partners accountable to meeting time definite delivery standards, we provide a common foundation from which to pinpoint distribution network process and policy changes required to improve Warfighter support. Identifying the root cause of performance gaps, assessing alternatives, and then recommending best value corrective actions are areas particularly suited for the analytical skills and tools resident within our Joint Distribution Process Analysis Center (JDPAC). Through programmatic and operational modeling, simulation and analysis, the JDPAC provides analytical rigor in support of DPO AT21 and DSO initiatives.

Finally, through process improvement initiatives, the JDDE improves velocity across the enterprise by identifying and removing non value added wait time throughout the supply chain. These collective initiatives are generating benefits to the warfighter by delivering higher levels of service at lower costs. To date, DSO initiatives have generated savings of \$262 million and improved delivery time by as much as 40% in targeted distribution lanes.



Photo by Sergeant Shannon Gregory

Workers walk by shipping containers before offloading them from the MSC-chartered container and roll-on/roll-off ship *MV Virginian* (T-AK 9205) at Kuwait Naval Base, Kuwait.

## Single Port Operations System Realized

Transformational efforts were completed at 41 SDDC surface terminals with the implementation of a standardized software application that enhances the receipting, processing, and manifesting of unit deployment, redeployment, and sustainment cargo. For the first time in USTRANSCOM's history, there is a single port operations and manifesting system supporting worldwide aerial ports, surface terminals, and Defense courier operations. This joint application supports strategic and deployed nodes operating in austere locations where reliable communications are problematic.

The migration of the Worldwide Port System used by SDDC into the Global Air Transportation Execution System used by AMC – systems that have worked separately to provide different services to the same cargo and passengers – will improve in-transit visibility for the global deployment and distribution community, reduce duplication, and generate \$5 million in savings per year.

## Taking the Supply Chain Vertical

Worldwide our warfighters are asked to work in austere, dangerous, and remote locations. To ensure our ground forces operating from these isolated sites receive the life-sustaining supplies they need, when they need them, regardless of where they are located, air mobility forces have moved the supply chain airborne. Taking the supply vertically gets convoys off dangerous roads, frees up helicopters for operational missions, expedites deliveries, and saves lives. Providing precise resupply from the air requires using, and continuously developing, innovative ways to deliver increasingly greater amounts of food, water, ammunition, and other essentials to forces in austere locations. Such systems as the Joint Precision Airdrop System, the Improved Container Delivery System, and the C-130 Hercules low-cost low-altitude combat airdrop have been used quite successfully to resupply ground forces at forward operating bases.

Certainly taking the supply chain vertical has reduced the risk to our ground transportation fleet and as new capabilities for airborne supply are developed, minimizing the risk to the delivery platforms and their crews remains a major consideration. Capabilities currently in development that incorporate this strategy are the High Speed Container Delivery System, Autonomous Technologies for Unmanned Air Systems, and the Hybrid Airship.



Photo by Master Sergeant William Greer

Pallets of water are released from a U.S. Air Force C-17 Globemaster III aircraft during an airdrop mission over Afghanistan in support of Operation ENDURING FREEDOM.

Helicopter Sling Load of Joint Precision Air Drop Systems (JPADS) is a new application of the precision airdrop system. This emerging capability will enable precision aerial delivery of payloads from the cargo hook of a helicopter. JPADS uses global positioning technologies to accurately guide airdropped cargo. Using JPADS to deliver cargo from rotary wing platforms increases our capacity and flexibility to support the warfighter in all environments.

During this year, air mobility forces airdropped close to six million pounds of cargo every month in Afghanistan. This is comparable to more than twice the amount of cargo that was airlifted in support of relief operations after the Haiti earthquake. By the end of fiscal year 2011, air mobility forces airdropped 81 million pounds of supplies and equipment to U.S. forces operating in isolated areas.

## Adapting Joint Task Force Port Opening Capabilities to Support the Warfighter

Our JTF Port Opening capabilities continue to be among the geographic combatant commanders' top requests for emergencies, incidents, and global contingencies to ensure the effective deployment of forces and sustainment distribution. The JTF Port Opening is scalable, allowing us to organize the task force with specific capabilities needed to open an aerial or seaport of debarkation. Early arriving logistics forces set the conditions for the smooth flow of initial combat, sustainment and other follow-on forces. Opening a theater quickly and effectively is a key element in any combatant commander's operational plans.

