

DEFENSE WORKING CAPITAL FUND

**DEFENSE-WIDE
FISCAL YEAR (FY) FY 2010
BUDGET ESTIMATES**

OPERATING AND CAPITAL BUDGETS



**MAY 2009
CONGRESSIONAL DATA**

**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009**

DEFENSE-WIDE SUMMARY

Defense Agencies operate seven activity groups. The Defense Logistics Agency (DLA) operates four of these activity groups while the Defense Finance and Accounting Service (DFAS) operates one activity group and the Defense Information Systems Agency (DISA) operates two activity groups. DFAS merged its two business areas (Financial Operations and Information Services) in FY 2008 to further consolidate its organization structure.

DFAS was formed in January 1991 from the Military Services finance and accounting functions. The mission of DFAS is to provide Accounting and Finance services for the Department of Defense. Through FY 2009, DFAS will reduce its workforce by implementing Base Realignment and Closure actions and other management efficiencies.

DISA was reorganized in 1991 from the former Defense Communications Agency. Its responsibilities include obtaining common telecommunication and information services for command and control. DISA also provides assistance in additional communication support to meet other customer needs.

DLA, formed in the early 1960s, operates the Distribution Depots, Defense Reutilization and Marketing Service, Supply Management, and Document Automation and Production Service activity groups. Distribution Depots receive, store, and ship inventory. The functions of the Defense Reutilization and Marketing Service include the reutilization of excess and surplus property and the donation, sale, or disposal of surplus DoD personal property. Supply Management conducts the procurement, inventory management, and technical operations functions for the defense inventory of consumable items. The Document Automation and Production Service provides printing services to DoD customers and actively functions as a transformation agent moving DoD toward the use of online documents and services. In FY 2010, we will modify our current Activity Group charter structure to combine Supply Management Non-Energy, Distribution Depots, and the Defense Reutilization and Marketing Service to form Supply Chain Management. Supply Management Energy will become a stand alone Activity Group known as Energy Management. The Document Automation and Production Service will remain as a separate Activity Group.

The Defense-Wide Working Capital Fund (DWWCF) does not present a peacetime budget. Projected workload, staffing, and other planning factors provide the estimated wartime workload.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual Defense-Wide Working Capital Fund (DWWCF) cash balance at the end of FY 2008 and balances projected for year-end through FY 2010.

Dollars in Millions	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Beginning of Period, Cash	1,791	994	1,349
Disbursements	48,998	41,862	41,020
Collections	47,643	41,794	40,635
Net Outlays	1,355	68	385
<u>Appropriation</u>	23		
FY 2008 Non-Fuel		33	
FY 2009 Non-Fuel			
FY 2010 request Non-Fuel			39
<u>Supplemental</u>	575		
FY 2008 DoD Supplemental		390	
FY 2009 DoD GWOT Request			380
FY 2010 DoD GWOT Request			
<u>Congressional Cash Reduction</u>			
FY 2008 Fuel	-40.0		
Ending of Period, Cash	994	1,349	1,383

FY 2008 Cash: In FY 2008, DWWCF net outlays from operations were \$1,355 million primarily due to the rising fuel costs for Supply Management Energy (\$1,260M). The DWWCF received \$23 million in appropriations for Reutilization, Transfer, and Disposal costs (\$21 million) and DFAS financial systems costs (\$2 million). The DWWCF received \$575 million in supplemental funding for Supply Management Energy (\$558 million for Increased Fuel Costs, Fuel Transportation/Terminal Operations, and Combat Fuel Losses), Distribution Depots (\$12 million for Theater Consolidation Shipping Point Kuwait), and Defense Reutilization and Marketing Service (\$5 million for OCONUS Contingency Operations). The DWWCF had a Congressional cash reduction of \$40 million for excess FY 2006 DWWCF cash balances. The FY 2008 DWWCF cash balance was \$994 million or 4.9 days of cash.

FY 2009 Cash: In FY 2009, DWWCF net outlays from operations are projected at \$68 million primarily due to DISA (\$247 million). DISA is returning profits to customers. The projected net outlays for DISA are offset by DLA (-\$174 million). The DWWCF is requesting \$33 million in appropriations for Reutilization, Transfer, and Disposal costs (\$31 million) and DFAS financial systems costs (\$2 million). The DWWCF is requesting \$390 million in supplemental funding (Supply Management Energy - \$322 million for Fuel Transportation/Terminal Operations and Combat Fuel Losses; Distribution Depots - \$34 million for Theater Consolidation Shipping Point Kuwait and DDKS Kuwait OCO; and Defense Reutilization and Marketing Service - \$34 million for OCONUS Contingency Operations). The FY 2009 DWWCF cash balance is forecasted at \$1,349 million or 7.3 days of cash.

FY 2010 Cash: In FY 2010, DWWCF net outlays from operations are projected at \$385 million primarily based on fuel costs assumptions impacting Supply Management Energy (\$384 million). The DWWCF is requesting \$39 million in appropriations for Reutilization, Transfer, and Disposal costs (\$38 million) and DFAS financial systems costs (\$1 million). The DWWCF is requesting \$380 million in supplemental funding (Supply Management Energy - \$314 million for Fuel Transportation/Terminal Operations and Combat Fuel Losses; Distribution Depots - \$31 million for Theater Consolidation Shipping Point Kuwait and DDKS Kuwait OCO; and Defense Reutilization and Marketing Service - \$35 million for OCONUS Contingency Operations). The FY 2010 DWWCF cash balance is forecasted at \$1,383 million or 7.8 days of cash.

DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL
SOURCE OF NEW ORDERS AND REVENUE
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
(Dollars in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
1. New Orders:			
a. Orders from DoD Components			
Army	13,556.1	11,359.6	10,636.0
Navy	8,659.3	7,320.3	7,026.9
Air Force	12,946.4	10,641.9	10,623.2
Marine Corps	1,360.9	1,109.8	1,130.8
Other	4,095.7	4,090.6	4,322.7
b. Orders from Other Fund Activity Group	2,628.0	2,935.0	2,283.4
c. Total DoD	43,246.4	37,457.2	36,023.0
d. Other Orders:			
Other Federal Agencies	1,709.5	1,370.8	1,401.7
Trust Fund	0.0	0.0	0.0
Exchange Activities	0.0	0.0	0.0
Non Federal Agencies	977.4	845.8	839.9
Foreign Military Sales	1,551.7	955.7	945.5
2. Carry-In Orders	3,343.7	3,221.5	3,141.5
3. Total Gross Orders	50,828.7	43,851.0	42,351.6
4. Funded Carry Over	3,664.5	3,117.7	2,967.1
5. DRMS Sales Proceeds	93.6	51.4	49.7
6. Total Gross Sales	47,257.8	40,784.7	39,434.2

DEFENSE-WIDE WORKING CAPITAL FUND
SUMMARY
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
REVENUE AND EXPENSES
MAY 2009
(Dollars in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue:			
Gross Sales	45,890.5	39,070.3	38,370.5
Operations	45,761.2	38,921.6	38,214.8
Capital Surcharge	(53.0)	(39.7)	(30.2)
Depreciation excluding Major Construction	182.3	188.4	185.9
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	3,127.2	3,836.8	3,079.9
Refunds/Discounts (-)	(1,098.0)	(708.5)	(719.5)
Total Income	47,919.7	42,198.6	40,730.9
Expenses:			
Cost of Materiel Sold from Inventory	35,680.8	26,244.7	26,058.5
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	53.8	57.8	61.2
Civilian Personnel Compensation & Benefits	2,976.8	3,338.2	3,439.2
Travel & Transportation of Personnel	69.1	90.2	94.5
Materials & Supplies (For Internal Oper)	338.1	398.8	446.2
Equipment	82.4	226.3	228.1
Other Purchases from Revolving Funds	1,020.4	1,084.3	861.2
Transportation of Things	1,270.7	1,325.1	1,174.5
Inventory Maintenance	194.9	252.8	197.6
Depreciation - Capital	298.4	340.5	341.4
Printing & Reproduction	212.1	254.3	255.3
Advisory and Assistance Services	102.1	93.1	108.8
Rent, Communication, Utilities, & Misc.	1,449.8	1,567.6	1,521.0
Other Purchased Services	5,828.3	6,351.8	6,348.5
Total Expenses	49,577.7	41,625.5	41,136.0
Operating Result	(1,658.0)	573.1	(405.1)
Less Capital Surcharge Reservation	76.7	61.6	59.1
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	527.3	398.3	265.9
Net Operating Result (NOR)	(1,054.0)	1,033.0	(80.1)
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	(363.8)	0.0
Prior Year AOR	296.7	(757.7)	(89.0)
Accumulated Operating Result (AOR)	(757.3)	(88.5)	(169.1)
Non-Recoverable Adjustments Impacting AOR	0.0	0.0	0.0
Accumulated Operating Results for Budget Purposes	(757.3)	(88.5)	(169.1)

Defense Finance and Accounting Service



Fiscal Year (FY) 2010 Budget Estimates
Defense Working Capital Fund (DWCF)
President's Budget Submission
April 2009

DEFENSE FINANCE AND ACCOUNTING SERVICE

OVERVIEW

As the world's largest finance and accounting operation, the Defense Finance and Accounting Service (DFAS) mission is to direct, approve and perform finance and accounting activities for active, reserve, and retired military as well as Department of Defense (DoD) and other civilians. DFAS works in partnership with defense agencies, the military services, and the combatant commands to provide timely business information to key decision-makers. By focusing on the finance and accounting needs of the military services, DFAS allows the Warfighters to concentrate on their mission. DFAS is committed to performing timely finance and accounting services at the lowest cost, with a high degree of accuracy, utilizing electronic processes wherever possible. To serve the customers' needs, DFAS performs multiple roles and provides a diverse set of services.

Commercial Pay: DFAS continues to efficiently process customer invoices in an accurate and timely manner. During FY 2008, DFAS processed more than 14.4 million commercial invoices. Increased usage of electronic commerce (electronic receipt of contracts, invoices and receiving reports) reduces cycle-time, errors and rework, supports E-government, and facilitates auditability, allowing us to reduce customer bills and free up resources to support the warfighter.

Military/Civilian Pay Services: During FY 2008, DFAS processed over 169.0 million pay transactions, disbursed over \$591.0 billion, and maintained over 55.7 million accounting general ledger accounts. DFAS managed more than \$394.0 billion in the Military Retirement Trust Fund and the Medicare-Eligible Retiree Health Care Fund. DFAS continuously pursues initiatives to enhance our value to the customers by improving service and reducing costs. Military and civilian customers can access payroll information anywhere a secure internet connection is available. For example, customers are able to enter time and attendance, process travel claims, expedite payment of claims, and receive electronic leave and earnings statements and W-2s.

Accounting Services: During the past year, DFAS has been partnering with our customers to help achieve unqualified audit opinions. DFAS accounted for 927 active DoD appropriations. The goal is to establish a reliable and repeatable end-to-end process to produce statements that contain timely, reliable, and useful information. Implementation of the Accounting High Performing Organization (HPO) will help achieve this goal through standardized and streamlined processing flows based on a new organizational structure that will bring related functions together.

Information Technology (IT): The DFAS IT function focuses on continuous improvement of our systems and infrastructure support services. It allows us to take advantage of evolving technology, improving our ability to compute entitlements, disburse, and account for funds. The evolution of technology and the potential to enable major improvements in our business practices necessitates continuous top management focus on IT planning, systems development/maintenance, and daily infrastructure operations.

DFAS will continue to monitor objectives through a series of strategy-driven performance measures. The table below is a sample of the FY 2008 Customer Satisfaction Measures:

Output Measure	Target Measure	MAY	JUN	JUL	AUG	SEP
Call-Center Satisfaction Rate	83% Favorability Rating	90.5%	90.8%	88.7%	93.1%	91.3%
Average Speed of Answered Calls (Excludes R&A)	FY End Goal - 45 Seconds	36.7	35.9	24.3	23.5	20.8
Percent of Calls Abandoned	FY End Goal – 5%	4.0%	4.0%	2.7%	2.2%	1.8%
myPay Surveys	75% Favorability Rating	84.5%	84.4%	89.8%	88.9%	89.2%
Event Driven Surveys	75% Favorability Rating	88.7%	90.6%	85.7%	86.6%	88.0%

Budget Assumptions

In developing the FY 2010 budget submission, DFAS shaped the submission to maintain quality services at the lowest possible cost to our customers and to be consistent with on-going efforts to develop DoD financial management enterprise architecture. Key assumptions include:

- Implementation of a High Performing Disbursing Organization by consolidating disbursing operations and implementing one single standardized disbursing system.
- Reducing labor-intensive work by increasing electronic business practices for Contract Pay, Vendor Pay and Travel Pay.
- Implementation of an Accounting High Performance Organization (HPO) to enhance professional accounting services, analysis, and consultation services provided to numerous elements and customers of the Department of Defense (DoD).
- Partnering with the Services to develop and integrate DoD standard finance and accounting business practices through various Enterprise Resource Planning (ERP) initiatives.

Budget Summary

The following table provides the DFAS Defense Working Capital Fund (DWCF) and Capital Purchases Program (CPP) estimates for Obligation Authority (OA) and Personnel data. Revised authority considers the impact of the revised civilian pay raise factors, depreciation adjustments, and increased authority to reimburse Washington Headquarters Service (WHS) for security clearances. Also, civilian full-time equivalents and end strength have been adjusted to reflect changes in the implementation plan for Defense Integrated Military Human Resource System (DIMHRS).

Financial Operations

(Dollars in Millions)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
<u>Authority</u>			
Operating	\$1,508.9	\$1,567.1	\$1,559.6
Capital	\$29.4	\$37.6	\$26.1
<u>People</u>			
Civilian FTE's	11,666	12,309	12,396
Civilian End Strength	11,762	12,381	12,311
Military End Strength	47	28	28

Depreciation adjustments are for the following systems: Transportation Global Edit Tables (TGETS), Defense Data Repository System (DDRS), Defense Cash Accountability System (DCAS) and the DFAS Corporate Database/Warehouse (DCDS/DCW). Fiscal year increase adjustments are \$16.4M (FY 2009) and \$15.8M (FY 2010).

This submission reflects no Operations and Maintenance, Defense Wide (O&M,DW) requirements.

Financial Operations

(Dollars in Millions)

	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Revenue	\$1,501.9	\$1,562.6	\$1,559.6
Cost of Operations	\$1,508.9	\$1,567.1	\$1,559.6
Operating Results	-7.0	-4.5	0.0
Adjustments - Surcharge	0.0	-30.0	0.0
Adjustments - Other	16.1	16.4	0.0
Net Operating Results	9.1	-18.1	0.0
Accumulated Operating Results – Beginning	92.7	101.8	0.0
Adjustment – Cash retention	0.0	-83.7	0.0
AOR for Rate Setting	101.8	0.0	0.0

DFAS has reflected an acceptance of new technology, the use of more efficient systems, and the downsizing of the Agency as the result of BRAC in these budget estimates. As customers move to electronic commerce for payment processing, DFAS will reduce personnel.

DFAS will continue to partner with the Business Transformation Agency (BTA) to promote better practices and more efficient use of financial data. Systems development schedules are used to estimate DFAS support requirements. As DFAS has seen this year, slippage in major systems directly impacts the ability to downsize.

The FY 2008 adjustment to Accumulated Operating Results (AOR) of \$101.8 million was originally budgeted to offset a depreciation write-off for financial systems that DFAS would transfer to the Business Transformation Agency (BTA). Subsequently, it was determined that DFAS will retain the systems and continue to depreciate them. DFAS will retain the AOR gains.

DFAS will adjust the AOR balance at the end of FY 2009 in order to realign a previous billing rate adjustment and continue movement towards the required positive cash position.

Cash			
(Dollars in Millions)			
	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Beginning Balance	\$-20.5	\$3.7	\$19.1
Disbursements	\$1,444.8	\$1,512.3	\$1,507.2
Collections	1,468.3	1,527.7	1,524.8
Transfers In	<u>0.7</u>	<u>0.0</u>	<u>0.0</u>
Net Outlays	\$-24.2	\$-15.4	\$-17.6
Ending Balance	\$3.7	\$19.1	\$36.7

The planned FY 2009 cash surcharge remains projected in DFAS revenue and will be billed to customers outside the normal DFAS billing rates. This will allow the agency to move toward a positive cash balance for the first time in several years. By FY 2010 this would represent 3.9 days of operating cash plus 50% of our capital program.

Capital Purchases Program			
(Dollars in Millions)			
	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Capital	\$29.4	\$37.6	\$26.1

The DFAS capital investment program has decreased substantially from prior years. Due to the BTA and the military departments taking more responsibility for the development of future financial systems, DFAS will continue to be responsible for developing and sustaining legacy core systems. The FY 2009 capital investment request is \$1.7 million higher than PB 2009 due to shifts in program implementation schedules.

Fiscal Year (FY) 2010 Budget Estimates
 Changes in the Costs of Operation
 Defense Finance and Accounting Service
 April 2009

FY 2008 Actual:	\$ 1,508.9
FY 2009 Estimate PB09:	\$ 1,417.2
Pricing Adjustments:	
Update of Labor Calculation	\$ 43.5
FY 2009 Pay Raise	\$ 6.3
Program Changes:	
WHS support	\$ 0.4
Depreciation	\$ (2.0)
DMI ADPE (One-time cost)	\$ 10.0
Customer Manual Workload	\$ 75.3
Planned Transfer of DMPO to Army	\$ (58.6)
Depreciation - "D" Systems	\$ 16.4
Restore DMPO support	\$ 58.6
FY 2009 Current Estimate:	\$ 1,567.1
Pricing Adjustment:	
Contract Support	\$ (40.8)
FY 2010 Civilian Pay Raise	\$ 19.8
Annualization Prior Year Pay Raise	\$ 8.4
Average Salary Adjustment	\$ 13.3
Inflation Adjustment	\$ (14.4)
Program Changes:	
BRAC Transformation/Workload Efficiencies	\$ (37.6)
Depreciation	\$ (1.3)
Restore DMPO support	\$ 6.7
Restore DIMHRS support	\$ 27.0
Restore DJMS support	\$ 11.5
FY 2010 Estimate:	\$ 1,559.6

Fiscal Year (FY) 2010 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
April 2009

				(Dollars in Millions)		
				FY08	FY09	FY10
1. New Orders						
a. Orders from DoD Components:						
<i>APPN</i>		<i>Client</i>	<i>Customer</i>			
Total BRAC*	DW	Defense Agency	Defense Finance and Accounting Service	0.0	0.0	0.0
Total Capital	DW	Defense Agency	Defense Finance and Accounting Service	6.1	3.2	4.2
Total Family Housing		Army	Army Family Housing	0.8	0.9	0.8
O&M		Air Force	Core Work	295.8	285.9	276.2
O&M		Army	Core Work	573.5	568.3	552.9
O&M		Marine Corps	Core Work	58.0	74.4	67.8
O&M		Navy	Core Work	230.1	267.2	272.8
O&M	DW	Defense Agency	AFIS	0.0	1.0	1.1
O&M	DW	Defense Agency	Business Transformation Agency	15.4	4.4	10.5
O&M	DW	Defense Agency	US Court of Appeals for the Armed Forces	0.0	0.1	0.1
O&M	DW	Defense Agency	Defense Acquisition University	0.5	0.5	0.6
O&M	DW	Defense Agency	Defense Contract Audit Agency	4.4	4.9	5.6
O&M	DW	Defense Agency	Defense Contract Management Activity	7.0	7.2	6.9
			Domestic Dependent Elementary & Secondary			
O&M*	DW	Defense Agency	Schools	0.0	0.0	1.1
O&M	DW	Defense Agency	Defense Health Program	33.2	37.2	32.3
O&M	DW	Defense Agency	Defense Human Resources Activity	1.5	1.4	1.3
O&M	DW	Defense Agency	Defense Intelligence Agency	0.8	0.7	0.9
O&M	DW	Defense Agency	Defense Information Systems Agency	7.1	8.8	9.1
O&M	DW	Defense Agency	Defense Logistics Agency	5.5	10.3	9.5
O&M	DW	Defense Agency	Defense Legal Services Agency	0.3	0.3	0.3
O&M	DW	Defense Agency	Defense Media Activity	0.6	0.0	0.0
			Department of Defense Civilian Personnel			
O&M	DW	Defense Agency	Management Service	10.4	11.8	12.2
			Department of Defense Prisoner of War/Missing In			
O&M	DW	Defense Agency	Action Office	0.3	0.2	0.2
O&M	DW	Defense Agency	Department of Defense Education Activity	6.9	6.9	5.2
O&M	DW	Defense Agency	Department of Defense Inspector General	1.7	1.8	2.1
O&M	DW	Defense Agency	Defense Security Cooperation Agency	24.7	27.2	28.9
O&M	DW	Defense Agency	Defense Security Service	0.5	0.6	0.6
O&M	DW	Defense Agency	Defense Threat Reduction Agency	2.1	2.7	2.6
O&M*	DW	Defense Agency	Defense Technology Security Administration	0.2	0.0	0.0
O&M	DW	Defense Agency	Joint Chief of Staff, Office	1.0	1.6	1.2
O&M	DW	Defense Agency	Military Housing Privatization Initiative	0.4	0.4	0.3
O&M	DW	Defense Agency	National Defense University	0.6	0.6	0.7
O&M	DW	Defense Agency	National Geospatial-Intelligence Agency	3.4	3.6	13.2
O&M	DW	Defense Agency	National Security Agency	0.9	0.5	0.4
O&M	DW	Defense Agency	Office of Economic Adjustment	0.2	0.2	0.2
O&M	DW	Defense Agency	Pentagon Force Protection Agency	0.0	0.2	0.2
O&M	DW	Defense Agency	Department of Defense, Office of	1.8	8.9	10.4
O&M	DW	Defense Agency	Special Operations Command	0.0	0.1	0.0
O&M	DW	Defense Agency	Washington Headquarters Service	4.3	5.9	3.8
Total O&M				1,293.1	1,345.8	1,331.2
Total Procurement*		Army		0.0	0.0	0.0
RDT&E		Army		1.0	0.0	0.0
RDT&E		Navy		1.9	2.3	2.1
RDT&E	DW	Defense Agency	Business Transformation Agency	2.8	3.6	5.5
RDT&E	DW	Defense Agency	Center for Countermeasures	0.1	0.1	0.1
RDT&E	DW	Defense Agency	Defense Advanced Research Projects Agency	1.5	1.9	1.6
RDT&E	DW	Defense Agency	Defense Technical Information Command	2.5	2.7	2.7
RDT&E	DW	Defense Agency	Missile Defense Agency	2.8	3.3	2.4
Total RDT&E				12.6	13.9	14.4
a. Total Orders from DoD Components:				1,312.6	1,363.8	1,350.7

Fiscal Year (FY) 2010 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
April 2009

				(Dollars in Millions)		
				FY08	FY09	FY10
b. Orders from DoD Fund Activity Groups						
<i>APPN</i>	<i>Client</i>	<i>Customer</i>				
WCF	Air Force		4.8	9.0	7.8	
WCF	Army		22.3	31.3	28.4	
WCF	Marine Corps		2.1	1.9	1.8	
WCF	Navy		42.9	35.0	30.7	
WCF	DW Defense Agency	HQ, Air Mobility Command	2.9	2.2	1.9	
WCF	DW Defense Agency	Defense Commissary Agency	18.9	18.0	20.8	
WCF	DW Defense Agency	Defense Information Systems Agency-DITCO	5.7	4.4	4.3	
WCF	DW Defense Agency	Defense Information Systems Agency	1.8	1.3	1.2	
WCF	DW Defense Agency	Defense Logistics Agency	64.7	64.9	68.8	
WCF	DW Defense Agency	Defense Technology Security Administration	0.2	0.2	0.2	
WCF	DW Defense Agency	Military Sealift Command	3.2	1.1	1.1	
WCF	DW Defense Agency	Military Traffic Management Command	0.0	3.0	3.0	
WCF	DW Defense Agency	Surface Deployment & Distribution Command	2.7	0.0	0.0	
WCF	DW Defense Agency	United States Transportation Command	0.1	2.3	2.3	
b. Total Orders from Other Fund Activity Groups				172.3	174.6	172.3
c. Total DoD				1,484.9	1,538.4	1,523.0
d. Other Orders						
	US Dept of State	US Dept of State	0.0	0.1	0.0	
	US Dept of Veteran Affairs	US Dept of Veteran Affairs	4.1	9.5	21.7	
	US Dept of Energy	US Dept of Energy	1.0	1.0	1.0	
	US Dept of Health Human Services	US Dept of Health Human Services	5.6	6.3	6.6	
	US Corps of Engineers	US Corps of Engineers	3.5	3.4	3.5	
	Environmental Protection Agency	Environmental Protection Agency	1.7	1.7	1.5	
	US Coast Guard	US Coast Guard	0.1	0.1	0.1	
	Executive Office of the President	Executive Office of the President	0.2	0.2	0.2	
	Broadcast Board of Governors	Broadcast Board of Governors	0.2	0.1	0.3	
	Army Non Appropriated Funds	Army Non Appropriated Funds	0.5	1.4	1.5	
	Foreign Military Sales	Foreign Military Sales	0.1	0.4	0.2	
d. Total Other Orders				17.0	24.2	36.6
1. Total New Orders				1,501.9	1,562.6	1,559.6
2. Carry-In Orders				0.0	0.0	0.0
3. Total Gross Orders				1,501.9	1,562.6	1,559.6
4. Carry-Out Orders				0.0	0.0	0.0
5. Gross Sales				1,501.9	1,562.6	1,559.6
6. Credit				0.0	0.0	0.0
7. Net Sales				1,501.9	1,562.6	1,559.6

*Annual revenue is not shown due to rounding

Fiscal Year (FY) 2010 Budget Estimates
Revenue and Expenses
Defense Finance and Accounting Service
April 2009

	(Dollars in Millions)		
	FY2008	FY2009	FY2010
Revenue			
Gross Sales			
Operations	1,419.7	1,459.4	1,487.7
Depreciation except Major Construction	82.2	73.2	71.9
Other Income (Cash Surcharge)		30.0	
Refunds/Discounts (-)			
Total Income:	1,501.9	1,562.6	1,559.6
Expenses			
Cost of Material Sold from Inventory			
Salaries and Wages:			
Military Personnel Compensation & Benefits	2.6	1.4	1.5
Civilian Personnel Compensation & Benefits	882.6	918.4	957.9
Travel & Transportation of Personnel	15.9	19.5	20.2
Materials & Supplies (Internal Operations)	5.9	6.7	6.1
Equipment	1.7	3.8	8.0
Other Purchases from Revolving Funds	139.4	140.0	130.9
Transportation of Things	1.1	0.8	0.7
Depreciation - Capital	82.2	73.2	71.9
Printing and Reproduction	5.6	6.5	5.5
Advisory and Assistance Services	3.1	3.2	3.1
Rent, Communications, Utilities, & Misc. Charges	61.2	61.2	57.6
Other Purchased Services	307.8	332.3	296.2
Total Expenses	1,508.9	1,567.1	1,559.6
Operating Results	-7.0	-4.5	0.0
Deferred Operating Results and Depreciation	16.1		
Non Recoverable Depreciation		16.4	
Other Changes Affecting NOR/AOR (Cash Surcharge)		-30.0	
Net Operating Result	9.1	-18.1	0.0
PY AOR	92.7	101.8	0.0
Disposal of Equipment/Capital Asset		0.0	0.0
Accumulated Operating Results (Cash Corpus Retention)		-83.7	0.0
Accumulated Operating Results	101.8	0.0	0.0

**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
May 2009
OVERVIEW**

DEFENSE INFORMATION SYSTEMS AGENCY

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components, under all conditions of peace and war. Its information systems support the nation's warfighters and those who support them in the defense of the nation.

