

United States Transportation Command



2012 Annual Report

MEETING A GLOBAL CHALLENGE

The men and women of USTRANSCOM are charged with providing effective and efficient global transportation and distribution for our Nation. We began our 25th Anniversary Year by meeting our President's charge to redeploy our troops from Iraq by Christmas. Along the way, we delivered hope around the world, from New York to Turkey in the form of disaster relief. We closed the year with support for operations in Afghanistan and eventual redeployment.

We have built upon our great legacy by improving our relationships with our international and industry partners. This enabled us to build greater multi modal options to more effectively carry out our National strategy in times of fiscal restraint. This enterprise thinking has helped us achieve \$766.4 million in cost avoidances this fiscal year, while delivering world-class support to our Nation.

FY12 Support of Worldwide Exercises, Operations, and Contingencies

Airlift: 84,906 sorties; 31,181 missions; 1,882,495 passengers; 659,176 short tons of cargo

Aerial Refueling: 20,870 sorties; 1,258,063,600 pounds fuel offloaded; 83,169 receivers

Sealift: SDDC moved 14,594,000 square feet of cargo; MSC moved 502,000 measurement tons of cargo

Operational Support Airlift: 13,037 requirements; 7,546 missions; 72,706 passengers; 630 short tons of cargo

Global Patient Movements: 18,132; **Patients Moved:** 12,257

Joint Enabling Capabilities Command

Deployed over 700 personnel to support 18 operations and 30 exercises



Coordinated and tracked transportation requirements supporting contingency operations in Northern Africa. This support consisted of 40 missions moving over 490 short tons of cargo and nearly 300 personnel

Began the multi-modal deployment of the 101st Combat Aviation Brigade (CAB) to Afghanistan and redeployment of 82nd CAB out of Afghanistan, using Rota Naval Air Station as the transload point. The utilization of Rota enabled USTRANSCOM to transport 78 helicopters and more than 2,600 short tons of associated cargo via sea shipment from Europe back to the US

Conducted the first redeployment of passengers from Afghanistan using Mihail Kogalniceu (MK), Romania as a transit point. The redeployment of these 1,000 passengers enabled USTRANSCOM to test MK for use as a passenger transit hub, and increased our options of how we redeploy troops out of Afghanistan

Deployed forces to Jordan in support of Exercise EAGER LION 12, an international training exercise with more than 19 countries and approximately 11,000 participants designed to promote cooperation and military-to-military relationships among participating forces

Conducted the first movement of troops in support of Operation ENDURING FREEDOM through Incirlik

Executed our first US-flagged commercial air operations into Kandahar, greatly increasing overall capacity into and out of theater

Executed the return of 47,000 military and 3,300 government contract personnel from Operation NEW DAWN in Iraq, while drawing down 6,000 Operation ENDURING FREEDOM surge forces from Afghanistan prior to the Presidential mandate of 31 December 2011

Deployed an aviation brigade from Hawaii to Afghanistan utilizing Diego Garcia, exercising yet another valuable multimodal location providing USTRANSCOM flexibility in strategic transportation

Coordinated first commercial cargo mission benefiting from arctic over flights when an Alaskan unit deployed to Afghanistan, saving approximately \$214K per mission

PAKGLOC (Pakistan Ground Lines of Communication) closes, causing USTRANSCOM to divert Afghanistan surface cargo to alternate routes

Delivered humanitarian aid to the government of Turkey to assist in earthquake recovery efforts

Deployed forces necessary to conduct patient movement operations (including movement of critical care patients) in order to evacuate wounded Libyan personnel via military airlift to medical facilities in Europe and the US. Twenty-three Libyan National patients were transported to a USAID coordinated medical facility in Boston, MA

Supported Operation DEEP FREEZE in McMurdo Station, Antarctica: moved 5,134 passengers; 3,026 short tons of cargo on 66 C-17 missions. Supported the first-ever deployment of the Army's Modular Causeway System to mitigate the loss of critical supply throughput capacity resulting from unforeseen ice pier degradation. Delivered 6.8 million lbs of cargo over the causeway

Front Cover: US Air Force C-17 Globemaster III aircraft crew members assigned to the 816th Expeditionary Airlift Squadron at a non-disclosed base in Southwest Asia, tie an American flag onto a Marine Corps M1A1 Abrams tank during an air transport to Afghanistan in support of Operation ENDURING FREEDOM. (Photo by Staff Sergeant Andy M. Kin)

Commander's Statement

It is my honor to represent the men and women who are the USTRANSCOM team—a team that is in constant motion. As you read this, the men and women of USTRANSCOM are executing operations literally around the globe. To lead our \$13 billion enterprise, I have been on the road a lot this past year; overseas, around the country, and on the hill growing the relationships we need to accomplish our mission. During these engagements, one of the questions I often heard was, “How do you do what you do?” It has become something our Nation sometimes takes for granted, but the reality is that no other country in the world has the capability to move people, equipment and supplies anywhere in the world at anytime; let alone on a sustained basis. We can do amazing things because of our incredible team of approximately 150,000 Soldiers, Sailors, Airmen, Marines, Coast Guardsmen, civilians, contractors and commercial partners all working together for our Nation.

The USTRANSCOM team got off to a quick start in fiscal year 2012. On day one we reorganized our Joint Enabling Capabilities Command (JECC) into a J-code directorate staff which aligned it better within the USTRANSCOM organizational structure. In addition, the JECC assumed responsibility for the Global Standing Joint Force Headquarters (SJFHQ) mission requirements following the disestablishment of the respective geographic combatant commands' SJFHQs. We also wrapped up Operation Unified Protector in Libya in October 2011, providing vital air refueling support to NATO's successful campaign to end Muammar Gaddafi's oppressive regime.

In November 2011, Pakistan closed our overland supply routes into Afghanistan which forced us to divert inbound and outbound cargo to alternate routes. Fortunately, we were able to capitalize on our past successes—particularly the Northern Distribution Network—to overcome this strategic challenge. Stocks in Afghanistan actually increased during the yearlong closure! Shortly thereafter, we flew our first commercial air cargo mission over the arctic and down through Russian and central Asian airspace. Enabled by our efforts to negotiate access, these routes reduced flight times and saved millions in fuel costs. December 2011 brought another success: we met the Presidential challenge to withdraw all American combat forces from Iraq by the end of the year. During late 2011 and early 2012, we supported Operation DEEP FREEZE in Antarctica by moving 5,134 passengers; 3,026 short tons of cargo on 66 C-17 missions and by delivering 3,400 short tons of cargo across the first-ever Antarctic deployment of the Army's Modular Causeway System. This operation mitigated unforeseen ice pier degradation at McMurdo station.



As 2012 progressed, our transportation efforts shifted to gaining the strategic access and authorization we need to retrograde our forces from Afghanistan. We accomplished significant “proofs of principle,” testing new routes and authorizations through many countries in the region who share a common belief that a stable and economically viable Afghanistan is in the best interest of all.

I'm especially proud of the men and women of our USTRANSCOM team who performed the “behind the scenes” work required to open and test these routes. As a result, USTRANSCOM is well positioned to support any directed drawdown in Afghanistan. We closed the year by continuing to provide world-class support to our Nation and to our Warfighting customers—an outstanding finish for USTRANSCOM's 25th anniversary year.

Internally, this year we also undertook a five-year strategic plan that is the most comprehensive strategic planning effort our headquarters has ever undertaken. This effort will position USTRANSCOM as the DOD transportation provider of choice. We began this effort in concert with the focus of our National Security Strategy to the Pacific while anticipating changing requirements in the Middle East, and facing the potential reduction to the Defense budget. We began by asking our warfighter customers, our components, and our commercial industry partners, “How are we doing?” In their feedback, we saw some positive things as well as some challenges. Considering this, we refined our strategy by looking at our core competencies and what we need to do to posture ourselves for the future. This led us to four primary goals: preserving readiness capability, achieving information technology management excellence, aligning resources and processes for mission success, and developing customer-focused professionals.