Extending the DPO's influence beyond the port is still a USTRANSCOM focus evidenced by its second TURBO TRANSITION event held at Joint Base Langley-Eustis, Virginia. This event exercises the synergy between USTRANSCOM's theater and port opening capabilities with those expeditionary theater opening capabilities of the geographic combatant commanders' and other national partners (such as DLA, U.S. Agency for International Development, and the Federal Emergency Management Agency).

To set conditions for future distribution success, as the Global Distribution Synchronizer we are working to bring together multiple, disparate but interdependent entities to establish a common understanding of theater opening challenges, possibilities, and potential actions.

# Transforming Distribution

## Fusion Center – Enabling Transformation

Agile Transportation for the 21st Century (AT21) efforts continue to transform how USTRANSCOM and the JDDE plan and conduct movement operations. These efforts are aimed at development of an array of cognitive visualization tools which will be employed in the USTRANSCOM Fusion Center. These tools will enable USTRANSCOM to respond consistently to the demands and information placed upon the deployment and distribution system to produce time-definite and cost-specific solutions; optimize asset utilization; and deliver on-time performance. A large percentage of USTRANSCOM's research and development budget supports next generation information technology initiatives.

## Agile Transportation for the 21st Century

AT21 is a major effort that provides the means to manage and optimize the end-to-end delivery of forces and sustainment. AT21 improves and, where appropriate, automates processes that capture all the activities and tasks that people work through every day to move “things.” AT21 is not simply a system, application, or software package; it is a comprehensive effort to develop a full range of capabilities to methodically accomplish processes required to manage deployment and distribution operations. AT21, through its systems, integrates defense supply chain, logistics, transportation, and distribution-related data and information technology services and provides the in the box situational awareness of personnel, materiel and equipment moving through the Defense Transportation System from fort to foxhole.

## Corporate Services Vision: An Enabler for Transforming Logistics

Corporate Services Vision is the JDDE's transformational approach in the way we do business. Through this approach, we are optimizing DOD distribution information technologies, transforming the computing infrastructure, and reducing duplication. The Corporate Services Vision is prescribed in the Joint Deployment and Distribution Architecture-Enhanced and guides the identification, construction, and fielding of JDDE-core information services

Data transparency is a key requirement to enhancing our ability to fuse data and generate options in delivering capability to the warfighter.

focused on the value chains used by warfighters and other customers to request, fulfill, and track the deployment and distribution of people, equipment, and materiel in support of operations.

Our logistics professionals access these information services through the USTRANSCOM Distribute.mil portal. The information services are focused on capabilities and work flows – not systems or programs.

Corporate Services Vision allows for a more agile, loosely coupled, and standardized way of doing business that guarantees faster and less-costly development of capabilities that support the warfighter.

The DPO Secure Enclave common computing environment provides an environment in which the Defense Transportation System and DPO Programs of Record capabilities can easily be developed and released to production in weeks instead of months or years. Legacy programs are migrating to the secure enclave's infrastructure and avoiding the need to fund and maintain their own, thereby contributing to a JDDE-wide cost savings.



Photo by Robert Fehninger

Master Sergeant Rod Angquico, Operations Superintendent, Defense Courier Division, coordinates a courier movement with one of the 18 global courier stations. The Courier Division provides secure, timely, and efficient end-to-end global distribution of classified and sensitive material for the United States and our allies.

## Synchronizing Global Distribution

The ability of the U.S. to project and sustain forces globally is one of our nation's greatest asymmetric advantages. Success depends on our ability to synchronize deployment distribution planning and execution across DOD, the geographic combatant commands, the Services and our coalition and inter-agency partners. To that end, the President assigned USTRANSCOM an additional Unified Command Plan mission as the "Global Distribution Synchronizer."

In collaboration with our JDDE partners, we will shape the distribution environment and gain greater access to distribution lanes that cross multiple theaters to project and sustain forces globally. Collectively, we will "knit the seams" between multiple combatant command theater distribution campaign plans, and create a more robust and adaptive distribution network that reduces operational risk.