DISA operates two activity groups within the Defense Working Capital Fund (DWCF):

Computing Services provides mainframe and server processing, data storage, production and technical support for command and control, combat support, and eBusiness across the Department of Defense. DISA's computing operations are integral components of the Department's Global Information Grid.

Computing Services Activity Group Profile

(\$ in millions)	FY 2008	FY 2009	FY 2010
Revenue	\$673.0	\$687.5	\$711.8
Cost	\$662.6	\$697.0	\$723.7
Net Operating Result	\$10.4	(\$9.5)	(\$11.9)
Prior Year AOR	\$11.0	\$21.4	\$11.9
Accumulated Operating Result	\$21.4	\$11.9	\$0.0
Civilian Workyears	1,561	1,599	1,592
Military End Strength	4	4	6
Capital Budget	\$30.9	\$47.0	\$29.2

Telecommunications Services/Enterprise Acquisition Services (TS/EAS) consists of two main services. Long haul telecommunications services are provided by the Defense Information Systems Network (DISN), the critical communications component of the Global Information Grid. It provides dynamic routing of voice, data, imagery, and bandwidth services to DoD Components and to authorized non-DoD organizations. It provides to the warfighters and to those who support them timely access to valid, secure, and operationally relevant information necessary to military operations. The second service offered within this activity group is ready access to contract vehicles for information technology and telecommunications. DISA operates the Defense Information Technology Contracting Organization (DITCO) within this activity group on a fee-for-service basis.

**Telecommunications Services/Enterprise Acquisition Services
Activity Group Profile**

(\$ in millions)	FY 2008	FY 2009	FY 2010
Revenue	\$3,899.6	\$4,342.5	\$4,690.1
Cost	3,921.2	4,504.5	4,769.4
Net Operating Result	(21.6)	(162.0)	(79.3)
Prior Year AOR	262.9	241.3	79.3
Accumulated Operating Results	\$241.3	\$79.3	\$0.0
Civilian Workyears	971	1,024	1,042
Military End Strength	103	103	103
Capital Budget	\$22.6	\$14.7	\$20.8

Highlights of DISA's FY 2010 Budget Estimates for its two DWCF activity groups include:

- Beneficial effects of financial improvement and audit remediation returned to customers via rates/pricing, including the DISN Subscription Services share price increase of +0.76% in FY 2010
- Contracting fee-for-service returns to a break-even rate of 2.00% starting in FY 2010 for recovery of operating costs
- Computing Services' composite price decreases -9.74% from FY 2009 to FY 2010
- Reduction of the DISA DWCF cash balance to minimum 7-day requirement for sustained operations
- Full range of performance metrics established for both activity groups and tied to DoD strategic goals

DISA goals of speed, power to the edge, operational excellence, sharing/defending information, and providing customers best value for their money form the backbone of the FY 2010 DISA Defense Working Capital Fund Budget Estimates.

DISA DWCF CASH

Estimated Net Outlays and Cash Balance (\$ in millions)

FISCAL YEAR	Computing Services	Telecommunications Services/Enterprise Acquisition Services	DISA DWCF TOTAL
FY 2008 Cash Balance	\$175.5	\$329.2	\$504.7
FY 2009 Net Outlays	122.4	124.6	247.0
FY 2009 Cash Balance	\$53.1	\$204.6	\$257.7
FY 2010 Net Outlays	(\$3.6)	\$96.5	\$92.9
FY 2010 Cash Balance	\$56.7	\$108.1	\$164.8

The consolidated DISA DWCF cash balance at the end of FY 2008 was \$504.7 million, enough for 22 days of operations and six months of capital outlays. During FY 2009, net outlays are anticipated to be \$247.0 million, bringing cash on hand to \$257.7 million or approximately 11 days of operations/six months of capital outlays. To balance cash between the two activity groups, a total of \$100.0 million will be moved from Computing Services to Telecommunications Services/Enterprise Acquisition Services during FY 2009. During FY 2010, net outlays are anticipated to be \$92.9 million bringing cash on hand to \$164.8 million or approximately seven days of operations/six months of capital outlays.

The main reason for the cash decline over this budget period is the return of accumulated profits to the customers in rates and prices, which have been set below costs. Another factor in the decline is net outlays for capital investments: disbursements will exceed collections (depreciation included in rates) by \$41.3 million over this two-year period, mostly during FY 2009.

Additional justification and data are provided in the following activity group specific overviews and schedules.

DEPARTMENT OF DEFENSE DEFENSE INFORMATION SYSTEMS AGENCY

Defense Working Capital Fund (DWCF) Defense Computing Services

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

The Defense Information Systems Agency (DISA) Defense Working Capital Fund (DWCF) Information Services Activity Group includes the Computing Services (CS) business area. Computing Services operates the Defense Enterprise Computing Centers (DECCs), providing mainframe and server processing operations, data storage, web hosting, production support, technical services, and end-user assistance for command and control, combat support, and eBusiness applications across the Department of Defense (DoD).

The DECCs are located within the continental United States, Europe and the Pacific. These computing centers are configured as Systems Management Centers, Infrastructure Services Centers, and Processing Elements. The Systems Management Centers at Mechanicsburg, PA, Montgomery, AL, Oklahoma City, OK, Ogden, UT, Germany and Hawaii provide the full complement of data processing management services for both mainframe and server applications. Other centers located at Columbus, OH, San Antonio, TX, and St. Louis, MO are configured as infrastructure service centers, and there are also several remotely-managed Processing Elements that are “lights dim” operations providing primarily processing services. The DECCs rely on highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide a secure, available, disciplined, and interoperable environment for both classified and unclassified processing under military control. The DECCs provide global reachback, end-to-end control, defensive information operations, and operational sensitivity. Further, the DECCs host the Global Combat Support System which provides commanders with web-based access to selected Service and Agency authoritative/preferred logistics and transportation databases, which avoids the need to lift and support a considerable IT infrastructure to the theater of operations.

DISA’s computing operations are integral components of the Global Information Grid, which is the foundation for net-centric operations. The Computing Centers provide information processing for a range of combat support functions, to include transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the armed forces and agencies to

- Provide command and control of warfighting forces;
- Ensure weapon systems’ availability through management and control of maintenance and supply;
- Ensure mobility of the warfighter through management and maintenance of the airlifter and tanker fleets;
- Provide warfighter sustainment through resupply and reorder;

- Provide the warfighter with information on the location, movement, status, and identity of units, personnel, equipment, and supplies;
- Manage the medical environment and patient care; and
- Support DoD business, contracting, financial reporting, pay and eBusiness applications.

While applications are developed by the respective Services' and Agencies' Central Design Activities, Computing Services provides common computing platforms, networks, and enterprise systems management tools that standardize the underlying infrastructure and integrate the combat support business processes it supports. Using the global reachback provided by the Defense Information Systems Network (DISN), a joint task force can use this common computing infrastructure to receive full interoperable support. The DECCs provide a computing and communications infrastructure for programs such as the Global Command and Control System and the Global Combat Support System which in turn provide the joint warfighter with a single end-to-end capability to manage and monitor units, personnel, and equipment from mobilization through deployment, employment, sustainment, redeployment, and demobilization.

Computing Services' computing facilities are highly accessible yet secure data processing centers with dual high-capacity DISN connectivity and organic defense in depth, resulting in a secure and robust computing infrastructure. They feature automated systems' management to control computing resources and to gain economies of scale. In addition, Computing Services has aggressively pursued an "assured computing" capability, designed to ensure that information and mission-critical data is continuously available for customers.

Computing Services is dedicated to matching and exceeding commercial best practice standards for operational support to its customers. The business area has dedicated customer operational support teams, application teams, and database support personnel within each Systems' Management Center to meet the customers' ongoing needs. Computing Services ensures the correct skill set is available, utilizing a combination of civilians and contractors, to meet emerging requirements from its customers.

Computing Services currently manages its Defense-Wide Working Capital Fund business area through four lines of business: IBM mainframe, Unisys mainframe, Server, and Storage. In addition, DECCs provide various other services for their customers, such as GIG Content Delivery Service and Rapid Access Computing Environment (RACE). The portfolio of services the DECCs provide continues to evolve as customer requirements change or demand for new services emerge. This budget submission reflects Computing Services' response to the ever-changing demands of its customer base by constructing innovative, integrated solutions.

Management Initiatives.

RACE and Forge.mil are two management initiatives that are complementary but independent services to encourage and enable net-centric application development within DoD. RACE provides the operating environment for development, while Forge.mil provides the development tools and standards. Another management initiative is Email Consolidation. This initiative streamlines email services.

Rapid Access Computing Environment (RACE) is a service that allows users to obtain the use of virtual servers using drop-down menu selections on a web-portal and have the server available for use within 24 hours. This provides increased speed of development

for net-centric applications while allowing the user to develop and test small projects in a robust environment. RACE utilizes flexible service contracts for hardware to rapidly scale computing capacity up or down in order to meet user demands. RACE provides a test and development environment for DoD application developers. There are two phases for implementing RACE. Phase I was implemented as a basic environment with a limited feature set to ensure that the concepts and tools could be effectively implemented in the DoD environment. Phase II contains additional features that will make the environment more useful and effective for the users.

Forge.mil is a project established to enable the rapid development, test, certification, deployment, operation and acceptance of new products and services on the GIG. Forge.mil will employ the principles of net-centricity (e.g. collaboration, information sharing, shared situational awareness, self-synchronization) to the DOD IT acquisition arena. Forge.mil provides project management and software development tools to DoD application developers. Forge.mil will implement a set of customized, net-centric processes and supporting infrastructure to accelerate delivery of systems/software, and improve dependability of new software, systems, and services implemented on the GIG.

Email Consolidation is a project that collapses and consolidates legacy exchange servers to establish a streamlined email service hosted at the computing centers.

Computing Services Budget Summary

(\$ in millions)	FY 2008	FY 2009	FY 2010
Revenue	\$673.0	\$687.5	\$711.8
Cost	\$662.6	\$697.0	\$723.7
Net Operating Result	\$10.4	(\$9.5)	(\$11.9)
Prior Year AOR	\$11.0	\$21.4	\$11.9
Accumulated Operating Result	\$21.4	\$11.9	\$0.0
Civilian Workyears	1,561	1,599	1,592
Military End Strength	4	4	6
Capital Budget	\$30.9	\$47.0	\$29.2

The table above provides a summary of the major financial accounts and personnel levels reflected in this budget request. FY 2008 data are actuals. Fiscal Years (FY) 2009 – 2010 reflect best estimates of anticipated customer workload, the resulting DWCF costs, and profit/loss. Because Computing Services’ net position at the close of FY 2008 is a profit of \$21.4 million, FY 2010 rates are set below cost to return all accumulated profits back to the business area’s customers by the end of FY 2010. Civilian and military workyears are expected to vary only slightly over the budget period, while capital investment levels will decline after FY 2009. Additional specifics may be found in the narrative sections below.

MAJOR CHANGES BETWEEN FISCAL YEAR ESTIMATES

Cost of Operations

(\$ in millions)	FY 2008	FY 2009	FY 2010
FY 2009 President's Budget	\$671.6	\$694.1	\$699.4
FY 2010 Budget Estimates	\$662.6	\$697.0	\$723.7
Change FY 2009 President's Budget to FY 2010 Budget Estimates	(\$9.0)	\$2.9	\$24.3

FY 2009 President's Budget to FY 2009 Current Estimate

Cost of operations increases by \$2.9 million from \$694.1 million estimated in the FY 2009 Budget Estimates to a new total of \$697.0 million. This increase is mostly attributable to increased workload, primarily for server processing of DISA programs, and the adjustment to civilian pay raise. The increase is partially offset by reduced software cost and reductions to non-labor inflation.

FY 2009 Current Estimate to FY 2010 Current Estimate

The cost of operations is expected to increase \$26.7 million from \$697.0 million in FY 2009 to \$723.7 million in FY 2010. Approximately \$10.0 million of this increase is due to inflation and pay raises, while the remaining changes are due to server workload increases and real property maintenance and repairs at several computing center locations.

CAPITAL INVESTMENT PROGRAM

Capital Budget Summary

(\$ in millions)	FY 2008	FY 2009	FY 2010
Equipment	\$14.8	\$30.4	\$14.9
ADPE & Telecom	\$15.6	\$8.5	\$8.5
Software	\$0.0	\$7.4	\$5.3
Minor Construction	\$0.5	\$0.7	\$0.5
Total Program Authority	\$30.9	\$47.0	\$29.2
FY 2009 President's Budget	\$33.6	\$49.0	\$37.9
Net Change	(\$2.7)	(\$2.0)	(\$8.7)

Estimated Annual Capital Cash

(\$ in millions)	FY 2008	FY 2009	FY 2010
Capital Collections	\$55.4	\$44.4	\$33.4
Capital Disbursements	23.6	47.0	29.2
Net Outlays	(\$31.8)	\$2.6	(\$4.2)

Capital projects planned at various computing centers during this budget period FY 2009 – FY 2010 include cyclical upgrades for uninterrupted power systems, back-up generators, cooling systems, raised floors, and communications equipment (switches, routers, and other network devices). The capital budget also requests funds for software management tools and for several small minor construction projects.

FY 2009 President's Budget to FY 2009 Current Estimate

The FY 2009 current estimate is \$47.0 million, a \$2.0 million decrease from the FY 2009 President's Budget. This decrease results from slightly lower estimates for facilities projects.

FY 2009 Current Estimate to FY 2010 Current Estimate

The decrease between FY 2009 and FY 2010 in the current estimate is driven by fewer facilities projects. Many mechanical upgrades are planned at the DECC Processing Elements in FY 2009, which are not necessary again in FY 2010. Also planned for FY 2010 is the redesign of the raised floor areas of two DECC Processing Elements and replacement of general communications equipment.

PERFORMANCE MEASURES

The Computing Service business area tracks its performance and results through Corporate Board Reviews, Agency Director’s Internal Performance Reviews, Balanced Scorecard results, and the DISA Comptroller’s Status of Funds briefings. The Balanced Scorecard for Computing Services specifically reviews performance metrics, financial stability, and significant event milestones. The Status of Funds briefings center on key performance measures such as revenue, cost, operating results, cash, staffing levels, and capital program execution.

There are two key operational metrics which are presented to the DISA Director on a monthly basis. These two metrics, which are depicted in the table below, reflect the availability of applications in the DECCs. The first metric, “Availability of Service,” expressed as a percentage of uptime, represents application availability from the end user’s perspective and includes all outages or downtime regardless of root cause or problem ownership. The second metric, “Quality of Service” represents DISA’s performance, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as base level communications, base power outages, etc. The goals listed in the table below represent averages across the entire enterprise. Higher or lower service objectives may be established with individual customers (based upon mission requirements, cost and risk) as codified in respective Service Level Agreements.

SERVICE OBJECTIVE	FY 2008 ACTUALS	FY 2009 OPERATIONAL GOALS	FY 2010 OPERATIONAL GOALS	SERVICE DESCRIPTION
Availability of Service	99.00%	96.00%	96.00%	Percentage of application availability, including all downtime associated with unscheduled outages within the operational environment that impacts the end user.
Quality of Service	98.50%	96.00%	96.00%	Percentage of customers satisfied with the quality of service provided.

Program Assessment Rating Tool (PART). Computing Services is included in two of the U.S. Office of Management and Budget’s PART measures. The two measures, Availability of Service and Quality of Service, as listed above, are reported in the Defense Communications Infrastructure program in the PART.

Customer Satisfaction. In addition to the performance measures, Computing Services also measures customer satisfaction through an annual survey administered by an independent contractor.

Performance reviews. The Status of Funds briefing is presented monthly to the Computing Service Director and the DISA Chief Financial Executive/Comptroller. The briefing is a compilation of performance measures from each Division within Computing Services. It tracks

signed service level agreements and planning estimates, financial execution versus budget, staffing levels, lines of business issues and accomplishments, and other major financial indicators. In addition, the DISA Director also reviews metrics tracking security performance, management of business trends, and site infrastructure health (telecommunications, electrical, mechanical, and architectural).

RATES

DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rate and direct reimbursement. Rates are formulated to recover the total cost of operations, including direct and overhead costs. The normalized composite rate change for FY 2009 to FY 2010 is -9.74%. The composite rate reflects rate structure changes described below.

Rate Structure Changes. The purpose of the rate structure changes for FY 2010 through the out-years is to simplify the billing process and to more accurately assign cost where service is being rendered.

For mainframe rates, instead of using both the CPU-hr and Input/Output (I/O) components to bill the customers, billing will be based on CPU time only. Billing separately for I/O has become an anachronism since there are no separately discernable costs. In addition, the base machine at which CPU-hrs are measured will be updated to reflect the current generation of mainframes. Also, communication cost will be added to the rates rather than charged separately as a reimbursable expense.

For storage, the current pricing structure is based upon separate disk megabyte days and tape megabyte days. Beginning in FY 2010, storage pricing will consolidate the two into a single price, regardless of storage medium.

For servers, the current pricing structure, which uses operating environments (OE) as the unit of measure, will continue through FY 2010 for basic and optional hardware services. An operating environment equates to an instance of the operating system (a flavor of UNIX, LINUX or Windows) and comes in sizes (mini, small, medium, large, and enterprise). Beginning in FY 2010, database software services will not be based on operating environments, but rather on five levels of service, which correlate to the number of processors.

The DECCs will alter the existing 24x7 pricing structure in FY 2010. Rather than offering three distinct 24x7 services, Computing Services will offer the same rate for each 24x7 workload function performed (Systems Administration, Application Support, and Database Administration). There is no longer any significant variation in DECC costs to provide these 24x7 services, thus a single rate is more appropriate.

GIG Content Delivery Service Rates. In FY 2010 Computing Services will provide GCDS Services based on two separate offerings: Content Delivery and NetStorage. Content Delivery customers are charged based on the amount of traffic, gigabyte per month (GB), which is served from the edge regions to the end user. The NetStorage service offering works in conjunction with Content Delivery to ensure that the storage delivered from a GCDS edge unit is delivered within the region closest to the end-user. It is a storage solution which only serves GCDS customers and interfaces with the GCDS content delivery solution and the edges for presenting end users large files.

FY 2010 Mainframe, Storage, and Other Services Rates

IBM Mainframe Rates	FY 2010
CPU Hours (per hour)	\$712.8892
I/O EXCPS [discontinued]	\$0.0000
LINUX (per operating environment/per month)	\$36.5516

UNISYS Mainframe Rates	FY 2010
SUPS UNISYS (per hour)	\$13.3391
DASD UNISYS (MB/Day)	\$0.0238
TAPE STORAGE (MB/Day)	\$0.0039

STORAGE	FY 2010
IBM DASD (MB/Day) [discontinued]	\$0.0000
IBM TAPE MB DAYS (MB/Day) [discontinued]	\$0.0000
IBM STORAGE (MB/Day)	\$0.0006
SERVER BASIC LOCAL (GB/Month)	\$2.8182
SERVER BASIC REMOTE (GB/Month)	\$0.9252
SERVER OPERATIONAL LOCAL (GB/Month)	\$0.8908
SERVER OPERATIONAL REMOTE (GB/Month)	\$2.2651
SERVER HIGH AVAILABILITY LOCAL (GB/Month)	\$1.4484
SERVER HIGH AVAILABILITY REMOTE (GB/Month)	\$3.1780
SERVER NON-DISRUPTIVE LOCAL (GB/Month)	\$2.5444
SERVER NON-DISRUPTIVE REMOTE (GB/Month)	\$3.8147

OTHER SERVICES	FY 2010
UNIVERSAL RESOURCE LOCATOR (per year) [discontinued]	\$0.00
HOSTING APPLICATION DESIGN SERVICES (per hour) [discontinued]	\$0.00
ATAAPS (per account/per year) [to be discontinued after implementation of new accounting system]	\$20.51

FY 2010 GIG Content Delivery Service Rates (Month)

Content Delivery	FY 2010
Micro	\$2,560
Small	\$6,401
Medium	\$20,483
Large	\$53,767
X-Large	\$153,621
Enterprise	\$384,051
Exceptional	\$512,069
Net Storage	FY 2010
Small	\$8,259
Medium	\$24,778
Large	\$99,110
Enterprise	\$330,366

FY 2010 SERVER RATES (Month)

FY 2010	Mini OE	Small OE	Large OE	Enterprise OE
Windows Basic Rates	\$ 2,520	\$ 2,520	\$ 2,784	\$ 2,960
Optional Services				
Windows x86 Hardware Services	\$ 141	\$ 359	\$ 584	\$ 3,539

FY 2010	Small OE	Medium OE	Large OE	Enterprise OE
Unix Basic Rates	\$ 3,607	\$ 4,432	\$ 5,702	\$11,067
Optional Services				
Unix non-x86 Hardware Services	\$ 1,636	\$ 3,125	\$ 8,056	\$19,371

FY 2010 - Services	Level I – Level V
Application Support	\$ 1,638
Database Administration	\$ 1,991
24X7 Services	\$ 2,637

FY 2010	Level I	Level II	Level III	Level IV	Level V
Database Software	\$ 668	\$ 2,920	\$ 6,535	\$ 7,723	\$13,339

CIVILIAN PERSONNEL

(\$ in millions)	FY 2008	FY 2009	FY 2010
Civilian End-Strength	1,636	1,648	1,640
Civilian Full Time Equivalents	1,561	1,599	1,592
Civilian Labor Cost	\$164.2	\$177.5	\$181.2

The Computing Services business area has updated its civilian personnel estimates for this budget submission. Overall civilian personnel levels are expected to rise slightly from the FY 2008 actual of 1,636 to 1,640 in FY 2010. Higher workload, especially Defense Logistic Agency's Electronic Business Systems, is the principal driver of the new projection. As discussed in the FY 2009 President's Budget the workforce demographics of this business area are challenging: 47 percent are eligible to retire, which would result in a major loss of corporate knowledge, especially for mainframe processing and storage business lines. Therefore this budget continues to reflect the addition of new staff in development positions to ensure continuity of operations.

MILITARY PERSONNEL

(\$ in millions)	FY 2008	FY 2009	FY 2010
Military End-Strength	4	4	6
Military Full Time Equivalents	4	4	6
Military Labor Cost	\$0.6	\$0.6	\$0.9

Military personnel end strength and full time equivalent increase by two starting in FY 2010 due to the realignment of two Air Force officers from an appropriated-funded program to Computing Services.