Organizational transformation of this magnitude will not be easy; especially given the rapidly changing operating environment and the dynamic and challenging fiscal landscape that we face as we look to the future. We will build on past successes and we will position ourselves to reliably deploy, sustain, enable and redeploy our Nation's forces effectively and efficiently. The future requires it, the world demands it, the warfighter deserves it, and our country depends on it.

A handwritten signature in black ink that reads "William M. Fraser III". The signature is written in a cursive, flowing style.

WILLIAM M. FRASER III
General, USAF
Commander

The USTRANSCOM Team

Provide full-spectrum global mobility solutions and related enabling capabilities for supported customers' requirements in peace and war
USTRANSCOM Mission Statement

USTRANSCOM is a functional combatant command with global responsibilities. The basis for USTRANSCOM began forty years before USTRANSCOM was established when the National Security Act of 1947 created the Department of Defense, established combatant commands, and placed into law the requirement for unified action by the Services.

The Goldwater-Nichols DOD Reorganization Act of 1986 was a sweeping reorganization of the combatant commands that produced the operational chain of command and the combatant command structure we know today. Title 10 of the United States Code codifies those changes, and provides the legal basis for the roles, missions, and organization of combatant commands. On 18 April 1987, President Ronald Reagan directed Secretary of Defense Weinberger to establish US Transportation Command. The Unified Command Plan (UCP), signed by the President pursuant to his authority as Commander in Chief, establishes the missions, responsibilities and, where appropriate, the geographic areas of responsibility for commanders of combatant commands.

The UCP requires the Commander, USTRANSCOM to maintain a mission-capable and efficient headquarters staff that can:

- Carry out assigned missions and tasks and plan for and execute military operations as directed.
- Assign tasks to and direct the coordination among subordinate commands to ensure unified action.
- Maintain the security of and carry out force protection responsibilities for the command, including assigned or attached commands, forces, and assets, in compliance with applicable geographic combatant commander policy.
- Designate and establish the readiness requirements of assigned military service headquarters to be joint task force–capable headquarters.
- Provide trained and ready joint forces to other combatant commands, as directed.
- Plan, conduct, and assess security cooperation activities in support of the geographic combatant commanders' security cooperation strategies.

- Support the geographic combatant commanders in the planning and execution of military support to stability operations, humanitarian assistance, and disaster relief, as directed.

Furthermore, the President of the United States assigns the following unique responsibilities to USTRANSCOM:

- Mobility joint force provider responsible for identifying and recommending global joint sourcing solutions to the Chairman, in coordination with the Services and other combatant commanders, from all mobility forces and capabilities, and supervising the implementation of sourcing decisions.
- DOD's single manager for transportation responsible for providing common-user (i.e., other than service-unique or theater-assigned assets) and commercial air, land, and sea transportation; terminal management; and aerial refueling to support the global deployment, employment, sustainment, and redeployment of US forces.
- DOD single manager for patient movement responsible for DOD global patient movement, through the Defense Transportation System, in coordination with the geographic combatant commanders.
- DOD Distribution Process Owner (DPO) responsible for coordinating and overseeing the DOD distribution system to provide interoperability, synchronization, and alignment of DOD-wide, end-to-end distribution and developing and implementing distribution process improvements that enhance the defense logistics and Global Supply Chain Management System.

(list of responsibilities continues on next page)

- Global distribution operations synchronizer responsible for synchronizing planning for global distribution operations and in coordination with other combatant commands, the military services, and, as directed, appropriate government agencies. Specific responsibilities include providing military representation to US national agencies, US commercial entities, and international agencies for global distribution operations, as directed, advocating for global distribution capabilities, and integrating theater security cooperation activities, deployments, and capabilities supporting global distribution, in coordination with the geographic combatant commanders and making priority recommendations to the Secretary.
- Joint enabling capabilities provider responsible for providing mission-tailored, ready joint capability packages, as directed, which are capable of short-notice, limited duration deployments to assist combatant commanders in establishing, organizing, and operating a joint force headquarters, including deployable communications and public affairs support.

USTRANSCOM executes missions and global responsibilities through Army, Navy, and Air Force components and two subordinate commands.



US Army photo

SDDC's 595th Transportation Brigade arranged and shipped the last mine-resistant, ambush-protected vehicle out of Iraq, along with other vehicles and cargo at the Port of Ash Shuaiba, Kuwait on the vessel, Ocean Crescent. Upon arrival at the Port of Beaumont, Texas, SDDC's 597th Transportation Brigade received, downloaded, cleared, and forward distributed all the vehicles and cargo to various locations in the US.

Photo by Sergeant Shannon Gregory, US Army



Workers offload a shipping container from the Military Sealift Command roll-on/roll-off ship MV Virginian (T-AK 9205) to a flatbed truck at Kuwait Naval Base, Kuwait. The operation is part of the drawdown of forces in Iraq.

Military Surface Deployment and Distribution Command

SDDC is USTRANSCOM's Army Service Component Command providing expeditionary and sustained end-to-end deployment and distribution to meet the nation's objectives.

With approximately 3,000 people, SDDC books, ships, tracks and conducts port operations for surface movements worldwide with a low financial overhead by leveraging services from the best of the US transportation industry. The command's primary focus is timely and accurate support to the Warfighter along with positioning the command for the future while improving processes and measuring performance.

The command supports service members, federal employees and their families with safe and secure delivery of their household goods and privately-owned vehicles. Additionally, SDDC's Transportation Engineering Agency provides DOD with engineering, policy guidance, research, and analytical expertise ensuring US military forces can respond successfully to any requirement anywhere in the world.

Provide expeditionary and sustained end-to-end deployment and distribution to meet the Nation's objectives

*SDDC
Mission Statement*

The USTRANSCOM Team

Military Sealift Command

As USTRANSCOM's sealift component, MSC provides efficient, responsive and 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 US combat forces; and sustainment and redeployment sealift for deployed US forces. MSC also supports humanitarian assistance and disaster response missions as directed.

Civilian mariners crew MSC ships. Some have small Navy departments for supply functions. Assigned Navy Reservists provide expeditionary port operation capabilities and command post augmentation.

MSC ships operate four USTRANSCOM business areas: 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 strategic sealift matters, to US 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. Together, we deliver!

Air Mobility Command

AMC, an Air Force Major Command, is our Air Force component and provides airlift, aerial refueling, air mobility support, and aeromedical evacuation capability. AMC plans, coordinates, and manages commercial airlift provided to DOD by the Civil Reserve Air Fleet (CRAF) program during contingencies. CRAF is a cooperative, voluntary program involving the Department of Transportation, DOD and the US civil air carrier industry that augments DOD's organic airlift capability during a national defense-related crisis. Air carriers volunteer their aircraft to the CRAF program through contractual agreements with USTRANSCOM in return for preference in carrying peacetime cargo and passenger traffic for DOD.

AMC works closely with theater air component commands of each combatant command to establish appropriate standards that will

Operate the ships which sustain our warfighting forces and deliver specialized maritime services in support of national security objectives in peace and war

MSC
Mission Statement

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

AMC
Mission Statement



Photo by Master Sergeant Laura K. Deckman, US Air Force

Air transportation specialists with the 621st Contingency Response Element unload equipment from a C-17 Globemaster III aircraft upon arrival at Mihail Kogalniceanu Air Base, Romania. USTRANSCOM is demonstrating the feasibility of using the air base as a multi-modal hub to support equipment and passengers flowing into and out of Afghanistan.

enable a smooth transition to contingency operations. As the designated lead agent for the Air Force air mobility mission area, AMC is responsible for developing weapon system standards and integrated command and control processes for the entire air mobility force. Global standardization of air mobility processes ensures forces, from any source, are effectively and efficiently combined. AMC's global presence of fixed operating sites, deployable support, liaison teams, and worldwide forces operating continuously are the mainstay of Air Force global mobility.