## Planning a Comprehensive Materiel Response

In September 2010, the Vice Chairman of the Joint Chiefs of Staff tasked USTRANSCOM and DLA to develop a comprehensive materiel response plan with the goal of transforming the existing global distribution construct to support the full range of military activities, which include combat, security, engagement, and relief and reconstruction. In March 2011, the Secretary of Defense directed USTRANSCOM and DLA to recommend a strategy through the Comprehensive Materiel Response Plan that positions capabilities globally to project and sustain the elements of national power effectively and efficiently. This is a first-of-a-kind comprehensive plan developed in the context of the DOD's global distribution network, warehouses, prepositioned materiel, and transformational distribution capabilities.

The 2011 plan includes the current "as-is" picture of the global network with an assessment of potential opportunities to improve the effectiveness and efficiency of the network. Future materiel response plans will address interagency and multinational synergies from a global posture perspective and will include a strategy for centralized management of materiel positioning and distribution.

## Meeting the Cyberspace Threat

In 2011 there were 44,551 computer network events affecting USTRANSCOM, making it one of the most frequently attacked of all the combatant commands. This is due in large part to the nature of the enterprise. Working with commercial partners, USTRANSCOM relies on unclassified and commercial networks to deliver supplies and passengers around the world.

To counter cyber threats, the command embarked on its DPO Secure Enclave initiative to increase efficiency, protect information, and improve cyber defense operations. Additionally, USTRANSCOM continued implementation of improvements to its defense-in depth architecture and its cyberspace operations defense posture through the deployment and integration of controls that enhance boundary defense, malware and anti-spam protection, and systems redundancy. Our research, development, test, and evaluation program continues to invest in advanced cyberspace research to ensure delivery of critical logistics information and meet the need of combatant commands and their components for assured command and control capabilities despite hostile attempts to attack, disrupt, and deny computer networks. The command expanded its host-based security systems and participated in several technology pilot programs with the U.S. Cyber Command, the National Security Agency, and the Office of the Secretary of Defense.

Finally, USTRANSCOM laid the foundation for developing the National Defense Strategy for Cyberspace Operations with a team assembled from throughout the command. The team was instrumental in revealing pressing cyber challenges to a panel of senior defense leaders participating in a series of cyberspace tabletop exercises as it enabled exercise scenario developers to establish context and provide relevant operational examples for the senior leaders. This USTRANSCOM team garnered congratulatory recognition from the Office of the Secretary of Defense for its insights into the cyberspace threat.

# The United States Transportation Command – Synchronizing and delivering full-spectrum deployment and distribution solutions





Keeping our promises –  
Measuring success through  
the eyes of the warfighter

# Projecting National Military Power

## Contributing to the Asymmetric Advantage: Our Commercial Partners

All the surface movement through the Northern Distribution Network and through Pakistan, carrying sustainment for our forces in Afghanistan, is accomplished with our U.S. commercial partners. We oversee it and manage the flow, but our commercial partners are the ones making it work.

During the past three years of operations along the Northern Distribution Network, our commercial sealift partners have developed and sustained the primary artery of surface supply to support the warfighter in Afghanistan. Utilizing established commercial infrastructure, these companies have unparalleled access to sea, rail, and road assets unavailable to the DOD. Our commercial partners leverage local business contacts to develop a supply chain across multiple countries - delivering 268,771 tons of sustainment and unit cargo via the network in fiscal year 2011 alone. The worldwide reach of these commercial partners and foreign industry connections enabled incomparable success.

USTRANSCOM's Universal Services Contract carriers and Civil Reserve Air Fleet carriers have solved inspection issues, political sensitivity issues, and customs/fee issues for moving DOD cargo into Afghanistan. Our commercial partners have also developed and implemented in-transit visibility and intrusion detection to address pilferage en route to Afghanistan.

Our commercial readiness partners in the Civil Reserve Air Fleet and Voluntary Intermodal Sealift Agreement Programs, who normally operate in separate modes, teamed up to provide a sea-air option in the Universal Service Contract, whereby the ocean carrier takes the cargo to Dubai, where it is trans-loaded to a nearby airfield for air transportation by a subcontractor into an airfield in Afghanistan. This is cheaper than air all the way, yet avoids the pilferage and dangers of the Pakistan Ground Line of Communication and delivers more

quickly. This unprecedented contracting tool tapped the capability of the commercial sector in a new way.