Changes in the Cost of Operation
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

FY 2008	Actual	662.6
FY 2009	Estimate in FY 2009 Budget Estimates	694.1
	<i>Pricing Adjustments:</i>	
	FY 2009 civilian pay raise adjustment	1.3
	Non-labor inflation adjustment	(3.0)
	<i>Program Changes:</i>	
	Adjust contract costs for support of customer workload	(1.4)
	Civilian labor increases for additional customer workload	17.1
	Server workload increase, DISA	8.6
	Reduced requirements from Net-Centric Enterprise Services program	(6.0)
	Reduction in cost reimbursable mainframe application support software requirements	(5.0)
	Decreased material and supply requirements	(4.3)
	Reduction in cost reimbursable server hardware maintenance	(2.9)
	Reduction in storage hardware maintenance due to aggressive contract recomplete	(1.9)
	Miscellaneous	0.4
FY 2009	Current Estimate	697.0
	<i>Pricing Adjustments:</i>	
	Non-labor inflation	5.6
	Civilian/Military Pay Raise	2.7
	Annualization of Civilian/Military Pay Raise	1.7
	<i>Program Changes:</i>	
	Hardware tech refresh offset by reduced depreciation costs	7.3
	Real property maintenance & repairs at several computing centers locations	7.5
	Server workload increase, DISA	3.4
	Miscellaneous	(1.5)
FY 2010	Estimate	723.7

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$373.2	\$355.7	\$369.0
AIR FORCE APPROPRIATED	\$151.2	\$132.4	\$129.7
AF O&M	\$149.7	\$132.4	\$129.7
AF RDT&E	\$0.0	\$0.0	\$0.0
AF Procurement	\$0.0	\$0.0	\$0.0
AF BRAC	\$1.5	\$0.0	\$0.0
ARMY APPROPRIATED	\$22.5	\$22.1	\$22.5
Army O&M	\$22.0	\$21.6	\$21.8
Army RDT&E	\$0.5	\$0.5	\$0.7
Army Procurement	\$0.0	\$0.0	\$0.0
Army MILCON	\$0.0	\$0.0	\$0.0
Army BRAC	\$0.0	\$0.0	\$0.0
NAVY APPROPRIATED	\$14.3	\$16.3	\$18.1
Navy O&M	\$14.3	\$16.3	\$18.1
Navy RDT&E	\$0.0	\$0.0	\$0.0
Navy Procurement	\$0.0	\$0.0	\$0.0
Navy BRAC	\$0.0	\$0.0	\$0.0
MARINE CORPS APPROPRIATED	\$9.7	\$11.0	\$13.1
Marine Corps O&M	\$9.7	\$11.0	\$13.1
Marine Corps RDT&E	\$0.0	\$0.0	\$0.0
Marine Corps Procurement	\$0.0	\$0.0	\$0.0
Marine Corps BRAC	\$0.0	\$0.0	\$0.0
DISA APPROPRIATED	\$44.9	\$58.1	\$59.5
DISA O&M	\$44.9	\$56.4	\$57.0
DISA RDT&E	\$0.0	\$1.7	\$2.4
DISA Procurement	\$0.0	\$0.0	\$0.0
DISA MILCON	\$0.0	\$0.0	\$0.0
DIA APPROPRIATED	\$0.0	\$0.0	\$0.0
DIA O&M	\$0.0	\$0.0	\$0.0
MHS APPROPRIATED	\$73.5	\$71.0	\$78.5
MHS O&M	\$73.5	\$71.0	\$78.5
MHS RDT&E	\$0.0	\$0.0	\$0.0
MHS Procurement	\$0.0	\$0.0	\$0.0
NGA APPROPRIATED	\$0.0	\$0.0	\$0.0
NGA O&M	\$0.0	\$0.0	\$0.0
NSA APPROPRIATED	\$0.0	\$0.0	\$0.0
NSA O&M	\$0.0	\$0.0	\$0.0
NSA RDT&E	\$0.0	\$0.0	\$0.0
DLA APPROPRIATED	\$4.2	\$8.3	\$8.2

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
DLA O&M	\$4.2	\$8.3	\$8.2
DLA RDT&E	\$0.0	\$0.0	\$0.0
BTA APPROPRIATED	\$41.6	\$27.4	\$29.1
BTA O&M	\$41.6	\$27.4	\$29.1
BTA RDT&E	\$0.0	\$0.0	\$0.0
BTA Procurement	\$0.0	\$0.0	\$0.0
OUSD APPROPRIATED	\$0.0	\$0.0	\$0.0
OSD O&M	\$0.0	\$0.0	\$0.0
OSD RDT&E	\$0.0	\$0.0	\$0.0
OSD Procurement	\$0.0	\$0.0	\$0.0
DEFENSE TELEPHONE AGENCY	\$0.0	\$0.0	\$0.0
DTS O&M	\$0.0	\$0.0	\$0.0
DEFENSE CONTRACT AUDIT AGENCY	\$0.0	\$0.0	\$0.0
DCAA O&M	\$0.0	\$0.0	\$0.0
DEFENSE CONTRACT MANAGEMENT AGENCY	\$0.0	\$0.0	\$0.0
DCMA O&M	\$0.0	\$0.0	\$0.0
COUNTER INTELLIGENCE FIELD ACTIVITY	\$0.0	\$0.0	\$0.0
CIFA O&M	\$0.0	\$0.0	\$0.0
DEFENSE SPECIAL WEAPONS AGENCY	\$0.0	\$0.0	\$0.0
Defense Special Weapons Agency O&M	\$0.0	\$0.0	\$0.0
DEFENSE ADVANCED RESEARCH PROJECT AGENCY	\$0.0	\$0.0	\$0.0
DARPA RDT&E	\$0.0	\$0.0	\$0.0
NORTH ATLANTIC TREATY ORGANIZATION	\$0.0	\$0.0	\$0.0
NATO O&M	\$0.0	\$0.0	\$0.0
OTHER DoD ACCOUNTS-APPROPRIATED	\$11.3	\$9.1	\$10.4
O&M	\$11.3	\$9.1	\$10.4
RDT&E	\$0.0	\$0.0	\$0.0
Procurement	\$0.0	\$0.0	\$0.0
b. ORDERS FROM OTHER FUND ACTIVITY GROUPS	\$299.8	\$331.8	\$342.8
AIR FORCE - WORKING CAPITAL	\$27.2	\$30.7	\$32.8
AF Information Services	\$0.0	\$0.0	\$0.0
AF - Other Activity Groups	\$27.2	\$30.7	\$32.8
ARMY - WORKING CAPITAL	\$8.8	\$9.4	\$8.8
Army Information Services	\$0.0	\$0.0	\$0.0
Army Depot Maintenance	\$8.8	\$9.4	\$8.8
Army Supply Management	\$0.0	\$0.0	\$0.0
NAVY - WORKING CAPITAL	\$22.8	\$20.5	\$23.2

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**Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)**

	2008	2009	2010
Navy Information Services	\$0.1	\$0.0	\$0.0
Navy Base Support	\$0.3	\$0.0	\$0.0
Navy Supply Management	\$14.1	\$16.0	\$18.3
Other activity group	\$8.3	\$4.6	\$4.9
DISA - WORKING CAPITAL	\$12.8	\$33.4	\$34.6
Telecomm Svcs/Enterprise Acquisition Svcs	\$12.8	\$33.4	\$34.6
Computing Services	\$0.0	\$0.0	\$0.0
DFAS	\$120.5	\$121.9	\$120.7
DFAS Finance Operations	\$120.5	\$121.9	\$120.7
OTHER DoD	\$10.5	\$8.7	\$10.0
Defense Security Cooperation Agency	\$6.1	\$6.1	\$7.2
Defense Advanced Research Project Agency	\$0.0	\$0.0	\$0.0
Office of Secretary of Defense	\$0.0	\$0.0	\$0.0
Canadian Forces Comm Services	\$0.0	\$0.0	\$0.0
Defense Contract Audit Agency	\$0.0	\$0.0	\$0.0
Defense Intelligence Agency	\$0.0	\$0.0	\$0.0
Defense Investigative Service	\$0.0	\$0.0	\$0.0
National Imagery and Mapping Agency	\$0.0	\$0.0	\$0.0
National Security Agency	\$0.0	\$0.0	\$0.0
Defense Security Service	\$0.0	\$0.0	\$0.0
TRANSCOM	\$3.3	\$1.4	\$1.8
Office Under Secretary of Defense	\$0.0	\$0.0	\$0.0
Other - Working Capital	\$1.1	\$1.1	\$1.0
DLA	\$97.2	\$107.1	\$112.8
DLA Defense Automated Printing Services	\$0.0	\$0.0	\$0.0
DLA Information Services	\$8.4	\$9.3	\$20.5
DLA Supply Management	\$8.2	\$7.3	\$7.7
DLA Distribution Depots	\$26.0	\$30.7	\$31.0
DLA Reutilization & Marketing	\$54.6	\$59.8	\$53.5
DEFENSE COMMISSARY AGENCY (DECA)	\$0.0	\$0.0	\$0.0
DECA Commissary Operations	\$0.0	\$0.0	\$0.0
DECA Commissary Resale	\$0.0	\$0.0	\$0.0
c. TOTAL DoD	\$673.0	\$687.5	\$711.8
d. OTHER ORDERS	\$0.0	\$0.0	\$0.0
OTHER FEDERAL AGENCIES	\$0.0	\$0.0	\$0.0
Agency for International Development	\$0.0	\$0.0	\$0.0

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
Central Intelligence Agency	\$0.0	\$0.0	\$0.0
Communications Man. and Control Activity	\$0.0	\$0.0	\$0.0
Drug Enforcement Agency	\$0.0	\$0.0	\$0.0
Department of Commerce	\$0.0	\$0.0	\$0.0
Department of Energy	\$0.0	\$0.0	\$0.0
Department of Interior	\$0.0	\$0.0	\$0.0
Department of Justice	\$0.0	\$0.0	\$0.0
Department of State	\$0.0	\$0.0	\$0.0
Department of Transportation	\$0.0	\$0.0	\$0.0
US Department of Education	\$0.0	\$0.0	\$0.0
Environmental Protection Agency	\$0.0	\$0.0	\$0.0
General Services Administration	\$0.0	\$0.0	\$0.0
Health and Human Services	\$0.0	\$0.0	\$0.0
National Aeronautics and Space Admin	\$0.0	\$0.0	\$0.0
National Bureau of Standards	\$0.0	\$0.0	\$0.0
Department of the Treasury	\$0.0	\$0.0	\$0.0
US Coast Guard	\$0.0	\$0.0	\$0.0
US Department of Agriculture	\$0.0	\$0.0	\$0.0
Veterans Administration	\$0.0	\$0.0	\$0.0
White House Communications Agency	\$0.0	\$0.0	\$0.0
Federal Bureau of Investigations	\$0.0	\$0.0	\$0.0
Department of Homeland Security	\$0.0	\$0.0	\$0.0
US Senate	\$0.0	\$0.0	\$0.0
US Geological Survey	\$0.0	\$0.0	\$0.0
Federal Aviation Agency (FAA)	\$0.0	\$0.0	\$0.0
National Inst of Standards and Tech (NIST)	\$0.0	\$0.0	\$0.0
Transportation Security Administration	\$0.0	\$0.0	\$0.0
OTHER NON-FEDERAL	\$0.0	\$0.0	\$0.0
British Embassy	\$0.0	\$0.0	\$0.0
Federal Credit Unions	\$0.0	\$0.0	\$0.0
Other Services	\$0.0	\$0.0	\$0.0
Foreign Government Agency	\$0.0	\$0.0	\$0.0
TOTAL NEW ORDERS	\$673.0	\$687.5	\$711.8
2. Carry In Orders	\$0.0	\$0.0	\$0.0
3. TOTAL GROSS ORDERS	\$673.0	\$687.5	\$711.8

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
4. Revenue	\$673.0	\$687.5	\$711.8
5. End of Year Work in Process	\$0.0	\$0.0	\$0.0
6. FMS, Other Federal, and Non-Federal Orders	\$0.0	\$0.0	\$0.0
Army-BRAC	\$0.0	\$0.0	\$0.0
Navy-BRAC	\$0.0	\$0.0	\$0.0
AF-BRAC	\$0.0	\$0.0	\$0.0
Marine Corps-BRAC	\$0.0	\$0.0	\$0.0
Other DoD-BRAC	\$0.0	\$0.0	\$0.0
7. FUNDED CARRY-OVER (Charge to Backlog)	\$0.0	\$0.0	\$0.0

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Revenue and Expenses
Defense Information Systems Agency
Activity Group: Computing Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
Revenue			
Gross Sales	673.0	687.5	711.8
Operations	619.1	641.0	676.4
Capital Surcharge	1.1	2.0	2.0
Depreciation excluding Major Construction	52.8	44.5	33.5
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	673.0	687.5	711.8
Expenses			
Salaries and Wages:	164.8	178.1	182.1
Military Personnel Compensation & Benefits	0.6	0.6	0.9
Civilian Personnel Compensation & Benefits	164.2	177.5	181.2
Travel & Transportation of Personnel	3.2	3.6	4.2
Materials & Supplies (For Internal Operations)	19.2	8.7	8.1
Equipment	0.0	0.0	0.0
Capital Investment Less than Threshold	0.6	1.2	0.6
Other Purchases from Revolving Funds	34.6	33.6	30.2
Transportation of Things	0.2	0.3	0.3
Depreciation - Capital	52.8	44.5	33.5
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	0.0	0.0	0.0
Rent, Comm, Utilities, & Misc. Charges	5.9	6.6	7.2
Other Purchased Services	381.2	420.4	457.4
Total Expenses	662.6	697.0	723.7
Operating Results	10.4	(9.5)	(11.9)
Less Capital Surcharge Reservation	0.0	0.0	0.0
Less Recover Other	0.0	0.0	0.0
+ Passthrough or Other App. Affecting NOR	0.0	0.0	0.0
- Passthrough or Other App. not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Results	10.4	(9.5)	(11.9)
Prior Year AOR	11.0	21.4	11.9
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	21.4	11.9	0.0
Non-Recoverable Adjustment Impacting AOR	0.0	0.0	0.0
AOR for Budget Purposes	21.4	11.9	0.0

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DEPARTMENT OF DEFENSE DEFENSE INFORMATION SYSTEMS AGENCY

Defense Working Capital Fund (DWCF) Telecommunications Services/Enterprise Acquisition Services

FISCAL YEAR (FY) 2010 BUDGET ESTIMATES

The Defense Information Systems Agency (DISA) Defense Working Capital Fund (DWCF) Information Services Activity Group includes the Telecommunications Services and Enterprise Acquisition Services (TS/EAS) business area. It provides a single source for high quality, reliable, survivable, and secure telecommunications services for Defense command and control. It is also an ideal source for procurement of best-value and commercially competitive information technology.

The major component of Telecommunications Services is the Defense Information Systems Network (DISN). The DISN provides the interoperable telecommunications connectivity and value-added services required to plan, implement, and support operational missions. Enterprise Acquisition Services includes the Defense Information Technology Contracting Organization (DITCO). The DITCO provides contract vehicles for information technology and telecommunications.

The Information Services activity group purchases telecommunications and related information technology products from the worldwide commercial sector to meet Department of Defense and authorized non-defense customers' needs. This business area sustains a critical component of the Global Information Grid and provides the warfighter timely access to valid, secure, and operationally relevant information necessary for the success of military operations. The robustness of this telecommunications infrastructure has been demonstrated by DISA's repeated capability to meet terrestrial and satellite surge requirements in Southwest Asia and during disaster relief and recovery efforts. Overall, it provides the lowest possible customer price through bulk quantity purchases, economies of scale, and reengineering of current communication services.

Telecommunications Services/Enterprise Acquisition Services Budget Summary

(\$ in millions)	FY 2008	FY 2009	FY 2010
Revenue	\$3,899.6	\$4,342.5	\$4,690.1
Cost	3,921.2	4,504.5	4,769.4
Net Operating Result	(21.6)	(162.0)	(79.3)
Prior Year AOR	262.9	241.3	79.3
Accumulated Operating Results	\$241.3	\$79.3	\$0.0
Civilian Workyears	971	1,024	1,042
Military End Strength	103	103	103
Capital Budget	\$22.6	\$14.7	\$20.8

The table above provides a summary of the major financial accounts and personnel levels reflected in this budget request. Fiscal Year (FY) 2008 data are actuals. Fiscal Years 2009 – 2010 reflect best estimates of anticipated customer workload, the resulting DWCF costs, and profit/loss. Telecommunications Services and Enterprise Acquisition Services' net position at the close of FY 2008 is a profit of \$241.3 million. In FY 2009, and again in FY 2010, the DISN Subscription Services share price is set below cost to return accumulated profits back to the business area's customers. Beginning in FY 2010, Enterprise Acquisition Services' fee-for-service will return to a true break-even rate of 2.00%, as all prior year profits will have been returned to customers by the end of FY 2009. Civilian workyears are expected to vary only slightly over the budget period, while capital investment levels will increase in FY 2010. Additional specifics may be found in the narrative sections below.

Defense Information Systems Network Program Structure

The Defense Information Systems Network (DISN) is a complex program of services focused on sustainment and modernization. The DISN provides dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services on a fee-for-service basis. The table on the following page illustrates its service offerings:

Category	Major Function	Sub-Function	Supporting Program/Network/Cost Activity
DISN Subscription Services	Real Time Services	Voice	Defense Switched Network Sustaining Activities
			Defense Switched Network Maintenance
			Defense Red Switch Network Sustaining Activities
			Defense Red Switch Network Maintenance
			Other Voice Support
		Office Support	
		Video	Video Sustaining Activities
			Video Maintenance
			Other Video Support
			Office Support
		Data	NIPR Maintenance
			NIPR Sustaining Activities
			NIPR Other Support
	SIPR Maintenance		
	SIPR Sustaining Activities		
	SIPR Other Support		
	Other IP Activities		
	JWICS Transport		
	JWICS Sustaining Activities		
	JWICS Maintenance		
	JWICS Other		
	Office Support		
	Interoperability	RTS Integration Activities	
		RTS Management/Office	
	Transport	Bandwidth Management	Access
			Backbone
		Maintenance	Hardware
			Software
		Core Sustaining Activities	Other
			Warehousing
			Minor Equipment
		Transport Support	Installation
	Other Sustaining Activities		
	Messaging	Message Maintenance	Other Transport Support
		Message Sustaining Activities	Office Support
		Message Support	NA
		Message Support	NA
	Centralized Services	Operational Support Services	Network Operations
			Network Management
			Network Other Support
			Network Office Support
		Customer Support Services	Management NCR
			Management Columbus
Other Support			
Connection Approval		Office Support	
		Other Sustaining Activities	
		Management Activities	
Network Services Support		Office Management	
		Business Office	
	Program Manager Office		
Support Services	Home Team		
	Other Management		
	DISA CONUS		
Reimbursable DISN	Voice Services	DISA Pacific	
	Satellite Services	DISA Europe	
		Joint Hawaii Information Transfer System (JHITS)	
		Commercial Satellite Services (COMSAT)	
	Special Programs	Enhanced Mobile Satellite Services (EMSS)	
Bosnia			
Kosovo			
DISN Leading Edge Services (DISN-LES)			
Wireless	Southwest Asia Contingency Operations - Supplemental		
	Overseas Contingency Operations (OCO)		
Customer Funded Projects	DoD COOP Integrated Network (DCIN)		
	Secure Mobile Environment - Portable Electronic Device (SME-PED)		
		Customer Funded Projects	

Some of the services are provided to customers in pre-defined packages, and sold on a subscription basis. Other network services are provided individually, and sold on a cost reimbursable basis.

DISN SUBSCRIPTION SERVICES

The Defense Information Systems Agency (DISA) provides secure voice, video, and data services over a global fiber optic network that is supplemented by circuitry available from the commercial sector. Using a subscription service approach, whereby customers pay a fixed monthly charge to use these services and networks based on a “shares” concept, DISA provides Defense Information Systems Network (DISN) services to a large customer base that includes Defense, coalition partners, and other federal customers. With the DISN expansion program in 1998 and the Global Information Grid-bandwidth expansion program that was completed in 2005, DISA has installed robust network capacity. The Indefeasible Right of Use (IRU) fiber portion of the DISN is referred to as the DISN Core, and together with other forms of transmission provides vital communications to the warfighter.

The DISN provided network connectivity at 398 customer-funded subscription sites in FY 2008, for a total of 7,634 shares. For FY 2009, the number of sites was reduced to 389 and the number of shares to 7,531. In FY 2010, the number of sites is further reduced to 385 (including initial BRAC reductions); however there is an increase in shares from 7,531 to 7,770. This increase reflects higher customer bandwidth and/or service requirements. In certain cases, increasing the level of service at a site will cause a necessary increase in the amount of bandwidth provisioned to that site. As a result, the rise in site capabilities drives increased operations and sustainment activities in transport, network management and network operations, which is eventually reflected in an increased customer share price. It should be noted that these increases are only provisioned after customer requirements have been approved through the rigorous DISN governance process, to include vetting by the DISN Customer Forum (DCF) and final approval by the DISN Rates Management Council (DRMC).

DISN subscription services are described as follows:

- **Transmission Services** provide a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Defense Agencies. Transmission Services provide the information transport for other services described below, as well as for specialized services.
- **DISA’s Allocation of the Joint Worldwide Intelligence Communications System (JWICS)** provides comprehensive worldwide secure high-speed multimedia Top Secret/Sensitive Compartmented Information communications services for the DoD Intelligence Community and other federal agencies.
- **Data Services** provide Secure Internet Protocol Router Network (SIPRNet) as well as Non-classified Internet Protocol Router Network (NIPRNet) capabilities.
- **Voice Services** provide day-to-day commercially competitive services plus unique secure military requirements. Voice Services includes the operation of the Defense Switched Network and Defense Red Switch Network.
- **Video Services** provide both routine and classified video teleconference capabilities for the Department of Defense and other government agencies.

- **Messaging Services** provide day-to-day organizational messaging capabilities for the DoD. The network provides Top Secret, Secret and Unclassified messaging capabilities using four regional Security Operations Centers.
- **Centralized Services** includes provisioning support to DISN users and operators and network management support to all programs that make up the DISN as described above.

The following table shows the DISN subscription services share price calculation based on the estimated revenue in the budget years, as well as the number of sites and shares.

DISN Subscription Services Rate

(\$ in millions)	FY 2008	FY 2009	FY 2010
Revenue	\$898.1	\$843.0	\$876.4
Cost*	\$873.6	\$956.4	\$964.0
Number of Sites	398	389	385
Number of Shares	7,634	7,531	7,770
Price Per Share	\$118,012	\$111,937	\$112,790
Cost Per Share	\$114,430	\$126,998	\$124,062

*FY 2008 actual costs include (\$39.9 million) in credits as a result of DISA's financial improvement and audit readiness efforts.

The overall impact of the financial remediation credits recorded in FY 2008 actuals was an unbudgeted gain to operations. Consistent with the approved FY 2009 President's Budget, there is a sharp reduction in DISN Subscription Services revenue in FY 2009 as accumulated profits from the FY 2007 financial remediation effort are returned to customers via a reduced DISN share price. In FY 2010, there is a \$33.4 million increase in revenue over FY 2009, but overall revenue is still set below cost to give back all remaining prior year gains. Again, the difference in cost and revenue is being financed through existing DWCF resources i.e., accumulated profits.

DISN REIMBURSABLE PROGRAMS

In addition to the Subscription Services discussed above, the DISN also offers several other reimbursable telecom services to its customers. The estimated costs of DISN reimbursable programs are as follows:

(\$ in millions)	FY 2008	FY 2009	FY 2010
Bosnia	\$3.3	\$2.9	\$2.9
Kosovo	7.5	4.1	4.1
Southwest Asia Contingency Operations*	63.3	110.7	0.0
Overseas Contingency Operations*	0.0	0.0	134.9
Enhanced Mobile Satellite Services	77.3	89.7	91.0
Commercial Satellite Services	254.8	259.0	234.0
Other Reimbursable Services	25.5	71.7	67.7
Total DISN Reimbursable Costs	\$431.7	\$538.0	\$534.6

*Reimbursable from Customers supplemental appropriations

Costs for **Bosnia, Kosovo, and SWA contingency operations** support the sustainment of communications infrastructure, to include service leases and non-capital equipment purchases.

The **Enhanced Mobile Satellite Service (EMSS)** is a global mobile satellite communications system that provides secure voice, data, paging, and messaging communications capabilities to DoD, non-DoD, and foreign subscribers as needed. Customer requests for service have increased steadily since an initial surge following 9/11. Costs are projected to increase to a stabilized level of about \$90.0 million in FY 2009 due to increased customer demand for pagers and handsets, and the implementation of a DoD EMSS Gateway modernization plan.

The **Commercial Satellite Communications (COMSATCOM)** services are also offered on a reimbursable basis. The increase in workload for COMSATCOM in FY 2009 is principally the result of Navy workload.

Other Reimbursable:

The **DISN Leading Edge Services (DISN-LES)** program provides interoperable, secure, and cost efficient Internet Protocol data services for the DoD command, control, intelligence, and mission support communities. The program was approved as a reimbursable program in DISA's DWCF starting in FY 2008 to support a limited RDT&E community within DoD.

The **Joint Hawaii Information Transfer System (JHITS)** provides voice, video, and data services to military bases in the state of Hawaii. Costs for JHITS are expected to remain constant at approximately \$17.9 million through FY 2010.

The **Secure Mobile Environment-Portable Electronic Device (SME-PED)** is a new program designed to deliver, in a single National Security Agency-designed and approved device, wireless secure and non-secure voice and data capabilities to handheld devices over the Secure IP Router Network (SIPRNet) and Non-secure IP Router Network (NIPRNet). The SME-PED capability will be supported by the implementation and operation of two Multi-Carrier Entry Points (MCEP). The MCEPs will serve as the initial aggregation points for data flow of SME-

PED handheld client users from commercial wireless carriers to the DISN data services. Initially, the program will support up to 30,000 users. As the capability matures, the program can be expanded to accommodate up to 500,000 clients. The cost for DISA to establish and sustain two MCEPs for SME-PED access to SIPRNet and NIPRNet is estimated at \$5.8 million in FY 2009. Once the two MCEPs have been established, costs for the SME-PED program decline to a new baseline of \$4.7 million in FY 2010.

ENTERPRISE ACQUISITION SERVICES

Enterprise Acquisition Services encompass a variety of support services to meet DoD information technology contract requirements. Large contract vehicles are available for many essential services: engineering, hardware, equipment and maintenance, integration and support, information security, and computer technology. Contract vehicles are also available for telecommunications circuits and systems that are ordered on an individual basis using telecommunications service requests and the basic agreement contracting process. The mission of Enterprise Acquisition Services also includes acquisition planning, procurement, tariff surveillance, and contract administration. Customers provide funding to cover the estimated contract value before contracts are awarded by the Defense Information Technology Contracting Organization (DITCO) and subsequently administered. As a result, budget changes are a direct result of volume projections of the dollar value of contracts and telecom service customers are expected to request. In addition to these customer orders, this business area also supports the contracting requirements for the DISN networks. In order to return prior year profits, DISA has charged Enterprise Acquisition Services customers a 1.25% fee-for-service for the last four years. In FY 2010, this fee-for-service will be returned to 2.00% in order to fully recover all of DISA's operating costs, thus breaking even.

In addition to providing in-house contracting support to the DISN programs, DITCO provides support to other customers as depicted in the following table:

(\$ in millions)	FY 2008	FY 2009	FY 2010
Computer Technology Contracts	\$1,748.6	\$2,245.1	\$2,540.8
Telecommunications Contracts (Non-DISN)	772.1	658.7	630.3
Cost of Operations	95.2	106.3	99.8
Total DWCF Cost	\$2,615.9	\$3,010.1	\$3,270.8
Revenue	\$2,573.2	\$2,963.5	\$3,279.4
Net Operating Result	(\$42.7)	(\$46.6)	\$8.6
Fee-for-Service	1.25%	1.25%	2.00%

The increase in business volume in FY 2009 is largely attributable to the transition to the Encore II Computer Technology Contract. In FY 2010, Joint Interoperability Test Command (JITC) workload transfers into the DISA DWCF at an estimated reimbursable cost of \$156.9 million. Additionally, Enterprise Acquisition Services budgeted \$4.4 million in cost and revenue for using the Defense Acquisition Workforce Development Fund (DAWDF) to enhance its acquisition workforce. As described above, the Enterprise Acquisition Services fee-for-service will return to 2.00% in FY 2010 in order to fully recover all operating costs.

TELECOMMUNICATIONS SERVICES/ENTERPRISE ACQUISITION SERVICES

Major Changes between Fiscal Years Cost of Operations

(\$ in millions)	FY 2008	FY 2009	FY 2010
FY 2009 President's Budget	\$4,758.1	\$4,950.4	\$4,980.8
FY 2010 Budget Estimates	3,921.2	4,504.5	4,769.4
Change FY 2009 President's Budget to FY 2010 Budget	(\$837.0)	(\$445.9)	(\$211.5)

FY 2009 President's Budget to FY 2009 Current Estimates

Total activity group costs are expected to decrease by \$445.9 million from the FY 2009 President's Budget. Of this decrease, \$30.0 million is due to a reduction in inflation.

Costs for Enterprise Acquisition Services are estimated at \$3,010.1 million in FY 2009, a decrease of \$562.9 million from the FY 2009 President's Budget estimate. Approximately \$298.3 million of this decrease is due to a delay in the award of the IT support Encore II contract, and the Joint Interoperability Test Command (JITC) workload not materializing until FY 2010. The remainder of the decrease is due to a reduction in pass-through reimbursable telecommunications contracts as a result of the continued optimization of the DISN optical Core and delay in the full award of the Networx contract, the follow-on to FTS 2001.