Joint Enabling Capabilities Command

A USTRANSCOM subordinate command, the JECC provides mission-tailored, 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 is comprised of three subordinate joint commands, all of which rely heavily on Reserve Component as well as Active Component personnel to provide capabilities across seven unique functional areas (joint planning, operations, logistics, knowledge management, intelligence support, communications, and public affairs) within hours of notification.

- The Joint Planning Support Element provides rapidly deployable, tailored, ready, joint planners, operators, logisticians, knowledge managers, and intelligence specialists in order to accelerate the formation and increase the effectiveness of newly formed joint force headquarters.
- The Joint Communications Support Element provides rapidly deployable, en route, early entry and scalable command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR) services capability across the full spectrum of operations to combatant commanders or other agencies as directed in order to facilitate rapid establishment of joint force headquarters and bridge joint C4ISR requirements.
- The Joint Public Affairs Support Element provides ready, rapidly deployable joint public affairs capability to combatant commanders in order to facilitate rapid establishment of joint force headquarters, bridge joint public affairs requirements, and conduct public affairs training to meet theater information challenges.

Through its three subordinate joint commands, the JECC provided over 700 personnel during fiscal year 2012 to the geographic combatant commands for various real-world operations and strategic level planning assistance, including rotational deployments in the US Central Command area of operations and planning support at the headquarters, a Global Response Force deployment supporting US Africa Command, two Defense Support of Civil Authorities deployments under US Northern Command, and two headquarters-level planning missions each for US Southern Command and US European Command. Additionally, the JECC has supported each of the geographic and functional combatant commands in priority exercise events. The JECC continues to build operational expertise to consistently provide joint force commanders with a highly skilled team that rapidly increases joint command and control capability.

Provides mission-tailored, 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*

Joint Transportation Reserve Unit

The JTRU is a subordinate command responsible for providing a trained, ready, and relevant operational force to augment USTRANSCOM's active component forces in order to meet peace and wartime mobility requirements. Comprised of Air Force Reserve, Army Reserve, Coast Guard Reserve, and Navy Reserve personnel, JTRU members are organized, trained, and equipped to seamlessly execute USTRANSCOM's global distribution mission at a moment's notice.

Augment the United States Transportation Command in providing air, land, and sea transportation for the Department of Defense, both in times of peace and war

*JTRU
Mission Statement*

A joint total force organization, the JTRU's innovative and dedicated team of reservists provided support to our warfighters in Afghanistan and assisted in the drawdown of personnel and equipment in Iraq. When the Pakistan Ground Lines of Communication was closed, it was members of the JTRU in concert with their active duty counterparts that developed creative solutions which kept equipment and personnel flowing by alternate means and routes. Close to home, the JTRU assisted in deploying assets to suppress the Colorado wildfires and stood ready to provide augmentation during the hurricane season. This unique team of citizen airmen, soldiers, and sailors epitomizes the USTRANSCOM ethos, "Together, We Deliver."



Photo by Staff Sergeant Joe Laws, US Army

Members of the Joint Planning Support Element gather in a joint operations center to prepare for a real world deployment. Part of the Joint Enabling Capabilities Command's value can be found in the expertise its members possess; stemming from their vast experience in various operational employments.

Together, We Deliver

Through Positioning USTRANSCOM to Meet Future Challenges

The DOD provides national security, future force readiness and sustainability. USTRANSCOM's role in that enormous undertaking is the full-spectrum global mobility and related enabling capabilities we offer to customers in peace and war, those capabilities that make America a global power. At the end fiscal year 2012, we find ourselves in transition: moving from a period of constant combat engagement to an environment characterized by the uncertainty of future operations and a dynamic and challenging fiscal landscape.

Through this transition, our priority is to continue delivering the responsive transportation services and enabling capabilities that have come to epitomize USTRANSCOM's culture of always supporting warfighters while responding globally to affect national will. However, we recognize the challenges we face: varying operating costs, an unknown reserve force, uncertain commercial partner viability, a shifting global infrastructure and contested access, and vulnerable cyber systems.

These challenges will significantly affect the Defense Transportation System and compel USTRANSCOM, its components, subordinate commands, and commercial partners to adapt to a new operating environment. To do this, we will need to change from a culture of sustainment, to one of readiness; from one of doing frequently and daily, to being ready and agile to deliver at a moment's notice. It will require every member of our command to examine our

processes and ensure we provide the most effective and efficient services as we can.

We know our ends – superior support to warfighters and other customers – has not and will not change. We realize our means – fiscal, materiel, and personnel – will not increase for the foreseeable future, unless new or reassigned missions require a reallocation of resources within DOD or the whole of government. And we recognize the need to develop and implement bold and innovative ways to adapt, despite an uncertain strategic and fiscal environment. To remain relevant to our customers and stakeholders, USTRANSCOM will look at adopting more efficient practices in delivering, enabling, and sustaining the joint force.

What Our Stakeholders Are Telling Us

Results of our annual stakeholder questionnaire are in, and quantitative findings indicate 88 percent of internal respondents and 84 percent of external respondents agree USTRANSCOM is performing its existing command priorities well. Written feedback supports these numbers, revealing both what stakeholders value about the command and where USTRANSCOM faces challenges.

More than 1,700 staff and external partners let us know what they think – a record number of responses. Questions were aimed at assessing stakeholders' perception of how USTRANSCOM is performing against its existing command priorities – warfighter support, process improvement, and enterprise synchronization – as well as culture and communication.

“The world has changed, our national priorities have changed and we have new DOD guidance. That's why we're undertaking a comprehensive and collaborative process to assess how we can best align our command to support the needs of our nation for the next five years.”

*Brigadier General John Michel,
Chief, Change and Learning Strategist
USTRANSCOM*



US Air Force graphic by Corey Parrish

Artist concept of the next generation air refueler with a C-17.

High-level findings indicate stakeholders value USTRANSCOM's commitment to the warfighters and their mission, the staff's quality work, and those opportunities when the command teams and collaborates.

Results also inform USTRANSCOM that component and subordinate commands would like to see more innovation, information sharing, and transparency. Additionally, combatant commands prefer to see more flexible solutions. Internally, there is a perceived need for fewer internal silos and more empowerment.

The command is using the stakeholder feedback to help shape culture and process improvements for the coming year. For example, action items may include leveraging existing knowledge management capabilities at partner organizations and finding more opportunities to use audio/video conferencing capabilities to improve information sharing.

Additionally, we were attentive to our stakeholders' feedback as we developed USTRANSCOM's new strategic plan and priorities.

Strategic Planning Continues; Priorities Emerge

In fiscal year 2012 we began the most comprehensive and collaborative strategic planning effort in our 25-year history for 2013 and beyond. The objective of this effort will be to position USTRANSCOM as the transportation and enabling capability provider of choice by ensuring retention of the surge capacity necessary to meet our nation's military transportation needs and strengthening our partnerships with members of the mobility community.

We began this effort in concert with our National shift to the Pacific while anticipating a reduction of requirements in the Middle East, and facing the requirement to reduce the Defense budget by \$487 billion dollars. A new strategy was necessary for the command to remain agile, flexible, and quickly deployable. The completion of the first phase of the planning effort was announced 12 October 2012, a strategic vision of what the command needs to address, in a document called "Our Story, 2013-2017." It outlines the methodology for determining focus areas, proposes objectives for addressing them and highlights expected outcomes. The vision will be followed

by implementation plans that will provide the actions, milestones and performance metrics to reach the objectives.