FY11 Civil Reserve Air Fleet Support		
Commercial Companies (Partners)		31
Number and Type of Aircraft	Passenger	684
	Cargo	175
	Aeromedical	39
Troops Carried		1,362,365
Cargo Shipped (short tons)		253,788
Commercial Missions Flown		11,748



Photo by Ken Wright  
Military family members arrive aboard a chartered airliner at Travis Air Force Base, California. Several hundred family members traveled from Yokota and Misawa Air Bases, Japan, as part of Operation PACIFIC PASSAGE, a voluntary return of family members from Japan in the aftermath of the earthquake and tsunami that struck the Japanese mainland 11 March 2011.

## Partnering With Industry and Customers to Develop and Execute Innovative Solutions

Japan's 8.9 magnitude earthquake and subsequent 70 foot high tsunami in March tested USTRANSCOM's rapid response ability when the earthquake and tsunami caused a nuclear emergency at Japan's Fukushima power plant. Under the escalating radiation threat, USTRANSCOM supported the voluntary evacuation of more than 7,000 DOD personnel and family members along with 400 pets to reduce the burden of supporting families while conducting relief operations. By quickly coordinating and awarding contracts with our Civil Reserve Air Fleet partners, we were able to build an air bridge of 13 aircraft from seven airlines. When incoming traffic quickly overwhelmed the Seattle-Tacoma International airport processing capabilities, USTRANSCOM coordinated with reception teams from U.S. Northern Command and established two additional entry points at Travis Air Force Base, California and Denver International Airport. The additional entry points ensured the efficient movement of the passengers to their final destinations and highlighted USTRANSCOM's flexibility to respond to rapidly changing world events.



## Voluntary Intermodal Sealift and Tanker Agreements

The primary program which provides an interface with commercial industry to achieve success like the Northern Distribution Network is the Voluntary Intermodal Sealift Agreement (VISA) Program. Established in 1997, and managed by the U.S. Maritime Administration, VISA is the cornerstone of our ability to meet the nation's strategic sealift contingency requirements. Through pre-negotiated contingency contracts, VISA provides DOD with assured access to: militarily useful, U.S.-flag, dry cargo sealift capacity; U.S. mariners; their global infrastructure; and the intermodal capability required to augment organic sealift capabilities during conflict.

VISA is organized into three stages of increasing commitment, activated in succession, and based on lift requirements. With all major U.S.-flag carriers participating in VISA, DOD has access to more than 90 percent of the U.S.-flag dry cargo capacity that encompasses roll-on/roll-off and container ships, break-bulk ships and seagoing tugs and barges.

The Voluntary Tanker Agreement (VTA) is the petroleum capacity equivalent of VISA. Through VTA, DOD gains access to U.S.-flag petroleum capacity in three stages of increasing capacity similar to VISA.

Voluntary Intermodal Sealift Agreement	
Cargo Vessels	387
Participating Carriers	54
Twenty-foot Equivalent Units	160,103
Square Footage	5,498,788
Measurement Tons	246,089

## Surface Lift

SDDC is fully engaged and focused on the drawdown of U.S. forces from Iraq and supporting the fluid posture of forces in Afghanistan. The SDDC Command Operations Center successfully facilitated the surface deployment of more than 26.8 million square feet of cargo into the U.S. Central Command theater aboard 304 vessels and supported the redeployment of 142 vessels consisting of over 7.7 million square feet of cargo with the use of our U.S. commercial carriers.

The SDDC Sealift Operations Division plays an integral role in supporting military operations through the professional business relationship with multiple U.S. commercial carriers and Military Sealift Command, resulting in the execution of 446 liner and government vessel movements. This partnership has allowed SDDC to export and import approximately 5 million square feet of unit cargo for Operations IRAQI FREEDOM/NEW DAWN and ENDURING FREEDOM.

The SDDC Fusion Center conducts global surface deployment and distribution planning. It successfully deployed unit and sustainment cargo on the Pakistan Ground Line of Communication and Northern Distribution Network routes and has spearheaded the implementation of a new multi-modal route. Through the successful use of these routes, SDDC has achieved greater cargo velocity, and benefited from reduction in use of air assets and increased throughput due to shorter sail times and shorter air legs.