FY 2009 Telecommunications Services costs increase \$117.0 million over the FY 2009 President's Budget. Of this increase, a total of \$90.1 million is attributable to higher DISN reimbursable workload, mostly for Commercial Satellite Services. The remaining increase in Telecommunications Services reimbursable workload is due to additional support for Overseas Contingency Operations.

The remaining \$26.9 million increase to Telecommunications Services is attributable to DISN Subscription Services. The increase is mostly due to moving Operational Support Systems' servers to DISA's Defense Enterprise Computing Centers (DECCs) in order to achieve Mission Assurance Category 1 status. Higher video services costs are also anticipated, partially offset by constraints DISA has placed on the use of legacy technology such as Asynchronous Transfer Mode (ATM) and Promina circuits. The cost increase also includes the Department of Defense's share of GSA's costs for maintaining the Federal Relay program.

FY 2009 Current Estimates to FY 2010 Current Estimates

Total activity group costs increase by \$264.9 million from FY 2009 to FY 2010. Of this increase, \$52.7 million is due to inflation. Approximately \$3.9 million of this inflationary increase is absorbed by DISN Subscription Services, as the DSS cost baseline increases only slightly over the FY 2009 level. The budget request includes a cyber-security initiative, the Host Based Security System (HBSS), for improved SIPRNet security.

The majority of the increase in Enterprise Acquisition Services cost is due to additional expected workload on pass-through IT support contracts, primarily for DISA's Joint Interoperability Test Command (JITC) and Encore II IT services. Additionally, workload is expected to rise on the

Networkx contract which will include a larger number of services than the legacy FTS 2001 contract. These increases are partially offset by a net decrease in reimbursable telecommunications contracts as a result of continued optimization of the DISN optical Core.

CAPITAL INVESTMENT PROGRAM

Capital Budget Summary

\$ in millions	FY 2008	FY 2009	FY 2010
Equipment	\$3.4	\$0.0	\$0.0
ADPE and Telecom	16.9	14.1	20.8
Software	1.3	0.7	0.0
Minor Construction	1.0	0.0	0.0
Total Program Authority	\$22.6	\$14.7	\$20.8
FY 2009 President's Budget	\$12.4	\$3.5	\$0.0
Net Change	\$10.2	\$11.2	\$20.8

Estimated Annual Capital Cash

\$ in millions	FY 2008	FY 2009	FY 2010
Capital Collections	\$1.5	\$8.3	\$10.2
Capital Disbursements	21.4	40.5	20.9
Capital Net Outlays	\$19.9	\$32.2	\$10.7

FY 2009 President's Budget to FY 2009 Current Estimates

FY 2009 capital authority increases by \$11.2 million over the FY 2009 President's Budget. This increase is necessary to complete investments for DISN Video Services. Capital authority is being used to complete engineering and equipment solutions as well as testing of a new video system.

FY 2009 Current Estimates to FY 2010 Current Estimates

The FY 2010 capital authority request increases by \$6.1 million from the FY 2009 request in this budget submission. This increase is due entirely to the Enhanced Mobile Satellite Services (EMSS) DISN reimbursable program. The EMSS service is a global, secure, handheld communications device available to the Department. Since September 11, 2001, there has been a significant increase in the number of users on the EMSS Gateway infrastructure. Several of the systems critical to its operation are beyond end-of-life. In addition, no system redundancy exists within the Gateway. The request in this submission will allow the DoD Gateway to be refreshed and will ensure a continued level of service to customers.

PERFORMANCE MEASURES

Telecommunications, both terrestrial and satellite, are key to information superiority and support the Global Information Grid as it creates a net-centric environment to enhance warfighter capabilities. The continued capability to meet these requirements is the focus of the operation of the DISN and the operational integration of the Global Information Grid. These efforts, which have guided this budget's development, support the Department's goal of bandwidth availability. The DISN has operating metrics tied to the Department's strategic goals. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. Both of these categories of metrics have guided the development of this submission. The business area tracks its performance results through DISA Corporate Board Reviews, Director's Internal Performance Reviews, Balanced Scorecard results, and annual customer surveys. Shown below are major performance and performance improvement measures:

The following performance measures apply for Telecommunications Services:

SERVICE OBJECTIVE	FY 2008 Actuals	FY 2009 Operational Goal	FY 2010 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.72%	99.55%	99.55%
Secure Internet Protocol Router Network latency (speed of the network) in the continental United States	<50 milliseconds	Not to exceed 100 Milliseconds	Not to exceed 100 Milliseconds
DISN Video Services availability	99.93%	99.60%	99.60%
Defense Red-Switch Network switch availability	99.96%	99.90%	99.90%
SME-PED Multi-Carrier Entry Point availability/up-time	100.00%	99.50%	99.50%
Defense Switched Network Grade-of-Service	P.00	P.05 (defined as five blocked calls per one hundred)	P.05 (defined as five blocked calls per one hundred)

Program Assessment Rating Tool (PART). The DISN is included in one of the U.S. Office of Management and Budget's PART measures in the Defense Communications Infrastructure program. The included measure is the percent of time that the Non-Secure Internet Protocol Router Network access circuit is available.

The following performance measures apply for Enterprise Acquisition Services:

Service Objective	FY 2008 Actuals	FY 2009 Operational Goal	FY 2010 Operational Goal
Percent of total eligible contract dollars competed	83.00%	85.00%	85.00%
Percent of total eligible contract dollars awarded to small businesses	25.12%	25.00%	25.00%

CIVILIAN PERSONNEL
(\$ in millions)

Telecommunications Services/ Enterprise Acquisition Services	FY 2008	FY 2009	FY 2010
Civilian End Strength	1,005	1,084	1,083
Civilian Full Time Equivalentents	971	1,024	1,042
Civilian Labor Cost	\$98.8	\$113.3	\$118.0

From FY 2009 to FY 2010, there are an additional 18 civilian Full Time Equivalent (FTE) personnel needed to support DISN programs in the Telecommunications Services business area. There is no increase in end strength from FY 2009 to FY 2010 because the additional FTEs are expected to be on-board at the end of FY 2009. Five of the FTEs are for the DISN Connection Approval Office, which ensures all DISN customers are approved to securely connect to the DISN. An additional 10 FTEs are necessary to support both the DISN Customer Call Center and the Network Services management team. The call center is expanding to support 24x7 global availability. Another 3 FTEs are needed to support GIG Operations.

MILITARY PERSONNEL
(\$ in millions)

Telecommunications Services/ Enterprise Acquisition Services	FY 2008	FY 2009	FY 2010
Military End Strength	103	103	103
Military Full Time Equivalentents	103	103	103
Military Labor Cost	\$7.1	\$6.8	\$7.1

Military Personnel numbers for TS/EAS from FY 2008 to FY 2010 are projected to remain constant.

Changes in the Costs of Operations
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
May, 2009
(Dollars in Millions)

FY 2008	Actual	3,921.2
FY 2009	Estimate in FY 2009 Budget Estimates	4,950.4
	<i>Pricing Adjustments:</i>	
	Non-labor inflation	(30.0)
	FY 2009 civilian pay raise adjustment	0.8
	<i>Program Changes:</i>	
	Net decrease in Computer Technology contracts due to delay in award of Encore II and Joint Interoperability Test Command (JITC) workload not materializing until FY 2010	(298.3)
	Net decrease in Telecommunications Contracts due to continued optimization of the DISN optical Core and delay in full award of Networx contract	(242.0)
	Net increase in reimbursable telecommunications workload for Commercial Satellite Services and Customer Funded Projects for installations and removals of DISN equipment, specifically for BRAC, partially offset by reductions to the Joint Hawaii Information Transfer System (JHITS) and special telecommunications projects	67.7
	Net increase in Defense Information Systems Network (DISN) Subscription Services due to migration of Operational Support Systems (OSS) servers to Defense Enterprise Computing Centers (DECC), ongoing transition from DISN Video Services - Global (DVS-G) to DVS-II, partially offset by reduced transmission costs as a result of ATM and Promina provisioning constraints and reduced customer site support	29.6
	Increase in Overseas Contingency Operations support	26.8
	Increase in DISN Subscription Services for funding of Fed Relay program - costs move from GSA to DoD	4.2
	Net decrease in Acquisition and Financial Services for civilian FTEs and travel	(3.0)
	Miscellaneous	(1.6)
FY 2009	Current Estimate	4,504.5
	<i>Pricing Adjustments:</i>	
	Non-labor inflation	49.8
	Civilian/Military pay raise	1.8
	Annualization of Civilian/Military pay raise	1.1

Changes in the Costs of Operations
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
May, 2009
(Dollars in Millions)

Program Changes:

Anticipated workload growth, primarily for the Joint Interoperability Test Command (JITC) and for Encore II IT services	268.7
Increase in support for Overseas Contingency Operations	22.9
Net decrease in Telecommunications Contracts as a result of continued optimization of the DISN optical Core, partially offset by increased usage of the fully awarded Networx contract	(36.3)
Decrease in workload for Commercial Satellite Communications as a result of the Navy moving workload to a military satellite network	(28.1)
Decrease in DISN Subscription Services costs due to completion of transition to new video system, continued bandwidth provisioning constraints for ATM and Promina, and one-time OSS server migration costs completed	(14.6)
Net decrease in Acquisition and Financial Services for civilian FTEs and travel	(7.8)
Host Based Security System (HBSS) Sustainment	10.7
Miscellaneous	(3.3)

FY 2010	Estimate		4,769.4
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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$2,856.8	\$3,097.7	\$3,388.8
AIR FORCE APPROPRIATED	\$665.5	\$749.9	\$785.6
AF O&M	\$609.0	\$688.3	\$721.7
AF RDT&E	\$29.6	\$36.1	\$37.5
AF Procurement	\$26.9	\$22.8	\$23.6
AF BRAC	\$0.0	\$2.8	\$2.8
ARMY APPROPRIATED	\$762.1	\$896.4	\$935.0
Army O&M	\$667.2	\$778.5	\$808.8
Army RDT&E	\$36.9	\$47.7	\$51.2
Army Procurement	\$57.3	\$64.8	\$69.6
Army MILCON	\$0.7	\$1.2	\$1.3
Army BRAC	\$0.0	\$4.3	\$4.2
NAVY APPROPRIATED	\$493.7	\$471.2	\$433.0
Navy O&M	\$445.4	\$419.9	\$379.3
Navy RDT&E	\$20.4	\$18.7	\$19.6
Navy Procurement	\$27.9	\$30.5	\$32.1
Navy BRAC	\$0.0	\$2.1	\$2.0
MARINE CORPS APPROPRIATED	\$1.3	\$1.0	\$44.7
Marine Corps O&M	\$0.0	\$0.0	\$43.6
Marine Corps RDT&E	\$1.3	\$1.0	\$1.1
Marine Corps Procurement	\$0.0	\$0.0	\$0.0
Marine Corps BRAC	\$0.0	\$0.0	\$0.0
DISA APPROPRIATED	\$624.8	\$546.8	\$730.2
DISA O&M	\$425.4	\$420.1	\$543.8
DISA RDT&E	\$130.3	\$71.6	\$105.4
DISA Procurement	\$69.1	\$55.1	\$81.0
DISA MILCON	\$0.0	\$0.0	\$0.0
DIA APPROPRIATED	\$16.3	\$32.8	\$34.3
DIA O&M	\$16.3	\$32.8	\$34.3
MHS APPROPRIATED	\$0.0	\$0.0	\$4.1
MHS O&M	\$0.0	\$0.0	\$4.1
MHS RDT&E	\$0.0	\$0.0	\$0.0
MHS Procurement	\$0.0	\$0.0	\$0.0
NGA APPROPRIATED	\$19.2	\$19.4	\$19.9
NGA O&M	\$19.2	\$19.4	\$19.9
NSA APPROPRIATED	\$19.6	\$0.2	\$0.2
NSA O&M	\$3.0	\$0.2	\$0.2
NSA RDT&E	\$16.6	\$0.0	\$0.0
DLA APPROPRIATED	\$0.0	\$1.4	\$1.4

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
DLA O&M	\$0.0	\$1.4	\$1.4
DLA RDT&E	\$0.0	\$0.0	\$0.0
BTA APPROPRIATED	\$0.0	\$0.0	\$0.0
BTA O&M	\$0.0	\$0.0	\$0.0
BTA RDT&E	\$0.0	\$0.0	\$0.0
BTA Procurement	\$0.0	\$0.0	\$0.0
OUSD APPROPRIATED	\$209.0	\$346.8	\$364.8
OSD O&M	\$148.9	\$241.4	\$253.9
OSD RDT&E	\$38.1	\$62.3	\$65.6
OSD Procurement	\$22.0	\$43.1	\$45.3
DEFENSE TELEPHONE AGENCY	\$3.0	\$5.3	\$6.3
DTS O&M	\$3.0	\$5.3	\$6.3
DEFENSE CONTRACT AUDIT AGENCY	\$1.7	\$0.9	\$0.2
DCAA O&M	\$1.7	\$0.9	\$0.2
DEFENSE CONTRACT MANAGEMENT AGENCY	\$0.0	\$0.0	\$1.4
DCMA O&M	\$0.0	\$0.0	\$1.4
COUNTER INTELLIGENCE FIELD ACTIVITY	\$0.6	\$0.0	\$0.6
CIFA O&M	\$0.6	\$0.0	\$0.6
DEFENSE SPECIAL WEAPONS AGENCY	\$0.0	\$0.0	\$0.0
Defense Special Weapons Agency O&M	\$0.0	\$0.0	\$0.0
DEFENSE ADVANCED RESEARCH PROJECT AGENCY	\$0.0	\$0.0	\$0.0
DARPA RDT&E	\$0.0	\$0.0	\$0.0
NORTH ATLANTIC TREATY ORGANIZATION	\$0.0	\$0.2	\$0.2
NATO O&M	\$0.0	\$0.2	\$0.2
OTHER DoD ACCOUNTS-APPROPRIATED	\$40.0	\$25.3	\$27.1
O&M	\$36.8	\$25.3	\$27.1
RDT&E	\$3.2	\$0.0	\$0.0
Procurement	\$0.0	\$0.0	\$0.0
b. ORDERS FROM OTHER FUND ACTIVITY GROUPS	\$701.3	\$903.9	\$955.1
AIR FORCE - WORKING CAPITAL	\$53.4	\$75.2	\$77.6
AF Information Services	\$23.9	\$75.2	\$77.6
AF - Other Activity Groups	\$29.5	\$0.0	\$0.0
ARMY - WORKING CAPITAL	\$4.8	\$6.1	\$6.5
Army Information Services	\$4.9	\$6.1	\$6.5
Army Depot Maintenance	\$0.0	\$0.0	\$0.0
Army Supply Management	\$0.0	\$0.0	\$0.0
NAVY - WORKING CAPITAL	\$30.4	\$46.9	\$49.1

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
Navy Information Services	\$30.3	\$46.9	\$49.1
Navy Base Support	\$0.0	\$0.0	\$0.0
Navy Supply Management	\$0.0	\$0.0	\$0.0
Other activity group	\$0.1	\$0.0	\$0.0
DISA - WORKING CAPITAL	\$354.9	\$419.3	\$454.8
Telecomm Svcs/Enterprise Acquisition Svcs	\$0.0	\$3.3	\$3.3
Computing Services	\$354.8	\$416.0	\$451.5
DFAS	\$3.9	\$4.9	\$4.8
DFAS Finance Operations	\$3.9	\$4.9	\$4.8
OTHER DoD	\$76.6	\$165.6	\$171.9
Defense Security Cooperation Agency	\$0.0	\$0.0	\$0.0
Defense Advanced Research Project Agency	\$0.0	\$0.0	\$0.0
Office of Secretary of Defense	\$0.0	\$19.0	\$15.1
Canadian Forces Comm Services	\$3.5	\$3.3	\$3.3
Defense Contract Audit Agency	\$0.0	\$1.4	\$2.4
Defense Intelligence Agency	\$17.7	\$0.0	\$0.0
Defense Investigative Service	\$0.2	\$0.3	\$0.3
National Imagery and Mapping Agency	\$0.3	\$4.4	\$4.2
National Security Agency	\$11.5	\$23.1	\$25.3
Defense Security Service	\$11.2	\$44.8	\$48.7
TRANSCOM	\$0.0	\$0.0	\$0.0
Office Under Secretary of Defense	\$32.3	\$69.2	\$72.6
Other - Working Capital	\$0.0	\$0.0	\$0.0
DLA	\$33.9	\$38.0	\$38.7
DLA Defense Automated Printing Services	\$32.9	\$38.0	\$38.7
DLA Information Services	\$1.0	\$0.0	\$0.0
DLA Supply Management	\$0.0	\$0.0	\$0.0
DLA Distribution Depots	\$0.0	\$0.0	\$0.0
DLA Reutilization & Marketing	\$0.0	\$0.0	\$0.0
DEFENSE COMMISSARY AGENCY (DECA)	\$143.4	\$148.0	\$151.6
DECA Commissary Operations	\$122.7	\$125.6	\$128.5
DECA Commissary Resale	\$20.7	\$22.5	\$23.0
c. TOTAL DoD	\$3,558.1	\$4,001.6	\$4,343.9
d. OTHER ORDERS	\$341.5	\$340.8	\$346.2
OTHER FEDERAL AGENCIES	\$328.2	\$332.6	\$337.8
Agency for International Development	\$0.0	\$0.0	\$0.0

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
Central Intelligence Agency	\$0.0	\$6.6	\$7.6
Communications Man. and Control Activity	\$0.3	\$0.0	\$0.0
Drug Enforcement Agency	\$0.0	\$0.0	\$0.0
Department of Commerce	\$1.1	\$1.7	\$1.9
Department of Energy	\$1.2	\$1.2	\$1.2
Department of Interior	\$2.1	\$3.9	\$4.0
Department of Justice	\$4.2	\$12.4	\$13.7
Department of State	\$4.4	\$11.6	\$13.1
Department of Transportation	\$1.1	\$0.0	\$0.0
US Department of Education	\$0.0	\$0.0	\$0.0
Environmental Protection Agency	\$0.0	\$0.0	\$0.0
General Services Administration	\$0.1	\$0.0	\$0.0
Health and Human Services	\$0.2	\$0.7	\$0.2
National Aeronautics and Space Admin	\$0.9	\$0.9	\$0.9
National Bureau of Standards	\$0.1	\$0.0	\$0.0
Department of the Treasury	\$0.1	\$0.2	\$0.2
US Coast Guard	\$45.8	\$33.0	\$37.8
US Department of Agriculture	\$7.8	\$4.5	\$4.6
Veterans Administration	\$0.9	\$0.7	\$0.7
White House Communications Agency	\$59.0	\$73.5	\$74.5
Federal Bureau of Investigations	\$0.0	\$1.7	\$1.7
Department of Homeland Security	\$146.7	\$143.1	\$137.6
US Senate	\$0.0	\$0.0	\$0.0
US Geological Survey	\$0.6	\$0.6	\$0.6
Federal Aviation Agency (FAA)	\$51.6	\$36.1	\$36.9
National Inst of Standards and Tech (NIST)	\$0.0	\$0.0	\$0.0
Transportation Security Administration	\$0.0	\$0.0	\$0.6
OTHER NON-FEDERAL	\$13.3	\$8.3	\$8.5
British Embassy	\$0.6	\$0.5	\$0.5
Federal Credit Unions	\$0.0	\$0.0	\$0.0
Other Services	\$12.7	\$7.8	\$8.0
Foreign Government Agency	\$0.0	\$0.0	\$0.0
TOTAL NEW ORDERS	\$3,899.6	\$4,342.5	\$4,690.1
2. Carry In Orders	\$0.0	\$0.0	\$0.0
3. TOTAL GROSS ORDERS	\$3,899.6	\$4,342.5	\$4,690.1

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Source of New Orders and Revenue
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
4. Revenue	\$3,899.6	\$4,342.5	\$4,690.1
5. End of Year Work in Process	\$0.0	\$0.0	\$0.0
6. FMS, Other Federal, and Non-Federal Orders	\$0.0	\$0.0	\$0.0
Army-BRAC	\$0.0	\$0.0	\$0.0
Navy-BRAC	\$0.0	\$0.0	\$0.0
AF-BRAC	\$0.0	\$0.0	\$0.0
Marine Corps-BRAC	\$0.0	\$0.0	\$0.0
Other DoD-BRAC	\$0.0	\$0.0	\$0.0
7. FUNDED CARRY-OVER (Charge to Backlog)	\$0.0	\$0.0	\$0.0

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Revenue and Expenses
Defense Information Systems Agency
Activity Group: Telecommunications Services and Enterprise Acquisition Services
Date: May 2009
(Dollars in Millions)

	2008	2009	2010
Revenue			
Gross Sales	3,899.6	4,342.5	4,690.1
Operations	3,897.9	4,334.2	4,679.9
Capital Surcharge	0.1	0.4	0.4
Depreciation excluding Major Construction	1.6	7.9	9.9
Major Construction Depreciation	0.0	0.0	0.0
Other Income	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	3,899.6	4,342.5	4,690.1
Expenses			
Salaries and Wages:	105.0	119.2	124.1
Military Personnel Compensation & Benefits	7.1	6.8	7.1
Civilian Personnel Compensation & Benefits	97.9	112.4	117.1
Travel & Transportation of Personnel	3.0	4.2	4.8
Materials & Supplies (For internal Operations)	189.3	210.2	250.2
Equipment	0.0	0.0	0.0
Capital Investment Less than Threshold	0.0	0.0	0.0
Other Purchases from Revolving Funds	9.2	30.0	33.1
Transportation of Things	0.0	0.0	0.0
Depreciation - Capital	1.6	7.9	9.9
Printing and Reproduction	0.1	0.1	0.1
Advisory and Assistance Services	22.3	23.4	25.7
Rent, Comm, Utilities, & Misc. Charges	1,317.3	1,357.0	1,335.4
Other Purchased Services	2,273.4	2,752.5	2,985.9
Total Expenses	3,921.2	4,504.5	4,769.4
Operating Results	(21.6)	(162.0)	(79.3)
Less Capital Surcharge Reservation	0.0	0.0	0.0
Less Recover Other	0.0	0.0	0.0
+ Passthrough or Other App. Affecting NOR	0.0	0.0	0.0
- Passthrough or Other App. not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Results	(21.6)	(162.0)	(79.3)
Prior Year AOR	262.9	241.3	79.3
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	241.3	79.3	0.0
Non-Recoverable Adjustment Impacting AOR	0.0	0.0	0.0
AOR for Budget Purposes	241.3	79.3	0.0

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**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2010 BUDGET ESTIMATES
MAY 2009
OVERVIEW**

DEFENSE LOGISTICS AGENCY

The Defense Logistics Agency (DLA) is a Combat Support Agency responsible for providing worldwide logistics support for the missions of the Military Departments and the Unified Combatant Commands under conditions of peace and war. Responsibilities include the acquisition, storage, and distribution of most of the Department of Defense's (DoD) spare parts and other consumable items, reutilization and marketing of excess military property, document automation services, and operation of the Defense National Stockpile. DLA directly contributes to the warfighting readiness and sustainability of U.S. forces, literally "around the clock - around the world".

Most of these responsibilities are carried out by activity groups operating within the Defense-Wide Working Capital Fund. In FY 2010, the DLA portion of the Fund will consist of the following three activity groups:

- Supply Chain Management (includes Material, Distribution, and Reutilization and Marketing Supply Chains)
- Energy Management
- Document Automation and Production Service

This submission reflects DLA's continued commitment to provide responsive, best value supplies and services consistently to our customers, to structure internal processes to deliver customer outcomes effectively and efficiently, to ensure our workforce is enabled and empowered to deliver and sustain logistics excellence, and manage DLA resources for best customer value. Specifically, this submission includes:

- ◆ Performance goals and metrics for all major DLA Activity Groups
- ◆ Material Supply Chain Customer Price Change (CPC) of 0.9% in FY 2010.
- ◆ A direct appropriation to the DLA Defense Working Capital Fund of \$38.6 million in FY 2010 to fund military unique costs.

- ◆ Energy standard price per barrel of petroleum of \$89.46 in FY 2010.

A description of each activity group follows:

Supply Chain Management

Recent business and technology changes required a reassessment of DLA's current financial model and its future utility. First, under the planned Base Realignment and Closure (BRAC) Supply, Storage and Distribution (SS&D) business model, DLA's Supply Chain Management business will be responsible for supply-related functions of supply planning and procurement as well as for managing the distribution of supplies to the maintenance lines at Service industrial activities. This should lead to a more effective and efficient supply chain business model which includes procurement of industrial material, distribution to the end use customer, and ultimate disposal of materiel in excess of customer needs.

In addition, the DLA leadership is working to develop one "enterprise" face to the customer. Currently, customers perceive DLA as the manager of separate and distinct businesses that must be dealt with individually. The Defense Working Capital Fund (DWCF) business charters perpetuated this notion. Enterprise branding is an attempt to change current customer perceptions and promote DLA as a provider of integrated, end-to-end, materiel supply chain solutions.

Finally, we are now implementing the Enterprise Business System (EBS) across the Agency. Initial implementation was only to DLA Headquarters and the Inventory Control Points (ICPs). In FY 2009, EBS is being implemented for Distribution and Reutilization and Marketing business segments. EBS has been a major business process and technology transformation. To fully capitalize on this investment, DLA reviewed the volume and frequency of Intra-DLA business transactions to determine if we could streamline processes and improve DLA's auditability posture. These business areas (Non-Energy, Distribution, Reutilization and Marketing) currently transact over \$600 million worth of Intra-Agency business, requiring the processing of hundreds of reimbursable documents, reimbursable obligation authority, double-bookkeeping and corresponding eliminations.

Therefore, to accommodate new BRAC responsibilities, facilitate DLA branding, and take full advantage of new technology capabilities, we have modified the current DWCF business area charter structure beginning in FY 2010 to combine Non-Energy ICPs, Distribution, and Reutilization and Marketing businesses into a single DWCF chartered business area renamed the Supply Chain Management Business Area.

The revised Charter was approved by USD(C) on March 3, 2009. Separate cost visibility and pricing of different product lines within the Supply Chain Management Business Area will still be maintained.

This submission reflects the implementation of the new business area structure starting in FY 2010 with one set of consolidated supply management exhibits. Exhibit Fund 11 and Fund 14 are provided in a consolidated form, with supporting individual business segments.

Activity Group Profile

	(\$ in Millions)		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Cost of Goods Sold	\$18,060.0	\$16,882.0	\$16,148.9
Net Operating Results	-\$218.2	\$194.2	-\$21.4
Accumulated Operating Results	-\$143.8	\$50.4	\$29.0
Civilian FTEs	21,193	23,358	23,443
Military Workyears	352	343	355
Capital Budget Authority	\$140.2	\$154.9	\$164.3

Energy Management

The Defense Energy Support Center (DESC) is located at Fort Belvoir, Virginia, and provides comprehensive worldwide energy support for the military services and other authorized customers. DESC also serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace missile fuels; electricity and natural gas products; assistance to the Services regarding privatization of their utility systems; arranging for petroleum support services; providing facility/equipment maintenance on fuel infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; and performing petroleum quality surveillance functions worldwide.