USTRANSCOM's first concern is maintaining support to warfighters and combatant commanders. To do this, the strategy outlines four focus areas. They are:

- Preserve readiness capability—by ensuring the nation has access to necessary commercial and organic (military) capability. USTRANSCOM will become a resilient command capable of rapidly delivering the right capabilities to the right place at the right time—every time!
- Achieve IT management excellence—to guarantee systems enhance decision-making and can operate in a contested cyber domain. We will align IT decisions and resources to deliver efficient capability.
- Align resources and processes for mission success—to make certain we continue to provide world-class transportation services and enabling capabilities. We will establish an internal corporate governance process to support disciplined resourcing decisions and financial transparency.
- Develop customer-focused professionals—to improve our ability to satisfy customer requirements effectively and efficiently. We will develop an enhanced, integrated professional development program for mobility professionals.



US Marines conduct dismounted patrols through the Kajaki Bazaar in Helmand province, Afghanistan.

"The Strategic Plan is our vision for smart change. It provides over-arching strategic guidance regarding our responsibilities as well as the challenges and opportunities the future operating environment presents. Reliably deploying, sustaining, and redeploying our nation's forces has always been our teams top priority, thoughtfully positioning ourselves to do so even more efficiently and effectively in the future. The challenges of a changing world are real—and I don't need to tell you that. But I'm confident that TRANSCOM, our components, our partners, are shaping a better future. Our customers, our nation, and the international community, can continue to count on us to make good on our promise that together, we deliver."

*General William M. Fraser III
Commander, USTRANSCOM*

Together, We Deliver

“Costs matter in everything we do.”

*General William M. Fraser III
Commander, USTRANSCOM*

Through Positioning USTRANSCOM to Meet Future Challenges

Establishing More Effective Governance

While we strive to deliver the responsive transportation services and enabling capabilities to project and sustain our forces across the globe, our challenge is to continue keeping our promises to our warfighters in the face of growing austerity in DOD budget authority.

We have undertaken a comprehensive review of the command's corporate governance process that complements our commitment to resource stewardship. This top to bottom revision of the command's governance construct and principles will significantly contribute to our assurance of the most effective application of resources in an inclusive, transparent manner and that realizes world-class transportation related services and enabling capabilities.

The container ship USNS Sgt. William R. Button (T-AK 3012), top, and the patrol ship USS Typhoon (PC 5) are underway in the Arabian Gulf to conduct operations during Lucky Mariner 2012. Lucky Mariner is an annual US Navy, coalition, and commercial shipping exercise in the US 5th Fleet area of responsibility designed to integrate the civil-military response to a global shipping threat.

Photo by Mass Communication Specialist 1st Class Lynn Friant, US Navy



Through Enabling Distribution Transformation

Agile Transportation for the 21st Century (AT21) efforts continue to transform how USTRANSCOM and the Joint Deployment and Distribution Enterprise (JDDE) plan and conduct movement operations. 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. 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 for information placed upon the deployment and distribution system to produce time-definite and cost-specific solutions; optimize asset utilization; and deliver on-time performance.

In May, AT21 delivered a major collaboration tool: Strategic Surface Route Plan (SSRP). SSRP standardizes and automates processes that optimize ocean-going container movement. Utilizing asset visibility and location information provided by Integrated Development Environment/Global Transportation Network Convergence (IGC), logistics planners capitalized on AT21's process improvements to enhance shipment tracking awareness for customers in combatant and component commands.

AT21 continues building upon developed planning capabilities to manage requirements for discrete (forces) and capacity-based movements (sustainment) in support of the warfighter by focusing on continuous process improvement with supporting information technology to improve transportation planning and distribution operations.

Through Improving Supply Chain Management

USTRANSCOM continues to pursue a series of DPO Strategic Opportunities (DSO) initiatives. This includes five major opportunities to enhance readiness, improve velocity and reduce DOD supply chain costs. This year, the DSO achieved its initial goal of \$500 million in cost avoidance ahead of schedule – a major milestone. Accurate cost comparison tools allowed most effective and efficient use of commercial and organic airlift assets. Keeping the goals of efficiency and effectiveness in mind with each process improvement made this possible.

USTRANSCOM with external partners, such as the Defense Logistics Agency, identified improved container utilization as an opportunity yielding significant cost avoidance. The Defense Logistics Agency is exploring several alternative container loading practices to increase target utilization to approximately 85 percent from the calendar year 2011 baseline of approximately 65 percent. Initial estimates suggest an opportunity of more than \$45 million annually in cost avoidance.

USTRANSCOM worked closely with external mission partners to identify the Next Generation Cargo Capability opportunity and drive implementation at all major continental Air Mobility Command aerial ports. Improvements focused on cargo processing, implementing cargo aggregation standards, and right-sizing available airlift to cargo generation. Since its launch, this initiative has delivered over \$200 million in cost avoidance, the majority coming from fewer, fuller planes and therefore reduced fuel consumption. In the coming year, the DSO team is focusing on further cargo aggregation across mission types (e.g., contingency, channel) and evaluating optimal air cargo flow through the network. External mission partner involvement remains the critical component in our ability to identify and implement future successful improvements.



Photo by Staff Sergeant Jeffrey Nevison, US Air Force

US Airmen unload cargo from a C-17 Globemaster III aircraft at Bagram Airfield, Afghanistan. Hundreds of passengers and more than one million pounds of cargo processed through Bagram each day in support of US and coalition forces in Afghanistan.

“It takes a lot more than just trains, planes, ships and trucks to keep the warfighter supplied. It is about relationships, collaboration and trust”.

*Ms. Renee Roman
Executive Director of Operations
and Sustainment, Defense
Logistics Agency*

Together, We Deliver

Through Global Campaign Plan for Distribution

As the Global Distribution Synchronizer, USTRANSCOM is developing processes to synchronize distribution planning to optimize the Global Distribution Network. The Global Campaign Plan for Distribution (GCP-D) will operationalize the assigned Global Distribution Synchronizer role. The current concept identifies six lines of effort: (1) Coordinate Global Distribution Planning Activities; (2) Realize/Anticipate the Current/Future Environment; (3) Deliver Distribution Cyberspace Capabilities; (4) Optimize Air, Land, and Sea Lift Capabilities; (5) Develop Secure and Flexible Infrastructure/Footprint; and, (6) Optimize Global Material Positioning.

GCP-D will accomplish this with the following actions:

- Assess the Global Distribution Network vis-a-vis the strategic environment.
- Identify issues, determine risk, and develop recommended solutions.
- Pursue solutions through existing forums.
- Provide a framework for the development of Combatant Commander, Service, and Agency distribution plans.
- Provide feedback via an annual distribution in process review, with an assessment of the Global Distribution Network, and update of ongoing efforts in order to provide agile, scalable, and resilient distribution to meet the needs dictated by the current and future operating environment.

As the GCP-D continues to mature, it will play a significant role in shaping the distribution environment.

Enabled by Knowledge Gained in Collaboration

USTRANSCOM uses Technology Transfer (T2) authorities to engage in partnerships with industry and academia and to explore innovations to benefit the DOD's supply chain. USTRANSCOM often uses the Cooperative Research and Development Agreement (CRADA)

T2 tool as its bridge to experts, leveraging their resources, expertise, facilities, and development capabilities without direct expenditure or prolonged competition. The USTRANSCOM Deputy Commander functions as the T2 Laboratory Director.

The Office of Research and Technology Applications (ORTA), reporting to the USTRANSCOM Chief of Staff and Laboratory Director, initiates and manages T2 agreements across USTRANSCOM, leading experiment design, knowledge capture, intellectual property management, and trademarking and licensing of technologies. The ORTA is also USTRANSCOM's representative to the Federal Laboratory Consortium, with links to over 300 Federal Laboratories.

USTRANSCOM has used T2 to explore the following areas: utility of satellite tags on ammunition containers; feasibility of unmanned aerial cargo vehicles; methods of cloud computing; effects of wind farm construction on air traffic radars; methods of using gaming technology for command center training; and for developing hybrid airships concept of operations, return on investment, and tactics.