*“The warfighter trusts SDDC to deliver anywhere, anytime - and that trust dividend is realized through the power of our commercial partners to provide the asymmetric advantage our warfighters need - in peace and in war.”*

*Major General Kevin A. Leonard  
Commanding General, SDDC*

## Northern Distribution Network

Established in 2008, the Northern Distribution Network is a key strategic alternative to the congested Pakistan Ground Line of Communication. USTRANSCOM is constantly seeking ways to decrease cost and delivery time, and obtain two-way cargo flow on as many routes as possible in support of operations in Afghanistan. In fiscal year 2011, USTRANSCOM moved 42,380 twenty-foot equivalent unit intermodal shipping containers through the Northern Distribution Network, delivering 268,771 short tons of cargo. This is an 88% increase over the previous year.

# Projecting National Military Power

## Sealift

In fiscal year 2011, MSC operated tankers and dry cargo ships to support DOD operations worldwide, including Operations NEW DAWN and ENDURING FREEDOM. MSC ships provided combat logistics services for Navy ships involved in Operation TOMODACHI, the U.S. response to the earthquake and tsunami in Japan in March 2011, and *HSV Westpac Express*, an MSC Prepositioning asset, moved equipment, supplies and personnel. MSC ships also provided both dry cargo and fuel to the National Science Foundation's McMurdo Station in Antarctica for Operation DEEP FREEZE and to Thule Air Base in Greenland for Operation PACER GOOSE. MSC ships supported numerous joint-force exercises around the globe, while chartered and U.S.-owned heavy-lift ships delivered U.S.-built patrol boats to Iraq under the Foreign Military Sales program. During fiscal year 2011, USTRANSCOM successfully advocated for the approval of funds for government purchase of *MV Vice Admiral K.R. Wheeler*, an offshore petroleum distribution ship under long-term charter to MSC.

## Airlift

AMC and its total force partners provide strategic and tactical airlift capabilities critical to rapidly move passengers, supplies, and equipment anywhere in the world on a moment's notice. Just hours after an earthquake and tsunami struck Japan, mobility Airmen delivered humanitarian relief supplies and teams to the nation. By the end of the month, AMC forces delivered more than 220 relief personnel and 379 tons of cargo for relief efforts, and played a major role in moving more than 5,000 U.S. citizens back to the U.S. through voluntary departures. At the same time, AMC Airmen and C-5s completed one of the largest rotations of helicopters into and out of Afghanistan in Air Force history. This effort moved more than 170 helicopters.

USTRANSCOM air assets airdropped 81 million pounds of supplies into Afghanistan during fiscal year 2011 – compared to 2 million in 2005.

## Air Refueling

Air refueling enhances our nation's ability to project power rapidly anywhere in the world. It helps provide our nation's leaders the strategic flexibility they need to respond to any crisis in hours, not days. Air refueling enables the battlefield commander to have joint and coalition combat aircraft loiter overhead providing an umbrella of protection for his ground forces. AMC Airmen played a significant role in a coalition no-fly zone over Libya, while continuing to support U.S. operations around the world. During the first two weeks of the no-fly zone over Libya, AMC-controlled KC-10s and KC-135s flew more than 300 sorties offloading nearly 17 million pounds of fuel.



Photo by Master Sergeant Scott Sturkol

A U.S. Air Force KC-135R Stratotanker aircraft refuels a C-5M Super Galaxy aircraft over northern Canada. The C-5M was on a mission to complete the first flight from Dover Air Force Base in Delaware over the Arctic Circle to Bagram Airfield in Afghanistan. The plane landed at Bagram just over 15 hours after takeoff.

Since September 11, 2001, AMC has transferred over 14 billion pounds of fuel to Mobility Air Force, fighter, bomber, and coalition aircraft.

## KC-46A: The Next Generation Tanker

The U.S. Air Force is replacing its aging fleet of KC-135 Stratotankers, the primary refueling aircraft for more than 50 years, with the KC-46A. With more refueling capacity, improved efficiency and increased capabilities for cargo, passengers, and aeromedical evacuation, the KC-46A will provide aerial refueling support to the Air Force, Navy, and Marine Corps as well as allied nation coalition force aircraft.

The KC-46A will be able to refuel any fixed-wing receiver-capable aircraft on any mission. This aircraft will be equipped with a modernized refueling boom capable of dispensing fuel at high offload rates. An integral hose and drogue refueling system will allow refueling of probe-equipped aircraft on every mission. Each KC-46A will be capable of carrying wing-mounted refueling pods for simultaneously refueling two probe equipped aircraft. Also, each KC-46A will be able to receive fuel in flight from other tankers, giving the KC-46A greater range or fuel offload capability.