Activity Group Profile

	(\$ in Millions)		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Cost of Goods Sold	\$17,620.8	\$9,362.7	\$9,909.6
Net Operating Results	-\$850.9	\$1,052.1	\$52.4
Accumulated Operating Results	-\$1,022.6	-\$250.5	-\$198.1
Civilian FTEs	923	1,073	1,111
Military Workyears	73	73	73
Capital Budget Authority	\$49.1	\$85.1	\$106.2

Document Automation and Production Service

The Document Automation and Production Service (DAPS) is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. DAPS provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

DAPS' value to DoD is characterized by two elements. First, DAPS provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, DAPS actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to target digital formats. The results bear out this dynamic transformation in document management - in the past 10 years offset printing workload has decreased 49 percent, on-demand output (high-speed copying) workload has decreased 64 percent and on-line services workload has increased 94 percent.

DAPS manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 185 production facilities.

Activity Group Profile

	(\$ in Millions)		
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue	\$358.3	\$375.9	\$371.1
Net Operating Results	\$16.9	-\$23.9	-\$20.5
Accumulated Operating Results	\$44.4	\$20.5	\$0.0
Civilian FTEs	815	869	862
Capital Budget Authority	.4	8.0	8.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FISCAL YEAR (FY) 2010 Budget Estimates
May 2009

ACTIVITY GROUP CONSOLIDATION

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ACTIVITY GROUP DESCRIPTION

The Defense Logistics Agency (DLA) Supply Chain Management Activity Group manages DLA materiel from initial purchase, to distribution and storage, and finally to disposal and reutilization. Costs include operations (salaries and expenses), materiel (items sold to the Military Services) and capital investments (purchase of equipment, software development and minor construction).

The DLA Supply Chain Management Activity Group is broken into three business segments: Materiel Supply Chains (formally Non-Energy ICPs), Distribution Supply Chain, and Reutilization and Marketing Supply Chain.

- **The Materiel Supply Chains** fill nearly 25.2 million customer orders annually from the Military Services, other Federal Agencies, non-federal Agencies and Foreign Military for the 5.2 million consumable items managed by DLA. In addition, BRAC added two new responsibilities for the materiel supply chains and will be fully implemented by FY 2011: procuring all new depot level repairable (DLR) items for the Services and managing the supply, storage, and distribution functions at major Service industrial sites. A brief description of each supply chain follows.
 - The **Aviation Supply Chain** is the primary source for nearly 1.3 million repair parts and operating supply items for aviation weapon systems.
 - The **Land Supply Chain** is the primary source for nearly 383,124 repair parts and operating supply items for land-based weapon systems.

- The **Maritime Supply Chain** is the primary source for nearly 1.5 million repair parts and operating supply items for maritime-based systems.
 - The **Clothing and Textiles Supply Chain** is the primary source for over 35,000 clothing and textile items that outfit U.S. troops and civilian customers including uniforms, helmets, body armor, chemical protective suits, footwear, and tents.
 - The **Medical Supply Chain** is the primary source for 1.6 million medical items for the Military Services in peacetime and war including medical supplies, equipment, pharmaceuticals and other health care items.
 - The **Subsistence Supply Chain** is the primary source for nearly 75,000 Subsistence items including fresh fruits and vegetables, frozen and dehydrated food, and Meals Ready-to-Eat.
 - The **Construction and Equipment Supply Chain** is the primary source for over 348,000 Construction and Equipment items including fire and emergency service equipment, marine lifesaving equipment, wood products, lighting, metals, and building materials for the Services and other Federal Agencies.
- The **Distribution Supply Chain** is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network, which consists of 26 depots strategically located throughout the world, receives and issues about 22.7 million secondary lines and warehouses and maintained 115.8 million cubic feet of material.
- The **Reutilization and Marketing Supply Chain** is responsible for the reuse, or reutilization, of excess and surplus personal property within the DoD. In FY 2008, over \$1.8 billion worth of personal property was reutilized, minimizing the need for the Department to reinvest in these items. If property is not reutilized, it is made available for transfer to other Federal Agencies. Remaining property becomes surplus and is made available for donation to authorized State Agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. This supply chain also

performs other vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

In addition, DLA's Supply Chain Management includes a small number of DoD Logistics support activities, such as the Defense Logistics Information Service (DLIS) and the Defense Automated Addressing Systems Center (DAASC).

- The **Defense Logistics Information Service (DLIS)** supports all logistics functions of DoD, other Government Agencies, and Foreign Governments by managing and distributing logistics information on 7 million supply items in the Federal Logistics Information System.
- The **Defense Automatic Addressing Systems Center (DAASC)** designs, develops, and implements logistics solutions that improve customers' requisition processing and logistics management processes worldwide. The primary mission is to receive, edit, and route logistics transactions for the Military Services and Federal Agencies. The DAASC processes over 5 billion DoD logistics transactions per year, applies numerous DoD and Service/Agency edits and validations against these transactions, and routes the data to the appropriate destination.

ACTIVITY GROUP BUSINESS CHANGES

Significant changes in the nature of the business over the budget period include:

- **Transfer of 3 functions to DLA from the Navy:** (1) **Navy Warehouse Initiative** - transfer of warehousing and distribution functions and associated FTEs; (2) **Materiel Processing Centers (MPC)** - transfers receiving, de-bulking, de-trashing and most significantly customized sorting workload; and (3) **Intermodal Hub** - transfer of the reimbursable Consolidation and Containerization Point (CCP)-like work and the sustainment ship load/discharge mission from the Fleet Industrial Supply Center (FISC) Norfolk to the Defense Distribution Center Norfolk, VA. Programmed funding for these 3 initiatives is \$114.9 million in FY 2009 and \$135.0 million in FY 2010.
- **Demilitarization (Demil) of B & Q Property** - new policy from OUSD requires long-term storage of all property with a demil code of "B" (Trade Security Controls required at

disposition) and demil code "Q" (Commerce Control List Items). These items will be available for reutilization by DoD customers and possibly some limited transfers to Federal Civilian Agencies. The remainder will be stored for long term strategic use by the DLA enterprise and DoD. As a result, facilities costs (ISSA, Maintenance, etc) will increase, as well as, transportation costs to consolidate the property.

BUDGET HIGHLIGHTS

Workload:

Material Supply Chain: Gross Sales at Standard unit price is the primary workload measure in the materiel supply chain. Sales are affected by customer demands (force structure, aging weapon systems and operating tempo).

DLA has adopted a commercial business process called Sales and Operations Planning (S&OP). S&OP strives to ensure that all customer demand and supply chain impacts are recognized and understood. The S&OP process utilized information on how Army was estimating their Overseas Contingency Operations (OCO) requirements and utilized this information when estimating their projected demand over the period. The S&OP process considers not only the impact of OCO changes on demand and sales but also the impact of Army reset, retrograde, BRAC and projected peacetime sales changes.

Operation Enduring Freedom/Operation Iraqi Freedom/Homeland Security sales, included below, are shown separately as a memo entry.

(Dollars in Millions)	FY 2008	FY 2009	FY 2010
Materiel Supply Chain Sales at Standard Unit Price	\$20,777.1	\$19,933.2	\$18,998.5
Overseas Contingency Operations (OCO)	\$5,174.2	\$3,374.3	\$2,250.1

Distribution Supply Chain: Materiel receipts, issues and storage space occupied are the major workload measures for the Distribution Supply Chain.

Receipts and Issues:

(Lines in Millions)	FY 2008	FY 2009	FY 2010
Lines Received and Shipped	22.8	22.8	22.6

Workload projections for FY 2009 through FY 2010 are based on the Sales & Operations Planning (S&OP) model. Both receipt and issue workload remains relatively level over the budget period.

Storage:

(Cubic Feet in Millions)	FY 2008	FY 2009	FY 2010
Covered Storage Space	67.4	60.8	59.4
Open Storage Space	44.4	45.6	46.0
Specialized Storage Space	4.0	3.3	3.2

Storage workload decreases primarily as a result of Base Realignment and Closure (BRAC). Storage workload will decrease as inventory on-the-shelf for all owners is reduced. Overall storage workload is forecast to decrease an average of 6 percent through the budget years.

Reutilization and Marketing Supply Chain: Acquisition value and line items are the two workload measures for the Reutilization and Marketing Supply Chain.

	FY 2008	FY 2009	FY 2010
Line Items in Millions	3.512	3.140	2.934
Acquisition Value(\$ Billions)	23.4	22.5	21.0

Workload Line Items will be fairly stable in most areas; however, there is a change in the mix of workload with an increase in nuclear, biological and chemicals disposals. Because of the nature of these materials, disposal costs are higher. Workload acquisition value is expected to decrease over the budget years as there is an increased rate of downgrading useable property to scrap.

Operational Performance Indicators:

The following are major measures that DLA uses to assess its performance:

Perfect Order Fulfillment (POF) - is a comprehensive measure covering all orders received in the Materiel Supply Chain and incorporating four components: 1) Timeliness: was the order received on time by the customer, 2) Quantity: did the amount shipped match the amount requested by the customer, 3) Quality: were there any complaints from the customer regarding the quality of the product, and 4) Documentation: were there any complaints from the customer regarding the documentation received with the product. A perfect order is one where all four components or conditions are met. Goal for FY 2009 and FY 2010 is 85 percent. Contributing metrics include the following.

- Logistics Response Time (LRT) - is the time between the creation of a requisition by the customer until receipt of the requirement(s) by the intended recipient. The phrase, Customer Wait Time, is synonymous with Logistics Response Time.
- Demand Plan Accuracy (DPA) - measures the accuracy of projected demand compared to the actual demand. DPA will track the DLA forecast with demand planner input, customer's demand data exchange and the published forecast (combined customer input and DLA forecast).
- Attainment to Plan (ATP) - measures how well our time-phased inventory plan is executed. ATP includes the total effects of supply planners, stock positioning specialists, acquisition specialists, and our vendors in meeting time-definite materiel requirements.

High Priority MRO - in the distribution arena the focus is on improving the percent of high priority requisitions shipped on-time (in 1 Day). The goal for FY 2009 and FY 2010 is 85 percent.

Routine MRO - performance continues to be better than the DoD standard of 3 days, averaging 2.6 days to process, pick, pack and ship a routine requisition. Without sacrificing timely and reliable support to the war fighter, the DLA continues pursuing opportunities to reduce costs, by using routine MROs to balance

workload and reduce additional costs associated with providing a level of service which exceeds customer requirements.

Unit Cost Pricing:

Unit cost is a ratio that relates resources to outputs produced. The aim of unit cost is to directly associate total cost to work or output.

Proposed unit cost goals and pricing are as follows for the three supply chains:

Materiel Supply Chain:

The Materiel Supply Chain unit cost is calculated by dividing operating costs (the sum of total obligations and credit) plus depreciation expense by gross sales.

Unit Cost	FY 2008	FY 2009	FY 2010
Costs (\$ in Millions)	21,268.4	20,154.5	19,133.9
Gross Sales (\$ in Millions)	20,766.9	19,922.4	18,987.7
Unit Cost Goal (per \$ of Sales)	1.02	1.01	1.01

The customer price change (CPC) is the average change in price from one year to the next that the customer will encounter for the average non-energy item. The DLA's goal is to have a CPC of no greater than the DoD composite inflation factor. Changes in customer price are driven by factors such as: inflation, basic costs incurred to procure, store, and ship items to the customer, and prior year operating results.

The cost recovery rate (CRR) is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, accounting, and cataloging.

The table below displays the DoD approved CPC's and CRR's for FY 2008 and FY 2009 and those proposed for FY 2010, along with the DoD inflators:

Pricing	FY 2008	FY 2009	FY 2010
Customer Price Change	2.2%	-.1%	.9%
DoD Inflator	1.9%	1.3%	1.2%
Cost Recovery Rate	14.2%	14.0%	13.7%

Distribution Supply Chain:

The Distribution Processing unit cost is calculated by dividing processing costs without transportation by workload receipt and issue lines.

	FY 2008	FY 2009	FY 2010
Processing Workload (Lines in Million)	22.8	22.8	22.6
Processing Cost (Dollars in Million)	\$612.0	\$597.3	\$575.5
Processing Unit Cost	\$26.88	\$26.25	\$25.46

Processing costs decline over the budget period primarily due to USTRANSCOM's Defense Transportation Coordination Initiative (DTCI), a third party logistics program designed to improve the efficiency of freight materiel movement within CONUS. This initiative lowers DLA's transportation cost. In addition, lower workload contributes to cost reduction in FY 2010.

Detailed Processing Net Landed Cost Rates are provided below:

	FY 2008	FY 2009	FY 2010
Receipt			
Base amount	\$ 22.08	\$ 21.55	\$ 25.56 per line
Plus			
1-40 lbs.	\$ 0.87	\$ 0.85	\$ 0.94 per line
41-150 lbs.	\$ 10.12	\$ 9.90	\$ 10.92 per line
151-2000 lbs.	\$ 23.04	\$ 22.55	\$ 24.88 per line
2000+ lbs.	\$ 0.0117	\$ 0.0115	\$ 0.0127 per lb. + 151-2000 rate
Return	\$ 4.23	\$ 4.14	\$ 4.57 per line additional
Hazardous	\$ 14.19	\$ 13.89	\$ 15.33 per line additional
Hard-to-Handle	\$ 14.19	\$ 13.89	\$ 15.33 per line additional
Issue			
Onbase base amount	\$ 9.97	\$ 9.73	\$ 11.54 per line
Plus			
1-40 lbs.	\$ 0.87	\$ 0.85	\$ 0.94 per line
41-150 lbs.	\$ 10.12	\$ 9.90	\$ 10.92 per line
151-2000 lbs.	\$ 23.04	\$ 22.55	\$ 24.88 per line
2000+ lbs.	\$ 0.0117	\$ 0.0115	\$ 0.0127 per lb. + 151-2000 rate
Offbase base amount	\$ 14.43	\$ 14.09	\$ 16.71 per line
1-40 lbs.	\$ 1.69	\$ 1.65	\$ 1.82 per line
41-150 lbs.	\$ 23.30	\$ 22.80	\$ 25.16 per line
151-2000 lbs.	\$ 46.14	\$ 45.15	\$ 49.82 per line
2000+ lbs.	\$ 0.0172	\$ 0.0169	\$ 0.0186 per lb. + 151-2000 rate
Local Delivery	\$ 1.45	\$ 1.42	\$ 1.57 per line additional
Hazardous	\$ 14.19	\$ 13.89	\$ 15.33 per line additional
Hard-to-Handle	\$ 14.19	\$ 13.89	\$ 15.33 per line additional
Controlled Item	\$ 6.71	\$ 6.56	\$ 7.24 per line additional
FMS	\$ 6.88	\$ 6.73	\$ 7.43 per line additional
Out-of-Cycle	\$ 19.38	\$ 18.96	\$ 20.92 per line additional
Issue from Receiving			
Base amount	\$ 1.26	\$ 1.23	\$ 1.46 per line
Plus			
1-40 lbs.	\$ 0.87	\$ 0.85	\$ 0.94 per line
41-150 lbs.	\$ 10.12	\$ 9.90	\$ 10.92 per line
151-2000 lbs.	\$ 23.04	\$ 22.55	\$ 24.88 per line
2000+ lbs.	\$ 0.0117	\$ 0.0115	\$ 0.0127 per lb. + 151-2000 rate
Transshipments			
Offbase base amount	\$ 18.98	\$ 18.53	\$ 21.98 per line
Plus			
1-40 lbs.	\$ 1.69	\$ 1.65	\$ 1.82 per line
41-150 lbs.	\$ 23.30	\$ 22.80	\$ 25.16 per line
151-2000 lbs.	\$ 46.14	\$ 45.15	\$ 49.82 per line
2000+ lbs.	\$ 0.0172	\$ 0.0169	\$ 0.0186 per lb. + 151-2000 rate
Mark For	\$ 5.06	\$ 4.94	\$ 5.86 per line
Onbase amount	\$ 9.68	\$ 9.45	\$ 11.21 per line
Material Processing Center	\$ 5.48	\$ 5.48	\$ 5.48 per line
Estimated Transportation	\$ 288,300,000	\$ 275,700,000	\$ 258,400,000
Total Processing Cost	\$ 900,300,000	\$ 873,000,000	\$ 833,800,000
Composite (no Transportation)	\$ 26.88	\$ 26.25	\$ 25.46
Workload (Millions of Lines)	22.8 Lines	22.8 Lines	22.6 Lines

Covered Storage:

	FY 2008	FY 2009	FY 2010
Cubic Feet Millions (Covered Storage)	67.4	60.8	59.4
Storage Costs	\$271.6	\$217.1	\$239.4
Unit Cost	\$4.029	\$3.568	\$4.030

Reutilization and Marketing Supply Chain:

	FY 2008	FY 2009	FY 2010
Cost per Line	41.58	53.31	57.04
Cost per Pound	.07	.08	.08

DRMS unit cost goals per line are based on three processes:

Receiving - cost associated with the stock, store and issue (logistics) of useable property.

Reutilization/Transfer/Donation - total cost associated with reutilizing, transferring and donating of excess personal property divided by line items of property.

Usable Sales - all cost associated with the public sale of surplus, useable personal property.

Unit cost is calculated by dividing the total cost of these processes by the number of lines received and processed.

DRMS unit cost per line is higher in FY 2009 and FY 2010 due to higher DRMS costs. National Security concerns and increased scrutiny from Congress has resulted in identification and correction of critical weaknesses in DRMS' sales program. DRMS restructured their processes to improve controls and ensure that sensitive material is not inappropriately sold; these new processes cost more. Increased costs are for Controlled Property Centers, additional demilitarization and de-manufacturing. Additionally as mentioned in Activity Group Business Changes section of this document, the policy regarding B & Q property will result in higher storage and facilities

costs (ISSA, Maintenance, etc) as well as, transportation costs to consolidate this property.

DRMS unit cost per pound goal is based on costs associated with environmentally regulated disposal of hazardous waste and cost for either storing in a landfill or destruction of those non-hazardous items that remain at the end of the disposal process, divided by the number of pounds received and processed.

Service Level Billing (SLB): DRMS, DLIS, and DAASC recover costs not covered by sales and reimbursable charges through a Service Level Bill.

DRMS - bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. Customer SLBs using this model are projected below:

Customer	FY 2008	FY 2009	FY 2010
Army	55.209	81.614	108.651
Air Force	24.844	36.727	41.043
Navy	37.266	55.090	55.535
DLA	20.703	30.606	36.216
Total	138.022	204.037	241.445

Due to increased workload and better than expected performance by DRMS' CV and SV partners, DRMS achieved higher than expected sales in FY 2004 through FY 2006. This resulted in a positive Accumulated Operating Result (AOR) that was refunded to the customers as lower SLBs in FY 2008. However, the SLBs increases beginning in FY 2009 reflecting a return to normalized levels as well as lower projected sales revenue, and increased operating costs due to national security changes.

DLIS-Service Level Billing costs are allocated based on customer's utilization of DLIS products and services. Projections are below:

Customer	FY 2008	FY 2009	FY 2010
Army	38.483	30.600	44.503
Air Force	37.086	31.100	45.968
Navy	37.464	37.800	39.677
DLA	77.204	52.400	51.300
Total	190.237	151.900	181.448

DAASC - the cost of DAASC core services is divided equally among Military Services and DLA. Projections are in the table below:

Customer	FY 2008	FY 2009	FY 2010
Army	13.649	14.815	12.795
Air Force	13.649	14.815	12.795
Navy	13.649	14.815	12.795
DLA	13.649	14.815	12.795
Total	54.596	59.260	51.180

ANALYSIS OF BUDGET STATEMENTS:

Supply Chain Management Statement of Revenue and Expense:

Revenue and expenses decrease over the budget years as Operation Enduring Freedom/Operating Iraqi Freedom (OEF/OIF) workload is forecasted to decrease each year from the FY 2008 baseline level. The Accumulated Operating Results (AOR) is projected to be zero by FY 2011.

SCM NOR/AOR expenses exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit and other changes.

(\$ in Millions)	FY 2008	FY 2009	FY 2010
Revenue	23,526.6	23,111.1	21,726.7
Expenses	23,774.4	23,068.0	21,759.5
Direct Appropriation	39.7	100.9	105.1
Cash Surcharge	-56.4	0.0	-143.1
Capital Surcharge	60.6	61.6	59.1
Other Changes Affecting NOR	-14.4	-11.4	-9.8
Net Operating Results	-218.2	194.2	-21.4
Prior Year Accumulated Operating Results	74.4	-143.8	50.4
Ending Accumulated Operating Results	-143.8	50.4	29.0

CASH PROJECTIONS

Pricing decisions and workload projections result in estimates for cash collections, disbursements, and net outlays. The FY 2008 transfer was for a technical adjustment from SCM to DAPS.

Supply Chain Management Summary
(\$ in Millions)

	FY 2008	FY 2009	FY 2010
Disbursements	23,595.1	22,723.4	21,544.3
Collections	23,538.5	22,977.7	21,643.7
Appropriations	22.8	32.9	38.6
Supplementals	16.9	68.0	66.5
Transfer Out	-30.0		
Net Outlays	46.9	-355.2	-204.5

PERSONNEL PROFILE

Changes to the workforce include: additional BRAC responsibilities by becoming the single procurement management provider for new depot-level reparables(DLRs); taking on new mission from the military services of performing consumer level (retail) supply, storage, and distribution (SS&D) directly for industrial depot maintenance production line customers; assumption of new distribution functions at the Navy; BRAC consolidations; converting contractors to civilian personnel; and workload changes. DLA is utilizing workload and workforce re-distribution as well as term employees whenever practical to be able to better respond to workload fluctuations.

	FY 2008	FY 2009	FY 2010
Civilian End Strength - Total	21,800	23,759	23,800
Materiel Supply Chain	11,988	13,458	13,460
Distribution Supply Chain	8,304	8,692	8,780
Reutilization & Marketing Supply Chain	1,508	1,609	1,560
Civilian Full Time Equivalent (FTEs)	21,193	23,358	23,443
Materiel Supply Chain	11,626	13,298	13,277
Distribution Supply Chain	8,063	8,545	8,685
Reutilization & Marketing Supply Chain	1,504	1,515	1,481
Military End Strength/FTEs	352	343	355
Materiel Supply Chain	216	211	211
Distribution Supply Chain	128	126	136
Reutilization & Marketing Supply Chain	8	6	8

Defense Working Capital Fund Direct Appropriations (including all categories):

Direct appropriations provided in FY 2008 through FY 2010 included in this budget submission are detailed in the following chart and narrative.

DWCF Appropriation: (\$ in Millions)	FY 2008	FY 2009	FY 2010
Reutilization, Transfer and Disposal Costs	20.9	30.6	37.8
Defense Finance and Accounting Systems Costs	1.9	2.3	0.8
Total Appropriations	22.8	32.9	38.6
Supplemental:			
Overseas Contingency Operations (OCO)(DRMS)	4.9	34.4	40.1
TCSP Kuwait OCO	12.0	13.3	11.0
DDKS Kuwait OCO	0.0	20.3	20.4
Total Supplemental	16.9	68.0	71.5
Total	39.7	100.9	110.1

Defense Reutilization and Marketing Service (DRMS) - Part of DRMS mission is to reutilize, transfer, or donate to authorized DoD and non-DoD recipients excess DoD personal property. These actions result in lower sales proceeds and higher SLB which are contrary to private industry practices. To bring Materiel Supply Chain costs more in line with commercial business practices these costs are being funded by a direct appropriation as a Military unique cost.

DFAS Systems Costs - To improve visibility to DFAS customers of the costs of DFAS systems, DFAS removed these costs from their rates beginning in FY 2004 and now assesses these costs directly to the customer benefiting from them. This category covers the increase in the DLA overall bill based on this DFAS billing change. This submission reflects a decrease due to moving from DWAS to EBS during FY 2009. Since DWAS processing costs were higher than other DLA systems, we expect lower system costs.

DRMS OCO - This budget includes resources for continuing operations at the six established DRMOs in South West Asia in Kuwait, Afghanistan and Iraq, as well as unmanned pickup locations. Request additional FY 2010 supplemental funds to establish an additional DRMO in Afghanistan. From these locations, DRMS provides advance disposal advice and on-the-

ground expertise throughout the CENTCOM AOR to support the disposal mission.

Theater Consolidation Shipping Point (TCSP) Kuwait - DLA has assumed the distribution function of the CENTCOM Theater Distribution Center (TDC) operations in Kuwait. The TCSP acts as the primary conduit for clothing, fuel (packaged), barrier materials, and spare parts (Class II, III, IV and IX) entering the theater. This budget includes supplemental appropriations for all years to support this mission.

DDKS Kuwait OCO - Due to the high cost of mission functions at the Kuwait depot, this budget request includes a DWCF Direct supplemental appropriation to offset the higher costs associated with these operations.

CAPITAL BUDGET

	FY 2008	FY 2009	FY 2010
Equipment (non-ADP)	20.6	21.3	26.7
Equipment (ADP/non-ADP)	14.6	15.6	20.5
Software	88.2	103.7	99.9
Minor Construction	16.8	14.2	17.2
Total	140.2	154.9	164.3

The capital budget submission reflects the implementation of the new business area structure however separate project visibility is still maintained in the Fund 9 exhibits.

The capital budget funds investments that exceed the \$250 thousand expense/investment criteria for the automated data processing equipment (ADPE), non-ADPE, and software development category and \$100 thousand for the minor construction category.

The FY 2009 and FY 2010 capital budget estimates remain relatively constant at \$146.9 million and \$157.2 million.

The Non ADP Equipment category increases slightly in FY 2010 due primarily to security requirements at the DLA Headquarters Complex and Defense Supply Center Richmond.

Investments in the ADPE category are for upgrades to the Defense Automated Addressing System Center infrastructure to enable better data exchange, storage, and security requirements. Also included is an upgrade to DLA's Electronic Telecommunications

Network (ETN) in FY 2010. Upgrading the hardware to current industry standards ensures continued delivery of uninterrupted, high quality, and best value servicing to the DLA customer.

With completion of the BSM program, DLA has implemented the Enterprise Business System (EBS), the ERP platform and cornerstone of the Agency's logistics capabilities. DLA will continue to build on this platform through enhanced capabilities provided by the Integrated Data Environment (IDE), Reutilization Business Initiative (RBI), Enterprise Operational Accounting System (EOAS), and Enterprise Procurement (eProcurement). Funding for these enhancements is included in the software development category. Also included in this category are funding for the Common Food Management System (CFMS) and critical system change requests and other enhancement initiatives to EBS.