Enabled by Research, Development, and Experimentation

USTRANSCOM's Research, Development, Test, and Evaluation program collaboratively develops and integrates state-of-the-art technologies to enhance Warfighter mission support and improve the efficiency and effectiveness of the DOD logistics and supply chain operations. The program explores and rapidly delivers joint solutions to identified deployment, distribution, and sustainment challenges. The program pays for itself in gained efficiencies, enhanced capabilities, and a strong return on investment. Capabilities delivered include: airdrop obstacle avoidance/navigation software, capability to quantify distribution center process improvements, monitor/report the material health of combat assets, a system of trailers to ease the transfer of cargo/vehicles, and the ability to deliver sustainment to remote/isolated units via unmanned air systems.

USTRANSCOM leverages the DOD's Joint Concept Development and Experimentation program to improve core business transportation, distribution, and supply chain management processes.

The Theater Logistics Decision Support Tool experiment was a partnership with the Joint Staff, Services, combatant commands, Defense Logistics Agency, and various coalition partners. The experiment enhanced Global Combat Support System-Joint capabilities in order to improve joint force commander logistics and mobility support analysis for developing theater distribution networks.

Enabled by Improved Visibility and Information Security Across the JDDE

USTRANSCOM is transforming Information Technology (IT) acquisition and implementation processes to deliver net-centric capabilities through our Corporate Services Vision (CSV). This approach will provide the JDDE with a less complex, more process oriented, and more flexible environment to maximize the effectiveness and efficiency of enterprise resources and functions. The delivery of Corporate Services will enable effective, efficient, and secure information exchange by standardizing multiple aspects of information management in support of deployment and distribution operations through:

- Standard visibility of enterprise mission processes via Distribute.mil.
- Standard access to enterprise applications and services via a single sign-on capability.
- Standard data and information exchange across the enterprise.
- Reusable enterprise services and applications.
- Streamlined design, development, and integration of IT solutions in a secure environment.

Because USTRANSCOM relies on unclassified and commercial information networks to deliver sustainment supplies and troops across the globe we must be especially vigilant in countering the cyberspace threat. The delivery of Corporate Services provides a structured way to harden the IT network and to be resilient in a contested cyberspace environment. USTRANSCOM is working diligently with the DoD CIO, the Joint Staff J6, US Cyber Command, DISA and our national partners to secure our portion

of the Joint Information Environment by consolidating enterprise infrastructure as a means to simplify the rapid application of security measures to emerging threats.

The DPO Secure Enclave (DSE) provides a standardized, integrated, and secure computing environment for operation of JDDE automated information systems. Delivery of the DSE is the first step in migrating systems from a stand-alone configuration to a shared, standardized environment. The DSE is the primary integration environment for the vast majority of JDDE IT systems, and provides a standardized software development environment that will enable secure development practices.

Standardization and integration improves the efficiency and effectiveness of our IT solutions. Many JDDE information systems currently reside on separate, independent, and dedicated server equipment with customized interfaces that are expensive to maintain. Each system must maintain its own extra capacity for surge capability, and have its own support structure for the operating system, database, and other related components, which increases costs. Ultimately, the DSE not only provides a standardized infrastructure for security and integration but will also reduce overall economic costs to deliver and sustain JDDE information systems.

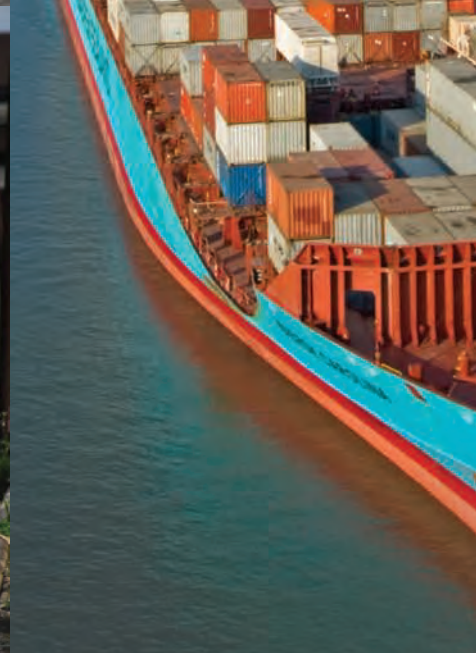


The USTRANSCOM Fusion Center is an environment where deployment and distribution planning occurs and operations are monitored. Planning teams are enabled by robust tools, work in facilities designed to promote an information-rich environment, and fuse strategic and operational planning into an optimal and executable enterprise plan.

“A key element of the President’s Defense Strategy is to strengthen defense cyber capabilities to operate effectively in cyberspace and to counter cyber attacks. Because of USTRANSCOM’s strong reliance on commercial partners, over 90 percent of the distribution and deployment transactions are handled in cyberspace. USTRANSCOM strives to ensure both the integrity of our data and availability for our users and essentially serves as an information broker for deployment and distribution operations across the globe.”

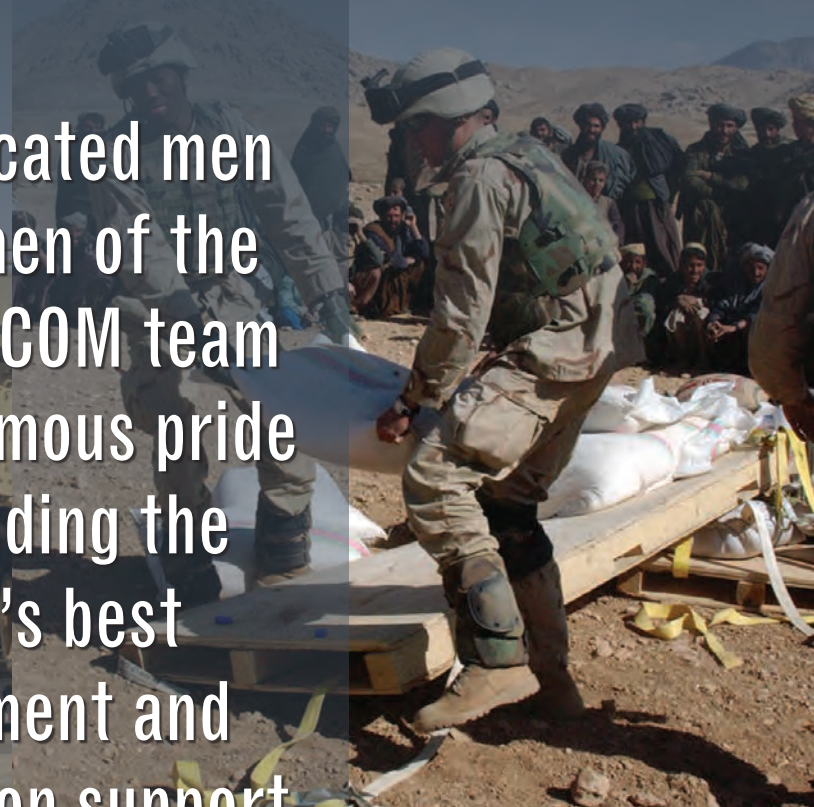
*General William M. Fraser, III,
Commander USTRANSCOM,
Statement before the House Armed
Services Committee, 7 Mar 2012*

Our Nation's greatest asymmetric advantage is our ability to project and sustain our forces across the globe supported by the political, military, and business relationships that enable this expansive network.





The dedicated men and women of the USTRANSCOM team take enormous pride in providing the world's best deployment and distribution support to our great Nation - "Together, we deliver"



Delivering Global Deployment and Distribution Support

Northern Distribution Network

Established in 2008, the Northern Distribution Network is a key strategic alternative to the congested Pakistan Ground Lines 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 2012, USTRANSCOM moved 49,350 twenty-foot equivalent unit intermodal shipping containers through the Northern Distribution Network, delivering 290,547 short tons of cargo. This is a 17 percent increase over the previous year.

Partnering with Industry

Our commercial transportation partners moved a significant portion of all cargo delivered to warfighters. Our ability to support the joint force during future surges will likewise depend on these partners.