The new tanker aircraft offers significantly increased cargo and aeromedical evacuation capabilities. The cargo deck can accommodate a mixed load of passengers, patients and cargo. The onboard cargo handling system makes it possible to simultaneously carry palletized cargo, passengers on palletized seats and patient support pallets in a variety of combinations.



Photo courtesy of the U.S. Air Force

The KC-46A is intended to replace the aging fleet of KC-135 Stratotankers.

## Patient Movement

USTRANSCOM continues its vital role in the movement of our wounded, injured or ill Soldiers, Sailors, Airmen, Marines, Coast Guardsmen, and our civilian personnel out of U.S. Central Command's area of responsibility. In fiscal year 2011, we conducted 8,075 patient movements, moving patients out of harm's way and home to their loved ones.

In support of USTRANSCOM's ongoing efforts to ensure our patients receive the right care at the right time and the right place, USTRANSCOM is expanding the primary patient reception hubs for the re-distribution of patients within the Continental United States. In June, a contingency aeromedical patient staging capability in San Antonio, Texas was established to meet evolving Service-specific patient movement requirements.



Photo by Senior Airman Lauren Main

Master Sergeant Molly Quentin and Captain John-Michael Fowler care for a critically ill patient on a medical evacuation mission from Pago Pago, American Samoa, to Tripler Army Medical Center, Hawaii. Quentin is an aeromedical evacuation technician assigned to the 18th Aeromedical Evacuation Squadron. Fowler is a critical care air transport nurse with the 13th Air Force Surgeon General's office.

# USTRANSCOM'S Financial Performance

The primary financial mechanism to accomplish our mission is the Transportation Working Capital Fund (TWCF). Whether delivering combat power to Afghanistan through logistics, or humanitarian relief to the people of Pakistan, Haiti and Japan, the TWCF enables USTRANSCOM to perform at the best value to the taxpayer.

The TWCF is a revolving fund for defense transportation. It models a customer-seller relationship between the provider (USTRANSCOM) and the customer (Services or geographic commanders). As we support Overseas Contingency Operations or when responding to humanitarian crises, the TWCF is an enabler that allows USTRANSCOM to adjust to changing operational environments.

The TWCF ensures that resources are available for USTRANSCOM to carry out its mission successfully. Maintaining TWCF cash is the key enabler to giving the USTRANSCOM Commander the flexibility to respond to a crisis at a moment's notice, even before supplemental funds become available.

USTRANSCOM budgets for the cost and revenue required for the TWCF to break-even while focusing on customer satisfaction and efficiency. Cost visibility is just as critical to the financial success of the TWCF as in-transit visibility is to the operational aspect of the mission.

The Fiscal Year 2012 President's Budget planned a TWCF loss of \$274.3 million for fiscal year 2011. This reflected an intentional decision to reduce transportation rates in order to return the previous year's revenue gains to the TWCF customers. The TWCF finished fiscal year 2011 with a \$649.6 million operating loss. This loss was \$375.3 million greater than anticipated. This was due

The vastly improved capabilities of the new Defense Enterprise Accounting and Management System financial management program being developed and tested at Scott Air Force Base enable more timely and effective decision making by leaders throughout the global transportation system and directly contributes to enhanced warfighting capability for the nation.

primarily to significant fuel price increases, which substantially increased costs. In accordance with working capital fund principles, we did not increase the transportation rates in response to fuel price changes; thereby preventing unexpected negative impacts to appropriated customers.

The \$12.877 billion in fiscal year 2011 revenue would place USTRANSCOM 192nd on the United States' Fortune 500 companies list.



Air Force General William M. Fraser III, Commander, USTRANSCOM, thanks Airmen for their outstanding service in the refueling area of Manas Transit Center, Kyrgyzstan during an overseas trip in December 2011.

## USTRANSCOM Net Operating Result

	Actual FY11	Planned FY11	Variance FY11
Revenue	\$12,876.8	\$13,192.0	(\$315.2)
Expense	\$13,526.3	\$13,466.3	\$60.0
NOR	(\$649.5)	(\$274.3)	(\$375.2)

*(Dollars in Millions)*

## SDDC's Financial Performance

SDDC is the recognized and trusted leader in delivering innovative end-to-end deployment and distribution excellence across the full range of military operations while providing expeditionary and sustained surface solutions to meet the nation's objectives. During fiscal year 2011, SDDC moved more than 18.7 million measurement tons of cargo in support of U.S. forces and their missions worldwide.