The minor construction investments will construct new, replace existing, or modify current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards and renovating demilitarization facilities. The increase in FY 2010 is due to additional requirements identified for Distribution. Since 2004 three new depots have been stood up and DLA has taken on new missions such as Theater Consolidation Shipping Point (TCSP) at several overseas locations which have increased requirements.

OVERSEAS CONTINGENCY OPERATIONS (OCO) SUPPLEMENTAL REQUEST

Overseas Contingency Operations (OCO) request provided in FY 2008 through FY 2010 included in this budget submission are detailed in the following charts and narrative:

\$ in Thousands		Operation	FY 2008 Actual	FY 2009 Bridge	FY 2009 Remaining	FY 2010 Request
A.	Subactivity Group - Operations - Consolidated Shipping Point, Kuwait					
	5.8 Theater Distribution	OEF	8,900		9,800	6,600
		OIF	3,080		3,500	4,400
		Total	11,980		13,300	11,000

DLA performs distribution functions at the Theater Consolidation and Shipping Point in Kuwait for CENTCOM. Locating theater distribution functions with Defense Distribution Depot Kuwait has increased the distribution systems efficiency and consolidated functions. The center serves as a central receiving and shipping point for inbound cargo shipments and trans-loading containers or palletized shipments for onward movements to units located in Kuwait and Iraq, while improving in transit visibility.

Impact if not funded: Failure to fund these war related costs will result in cash losses to this DWCF business area, and could jeopardize support to the Military Services, particularly the Army and Marine Corps.

\$ in Thousands	Operation	FY 2008 Actual	FY 2009 Bridge	FY 2009 Remaining	FY 2010 Request
B.	Subactivity Group - Operations - Defense Distribution Center, Kuwait (DDKS)				
5.8 Theater Distribution	OEF			15,200	15,382
	OIF			5,100	10,254
	Total			20,300	25,636

DDKS provides for logistical support, including the receipt, storage and issue of repair parts and consumable supplies, to Military Service customers operating in SWA. By positioning materiel forward, customer wait time is decreased and DoD transportation costs are significantly reduced by the use of surface versus air shipment mode. However, operating this distribution center is 50 percent more expensive than other distribution depots to operate due to the geographic location and hostile operating environment. The average unit cost rate per transaction for all other DLA depots is \$19.79 compared to \$40.25 for DDKS, a \$20.46 per line difference. The requested funds are required to recoup these increased wartime costs and prevent Working Capital Fund losses. The DDKS projects it will process 1.253 million transactions in FY 2010 at an additional cost of \$20.46 per transaction resulting in an increased cost of operations of \$25.636 million.

Impact if not funded: This DWCF business activity will sustain a loss in the year of execution that would have to be recovered in Defense Distribution rates. Higher rates for distribution

services may adversely impact Military Service programs and readiness accounts.

\$ in Thousands		Operation	FY 2008 Actual	FY 2009 Bridge	FY 2009 Remaining	FY 2010 Request
C.	Subactivity Group - Operations - Defense Reutilization and Marketing Service Operational Sites					
	5.10 Defense Reutilization & Marketing Service Ops	OEF	972	-	11,616	10,000
		OIF	3,889	-	22,800	30,100
		Total	4,861	-	34,416	40,100

The DRMS is responsible for the reuse, reutilization, and disposal of excess and surplus property within the DoD. The DRMS is experiencing operational and financial impacts from support to Operation Enduring Freedom and Operation Iraqi Freedom (OEF/OIF). Of critical importance is providing support to the warfighter at forward deployed locations where timely and accurate logistical support can affect the outcome of military operations. The DRMS is providing support from six fully operational Defense Reutilization and Marketing Offices (DRMOs) in Kuwait, Afghanistan and Iraq, as well as unmanned pickup locations, primarily via contract with government oversight. From these locations, DRMS provides advance disposal advice and on-the-ground expertise throughout Iraq to support the disposal mission.

Heavy involvement in the retrograde of Military Service-owned property to CONUS is also expected. DRMS is currently receiving an average of 15 million pounds of scrap per month in the AOR. They need to ramp up to have the capability to receive an additional 40 million pounds, the equivalent of five infantry battalions. This request includes resources for continuing operations at the six established DRMOs and is needed to finance DRMO operations in Southwest Asia, including operations covered by contract as well as the government presence necessary to provide contract oversight. This request also includes a new requirement of \$5 million to add a DRMO in Afghanistan in FY 2010.

The \$40.100 million request funds the following:

	\$ In millions
SWA Operations Contract:	\$28.400
Continuing Government Labor/Travel:	\$9.804
Telecommunications:	\$1.296
Incinerator Contract:	\$0.600

Impact if not funded: The DWCF will sustain a loss in the year of execution which will have to be recovered in future years' Service Level Bills (SLB) to the Military Services. Higher SLBs for DRMS services may adversely impact Military Service programs and readiness accounts. In addition, the DWCF cash corpus will suffer a loss in FY 2010 that cannot be recouped until the increased SLB becomes effective.

\$ in Thousands	Operation	FY 2008 Actual	FY 2009 Bridge	FY 2009 Remaining	FY 2010 Request
D.	Subactivity Group - Operations - Communications				
	5.11 Other	OEF	0	0	6,474
		Total	0	0	6,474

Afghanistan has no network or telecom capability or infrastructure in place and we need a capability that currently does not exist. DISA built communications infrastructure in OIF that we could share but did not in OEF. Equipment must be brought in for reacting to situational issues. Bottom line is that if not supported, DST, DDC, and DRMS will essentially be without telecommunications support in OEF.

Afghanistan Communication expansion conducts distribution operations functions in Afghanistan. DISA hard network circuits are not currently in Afghanistan and satellite communications systems are required to establish a DLA network. DLA performs distribution functions at the Defense Distribution Depot Kuwait for CENTCOM. Defense Distribution Depot Kuwait, SW Asia (DDKS) is a contractor operated site. That contract is being re-competed and will require use of Distribution Support System (DSS). FY 2010 costs include one time equipment costs to install DLA network and DSS end user equipment (\$3.033 million). Locating theater distribution functions with Defense Distribution Depot Kuwait has increased the distribution systems efficiency and consolidated functions. DSS will provide improved asset visibility within the CENTCOM region. Recurring costs for DSS DISA processing (\$1.775 million per year) are based on estimated workload and recurrent monthly circuit costs. The costs identified include installation for a non DSS Hub Site without existing infrastructure to be expanded to that area and a DDKS partner site. This represents a new mission not previously funded or staffed.

Impact if not funded: The costs of installing DSS at DDKS was not included in budget projections and has not been included in

the DDC rates. The DDC and the DWWCF cash corpus will not recoup the costs of the installation until the costs are included future year rates. In addition, the DLA Director has determined that it is in the best interest of the government to contractually require the DDKS service provider to use DSS and has directed establishment of DLA presence in Afghanistan. This is in the new contract scheduled to be awarded end of FY 2009 with DSS go-live May FY 2010. Without funding the infrastructure to provide a DSS Hub and supporting site presence cannot be developed. SATCOM systems are required in Afghanistan as there are no DISA hard network circuits available at these locations to establish a DLA network.

Satellite Communication Systems: communication support to DLA organizations operating in Europe and South West Asia supporting OEF. This support includes Local Network services, telephony, and wide-area connectivity using DISA contracted Satellite Communications (SATCOM) Systems. Due to the austere locations where DLA entities are located, there are no DISA hard network circuits available to establish a land-based network at these locations, necessitating the need for terrestrial based systems. DLA requires funding to procure SATCOM and peripheral hardware for the standup and/or maintenance and recurring costs of systems for 4 sites in Afghanistan. Costs include \$.996 million for equipment, \$.407 million for recurring service fees, and \$.263 million for support labor.

Impact if not funded: Successful operations at each of these facilities and DLA sites is critical to the execution of DLA strategy in support of the DoD warfighters. Funding the operating costs and mission support are an absolute. Funding in other mission areas such as European, CONUS or Pacific Area Operations would have to be cut to offset the costs of these mission operations. As a result, mission support for other critical operations will suffer.

SUMMARY:

Afghanistan Communication Expansion	\$4,808	OEF
Satellite Communication Systems	\$1,666	OEF

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2008
(Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES	1,425.0	2,380.0	2,340.2	2,381.0	0.0	0.0	2,381.0	0.0	2,381.0
MEDICAL	342.6	4,096.6	4,221.5	4,389.6	0.0	0.0	4,389.6	0.0	4,389.6
SUBSISTENCE	10.3	4,099.0	4,476.4	4,280.5	0.0	0.0	4,280.5	0.0	4,280.5
Construction & Equipment	499.3	2,169.3	2,376.3	2,491.5	0.0	0.0	2,491.5	0.0	2,491.5
AVIATION	5,935.9	2,830.2	3,743.7	4,004.8	0.0	0.0	4,004.8	0.0	4,004.8
Land	1,308.2	1,440.9	1,736.1	2,098.5	0.0	0.0	2,098.5	0.0	2,098.5
Maritime	2,827.3	1,336.9	1,682.8	1,791.7	0.0	0.0	1,791.7	0.0	1,791.7
BOS	7.8	10.0	10.0	10.2	0.0	0.0	10.2	0.0	10.2
DLIS	0.0	0.0	0.0	160.4	0.0	0.0	160.4	0.0	160.4
DAASC	0.0	0.0	0.0	38.2	0.0	0.0	38.2	0.0	38.2
Management Headquarters	0.0	0.0	0.0	178.2	0.0	0.0	178.2	0.0	178.2
Enterprise Operations	0.0	0.0	0.0	203.9	0.0	0.0	203.9	0.0	203.9
Enterprise Information Tech.	0.0	0.0	0.0	273.8	0.0	0.0	273.8	0.0	273.8
Central Fund	0.0	0.0	0.0	172.7	0.0	0.0	172.7	0.0	172.7
TOTAL Non-Energy Supply	12,356.4	18,362.9	20,587.0	22,475.0	0.0	0.0	22,475.0	0.0	22,475.0

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Non-Energy Supply Management Activity Group
 Fiscal Year (FY) 2010 Budget Estimates
 May 2009
 FY 2009
 (Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES	1,432.0	1,741.8	2,038.1	2,280.7	0.0	0.0	2,280.7	334.6	2,615.3
MEDICAL	331.7	4,118.7	4,366.4	4,291.2	0.0	0.0	4,291.2	695.5	4,986.7
SUBSISTENCE	31.7	3,106.8	3,364.4	3,313.7	0.0	0.0	3,313.7	522.5	3,836.2
Construction & Equipment	478.9	2,144.8	2,371.2	2,381.8	0.0	0.0	2,381.8	372.3	2,754.1
AVIATION	5,827.4	3,078.3	4,225.7	4,261.0	0.0	0.0	4,261.0	557.8	4,818.8
Land	1,323.0	1,308.4	1,635.2	2,513.8	0.0	0.0	2,513.8	233.7	2,747.5
Maritime	2,295.0	1,231.1	1,739.7	1,792.1	0.0	0.0	1,792.1	229.0	2,021.1
BOS	7.7	10.9	10.7	10.2	0.0	0.0	10.2	0.0	10.2
DLIS	0.0	0.0	0.0	192.8	0.0	0.0	192.8	0.0	192.8
DAASC	0.0	0.0	0.0	53.3	0.0	0.0	53.3	0.0	53.3
Management Headquarters	0.0	0.0	0.0	186.2	0.0	0.0	186.2	0.0	186.2
Enterprise Operations	0.0	0.0	0.0	291.7	0.0	0.0	291.7	0.0	291.7
Enterprise Information Tech.	0.0	0.0	0.0	83.8	0.0	0.0	83.8	0.0	83.8
Central Fund	0.0	0.0	0.0	279.5	0.0	0.0	279.5	0.0	279.5
TOTAL Non-Energy Supply	11,727.4	16,740.8	19,751.4	21,931.7	0.0	0.0	21,931.7	2,945.4	24,877.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2010
(Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES	1,425.0	1,687.6	1,974.5	1,907.8	0.0	0.0	1,907.8	293.3	2,201.1
MEDICAL	342.6	4,212.2	4,446.9	4,404.6	0.0	0.0	4,404.6	719.0	5,123.6
SUBSISTENCE	10.3	2,195.2	2,415.6	2,345.5	0.0	0.0	2,345.5	374.6	2,720.1
Construction & Equipment	499.3	2,069.3	2,288.7	2,188.7	0.0	0.0	2,188.7	352.5	2,541.2
AVIATION	5,935.9	3,129.7	4,064.3	4,232.9	0.0	0.0	4,232.9	572.1	4,805.0
Land	1,308.2	1,271.5	1,667.1	1,475.8	0.0	0.0	1,475.8	216.4	1,692.2
Maritime	2,827.3	1,178.6	1,679.6	1,653.1	0.0	0.0	1,653.1	210.8	1,863.9
BOS	7.8	10.7	10.9	10.2	0.0	0.0	10.2	0.0	10.2
DLIS	0.0	0.0	0.0	198.4	0.0	0.0	198.4	0.0	198.4
DAASC	0.0	0.0	0.0	57.1	0.0	0.0	57.1	0.0	57.1
Management Headquarters	0.0	0.0	0.0	223.8	0.0	0.0	223.8	0.0	223.8
Enterprise Operations	0.0	0.0	0.0	290.3	0.0	0.0	290.3	0.0	290.3
Enterprise Information Tech.	0.0	0.0	0.0	107.7	0.0	0.0	107.7	0.0	107.7
Central Fund	0.0	0.0	0.0	264.2	0.0	0.0	264.2	0.0	264.2
Total Materiel Supply Chain	12,356.4	15,754.8	18,547.6	19,360.2	0.0	0.0	19,360.2	2,738.7	22,098.9
Distribution Supply Chain	0.0	0.0	0.0	1,798.3	0.0	0.0	1,798.3	0.0	1,798.3
Reutilization, Marketing, and Disposal Supply Chain	0.0	0.0	0.0	399.0	0.0	0.0	399.0	0.0	399.0
TOTAL Supply Chain Management	12,356.4	15,754.8	18,547.6	21,557.4	0.0	0.0	21,557.4	2,738.7	24,296.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2008 Inventory Status
(\$ in millions)

Total Materiel Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,254.2	364.6	5,826.0	6,063.6
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	31.4	118.5	574.5	-661.6
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,285.6	483.1	6,400.5	5,402.0
RECEIPTS AT COST	17,987.2	354.4	17,632.8	0.0
GROSS SALES AT COST	-18,199.3	-334.9	-17,864.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	408.1	0.0	394.8	13.3
Transfer to/from other DLA ICPs	118.4	0.0	105.1	13.3
Transfers from Military Services	289.7	0.0	289.7	0.0
b. Returns from Customers for Credit	139.3	0.0	139.3	0.0
c. Returns for Customers without Credit	374.0	4.3	86.9	282.8
d. Returns to Suppliers (-)	4.2	0.0	4.2	0.0
e. Transfers to Property Disposal (-)	-750.8	-4.5	0.0	-746.3
f. Issues/Receipts without Reimbursement (+/-)	-40.7	-17.0	-16.2	-7.5
g. Other (List and Explain)	705.7	71.5	721.2	-87.0
h. Total Adjustments	839.8	54.3	1,330.2	-544.7
INVENTORY - End of Period (EOP)	12,913.3	556.9	7,499.1	4,857.3
INVENTORY ON ORDER EOP	6,594.8	127.9	6,466.9	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2009 Inventory Status
(\$ in millions)

Total Materiel Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,913.3	556.9	7,499.1	4,857.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	200.0	-200.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,913.3	556.9	7,699.1	4,657.3
RECEIPTS AT COST	17,369.0	354.4	17,014.6	0.0
GROSS SALES AT COST	-17,020.9	-311.2	-16,709.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	217.2	0.0	156.7	60.5
Transfer to/from other DLA ICPs	1.5	0.0	1.0	0.5
Transfers from Military Services	215.7	0.0	155.7	60.0
b. Returns from Customers for Credit	138.9	0.0	138.9	0.0
c. Returns for Customers without Credit	342.0	1.3	58.8	281.9
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-1,512.6	-2.2	0.0	-1,510.4
f. Issues/Receipts without Reimbursement (+/-)	-19.7	-5.0	-13.7	-1.0
g. Other (List and Explain)	-102.8	2.8	8.1	-113.7
h. Total Adjustments	-937.0	-3.1	348.8	-1,282.7
INVENTORY - End of Period (EOP)	12,324.4	597.0	8,352.8	3,374.6
INVENTORY ON ORDER EOP	6,787.4	84.7	6,702.7	0.0

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Non-Energy Supply Management Activity Group
 Fiscal Year (FY) 2010 Budget Estimates
 May 2009
 FY 2010 Inventory Status
 (\$ in millions)

Total Materiel Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,324.4	597.0	8,352.8	3,374.6
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,324.4	597.0	8,352.8	3,374.6
RECEIPTS AT COST	16,280.5	299.3	15,981.2	0.0
GROSS SALES AT COST	-16,288.6	-291.5	-15,997.1	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	99.0	0.0	87.0	12.0
Transfer to/from other DLA ICPS	3.0	0.0	1.0	2.0
Transfers from Military Services	96.0	0.0	86.0	10.0
b. Returns from Customers for Credit	139.8	0.0	139.8	0.0
c. Returns for Customers without Credit	293.7	1.0	60.0	232.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-557.4	-2.2	0.0	-555.2
f. Issues/Receipts without Reimbursement (+/-)	-23.8	-4.1	-18.7	-1.0
g. Other (List and Explain)	27.1	2.3	-31.6	56.4
h. Total Adjustments	-21.6	-3.0	236.5	-255.1
INVENTORY - End of Period (EOP)	12,294.7	601.8	8,573.4	3,119.5
INVENTORY ON ORDER EOP	6,882.1	76.9	6,805.2	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2008 Inventory Status
(\$ in millions)

Clothing and Textiles	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,499.8	1.9	1,126.1	371.8
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	12.2	-12.2	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,499.8	14.1	1,113.9	371.8
RECEIPTS AT COST	1,866.3	0.0	1,866.3	0.0
GROSS SALES AT COST	-2,096.7	0.0	-2,096.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	5.9	0.0	5.9	0.0
Transfer to/from other DLA ICPs	0.1	0.0	0.1	0.0
Transfers from Military Services	5.8	0.0	5.8	0.0
b. Returns from Customers for Credit	13.2	0.0	13.2	0.0
c. Returns for Customers without Credit	63.7	0.0	0.0	63.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-16.1	0.0	0.0	-16.1
f. Issues/Receipts without Reimbursement (+/-)	-13.1	0.0	-13.1	0.0
g. Other (List and Explain)	116.1	0.0	116.1	0.0
h. Total Adjustments	169.7	0.0	122.1	47.6
INVENTORY - End of Period (EOP)	1,439.1	14.1	1,005.6	419.4
INVENTORY ON ORDER EOP	1,109.7	0.0	1,109.7	0.0

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Clothing and Textiles	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,439.1	14.1	1,005.6	419.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,439.1	14.1	1,005.6	419.4
RECEIPTS AT COST	1,743.1	0.0	1,743.1	0.0
GROSS SALES AT COST	-1,802.2	0.0	-1,802.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	23.4	0.0	23.4	0.0
c. Returns for Customers without Credit	65.0	0.0	0.0	65.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-7.3	0.0	0.0	-7.3
f. Issues/Receipts without Reimbursement (+/-)	-10.0	0.0	-10.0	0.0
g. Other (List and Explain)	-5.0	0.0	-5.0	0.0
h. Total Adjustments	66.1	0.0	8.4	57.7
INVENTORY - End of Period (EOP)	1,446.1	14.1	954.9	477.1
INVENTORY ON ORDER EOP	1,360.4	0.0	1,360.4	0.0

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Clothing and Textiles	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,446.1	14.1	954.9	477.1
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,446.1	14.1	954.9	477.1
RECEIPTS AT COST	1,708.8	0.0	1,708.8	0.0
GROSS SALES AT COST	-1,747.4	0.0	-1,747.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	22.9	0.0	22.9	0.0
c. Returns for Customers without Credit	55.0	0.0	0.0	55.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-3.6	0.0	0.0	-3.6
f. Issues/Receipts without Reimbursement (+/-)	-15.0	0.0	-15.0	0.0
g. Other (List and Explain)	-5.0	0.0	-5.0	0.0
h. Total Adjustments	54.3	0.0	2.9	51.4
INVENTORY - End of Period (EOP)	1,461.8	14.1	919.2	528.5
INVENTORY ON ORDER EOP	1,385.9	0.0	1,385.9	0.0

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Medical	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	276.7	0.0	227.5	49.2
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	276.7	0.0	227.5	49.2
RECEIPTS AT COST	4,006.6	0.0	4,006.6	0.0
GROSS SALES AT COST	-4,093.6	0.0	-4,093.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.7	0.0	0.7	0.0
Transfer to/from other DLA ICPs	0.7	0.0	0.7	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	3.7	0.0	3.7	0.0
c. Returns for Customers without Credit	86.9	0.0	86.9	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-12.4	0.0	0.0	-12.4
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	74.0	0.0	62.1	11.9
h. Total Adjustments	152.9	0.0	153.4	-0.5
INVENTORY - End of Period (EOP)	342.6	0.0	293.9	48.7
INVENTORY ON ORDER EOP	749.9	0.0	749.9	0.0

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Medical	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	342.6	0.0	293.9	48.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	342.6	0.0	293.9	48.7
RECEIPTS AT COST	4,125.3	0.0	4,125.3	0.0
GROSS SALES AT COST	-4,145.3	0.0	-4,145.3	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.5	0.0	0.5	0.0
Transfer to/from other DLA ICPs	0.5	0.0	0.5	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	1.0	0.0	1.0	0.0
c. Returns for Customers without Credit	58.8	0.0	58.8	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-40.2	0.0	0.0	-40.2
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	-11.0	0.0	-48.3	37.3
h. Total Adjustments	9.1	0.0	12.0	-2.9
INVENTORY - End of Period (EOP)	331.7	0.0	285.9	45.8
INVENTORY ON ORDER EOP	768.9	0.0	768.9	0.0

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Medical	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	331.7	0.0	285.9	45.8
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	331.7	0.0	285.9	45.8
RECEIPTS AT COST	4,127.0	0.0	4,127.0	0.0
GROSS SALES AT COST	-4,148.7	0.0	-4,148.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	1.0	0.0	1.0	0.0
c. Returns for Customers without Credit	60.0	0.0	60.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-20.0	0.0	0.0	-20.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	-23.6	0.0	-43.0	19.4
h. Total Adjustments	17.4	0.0	18.0	-0.6
INVENTORY - End of Period (EOP)	327.4	0.0	282.2	45.2
INVENTORY ON ORDER EOP	797.8	0.0	797.8	0.0

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Subsistence	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	406.1	361.4	44.7	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	406.1	361.4	44.7	0.0
RECEIPTS AT COST	4,082.4	354.4	3,728.0	0.0
GROSS SALES AT COST	-4,097.3	-334.9	-3,762.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	4.3	4.3	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-4.5	-4.5	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	-17.0	-17.0	0.0	0.0
g. Other (List and Explain)	-7.2	-7.2	0.0	0.0
h. Total Adjustments	-24.4	-24.4	0.0	0.0
INVENTORY - End of Period (EOP)	366.8	356.5	10.3	0.0
INVENTORY ON ORDER EOP	496.5	127.9	368.6	0.0

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Subsistence	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	366.8	356.5	10.3	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	366.8	356.5	10.3	0.0
RECEIPTS AT COST	3,177.8	354.4	2,823.4	0.0
GROSS SALES AT COST	-3,113.2	-311.2	-2,802.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	1.3	1.3	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-2.2	-2.2	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	-5.0	-5.0	0.0	0.0
g. Other (List and Explain)	2.8	2.8	0.0	0.0
h. Total Adjustments	-3.1	-3.1	0.0	0.0
INVENTORY - End of Period (EOP)	428.3	396.6	31.7	0.0
INVENTORY ON ORDER EOP	431.9	84.7	347.2	0.0

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Subsistence	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	428.3	396.6	31.7	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	428.3	396.6	31.7	0.0
RECEIPTS AT COST	2,509.6	299.3	2,210.3	0.0
GROSS SALES AT COST	-2,506.5	-291.5	-2,215.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	1.0	1.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-2.2	-2.2	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	-4.1	-4.1	0.0	0.0
g. Other (List and Explain)	2.3	2.3	0.0	0.0
h. Total Adjustments	-3.0	-3.0	0.0	0.0
INVENTORY - End of Period (EOP)	428.4	401.4	27.0	0.0
INVENTORY ON ORDER EOP	428.8	76.9	351.9	0.0

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Construction and Equipment	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	500.6	0.0	276.9	223.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	500.6	0.0	276.9	223.7
RECEIPTS AT COST	2,200.6	0.0	2,200.6	0.0
GROSS SALES AT COST	-2,221.9	0.0	-2,221.9	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	13.3	0.0	0.0	13.3
Transfer to/from other DLA ICPs	13.3	0.0	0.0	13.3
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	4.9	0.0	4.9	0.0
c. Returns for Customers without Credit	18.2	0.0	0.0	18.2
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-26.8	0.0	0.0	-26.8
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	10.4	0.0	55.5	-45.1
h. Total Adjustments	20.0	0.0	60.4	-40.4
INVENTORY - End of Period (EOP)	499.3	0.0	316.0	183.3
INVENTORY ON ORDER EOP	826.0	0.0	826.0	0.0

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Construction and Equipment	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	499.3	0.0	316.0	183.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	499.3	0.0	316.0	183.3
RECEIPTS AT COST	2,173.5	0.0	2,173.5	0.0
GROSS SALES AT COST	-2,159.9	0.0	-2,159.9	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	5.0	0.0	5.0	0.0
c. Returns for Customers without Credit	17.0	0.0	0.0	17.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-56.0	0.0	0.0	-56.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	0.0	0.0	0.0	0.0
h. Total Adjustments	-34.0	0.0	5.0	-39.0
INVENTORY - End of Period (EOP)	478.9	0.0	334.6	144.3
INVENTORY ON ORDER EOP	871.9	0.0	871.9	0.0

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Construction and Equipment	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	478.9	0.0	334.6	144.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	478.9	0.0	334.6	144.3
RECEIPTS AT COST	2,071.1	0.0	2,071.1	0.0
GROSS SALES AT COST	-2,081.3	0.0	-2,081.3	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	5.0	0.0	5.0	0.0
c. Returns for Customers without Credit	15.0	0.0	0.0	15.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-30.0	0.0	0.0	-30.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	0.0	0.0	0.0	0.0
h. Total Adjustments	-10.0	0.0	5.0	-15.0
INVENTORY - End of Period (EOP)	458.7	0.0	329.4	129.3
INVENTORY ON ORDER EOP	869.2	0.0	869.2	0.0