Our Universal Service Contract (USC) commercial partners provide world-wide superior service. Building on the success of the Northern Distribution Network, they further solidified these routes as primary supply lines into Afghanistan. Through extensive networks and business relationships in all the countries through which the Northern Distribution Network transits, USC carriers assisted with agreements required to allow two-way transit of designated cargo. The ocean carrier industry provided USTRANSCOM updated commercial best practices during three Integrated Process Team meetings in preparation for the USC-07 solicitation. Industry inputs assisted USTRANSCOM in developing a solid three-year contractual instrument for shipping DOD cargo. Contract improvements include better performance metrics, increased cargo tracking, and revised container detention terms.

Additionally, the commercial partners continued to improve the Sea-Air multimodal operations under USC-06. Carrier efforts to combine sea-air movements under the USC umbrella postured USTRANSCOM to handle the closure of the Pakistan Ground Lines of Communication (PAKGLOC) without missing a beat. Cargo continued to flow as required. The lessons learned from the Sea-Air implementation under USC were applied in developing a stand-alone Sea-Air multimodal contract.



National Air Cargo Courtesy Photo

Army supplies in a 20 foot container being loaded on a National Air Cargo B747. National Air Cargo is one of USTRANSCOM's Commercial Partners.

Sustaining Forces in Afghanistan through the Northern Distribution Network

On 26 November 2011, the Pakistani government closed the PAKGLOC; however, our support to the warfighters continued without interruption. By leveraging the proven capabilities of the Northern Distribution Network (NDN), augmented by air direct delivery and multi-modal operations, we were not only able to maintain pre-closure supply levels but in several critical classes of supply reserve stocks grew to all-time highs.

In fiscal year 2012, in coordination with our commercial partners and allies, we moved over 49,000 twenty-foot equivalent unit intermodal shipping containers through the NDN delivering approximately 291,000 short tons of cargo. When the PAKGLOC closed, USTRANSCOM directed DOD shippers to divert all NDN-eligible cargo destined for Afghanistan to the NDN. While this only generated an 17 percent increase in volume, the percentage of sustainment cargo delivered dramatically increased from 29 percent in fiscal year 2011 to nearly 60 percent. The remaining 40 percent was delivered via airlift.

Prior to the closure of the PAKGLOC, all equipment leaving Afghanistan by surface transited Pakistan. Once that route closed, the necessity to pivot the enterprise coincided with the heavy load on the transportation system connected with the conclusion of operations in Iraq and the requirement to drawdown the force in Afghanistan.

Meeting the redeployment and retrograde requirements while pivoting the enterprise around Pakistan was possible through successful two-way transit negotiations with the countries supporting the Northern Distribution Network, expansion of multi-modal solutions, and the increased access of US commercial wide-body aircraft to air bases in Afghanistan.

Civil Reserve Air Fleet

CRAF carriers continue to satisfy defense transportation requirements on a daily basis, throughout the world. USTRANSCOM and AMC have expanded the use of US commercial carriers to include all five of the major aerial ports in Afghanistan. This has enabled CRAF carriers to more directly support our forces. CRAF carriers have begun to participate in retrograde activity and the growing multi-modal service.

CRAF carriers remain essential in supplying transportation services and provide a critical part of our warfighting deployment capability. CRAF provides approximately 93 percent of DOD's passenger movement capability, over 37 percent of the bulk cargo capability and a significant aeromedical evacuation capability.

In the interest of greater fuel efficiency, the CRAF carriers have accelerated the evolutions of their fleets toward more modern, fuel efficient aircraft. The result has been greater reliability and lower cost across the operational spectrum. This modernization has similarly had a beneficial effect on carriers' commercial business.

FY2012 Civil Reserve Air Fleet Support		
Commercial Companies (Partners)		28
Number and Type of Aircraft	Passenger	236
	Cargo	154
Troops Carried		1,186,892
Cargo Shipped (short tons)		214,327
Commercial Missions Flown		9,255

Maritime Security Program

The United States-flag commercial shipping industry provides USTRANSCOM with a highly effective partner in the provision of military sealift services around the globe by delivering cost-effective service at a high level of performance quality and dependability.

Through the Maritime Security Program and Voluntary Intermodal Sealift Agreement, the US-flag commercial fleet makes intermodal shipping facilities, services and systems, including ships, ships' space, crews, intermodal equipment, and related management

services, available to the DOD to support emergency deployment and sustainment of US military forces.

The trend towards increased reliance on US-flag commercial sealift to deploy and sustain US and Coalition Forces in combat continued even as the focus of combat operations shifted from Iraq to Afghanistan. Since 2008 the share of dry cargoes moved by the US-flag commercial vessels has increased to 95 percent with the remaining 5 percent carried by US Government-owned or controlled vessels.

The cost to the government of acquiring sealift capacity through Maritime Security Program is less than 10 percent of what it would have cost the government to acquire, operate, and maintain equivalent sealift capabilities. In addition, because the Maritime Security Fleet is capitalized and re-capitalized solely through the private investment of the owners and operators of enrolled vessels, the US Government has realized almost \$70 billion in capitalization and re-capitalization cost avoidance savings for the vessels and intermodal infrastructure capabilities provided through the Maritime Security Program and Voluntary Intermodal Sealift Agreement.

American Roll-On Roll-Off Carrier Courtesy Photo



Mine Resistant, Ambush Protected, All Terrain Vehicles (M-ATVs) destined for Afghanistan are staged on the pier in preparation for loading on an ARC vessel, under contract to USTRANSCOM. ARC is one of USTRANSCOM's Commercial Partners.

More than 90 percent of all equipment and supplies needed to sustain US military forces is carried by sea. Since the start of operations in Iraq and Afghanistan, MSC ships have delivered nearly 162 million square feet of combat cargo, enough to fill a supply train stretching from New York City to Los Angeles, and back to Denver. MSC ships have also delivered more than 24 billion gallons of fuel—enough to fill a lake one mile in diameter and 140 feet deep.

Since September 11, 2001, AMC has transferred over 15 billion pounds of fuel to Mobility Air Force, fighter, bombers and coalition aircraft.

Delivering Global Deployment and Distribution Support

Surface Lift

SDDC continues to adapt to ever changing missions and operational environments. After the successful logistical drawdown in Iraq, SDDC is now executing the scheduled logistical drawdown of US forces in Afghanistan. All of these activities were performed against a backdrop of tremendous logistical challenges such as the closure of PAKGLOC, competing global demands and the retrograde of large quantities of cargo via previously untested routes.

In fiscal year 2012, SDDC facilitated the movement of more than 6,850,000 square feet of cargo into USCENTCOM's theater aboard 1,277 vessels and the redeployment of more than 3,322,000 square feet of unit cargo and more than 4,422,000 square feet of retrograde cargo via 830 vessels. No part of this effort could have been accomplished without maintaining a healthy relationship and understanding of our commercial sealift partners' and Military Sealift Command's ability to meet current and future needs of the US Government. Operations branch personnel fostered daily contact, weekly carrier meetings and worked closely with carriers to coordinate and execute critical multi-modal and retrograde Proofs-of-Principles. The end result was the successful mitigation of the PAKGLOC closure and retrograde of cargo for the first time via the Northern Distribution Networks enabling the Command's timely and effective support to the Warfighter.

"The Warfighter expects SDDC to deliver anywhere and anytime! Our military, civilians, and commercial partners are dedicated in delivering unparalleled deployment and distribution solutions to the Warfighter. We deliver trust that the mission is always on-time and complete!"

*MG Thomas J. Richardson
Commanding General, SDDC*

"You cannot say enough about the dedication of these Soldiers and Sailors. Their actions speak volumes about their character and their caliber."