SDDC delivers world-class, origin-to-destination distribution solutions that leverage the flexibility and responsiveness of the TWCF. One example of the TWCF flexibility and responsiveness is our ability to support numerous multi-modal operations that provide complex bi-directional inter-theater distribution solutions. As a result of our financial agility, SDDC's commitment to the entire DOD community remains sound and secure.

The President's Budget planned a loss to the TWCF of \$164.3 million during fiscal year 2011. This reflected an intentional decision to reduce rates in order to return the previous year's revenue gains to the TWCF customers.

SDDC finished fiscal year 2011 with a \$123.0 million operating loss. This result was \$41.3 million better than budgeted. This was due primarily to increased workload through the Northern Distribution Network.



Photo by U.S. Army

Major General Kevin Leonard, SDDC Commanding General, talks to 595th Transportation Brigade members during his visit in the CENTCOM area of responsibility.

SDDC Net Operating Result			
	Actual FY11	Planned FY11	Variance FY11
Revenue	\$2,679.3	\$2,949.1	(\$269.8)
Expense	\$2,802.3	\$3,113.4	(\$311.1)
<b>NOR</b>	<b>(\$123.0)</b>	<b>(\$164.3)</b>	<b>\$41.3</b>

(Dollars in Millions)

## MSC's Financial Performance

MSC delivers afloat prepositioning and sealift support through the TWCF, continuously striving to reduce costs while meeting customer requirements. During fiscal year 2011, MSC made substantial progress in obtaining a clean financial audit. MSC's Financial Improvement Program initiative aligns with the Under Secretary of Defense (Comptroller) Financial Improvement and Audit Readiness Plan, as well as Navy's Financial Improvement Program. During fiscal year 2011 MSC began the process of reconciling balance sheet beginning balances, a critical step toward audit readiness. MSC also validated business process documentation to include flow charts and narratives, which form the basis for subsequent testing. Significantly, MSC also completed substantive testing of transactions and testing of internal controls for five key financial business processes: Order-to-Cash; Procure-to-Pay; Acquire-to-Retire; Hire-to-Retire; and Post-to-Report.

The President's Budget planned a loss to the TWCF of \$62.2 million during fiscal year 2011. This reflected an intentional decision to reduce rates in order to return the previous year's revenue gains to the TWCF customers.

MSC finished fiscal year 2011 with a \$128.3 million loss. This loss was \$66.1 million greater than budgeted. Several factors contributed to this greater operating loss. These were: a decline in customer demand for cargo and tanker services; fewer surge sealift ship activations than anticipated; and changes to the operating status of ships within the Army Afloat Prepositioned Stocks program.



Photo by Mass Communication Specialist 1st Class Cynthia Z. De Leon

Rear Admiral Mark H. Buzby, MSC Commander, speaks to Deck Engineer (Machinist) John Prideax and other crew members during a visit to the MSC ammunition ship *USNS Flint* in Manama, Bahrain.

MSC Net Operating Result			
	Actual FY11	Planned FY11	Variance FY11
Revenue	\$605.8	\$620.0	(\$14.2)
Expense	\$734.1	\$682.2	\$51.9
NOR	(\$128.3)	(\$62.2)	(\$66.1)

*(Dollars in Millions)*

## 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.

In fiscal year 2011, AMC continued to meet customer requirements to move large amounts of cargo both efficiently and economically by relying heavily on the scheduled channel missions. Scheduled airlift (channel passenger and channel cargo) missions moved 283,649 passengers and 1,228 million ton miles of cargo.

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.

The President's Budget planned a loss to the TWCF of \$50.5 million during fiscal year 2011. This reflected an intentional decision to reduce airlift readiness rates to the Air Force. AMC finished fiscal year 2011 with a \$391.0 million loss. This loss was \$340.5 million greater than budgeted. This was due primarily to significant fuel price increases and aircraft maintenance costs. AMC was able to mitigate these losses by more efficiently utilizing cargo capacity on its airlift missions.



Photo by Technical Sergeant DeNoris Mickle

General Raymond E. Johns, Jr., center, AMC Commander, receives a brief on the capabilities of the reconditioned C-5M Super Galaxy aircraft by Airmen with the 105th Maintenance Squadron at Stewart Air National Guard Base, New York.