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Troop Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,683.2	363.3	1,675.2	644.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	12.2	-12.2	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,683.2	375.5	1,663.0	644.7
RECEIPTS AT COST	12,155.9	354.4	11,801.5	0.0
GROSS SALES AT COST	-12,509.5	-334.9	-12,174.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	6.6	0.0	6.6	0.0
Transfer to/from other DLA ICPs	14.1	0.0	0.8	13.3
Transfers from Military Services	5.8	0.0	5.8	0.0
b. Returns from Customers for Credit	21.8	0.0	21.8	0.0
c. Returns for Customers without Credit	173.1	4.3	86.9	81.9
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-59.8	-4.5	0.0	-55.3
f. Issues/Receipts without Reimbursement (+/-)	-30.1	-17.0	-13.1	0.0
g. Other (List and Explain)	193.3	-7.2	233.7	-33.2
h. Total Adjustments	318.2	-24.4	335.9	6.7
INVENTORY - End of Period (EOP)	2,647.8	370.6	1,625.8	651.4
INVENTORY ON ORDER EOP	3,182.1	127.9	3,054.2	0.0

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Troop Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,647.8	370.6	1,625.8	651.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,647.8	370.6	1,625.8	651.4
RECEIPTS AT COST	11,219.7	354.4	10,865.3	0.0
GROSS SALES AT COST	-11,220.6	-311.2	-10,909.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.5	0.0	0.5	0.0
Transfer to/from other DLA ICPs	0.5	0.0	0.5	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	29.4	0.0	29.4	0.0
c. Returns for Customers without Credit	142.1	1.3	58.8	82.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-105.7	-2.2	0.0	-103.5
f. Issues/Receipts without Reimbursement (+/-)	-15.0	-5.0	-10.0	0.0
g. Other (List and Explain)	-13.2	2.8	-53.3	37.3
h. Total Adjustments	38.1	-3.1	25.4	15.8
INVENTORY - End of Period (EOP)	2,685.0	410.7	1,607.1	667.2
INVENTORY ON ORDER EOP	3,433.1	84.7	3,348.4	0.0

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Troop Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,685.0	410.7	1,607.1	667.2
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,685.0	410.7	1,607.1	667.2
RECEIPTS AT COST	10,408.3	299.3	10,109.0	0.0
GROSS SALES AT COST	-10,483.9	-291.5	-10,192.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	28.9	0.0	28.9	0.0
c. Returns for Customers without Credit	131.0	1.0	60.0	70.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-55.8	-2.2	0.0	-53.6
f. Issues/Receipts without Reimbursement (+/-)	-19.1	-4.1	-15.0	0.0
g. Other (List and Explain)	-26.3	2.3	-48.0	19.4
h. Total Adjustments	58.7	-3.0	25.9	35.8
INVENTORY - End of Period (EOP)	2,668.1	415.5	1,549.6	703.0
INVENTORY ON ORDER EOP	3,481.7	76.9	3,404.8	0.0

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	5,842.2	0.1	2,465.1	3,377.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	107.0	551.8	-658.8
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	5,842.2	107.1	3,016.9	2,718.2
RECEIPTS AT COST	2,928.6	0.0	2,928.6	0.0
GROSS SALES AT COST	-2,933.5	0.0	-2,933.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	286.9	0.0	286.9	0.0
Transfer to/from other DLA ICPs	3.0	0.0	3.0	0.0
Transfers from Military Services	283.9	0.0	283.9	0.0
b. Returns from Customers for Credit	46.4	0.0	46.4	0.0
c. Returns for Customers without Credit	119.6	0.0	0.0	119.6
d. Returns to Suppliers (-)	4.2	0.0	4.2	0.0
e. Transfers to Property Disposal (-)	-457.6	0.0	0.0	-457.6
f. Issues/Receipts without Reimbursement (+/-)	-7.5	0.0	0.0	-7.5
g. Other (List and Explain)	213.7	0.0	213.7	0.0
h. Total Adjustments	205.7	0.0	551.2	-345.5
INVENTORY - End of Period (EOP)	6,043.0	107.1	3,563.2	2,372.7
INVENTORY ON ORDER EOP	2,018.5	0.0	2,018.5	0.0

Other: Net Phys Inv Gains/Loss = -8.2; Net Acctg Gains/Loss = 85.6; Intransits FY08 vs FY07 = 55.3 and SPO Adj FY08 vs FY07 = 81.0.

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	6,043.0	107.1	3,563.2	2,372.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	200.0	-200.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	6,043.0	107.1	3,763.2	2,172.7
RECEIPTS AT COST	3,316.4	0.0	3,316.4	0.0
GROSS SALES AT COST	-3,148.0	0.0	-3,148.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	192.1	0.0	131.6	60.5
Transfer to/from other DLA ICPs	1.0	0.0	0.5	0.5
Transfers from Military Services	191.1	0.0	131.1	60.0
b. Returns from Customers for Credit	43.0	0.0	43.0	0.0
c. Returns for Customers without Credit	105.0	0.0	0.0	105.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-425.0	0.0	0.0	-425.0
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-1.0	-1.0
g. Other (List and Explain)	-190.0	0.0	-10.0	-180.0
h. Total Adjustments	-276.9	0.0	163.6	-440.5
INVENTORY - End of Period (EOP)	5,934.5	107.1	4,095.2	1,732.2
INVENTORY ON ORDER EOP	2,025.9	0.0	2,025.9	0.0

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	5,934.5	107.1	4,095.2	1,732.2
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	5,934.5	107.1	4,095.2	1,732.2
RECEIPTS AT COST	3,363.7	0.0	3,363.7	0.0
GROSS SALES AT COST	-3,200.5	0.0	-3,200.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	64.4	0.0	52.4	12.0
Transfer to/from other DLA ICPS	3.0	0.0	1.0	2.0
Transfers from Military Services	61.4	0.0	51.4	10.0
b. Returns from Customers for Credit	43.0	0.0	43.0	0.0
c. Returns for Customers without Credit	105.0	0.0	0.0	105.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-375.0	0.0	0.0	-375.0
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-1.0	-1.0
g. Other (List and Explain)	10.0	0.0	2.0	8.0
h. Total Adjustments	-154.6	0.0	96.4	-251.0
INVENTORY - End of Period (EOP)	5,943.1	107.1	4,354.8	1,481.2
INVENTORY ON ORDER EOP	2,044.8	0.0	2,044.8	0.0

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Land	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,135.1	1.1	616.4	517.6
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	31.4	-0.7	34.9	-2.8
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,166.5	0.4	651.3	514.8
RECEIPTS AT COST	1,525.9	0.0	1,525.9	0.0
GROSS SALES AT COST	-1,430.4	0.0	-1,430.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	19.7	0.0	19.7	0.0
Transfer to/from other DLA ICPs	19.7	0.0	19.7	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	35.8	0.0	35.8	0.0
c. Returns for Customers without Credit	40.3	0.0	0.0	40.3
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-58.6	0.0	0.0	-58.6
f. Issues/Receipts without Reimbursement (+/-)	-2.5	0.0	-2.5	0.0
g. Other (List and Explain)	23.6	11.7	29.7	-17.8
h. Total Adjustments	58.3	11.7	82.7	-36.1
INVENTORY - End of Period (EOP)	1,320.3	12.1	829.5	478.7
INVENTORY ON ORDER EOP	771.5	0.0	771.5	0.0

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Land	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,320.3	12.1	829.5	478.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,320.3	12.1	829.5	478.7
RECEIPTS AT COST	1,480.1	0.0	1,480.1	0.0
GROSS SALES AT COST	-1,326.0	0.0	-1,326.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	10.0	0.0	10.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	10.0	0.0	10.0	0.0
b. Returns from Customers for Credit	25.4	0.0	25.4	0.0
c. Returns for Customers without Credit	29.5	0.0	0.0	29.5
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-231.2	0.0	0.0	-231.2
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-2.0	0.0
g. Other (List and Explain)	29.0	0.0	0.0	29.0
h. Total Adjustments	-139.3	0.0	33.4	-172.7
INVENTORY - End of Period (EOP)	1,335.1	12.1	1,017.0	306.0
INVENTORY ON ORDER EOP	683.8	0.0	683.8	0.0

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Land	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,335.1	12.1	1,017.0	306.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,335.1	12.1	1,017.0	306.0
RECEIPTS AT COST	1,274.5	0.0	1,274.5	0.0
GROSS SALES AT COST	-1,305.4	0.0	-1,305.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	20.0	0.0	20.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	20.0	0.0	20.0	0.0
b. Returns from Customers for Credit	25.9	0.0	25.9	0.0
c. Returns for Customers without Credit	25.0	0.0	0.0	25.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-54.0	0.0	0.0	-54.0
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-2.0	0.0
g. Other (List and Explain)	29.0	0.0	0.0	29.0
h. Total Adjustments	43.9	0.0	43.9	0.0
INVENTORY - End of Period (EOP)	1,348.1	12.1	1,030.0	306.0
INVENTORY ON ORDER EOP	688.8	0.0	688.8	0.0

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Maritime	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,591.8	0.1	1,067.4	1,524.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,591.8	0.1	1,067.4	1,524.3
RECEIPTS AT COST	1,366.6	0.0	1,366.6	0.0
GROSS SALES AT COST	-1,315.7	0.0	-1,315.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	75.9	0.0	75.9	0.0
Transfer to/from other DLA ICPs	75.9	0.0	75.9	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	35.3	0.0	35.3	0.0
c. Returns for Customers without Credit	41.0	0.0	0.0	41.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-174.8	0.0	0.0	-174.8
f. Issues/Receipts without Reimbursement (+/-)	-0.6	0.0	-0.6	0.0
g. Other (List and Explain)	274.9	67.0	243.9	-36.0
h. Total Adjustments	251.7	67.0	354.5	-169.8
INVENTORY - End of Period (EOP)	2,894.4	67.1	1,472.8	1,354.5
INVENTORY ON ORDER EOP	622.7	0.0	622.7	0.0

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Maritime	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,894.4	67.1	1,472.8	1,354.5
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,894.4	67.1	1,472.8	1,354.5
RECEIPTS AT COST	1,342.5	0.0	1,342.5	0.0
GROSS SALES AT COST	-1,315.5	0.0	-1,315.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	14.6	0.0	14.6	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	14.6	0.0	14.6	0.0
b. Returns from Customers for Credit	41.1	0.0	41.1	0.0
c. Returns for Customers without Credit	65.4	0.0	0.0	65.4
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-750.7	0.0	0.0	-750.7
f. Issues/Receipts without Reimbursement (+/-)	-0.7	0.0	-0.7	0.0
g. Other (List and Explain)	71.0	0.0	71.0	0.0
h. Total Adjustments	-559.3	0.0	126.0	-685.3
INVENTORY - End of Period (EOP)	2,362.1	67.1	1,625.8	669.2
INVENTORY ON ORDER EOP	644.6	0.0	644.6	0.0

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Maritime	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,362.1	67.1	1,625.8	669.2
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,362.1	67.1	1,625.8	669.2
RECEIPTS AT COST	1,223.7	0.0	1,223.7	0.0
GROSS SALES AT COST	-1,288.0	0.0	-1,288.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	14.6	0.0	14.6	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	14.6	0.0	14.6	0.0
b. Returns from Customers for Credit	42.0	0.0	42.0	0.0
c. Returns for Customers without Credit	32.7	0.0	0.0	32.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-72.6	0.0	0.0	-72.6
f. Issues/Receipts without Reimbursement (+/-)	-0.7	0.0	-0.7	0.0
g. Other (List and Explain)	13.9	0.0	13.9	0.0
h. Total Adjustments	29.9	0.0	69.8	-39.9
INVENTORY - End of Period (EOP)	2,327.7	67.1	1,631.3	629.3
INVENTORY ON ORDER EOP	666.9	0.0	666.9	0.0

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Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	9,569.1	1.3	4,148.9	5,418.9
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	31.4	106.3	586.7	-661.6
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	9,600.5	107.6	4,735.6	4,757.3
RECEIPTS AT COST	5,821.1	0.0	5,821.1	0.0
GROSS SALES AT COST	-5,679.6	0.0	-5,679.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	382.5	0.0	382.5	0.0
Transfer to/from other DLA ICPS	98.6	0.0	98.6	0.0
Transfers from Military Services	283.9	0.0	283.9	0.0
b. Returns from Customers for Credit	117.5	0.0	117.5	0.0
c. Returns for Customers without Credit	200.9	0.0	0.0	200.9
d. Returns to Suppliers (-)	4.2	0.0	4.2	0.0
e. Transfers to Property Disposal (-)	-691.0	0.0	0.0	-691.0
f. Issues/Receipts without Reimbursement (+/-)	-10.6	0.0	-3.1	-7.5
g. Other (List and Explain)	512.2	78.7	487.3	-53.8
h. Total Adjustments	515.7	78.7	988.4	-551.4
INVENTORY - End of Period (EOP)	10,257.7	186.3	5,865.5	4,205.9
INVENTORY ON ORDER EOP	3,412.7	0.0	3,412.7	0.0

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Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	10,257.7	186.3	5,865.5	4,205.9
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	200.0	-200.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	10,257.7	186.3	6,065.5	4,005.9
RECEIPTS AT COST	6,139.0	0.0	6,139.0	0.0
GROSS SALES AT COST	-5,789.5	0.0	-5,789.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	216.7	0.0	156.2	60.5
Transfer to/from other DLA ICPs	1.0	0.0	0.5	0.5
Transfers from Military Services	215.7	0.0	155.7	60.0
b. Returns from Customers for Credit	109.5	0.0	109.5	0.0
c. Returns for Customers without Credit	199.9	0.0	0.0	199.9
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-1,406.9	0.0	0.0	-1,406.9
f. Issues/Receipts without Reimbursement (+/-)	-4.7	0.0	-3.7	-1.0
g. Other (List and Explain)	-90.0	0.0	61.0	-151.0
h. Total Adjustments	-975.5	0.0	323.0	-1,298.5
INVENTORY - End of Period (EOP)	9,631.7	186.3	6,738.0	2,707.4
INVENTORY ON ORDER EOP	3,354.3	0.0	3,354.3	0.0

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Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	9,631.7	186.3	6,738.0	2,707.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	9,631.7	186.3	6,738.0	2,707.4
RECEIPTS AT COST	5,861.9	0.0	5,861.9	0.0
GROSS SALES AT COST	-5,793.9	0.0	-5,793.9	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	99.0	0.0	87.0	12.0
Transfer to/from other DLA ICPS	3.0	0.0	1.0	2.0
Transfers from Military Services	96.0	0.0	86.0	10.0
b. Returns from Customers for Credit	110.9	0.0	110.9	0.0
c. Returns for Customers without Credit	162.7	0.0	0.0	162.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-501.6	0.0	0.0	-501.6
f. Issues/Receipts without Reimbursement (+/-)	-4.7	0.0	-3.7	-1.0
g. Other (List and Explain)	52.9	0.0	15.9	37.0
h. Total Adjustments	-80.8	0.0	210.1	-290.9
INVENTORY - End of Period (EOP)	9,618.9	186.3	7,016.1	2,416.5
INVENTORY ON ORDER EOP	3,400.5	0.0	3,400.5	0.0

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Base Operating Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1.9	0.0	1.9	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1.9	0.0	1.9	0.0
RECEIPTS AT COST	10.2	0.0	10.2	0.0
GROSS SALES AT COST	-10.2	0.0	-10.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	5.7	0.0	5.7	0.0
Transfer to/from other DLA ICPs	5.7	0.0	5.7	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	0.2	0.0	0.2	0.0
h. Total Adjustments	5.9	0.0	5.9	0.0
INVENTORY - End of Period (EOP)	7.8	0.0	7.8	0.0
INVENTORY ON ORDER EOP	0.0	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2009 Inventory Status
(\$ in millions)

Base Operating Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	7.8	0.0	7.8	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	7.8	0.0	7.8	0.0
RECEIPTS AT COST	10.3	0.0	10.3	0.0
GROSS SALES AT COST	-10.8	0.0	-10.8	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPs	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	0.4	0.0	0.4	0.0
h. Total Adjustments	0.4	0.0	0.4	0.0
INVENTORY - End of Period (EOP)	7.7	0.0	7.7	0.0
INVENTORY ON ORDER EOP	0.0	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management
Fiscal Year (FY) 2010 Budget Estimates
May 2009
FY 2010 Inventory Status
(\$ in millions)

Base Operating Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	7.7	0.0	7.7	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	7.7	0.0	7.7	0.0
RECEIPTS AT COST	10.3	0.0	10.3	0.0
GROSS SALES AT COST	-10.8	0.0	-10.8	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	0.0	0.0	0.0	0.0
Transfer to/from other DLA ICPS	0.0	0.0	0.0	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.0	0.0	0.0	0.0
c. Returns for Customers without Credit	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	0.5	0.0	0.5	0.0
h. Total Adjustments	0.5	0.0	0.5	0.0
INVENTORY - End of Period (EOP)	7.7	0.0	7.7	0.0
INVENTORY ON ORDER EOP	0.0	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Supply Non-Energy Total	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	16,035.4	15,530.5	16,539.5
2. Less: Materiel Inflation Adjustment	384.9	0.0	196.1
3. Revised Net Sales @ Cost	15,650.6	15,530.5	16,343.4
4. Surcharge (\$)	2,270.0	2,182.0	2,265.5
5. Change to Customers			
a. Previous Year's Surcharge (%)	14.4%	14.2%	14.0%
b. This Year's Surcharge (\$) divided by line 3 above	14.2%	14.0%	13.7%
c. Percent Change to Customer	2.2%	-0.1%	0.9%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Troop Support Summary	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	10,667.5	10,228.8	10,638.9
2. Less: Materiel Inflation Adjustment	256.0	0.0	126.2
3. Revised Net Sales @ Cost	10,411.5	10,228.8	10,512.8
4. Surcharge (\$)	726.0	655.8	755.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	8.5%	6.8%	6.4%
b. This Year's Surcharge (\$) divided by line 3 above	6.8%	6.4%	7.1%
c. Percent Change to Customer	0.8%	-0.4%	1.9%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Clothing and Textile	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	1,884.5	1,691.1	1,804.4
2. Less: Materiel Inflation Adjustment	45.2	0.0	21.4
3. Revised Net Sales @ Cost	1,839.2	1,691.1	1,783.0
4. Surcharge (\$)	183.5	158.1	170.0
5. Change to Customers			
a. Previous Year's Surcharge (%)	10.1%	9.7%	9.3%
b. This Year's Surcharge (\$) divided by line 3 above	9.7%	9.3%	9.4%
c. Percent Change to Customer	2.1%	-0.4%	1.3%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Medical	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	4,030.1	4,122.1	4,202.3
2. Less: Materiel Inflation Adjustment	96.7	0.0	49.8
3. Revised Net Sales @ Cost	3,933.4	4,122.1	4,152.4
4. Surcharge (\$)	158.5	152.0	167.6
5. Change to Customers			
a. Previous Year's Surcharge (%)	4.9%	3.9%	3.7%
b. This Year's Surcharge (\$) divided by line 3 above	3.9%	3.7%	4.0%
c. Percent Change to Customer	1.5%	-0.2%	1.5%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Subsistence	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	2,489.2	2,421.1	2,539.3
2. Less: Materiel Inflation Adjustment	59.7	0.0	30.1
3. Revised Net Sales @ Cost	2,429.5	2,421.1	2,509.2
4. Surcharge (\$)	179.2	164.0	188.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	10.9%	7.2%	6.8%
b. This Year's Surcharge (\$) divided by line 3 above	7.2%	6.8%	7.4%
c. Percent Change to Customer	-1.0%	-0.4%	1.8%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

C&E	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	2,263.7	1,994.5	2,093.0
2. Less: Materiel Inflation Adjustment	54.3	0.0	24.8
3. Revised Net Sales @ Cost	2,209.4	1,994.5	2,068.2
4. Surcharge (\$)	204.9	181.7	229.3
5. Change to Customers			
a. Previous Year's Surcharge (%)	10.4%	9.1%	9.1%
b. This Year's Surcharge (\$) divided by line 3 above	9.1%	9.1%	11.0%
c. Percent Change to Customer	1.2%	0.1%	2.9%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Weapon Systems Summary	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	5,367.9	5,301.7	5,900.6
2. Less: Materiel Inflation Adjustment	128.8	0.0	70.0
3. Revised Net Sales @ Cost	5,239.1	5,301.7	5,830.6
4. Surcharge (\$)	1,544.0	1,526.2	1,510.5
5. Change to Customers			
a. Previous Year's Surcharge (%)	26.6%	28.8%	28.8%
b. This Year's Surcharge (\$) divided by line 3 above	28.8%	28.8%	25.6%
c. Percent Change to Customer	4.2%	0.0%	-1.3%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Aviation	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	2,609.2	2,605.0	3,282.0
2. Less: Materiel Inflation Adjustment	62.6	0.0	38.9
3. Revised Net Sales @ Cost	2,546.6	2,605.0	3,243.0
4. Surcharge (\$)	755.3	780.9	782.3
5. Change to Customers			
a. Previous Year's Surcharge (%)	27.4%	28.9%	30.0%
b. This Year's Surcharge (\$) divided by line 3 above	28.9%	30.0%	23.8%
c. Percent Change to Customer	3.7%	0.8%	-3.6%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Land	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	1,402.5	1,434.7	1,326.1
2. Less: Materiel Inflation Adjustment	33.7	0.0	15.7
3. Revised Net Sales @ Cost	1,368.9	1,434.7	1,310.4
4. Surcharge (\$)	353.9	356.4	341.0
5. Change to Customers			
a. Previous Year's Surcharge (%)	22.3%	25.2%	24.8%
b. This Year's Surcharge (\$) divided by line 3 above	25.2%	24.8%	25.7%
c. Percent Change to Customer	4.9%	-0.3%	1.9%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2010 Budget Estimates
May 2009
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Maritime	FY 2008	FY 2009	FY 2010
1. Net Sales at Cost	1,356.2	1,262.0	1,292.5
2. Less: Materiel Inflation Adjustment	32.5	0.0	15.3
3. Revised Net Sales @ Cost	1,323.6	1,262.0	1,277.2
4. Surcharge (\$)	434.8	388.9	387.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	29.1%	32.1%	30.8%
b. This Year's Surcharge (\$)	32.1%	30.8%	30.0%
c. Percent Change to Customer	4.8%	-0.9%	0.5%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Aviation
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2008
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.1	-	0.1
2. Price Change (Memo)	-	-	-
3. Reclassification	107.0	-	107.0
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	107.1	-	107.1
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	-	-	-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Land
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2008
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	1.1	-	1.1
2. Price Change	-	-	-
3. Reclassification	(0.7)		(0.7)
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	11.7	-	11.7
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	11.7	-	11.7
5. Inventory EOP	12.1	-	12.1
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-		-
3. Maintenance/Other	-		-
Total Cost	-		-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-		
d. Assemble/Disassemble	-		
e. Other	-	-	
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	556.9	356.5	200.4
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	355.7	355.7	-
(1). Purchases	354.4	354.4	-
(2). Returns from customers	1.3	1.3	-
b. Issues @ cost	(313.4)	(313.4)	-
(1). Sales	(311.2)	(311.2)	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	(2.2)	(2.2)	-
c. Adjustments @ cost	(2.2)	(2.2)	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	(5.0)	(5.0)	-
(3.) Other	2.8	2.8	-
5. Inventory EOP	597.0	396.6	200.4
WRM STOCKPILE COSTS			
1. Storage	12.5	4.0	8.5
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	12.5	4.0	8.5
WRM BUDGET REQUEST			
1. Obligations @ Cost	354.4	354.4	-
a. Additional WRM	-	-	-
b. Replen. WRM	354.4	354.4	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	354.4	354.4	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Troop Support
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	370.6	356.5	14.1
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	355.7	355.7	-
(1). Purchases	354.4	354.4	-
(2). Returns from customers	1.3	1.3	-
b. Issues @ cost	(313.4)	(313.4)	-
(1). Sales	(311.2)	(311.2)	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	(2.2)	(2.2)	-
c. Adjustments @ cost	(2.2)	(2.2)	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	(5.0)	(5.0)	-
(3.) Other	2.8	2.8	-
5. Inventory EOP	410.7	396.6	14.1
WRM STOCKPILE COSTS			
1. Storage	9.3	4.0	5.3
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	9.3	4.0	5.3
WRM BUDGET REQUEST			
1. Obligations @ Cost	354.4	354.4	-
a. Additional WRM	-	-	-
b. Replen. WRM	354.4	354.4	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	354.4	354.4	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Weapon Systems
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	186.3	-	186.3
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	186.3	-	186.3
WRM STOCKPILE COSTS			
1. Storage	3.2	-	3.2
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	3.2	-	3.2
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Clothing & Textiles
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	14.1	-	14.1
2. Price Change	-	-	
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	14.1	-	14.1
WRM STOCKPILE COSTS			
1. Storage	5.3	-	5.3
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	5.3	-	5.3
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Medical
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	-	-	-
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	-	-	-
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	-	-	-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Subsistence
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	356.5	356.5	0.0
2. Price Change	0.0		0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	355.7	355.7	0.0
(1). Purchases	354.4	354.4	0.0
(2). Returns from customers	1.3	1.3	0.0
b. Issues @ cost	-313.4	-313.4	0.0
(1). Sales	-311.2	-311.2	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.2	-2.2	0.0
c. Adjustments @ cost	-2.2	-2.2	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-5.0	-5.0	0.0
(3.) Other	2.8	2.8	0.0
5. Inventory EOP	396.6	396.6	0.0
WRM STOCKPILE COSTS			
1. Storage	4.0	4.0	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.0	4.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	354.4	354.4	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	354.4	354.4	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	354.4	354.4	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Construction & Equipment
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	-	-	-
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	-	-	-
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	-	-	-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Aviation
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	107.1	-	107.1
2. Price Change			
2. Price Change (Memo)	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	107.1	-	107.1
WRM STOCKPILE COSTS			
1. Storage	0.2	-	0.2
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	0.2	-	0.2
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Land
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	12.1		12.1
2. Price Change	-	-	-
3. Reclassification	-		-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	12.1	-	12.1
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-		-
3. Maintenance/Other	-		-
Total Cost	-		-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-		
d. Assemble/Disassemble	-		
e. Other	-	-	
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Maritime
Fiscal Year (FY) 2009 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	67.1	-	67.1
2. Price Change	-	-	-
3. Reclassification	-		-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	67.1	-	67.1
WRM STOCKPILE COSTS			
1. Storage	3.0	-	3.0
2. Management	-		-
3. Maintenance/Other	-		-
Total Cost	3.0		3.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-		-
d. Assemble/Disassemble	-		-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Materiel Supply Chain
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	597.0	396.6	200.4
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	300.3	300.3	-
(1). Purchases	299.3	299.3	-
(2). Returns from customers	1.0	1.0	-
b. Issues @ cost	(293.7)	(293.7)	-
(1). Sales	(291.5)	(291.5)	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	(2.2)	(2.2)	-
c. Adjustments @ cost	1.5	(1.8)	3.3
(1). Capitalizations	-	-	-
(2). Gains and Losses	(4.1)	(4.1)	-
(3.) Other	5.6	2.3	3.3
5. Inventory EOP	605.1	401.4	203.7
WRM STOCKPILE COSTS			
1. Storage	13.2	3.9	9.3
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	13.2	3.9	9.3
WRM BUDGET REQUEST			
1. Obligations @ Cost	299.3	299.3	-
a. Additional WRM	-	-	-
b. Replen. WRM	299.3	299.3	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	299.3	299.3	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Troop Support
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	410.7	396.6	14.1
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	300.3	300.3	-
(1). Purchases	299.3	299.3	-
(2). Returns from customers	1.0	1.0	-
b. Issues @ cost	(293.7)	(293.7)	-
(1). Sales	(291.5)	(291.5)	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	(2.2)	(2.2)	-
c. Adjustments @ cost	1.5	(1.8)	3.3
(1). Capitalizations	-	-	-
(2). Gains and Losses	(4.1)	(4.1)	-
(3.) Other	5.6	2.3	3.3
5. Inventory EOP	418.8	401.4	17.4
WRM STOCKPILE COSTS			
1. Storage	9.9	3.9	6.1
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	9.9	3.9	6.1
WRM BUDGET REQUEST			
1. Obligations @ Cost	299.3	299.3	-
a. Additional WRM	-	-	-
b. Replen. WRM	299.3	299.3	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	299.3	299.3	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Weapon Systems
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	186.3	-	186.3
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	186.3	-	186.3
WRM STOCKPILE COSTS			
1. Storage	3.3	-	3.3
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	3.3	-	3.3
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Clothing and Textiles
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	14.1	-	14.1
2. Price Change	-	-	
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	14.1	-	14.1
WRM STOCKPILE COSTS			
1. Storage	4.7	-	4.7
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	4.7	-	4.7
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Medical
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	-	-	-
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	3.3	-	3.3
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	3.3	-	3.3
5. Inventory EOP	3.3	-	3.3
WRM STOCKPILE COSTS			
1. Storage	1.4	-	1.4
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	1.4	-	1.4
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Subsistence
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	396.6	396.6	0.0
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	300.3	300.3	0.0
(1). Purchases	299.3	299.3	0.0
(2). Returns from customers	1.0	1.0	0.0
b. Issues @ cost	-293.7	-293.7	0.0
(1). Sales	-291.5	-291.5	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.2	-2.2	0.0
c. Adjustments @ cost	-1.8	-1.8	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-4.1	-4.1	0.0
(3.) Other	2.3	2.3	0.0
5. Inventory EOP	401.4	401.4	0.0
WRM STOCKPILE COSTS			
1. Storage	3.9	3.9	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.9	3.9	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	299.3	299.3	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	299.3	299.3	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	299.3	299.3	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Construction & Equipment
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	-	-	-
2. Price Change	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	-	-	-
WRM STOCKPILE COSTS			
1. Storage	-	-	-
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	-	-	-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Aviation
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	107.1	-	107.1
2. Price Change			
2. Price Change (Memo)	-	-	-
3. Reclassification	-	-	-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	107.1	-	107.1
WRM STOCKPILE COSTS			
1. Storage	0.2	-	0.2
2. Management	-	-	-
3. Maintenance/Other	-	-	-
Total Cost	0.2	-	0.2
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-	-	-
d. Assemble/Disassemble	-	-	-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Land
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	12.1		12.1
2. Price Change	-	-	-
3. Reclassification	-		-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	12.1	-	12.1
WRM STOCKPILE COSTS			
1. Storage	-		-
2. Management	-		-
3. Maintenance/Other	-		-
Total Cost	-		-
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-		-
d. Assemble/Disassemble	-		-
e. Other	-	-	-
Total Request	-	-	-