*Lt Gen Ted Kresge Commander,
JTF Support Forces Antarctica*



Landstar Transportation Courtesy Photo

A Landstar truck, with a specially designed lowboy trailer, transports a Bradley Fighting Vehicle. Landstar is one of USTRANSCOM's Commercial Partners.

Operation DEEP FREEZE

Operation DEEP FREEZE is a joint service, inter-agency activity that supports the National Science Foundation, which manages the United States Antarctic Program. For 54 years, the National Science Foundation has depended on the skills and unique abilities of Airmen, Soldiers, and Sailors to ensure safe delivery of life-sustaining fuel and cargo for research scientists and residents in Antarctica.

On 28 June, for the first time in history, a C-17 aircraft performed an operational mid-winter landing at McMurdo Station, Antarctica with the aid of night vision goggles. Having to navigate around massive ash clouds from volcanic activity in Chile and facing -42° F temperatures in McMurdo, the 304th Expeditionary Airlift Squadron crew, in cooperation with a Pacific Air Forces Critical Care Air Transport Team, performed an evacuation of a critically-ill program participant to New Zealand.

Maritime activities in Antarctica began in January with the arrival of the Russian icebreaker, Vladimir Ignatyuk. The icebreaker cut through 12 miles of ice in preparation for the arrival of the Military Sealift Command-chartered fuel tanker, MT Maersk Peary, on 27 January. The Peary off-loaded more than 6.75 million gallons of fuel.

Following the departure of the Peary, the MSC-chartered MV Green Wave arrived at McMurdo on 14 February, carrying the Antarctic Program's annual resupply of food, parts, and other sustainment. It also carried the US Army's 331st Transportation Company's Modular Causeway System. Unusual winter conditions resulted in McMurdo Station's seasonal ice pier being insufficient for supporting cargo operations. The ice pier situation resulted in the National Science Foundation's urgent request to USTRANSCOM for assistance.

Being responsible for worldwide operation of the Modular Causeway System in over-the-shore missions, the 331st Transportation Company answered the call. True to their motto "causeway or no way," 42 soldiers assembled the causeway in challenging weather conditions. It was the first construction of its type in extreme cold-weather and icing, and it permitted the off-load of nearly seven million pounds of cargo and a backload of more than 8.7 million pounds of retrograde cargo. This substantial cargo transfer was

assisted by the Navy Cargo Handling Battalion-One Sailors who worked around-the-clock to complete the cargo transfer in just eight days while battling sub-freezing temperatures and sustained Antarctic winds.

Photo by Boatswain's Mate 2nd Class Nelson Doromal, US Navy



MSC-chartered cargo ship MV Green Wave is docked at McMurdo Station, Antarctica next to a modular causeway system employed by the US Army's 331st Transportation Company to support the delivery of nearly seven million pounds of cargo and a backload of more than 8.7 million pounds of retrograde cargo. Unusual winter conditions rendered the seasonal ice pier incapable of sustaining cargo operations. Sailors assigned to Navy Cargo Handling Battalions 1 and 10 are conducting the cargo handling operation.

Leveraging Commercial Capability To Solve Logistics Problems

Closure of the Pakistan Ground Lines of Communication in November 2011, resulted in the Defense Logistics Agency's Subsistence Prime Vendor incurring a backlog of perishable cargo on alternate routes, decreasing Days of Supply on hand in Afghanistan, and necessitating air transportation to supplement surface deliveries. USTRANSCOM established air tenders with six CRAF carriers in March 2012 to move cargo from Riga, Latvia to warehouses in Afghanistan. Spot bidding maximized competition while intense efforts to secure retrograde missions on return legs resulted in steeply declining prices. The Defense Logistics Agency reached their required Days of Supply within two months and plans to maintain additional weekly flights to sustain supply levels and capitalize on low air tender rates which rival surface retrograde prices.

Leveraging Cost Based Decision Capability – A Transportation Enabler

The JDPAC and Program Analysis and the Financial Management Directorate (TCJ8) provided modeling support to develop cost-based options for the loss of the PAKGLOC and Operation ENDURING FREEDOM retrograde operations. These results were used for information briefings and white papers for the Office of the Secretary of Defense, Joint Staff, USCENTCOM, Service components, and other partners within the distribution network. The results were also used in written distribution guidance to USTRANSCOM components, JDDE partners, and commercial carriers.

The JDPAC and TCJ8 co-developed the Deployment and Distribution Cost Based Decision Support command guidance to ensure cost consciousness is incorporated among other relevant factors in operational decision making through standardized methodologies. JDPAC analysis of Army's Flatcar Assured Access Program, to determine the most cost effective way to ensure retention of adequate future flatcar capacity, resulted in the Army establishing a \$88.6 million program of record for the Army's Fiscal Year 2013-2017 Program Objective Memorandum. JDPAC's combined operational analysis with cost consciousness led to operational change in USCENTCOM air mobility policies resulting in a shift from tender cargo to available organic lift and \$20 million cost avoidance per month.

Photo by Staff Sergeant James L. Harper, Jr., US Air Force



816th Expeditionary Airlift Squadron, stands on the ramp as Container Delivery System bundles exit the aircraft during a high altitude airdrop mission in Afghanistan.

Taking the Supply Chain Vertical

During this year, air mobility forces airdropped close to 4.4 million pounds of cargo every month in Afghanistan. This is comparable to more than twice the monthly cargo airlifted in support of relief operations after the Haiti earthquake. By the end of fiscal year 2012, air mobility forces airdropped 52.4 million pounds of supplies and equipment to US forces operating in Afghanistan.

Performance

USTRANSCOM Transportation Working Capital Fund

The primary financial mechanism to accomplish our mission is the Transportation Working Capital Fund (TWCF). Whether delivering combat power to Afghanistan or humanitarian relief to the people of Pakistan, 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.

Net Operating Result			
	Actual FY12	Planned FY12	Variance FY12
Revenue	\$12,851.6	\$13,288.1	(\$436.5)
Expense	\$13,025.7	\$13,670.8	(\$645.1)
NOR	(\$174.1)	(\$382.7)	\$208.6

(Dollars in Millions)

The Fiscal Year 2013 President's Budget planned a TWCF loss of \$382.7 million for fiscal year 2012. 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 2012 with a \$174.1 million operating loss. This loss was \$208.6 million less than anticipated. This was due primarily to reduced unit cost on commercial missions and greater efficiencies in the AMC Channel Business Area.



Photo by Staff Sergeant Nathanael Callon, US Air Force

General William M. Fraser III, Commander, USTRANSCOM, speaks with Airmen with the 8th Expeditionary Air Mobility Squadron during a visit to an undisclosed location in Southwest Asia.

SDDC's Financial Performance

SDDC continues to promote prudent spending while performing mission-critical functions in the most efficient and cost-effective manner. As a result, SDDC achieved many of the cost reduction targets one year in advance of agency requirements.

A significant financial management milestone SDDC achieved in fiscal year 2012 was the migration to the General Fund Enterprise Business System (GFEBS). The GFEBS is the US Army's new web-enabled financial, asset and accounting management system that standardizes, streamlines, and shares critical data across the Service. GFEBS replaces numerous legacy systems that support our appropriated funds management process.

In fiscal year 2012, SDDC moved more than 16.4 million measurement tons of cargo in support of US forces worldwide. The President's Budget planned a gain to the TWCF of \$43.6 million during this period. This budget submission reflected an intent to balance rates for customers, however, SDDC closed fiscal year 2012 with a \$151 million operating loss. This variance was primarily due to the PAKGLOC closure creating an unplanned shift from dual surface delivery lanes to a solution employing the use of the Northern Distribution Network, and an increased use of multi-modal operations to support warfighters in Afghanistan.



SDDC Photo

Major General Thomas Richardson, SDDC commanding general, recognizes employees for outstanding contributions during a command event. The command's primary focus is timely and accurate support to the warfighter, along with positioning the command for the future while improving processes and measuring performance.