AMC Net Operating Result			
	Actual FY11	Planned FY11	Variance FY11
Revenue	\$9,242.2	\$9,517.1	(\$274.9)
Expense	\$9,633.2	\$9,567.6	\$65.6
NOR	(\$391.0)	(\$50.5)	(\$340.5)

(Dollars in Millions)

# Financial Statements

## United States Transportation Command

### Statement of Financial Condition (Dollars in Millions)

	FY2011	FY2010
<b>Assets:</b>		
Cash	\$355.3	\$633.1
Available for Operations	\$198.8	\$448.3
Required for Capital Purchases	\$156.6	\$184.8
Accounts Receivable	\$1,336.2	\$1,683.8
Advances Made	\$2.3	\$8.9
Operating Material and Supplies	\$0.0	\$0.0
Capital Property (Net)	\$988.4	\$997.6
<b>Total Assets</b>	<b>\$2,682.3</b>	<b>\$3,323.4</b>
<b>Liabilities:</b>		
Accounts Payable	\$1,462.3	\$1,451.1
Accrued Liabilities	\$36.2	\$44.1
Other Liabilities	\$7.1	\$7.5
<b>Total Liabilities</b>	<b>\$1,505.6</b>	<b>\$1,502.7</b>
<b>Government Equity:</b>		
Unexpended Appropriations	\$14.8	\$9.3
Paid-in-Capital	(\$1,393.5)	(\$1,387.6)
Accumulated Operating Results	\$2,555.4	\$3,199.0
<b>Total Government Equity</b>	<b>\$1,176.7</b>	<b>\$1,820.7</b>
<b>Total Liabilities and Equity</b>	<b>\$2,682.3</b>	<b>\$3,323.4</b>



## Statement of Revenue and Expenses (Dollars in Millions)

	FY2011	FY2010
Revenue:		
Appropriated Capital Used	\$11.5	\$854.4
Gross Sales	\$13,131.2	\$13,281.4
Operations	\$12,961.3	\$13,114.3
Depreciation	\$169.9	\$167.1
Other Income	(\$143.8)	\$0.0
Refunds/Discounts	(\$122.1)	(\$110.3)
<b>Total Income</b>	<b>\$12,876.8</b>	<b>\$14,025.5</b>
Expenses:		
Salaries and Wages:		
Military Personnel Compensation & Benefits	\$42.7	\$41.6
Civilian Personnel Compensation & Benefits	\$363.6	\$357.5
Travel and Transportation of Personnel	\$157.6	\$171.8
Materials and Supplies	\$2,868.1	\$2,392.7
Equipment	\$13.8	\$12.2
Transportation of Things	\$2,875.7	\$3,187.6
Depreciation	\$169.9	\$167.1
Printing and Reproduction	\$0.7	\$0.8
Rent, Communications, Utilities, and Misc Charges	\$38.8	\$37.6
Bad Debts	\$0.5	\$0.5
Other Purchased Services	\$7,027.2	\$7,616.2
Other Expenses	(\$32.3)	\$0.9
Other Losses	\$0.0	(\$24.0)
<b>Total Expenses</b>	<b>\$13,526.3</b>	<b>\$13,962.5</b>
Net Operating Result	(\$649.5)	\$63.0
Depreciation on Non-TWCF Acquired Property, Plant & Equipment	\$7.1	\$4.9
Beginning Accumulated Operating Results	\$3,197.8	\$3,131.1
Prior Year Adjustments	\$0.0	\$0.0
Accumulated Operating Result	\$2,555.4	\$3,199.0

*At the end of the day, there is no doubt that the men and women that comprise the Joint Deployment and Distribution Enterprise – active duty, reserve, government civilians, and contractors – from DLA and our national and commercial partners have performed magnificently while delivering on our promises to the warfighters.*



# United States Transportation Command



**William M. Fraser III**  
US Air Force  
Commander, United States Transportation Command

## Component Commanders

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**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 Kevin A. Leonard**  
US Army  
Commanding General, Military Surface Deployment and Distribution Command

## Subordinate Commanders

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**Rear Admiral Scott Stearney**  
US Navy  
Commander, Joint Enabling Capabilities Command



**Major General David S. Post**  
US Air Force Reserve  
Commander, Joint Transportation Reserve Unit



### Supply Routes

-  Truck
-  Rail
-  Water
-  Pakistan
-  Air