Net Operating Result			
	Actual FY12	Planned FY12	Variance FY12
Revenue	\$3,174.7	\$2,541.0	\$633.7
Expense	\$3,325.7	\$2,497.4	\$828.3
NOR	(\$151.0)	\$43.6	(\$194.6)

(Dollars in Millions)

Performance

MSC's Financial Performance

During fiscal year 2012, MSC continued to make substantial progress toward its calendar year 2013 assertion of audit readiness. MSC's Financial Improvement and Audit Readiness program initiatives align with the Under Secretary of Defense (Comptroller) Financial Improvement and Audit Readiness Plan, as well as Navy's Financial Improvement Program. During fiscal year 2012, MSC performed iterations of internal controls testing and substantive testing of material US Standard General Ledger account balances. MSC also made significant strides in reconciling the beginning balances of its material general ledger balance sheet accounts. MSC participated in the Office of the Assistant Secretary of the Navy (Financial Management and Comptroller) Office of Financial Operations business process standardization initiative wherein multiple rounds of documentation development and review resulted in standardized financial business processes. Other noteworthy events were:

- Development of an audit assertion executive dashboard.
- Execution of a Financial Improvement and Audit Readiness program memorandum of agreement between the MSC Comptroller and USTRANSCOM Chief Financial Officer.
- Development of numerous accounting position papers to support generally accepted accounting procedures compliance positions taken by the MSC Comptroller.
- Participation in USTRANSCOM's Financial Improvement and Audit Readiness component collaboration process.

MSC intends to assert audit readiness on its balance sheets by mid-calendar year 2013.

The President's Budget planned a gain to the TWCF of \$6.9 million during fiscal year 2012. This reflected an intentional decision to increase rates in order to recover the previous year's revenue loss to TWCF customers. MSC finished fiscal year 2012 with an \$22.2 million loss. This loss was \$29.1 million less than budgeted. Several factors contributed to this operating loss. The preponderant factor was that planned workload did not materialize in the Cargo and Surge programs. Rates will be adjusted to accommodate the operating loss.



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

Rear Admiral Mark H. Buzby, right, commander of Military Sealift Command, speaks with members of the crew during a visit to the Military Sealift Command ammunition ship USNS Flint (T-AE 32). Military Sealift Command operates three ammunition ships and 42 ships in the Naval Fleet Auxiliary Force to provide underway replenishment.

Net Operating Result			
	Actual FY12	Planned FY12	Variance FY12
Revenue	\$696.4	\$696.1	\$0.3
Expense	\$718.6	\$689.2	\$29.4
NOR	(\$22.2)	\$6.9	(\$29.1)

(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 2012, 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 317,067 passengers and 1.1 billion ton miles of cargo.

It is important to note that many of AMC's channels, contingency, and special assignment missions are operated by its commercial partners in the Civil Reserve Air Fleet. Always looking to decrease airlift cost and passing those savings to their customers, USTRANSCOM negotiated lower rates with its commercial partners. Per the Fiscal Year 2012 Uniform Rates and Rules for International Service, AMC incurred a reduction in the cost for commercial augmentation, resulting in an estimated savings of \$94 million for fiscal year 2012 in the Channel (Scheduled Airlift) business area.

Fiscal year 2012 TWCF net operating result is \$67 million, which is \$380.9 million better than the Fiscal Year 2012 President's Budget Review planned loss of \$313.9 million. The increased revenue was due primarily to heavier loads for scheduled airlift and decreased commercial augmentation cost.



Photo by Staff Sergeant Jeffrey Nevison, US Air Force

US Airmen with the 774th Expeditionary Airlift Squadron listen as General Raymond Johns Jr., left, the former commander of Air Mobility Command, expresses his gratitude to the Airmen for their service at Bagram Airfield, Parwan province, Afghanistan.

A retirement ceremony was held for General Johns 29 Nov 2012 honoring his 35 years of service. On 30 Nov 2012, General Paul J. Selva officially took command of more than 135,000 active-duty, Air National Guard, Air Force Reserve and DOD civilians who comprise Air Mobility Command.

Net Operating Result			
	Actual FY12	Planned FY12	Variance FY12
Revenue	\$8,657.5	\$9,778.0	(\$1,120.5)
Expense	\$8,590.5	\$10,091.9	(\$1501.4)
NOR	\$67.0	(\$313.9)	\$380.9

(Dollars in Millions)

Appendix

Department of Defense United States Transportation Command

Statement of Financial Condition (Dollars in Millions)

	FY2012	FY2011
Assets:		
Cash	\$254.7	\$355.3
Available for Operations		\$198.8
Required for Capital Purchases	\$178.3	\$156.6
Accounts Receivable	\$1,333.4	\$1,336.2
Advances Made	\$62.3	\$2.3
Operating Material and Supplies	\$0.0	\$0.0
Capital Property (Net)	\$948.6	\$988.4
Total Assets	\$2,599.1	\$2,682.3
Liabilities:		
Accounts Payable	\$1,368.4	\$1,462.3
Accrued Liabilities	\$28.9	\$36.2
Other Liabilities	\$59.8	\$7.1
Total Liabilities	\$1,457.1	\$1,505.6
Government Equity:		
Unexpended Appropriations	\$18.3	\$14.8
Paid-in-Capital	(\$1,252.4)	(\$1,393.5)
Accumulated Operating Results	\$2,386	\$2,555.4
Total Government Equity	\$1,151.9	\$1,176.7
Total Liabilities and Equity	\$2,599.1	\$2,682.3

Statement of Revenue and Expenses
(Dollars in Millions)

	FY2012	FY2011
Revenue:		
Appropriated Capital Used	\$8.4	\$11.5
Gross Sales	\$12,934.9	\$13,131.2
Operations	\$12,731.3	\$12,961.3
Depreciation	\$203.6	\$169.9
Other Income	(\$44.0)	(\$143.8)
Refunds/Discounts	(\$47.7)	(\$122.1)
Total Income	\$12,851.6	\$12,876.8
Expenses:		
Salaries and Wages:		
Military Personnel Compensation and Benefits	\$41.9	\$42.7
Civilian Personnel Compensation and Benefits	\$364.7	\$363.6
Travel and Transportation of Personnel	\$122.1	\$157.6
Materials and Supplies	\$2,687.5	\$2,868.1
Equipment	\$12.8	\$13.8
Transportation of Things	\$3,095.9	\$2,875.7
Depreciation - Capital	\$203.6	\$169.9
Printing and Reproduction	\$0.5	\$0.7
Rent, Communications, Utilities, and Misc Charges	\$31.2	\$38.8
Bad Debts	\$0.8	\$0.5
Other Purchased Services	\$6,451.1	\$7,027.2
Other Expenses	(\$1.1)	(\$32.3)
Total Expenses	\$13,025.7	\$13,526.3
Net Operating Result	(\$174.1)	(\$649.5)
Depreciation on Non-TWCF Acquired Property, Plant and Equipment	\$4.7	\$7.1
Beginning Accumulated Operating Results	\$2,555.4	\$3,197.8
Prior Year Adjustments	\$0.0	\$0.0
Accumulated Operating Result	\$2,386.0	\$2,555.4

An exceptional capacity to project national power, presence, and influence worldwide is unique to the United States. Our Total Force Team of Active Duty, Guard, Reserve, civilian, commercial partners and contractors leads a world class Joint Deployment and Distribution Enterprise providing reliable and seamless support to our warfighters and their families around the globe. Together, we deliver Logistics Superiority that no other nation can match.



Photo by Bob Fehringer,
USTRANSCOM Public Affairs

United States Transportation Command



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

Component Commanders



General Paul J. Selva
US Air Force
Commander, Air Mobility Command



Rear Admiral Mark H. Buzby
US Navy
Commander, Military Sealift Command



Major General Thomas J. Richardson
US Army
Commanding General, Military Surface Deployment
and Distribution Command

Subordinate Commanders



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