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group: Maritime
Fiscal Year (FY) 2010 Budget Estimates
May 2009
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	67.1	-	67.1
2. Price Change	-	-	-
3. Reclassification	-		-
4. Inventory Changes			
a. Receipts @ cost	-	-	-
(1). Purchases	-	-	-
(2). Returns from customers	-	-	-
b. Issues @ cost	-	-	-
(1). Sales	-	-	-
(2). Returns to suppliers	-	-	-
(3.) Disposals	-	-	-
c. Adjustments @ cost	-	-	-
(1). Capitalizations	-	-	-
(2). Gains and Losses	-	-	-
(3.) Other	-	-	-
5. Inventory EOP	67.1	-	67.1
WRM STOCKPILE COSTS			
1. Storage	3.1	-	3.1
2. Management	-		-
3. Maintenance/Other	-		-
Total Cost	3.1		3.1
WRM BUDGET REQUEST			
1. Obligations @ Cost	-	-	-
a. Additional WRM	-	-	-
b. Replen. WRM	-	-	-
c. Repair WRM	-		-
d. Assemble/Disassemble	-		-
e. Other	-	-	-
Total Request	-	-	-

Defense Logistics Agency
Defense-Wide Working Capital Fund
Defense Distribution Center
Fiscal Year (FY) 2010 Budget Estimates
Changes in the Costs of Operation
May 2009
(\$ in Millions)

	EXPENSES
FY 2008 Actual	
<u>Pricing Adjustments</u>	0.0
Labor	0.0
Nonlabor	0.0
Program Changes:	
Military Personnel Cost	10.9
Civilian Personnel Cost	544.9
Travel of Persons	8.7
Materials and Supplies	61.3
Equipment	39.3
Other Purchases from Revolving Funds	36.2
Transportation of Things	525.7
Depreciation	50.7
Other Purchased Services	415.3
FY 2008 Actual	1693.0
	Obligations
FY 2009 Current Estimate	1814.2
<u>Pricing Adjustments</u>	-3.1
Labor	4.0
Nonlabor	-7.1
Program Changes:	0.0
Military Personnel Cost	0.0
Civilian Personnel Cost	0.0
Travel of Persons	0.0
Supplies	0.0
Equipment	0.0
Other Purchases from Revolving Funds	0.0
Transportation of Things	0.0
Depreciation	0.0
Other Purchased Services	0.0
FY 2009 Revised Estimate	1811.1

Defense Logistics Agency
Defense-Wide Working Capital Fund
Defense Reutilization and Marketing Service
Fiscal Year (FY) 2010 Budget Estimates
Changes in the Costs of Operation
May 2009
(\$ in Millions)

	EXPENSES
FY 2008 Actual	
<u>Pricing Adjustments</u>	0.0
Labor	0.0
Nonlabor	0.0
Program Changes:	
Military Personnel Cost	0.6
Civilian Personnel Cost	122.2
Travel of Persons	5.6
Materials and Supplies	0.5
Equipment	5.7
Other Purchases from Revolving Funds	14.5
Transportation of Things	41.2
Depreciation	5.6
Other Purchased Services	174.7
FY 2008 Actual	370.6
	Obligations
FY 2009 Current Estimate	421.4
<u>Pricing Adjustments</u>	2.4
Labor	0.9
Nonlabor	-1.5
Program Changes:	0.0
Military Personnel Cost	0.0
Civilian Personnel Cost	0.0
Travel of Persons	0.0
Supplies	0.0
Equipment	0.0
Other Purchases from Revolving Funds	0.0
Transportation of Things	0.0
Depreciation	0.0
Other Purchased Services	0.0
FY 2009 Revised Estimate	420.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2010 Budget Estimates
May 2009
Total Supply Chain Management Activity
(Dollars in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
1. New Orders			
a. Orders from DoD Components	19,131.8	18,597.9	17,725.2
Army	9,556.7	8,619.4	7,972.9
Navy	3,288.1	3,560.1	3,473.1
Air Force	3,553.9	4,003.5	3,878.6
Marine Corps	1,107.6	914.8	887.7
Other	1,614.8	1,500.1	1,512.8
DECA	10.6	0.0	0.0
b. Orders from Other Activity Groups	1,400.6	1,465.6	756.2
c. Total DoD	20,532.4	20,063.5	18,481.4
d. Other Orders:	1,839.1	1,388.9	1,349.7
Other Federal Agencies	859.2	536.2	524.7
Non-Federal Agencies	178.3	301.7	291.8
Foreign Military Sales	801.5	551.0	533.2
Total New Orders	22,371.5	21,452.4	19,831.1
2. Carry-In Orders	3,309.7	3,200.6	3,118.6
3. Total Gross Orders	25,681.2	24,653.0	22,949.7
4. Carry-Out Orders (-)	-3,643.6	-3,094.8	-2,944.5
5. Sales Proceeds	93.6	51.4	49.7
6. Gross Sales (-)	22,131.2	21,609.6	20,054.9
7. Credits & Allowances (-)	-190.1	-181.8	-182.7
8. Net Sales	21,941.1	21,427.9	19,872.2
9. Reimbursable Sales	1,585.5	1,683.2	1,854.6
10. Total Revenue	23,526.6	23,111.1	21,726.7

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management
Revenue and Expenses
Fiscal Year (FY) 2010 Budget Estimates
May 2009
(Dollars in Millions)

	FY 2008	FY 2009	FY 2010
Revenue			
Gross Sales	20,777.1	19,933.2	18,998.5
Operations	20,829.5	19,977.5	19,038.3
Capital Surcharge	-60.6	-61.6	-59.1
Depreciation excluding Major Construction	8.2	17.3	19.4
Other Income	2,939.6	3,359.7	2,910.9
Reimbursable Income	2,883.4	3,316.5	2,865.8
Other Income Depreciation	56.2	43.2	45.1
Refunds/Discounts (-)	-190.1	-181.8	-182.7
Total Revenue *	23,526.6	23,111.1	21,726.7
Expenses			
Cost of Materiel Sold from Inventory	18,060.0	16,882.0	16,148.9
Salaries and Wages:			
Military Personnel Compensation & Benefits	34.8	38.9	41.3
Civilian Personnel Compensation & Benefits	1,681.0	1,927.4	1,971.2
Travel & Transportation	39.6	46.8	49.0
Materials & Supplies (For internal operations)	98.5	146.5	152.1
Equipment	67.1	195.5	204.0
Other Purchases from Revolving Funds	757.5	791.9	579.8
Transportation of Things	698.2	730.2	654.8
Depreciation - Capital	122.8	167.1	171.8
Printing and Reproduction	16.2	21.0	22.5
Advisory and Assistance Service	1.5	1.2	1.5
Rent, Communications, Utilities & Misc. Charges	51.7	123.9	103.6
Other Purchased Services	2,145.6	1,995.7	1,659.0
Total Expenses *	23,774.4	23,068.0	21,759.4
Operating Results	-247.8	43.1	-32.7
Less Capital Surcharge Reservation	60.6	61.6	59.1
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	39.7	100.9	105.1
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-70.8	-11.4	-152.9
Net Operating Results	-218.2	194.2	-21.4
Prior Year Accumulated Operating Results	74.4	-143.8	50.4
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	-143.8	50.4	29.0
AOR balance will be addressed in the FY 2011 President's Budget			

* Revenue and Expenses do not include intra-DLA supply chain transactions.

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
FISCAL YEAR (FY) 2010 Budget Estimates
May 2009

FUNCTIONAL DESCRIPTION

The Defense Energy Support Center (DESC) is located at Fort Belvoir, Virginia, and provides comprehensive worldwide energy support for the military services and other authorized customers. DESC also serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace missile fuels; electricity and natural gas products; assistance to the Services regarding privatization of their utility systems; arranging for petroleum support services; providing facility/equipment maintenance on fuel infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; and performing petroleum quality surveillance functions worldwide.

BUDGET HIGHLIGHTS

The Department of Defense (DoD) incurred increased fuel costs in FY 2008 due to petroleum market price volatility, growing world demand, fluctuating refining capacity, and regional political instability. FY 2009 and 2010 reflect adjustments in fuel cost assumptions and are in line with recent market history and current projections of future costs.

PERFORMANCE INDICATORS

Energy: Net Barrels Sold

Energy measures its workload in terms of net barrels sold. Net barrels sold reflect requirements provided to the DESC by the military services and other authorized customers. The following table displays net barrels sold over the budget period. Sales estimates reflect support of continuing Overseas Contingency Operations. The FY 2009-2010 forecasts reflect a slight decline in sales from FY 2008, arising from reductions in military operations tempo for the Navy due to funding constraints.

(Barrels in Millions)	FY 2008	FY 2009	FY 2010
Gross Barrels Sold	138.5	136.0	131.5
Less Credit Returns	6.0	6.0	6.0
Net Barrels Sold	132.5	130.0	125.5

Net Operating Results (NOR):

The NOR is the difference between revenues (including reimbursements) and expenses. NOR includes, as applicable, adjustments for supplemental and other income such as federal and state excise taxes collected on sales. The Defense Energy Support Center funds maintenance and repair, environmental remediation and minor construction with DWWCF rates. This funding is required to ensure facilities are properly maintained. The FY 2008 Energy NOR of -\$851 million reflects the impact of higher product costs on expenses. FY 2009 and 2010 gains reflect the impact of lower product costs on expenses. In FY 2009, DESC recorded a \$280.1 million reimbursement for FY 2008-2010 Overseas Contingency Cost. This amount was already recognized in the FY 2008 NOR. So as not to double count this reimbursement a \$280.1 million adjustment was made to FY 2009 AOR. The following table shows the Energy NOR/AOR included in this budget submission.

Energy NOR (\$ in Millions)	FY 2008	FY 2009	FY 2010
Revenue	\$17,960	\$12,119	\$11,671
Expenses	\$19,369	\$11,389	\$11,933
Operating Results	(\$1,409)	\$730	(\$262)
Supplementals	\$558	\$322	\$314
Net Operating Results	(\$851)	\$1,052	\$52
Prior Year Accumulated Operating Results	(\$172)	(\$1,023)	(\$251)
Other Changes Affecting AOR		(\$280)	
Ending Accumulated Operating Results	(\$1,023)	(\$251)	(\$198)

* Does not add due to rounding.

** AOR will be addressed in the FY2011 Budget Submission

UNIT COST

Unit cost for petroleum products is the per-barrel cost for refined fuel purchased by the Defense Energy Support Center. FY 2009 costs are estimated to decrease due to lower refined product costs. Higher refined product costs are estimated in FY 2010.

Energy Petroleum Unit Cost	FY 2008	FY 2009	FY 2010
Unit Cost Goal (Dollars per barrel)	\$159.37	\$78.28	\$89.64

Energy Pricing (Petroleum):

The Department of Defense (DoD) petroleum pricing is based on crude oil forecasts provided by the Office of Management and Budget (OMB). The OMB establishes crude petroleum rates based on market futures data from the New York Mercantile Exchange. The current budget estimate reflects current volatility of the petroleum market industry.

In FY 2008, in the face of wildly fluctuating market prices, DoD adjusted its internal fuel price three times to ensure DWWCF cash solvency and in reaction to world fuel market price increases. In October, DoD increased the standard price effective October 1, 2007 to \$97.02 per barrel. In the face of significant losses in the DWWCF resulting from steep fuel market price increases, the standard price was increased to \$127.68 per barrel effective December 19, 2007. The December 19 price included a partial recovery of DWWCF fuel losses experienced in the first quarter of FY 2008. The standard price was reset again in July 2008 to \$170.94 per barrel. Overall, the cumulative composite price to the customer was \$132.37 per barrel.

In FY 2009, DoD increased the standard price effective October 1, 2008 from \$115.50 as directed in the FY 2009 President's Budget to \$170.94 per barrel. The standard price was lowered December 2008 to \$104.58 per barrel, and February 2009 to \$69.72 per barrel due to decline in market conditions. Another price change occurred April 2009 lowering the price to \$60.48 per barrel. The Department continues to monitor market trends to determine if further price changes will be required.

The following table provides the composite standard price for FY 2008 through FY 2010:

Energy	FY 2008	FY 2009	FY 2010
Standard Price for Petroleum (\$/barrel)	\$132.37	\$87.78	\$89.46

INVENTORY

The Defense Energy Support Center inventory objective is 60.2 million barrels, of which 34.5 million barrels are war reserve material (WRM). Inventory levels in FY 2008 ended .7 million barrels below the objective due to an inability to secure adequate storage space. The DESC is actively pursuing additional storage capabilities to achieve its Inventory objective.

In the following table, "normal" losses refer to spills, evaporation, shrinkage, and contamination. Combat fuel losses include transportation losses, insurgent attacks, theft, spillage and lack of fully matured infrastructure. Combat transportation losses occur when vehicles experience mechanical problems or are disabled by enemy action.

Energy Inventory (Barrels in Millions)	FY 2008	FY 2009	FY 2010
<u>Beginning Inventory</u>	<u>58.8</u>	<u>59.5</u>	<u>59.5</u>
Peacetime Operating	24.3	25.0	25.0
War Reserve	34.5	34.5	34.5
Receipts	134.9	133.0	128.5
Sales (Net)	(132.5)	(130.0)	(125.5)
Returns without Credit	0.3	0.5	0.5
Issues without Reimb.	(0.0)	(0.0)	(0.0)
Net Gains/Losses (Normal)	(1.8)	(2.0)	(2.0)
Combat Losses	(0.2)	(1.5)	(1.5)
<u>Ending Inventory</u>	<u>59.5</u>	<u>59.5</u>	<u>59.5</u>
Peacetime Operating	25.0	25.0	25.0
War Reserve	34.5	34.5	34.5

Cash:

Pricing decisions and workload estimates result in projections for cash collections, disbursements, and net outlays. Outlays are also affected by timing of disbursements and collections within the systems that support the transactions.

Energy Cash (\$ in Millions)	FY 2008	FY 2009	FY 2010
Disbursements	\$18,939	\$11,888	\$12,055
Collections	\$17,679	\$11,862	\$11,671
Net Outlays	\$1,260	\$26	\$384
Appropriations	(\$558)	(\$322)	(\$314)
Transfers Out	\$40	\$0	\$0
Adjusted Outlays	\$742	(\$297)	(\$70)

In addition to cash outlays, funding has been received through direct appropriations to offset some of the effects of higher market prices for fuels and incremental costs associated with the Overseas Contingency Operations (OCO). FY 2008 adjusted outlays reflect a congressionally directed \$40 million transfer out of the DWWCF to the Department of Defense Education Activity.

PERSONNEL

The following table reflects the personnel numbers included in this submission.

Personnel	FY 2008	FY 2009	FY 2010
End Strength			
Military*	73	73	73
Civilian	1,094	1,138	1,168
Total	1,167	1,211	1,241
FTEs			
Military*	73	73	73
Civilian	923	1,073	1,111
Total	996	1,146	1,184

*Includes full time military only and does not include Reserve positions.

Personnel full time equivalents (FTEs) and end strength have changed from the FY 2009 President's Budget. Defense Energy Support Center continues its efforts to bring personnel on board, and this budget estimates that FTEs will increase for inventory auditability, systems implementation, and extending the DLA mission in accordance with Executive Agency responsibilities.

CAPITAL

The capital budget funds investments that exceed the \$250 thousand expense/investment criteria for the automated data processing equipment (ADPE), non-ADPE, and software development category and \$100 thousand for the minor construction category.

CAPITAL BUDGET (\$M)	FY 2008	FY 2009	FY 2010
Equipment (non-ADP)	13.7	25.2	36.7
Software & ADP Equipment	5.0	24.9	25.4
Minor Construction	30.4	35.0	44.0
Total	49.1	85.1	106.2

The FY 2009 capital budget estimate of \$85.1 million reflects an overall increase of \$40.6 million from FY 2008, primarily in the non-ADP equipment and software development categories.

The non-ADP equipment includes capital investment projects to install Automated Fuel Handling Equipment (AFHE), as well as replace and upgrade Automatic Tank Gauging (ATG) systems, Automated Fuel Service Station (AFSS) equipment for inventory accountability, Automated Hydrant Systems (AHS) and Temperature Compensating Meters (TCM) at selected fuel terminals worldwide. Installation of Temperature Compensating Meters (TCM), an initiative to improve DESC inventory audit readiness and environmental monitoring, will increase capital requirements from FY 2009-2013.

The software development investment is for the Enterprise Business Systems (EBS) Energy Convergence system. Phase I and II of system development, which will result in the two applicable SAP industry solutions, Oil and Gas and the EBS Public Sector, functioning together on a common ERP backbone, are in progress. Phase III, System Integration, will begin in FY 2009 and continue into FY 2010 and FY 2011. This phase will result in a fully integrated, coherent, single ERP for DLA in FY 2013 to include the automated procurement solution. The Systems Integration effort will ensure that all of DESC's supply chains to include the non-petroleum supply chains are fully incorporated and properly configured in the ERP and that the three primary SAP applications all function as a single entity. Minor construction increases in FY 2010 are in tangent to the

increase in the backlog of SRM projects in the aforementioned operating funding requirements.

OVERSEAS CONTINGENCY OPERATIONS (OCO) SUPPLEMENTAL REQUEST

Direct appropriations for Energy that were provided in FY 2008, as well as those requested in FY 2009-2010, are detailed in the following table and narrative. The appropriation requests below are in support of the OCO in Iraq and Afghanistan:

	<u>Operation</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Bridge</u>	<u>FY 2009 Remaining</u>	<u>FY 2010 Request</u>
A.	Subactivity Group – Operations – Combat Fuel Losses				
	5.9 Fuel Combat Losses	OEF	43,831		57,400
		OIF	39,563		51,810
		Total	83,394		109,210
				118,905	

The OEF/OIF tactical fuel sites holding DLA capitalized fuel have experienced higher losses than fixed base facilities as previously discussed. The estimated cost to replace the FY 2009 loss is \$109.2 million for 1.5 million barrels. In FY 2010 increased OPTEMPO is expected in the less mature Afghanistan Theater and a higher quantity of losses is expected despite lower Iraqi losses. The FY 2010 loss covers 1.5 million barrels of combat losses and assumes refined product cost of \$79.28 per barrel.

Fuel storage at these sites consists of tactical bag farms which do not have vapor recovery systems. As a result, product which evaporates is not contained (as it is in many fixed facilities) and is lost. The high temperatures that occur (above 120 degrees in many places during the warmer months) promote higher levels of evaporation. Combat losses also occur and in the vast majority of cases all the product is lost. Depending on the security situation, escorted vehicles that suffer a mechanical breakdown may be abandoned. In these cases the vehicle and product load are often destroyed to prevent their use by the enemy. Locations which are supported via tank truck deliveries require extended duration delivery times (ranging from 2 to 15 days depending on the location). The increased journey time and resulting exposure, coupled with rough unimproved roads in many locations and some theft, also result in losses above the norm.

	<u>Operation</u>	<u>FY 2008 Actual</u>	<u>FY 2009 Bridge</u>	<u>FY 2009 Remaining</u>	<u>FY 2010 Request</u>	
B.	Subactivity Group – Operations – Fuel Transportation and Terminal Operations					
	5.9 Fuel Transportation and Terminal Operations	OEF	77,625	-	83,000	62,400
		OIF	121,769	-	130,200	132,400
		Total	199,394	-	213,200	194,800

Transportation costs - \$175.1 million: Transportation costs to deliver fuel products to U.S. military forces in the countries shown below are significantly higher than anywhere else in the world. The journey is fraught with poor road conditions, weather delays, insurgent attacks, and harassment by local war lords. OIF locations are supported via tank truck deliveries from other countries, all of which require extended duration delivery times (ranging from two to 15 days, depending on the location.) OEF supported sites require a multi-day delivery via tank truck sometimes exceeding 10 days one-way from Pakistan and up to 23 days from sourcing locations to the north of Afghanistan. Transportation costs to deliver helium to Iraq support the Rapid Aerostat Initial Deployment and the Persistent Threat Detection System. Both programs use cameras and sensor packages attached to balloons which provide visual and radar tracking. The transportation cost breakout is as follows:

	<u>\$ In millions</u>
Iraq petroleum	\$113.7
Afghanistan/Kyrgyzstan petroleum	\$58.4
Iraq helium	___\$3.0
	\$175.1

Pipeline costs as a result of fuel throughput in Turkey - \$6.1 million: This fuel is a CENTCOM originated requirement that supports specific operations for the military forces in Iraq. The requirement was to establish supply lines from both the south and the north. Fuel is off loaded at Mersin sea port depot and then is transferred via pipeline to Adana, Turkey. Fuel is then loaded into trucks that deliver fuel to support combat operations in Northern Iraq. Obtaining the fuel from Turkey proves to be the most economical and the shortest distance to its destination.

Usage fees for a pipeline from Umm Said, Qatar to Al Udeid Air Base - \$9.6 million: This pipeline provides support to the

military forces at Al Udeid Air Base, Qatar (replaced Prince Sultan Air base in Saudi Arabia) and is the most economical method of distribution. Al Udeid is the central hub for US Air Force flying operations in the Middle East. Installation of this pipeline is critical so that jet fuel in quantities of up to 1.5 million gallons per day can be delivered to Al Udeid Air Base. Trucking of this fuel is not feasible due to the high volumes of fuel required to support military operations. Requirement for this pipeline is CENTCOM driven and validated by CENTCOM as mission critical.

Storage terminal operations located in Kabul, Afghanistan - \$4.0 million: This requirement supports CENTCOM and military operations in Afghanistan. Fuel held in this storage depot supports the forces when there are any disruptions to the normal supply pattern, e.g., refinery shutdowns, delays due to Ramadan/customs/weather/situations, trucking breakdowns, etc.

These pipeline/terminal operations requirements have increased in the CENTCOM AOR and supporting regions. The petroleum storage and throughput in these terminals and connecting pipelines is essential to prosecution of the OEF/OIF campaigns and overall contingency operations. This direct appropriated funding will enable the DLA to honor these contracts, some of which are long term, without sustaining DWWCF cash losses.

DEFENSE-WIDE WORKING CAPITAL FUND
 SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
 Defense Logistics Agency/Defense Energy Support Center
 Fiscal Year (FY) 2010 Budget Estimates
 Supply Management Summary
 FY 2008 Actuals
 Dollars in Millions
 May 2009

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES									
MEDICAL									
SUBSISTENCE									
GENERAL & INDUSTRIAL									
AVIATION									
LAND & MARITIME									
BOS									
NSA									
DLIS									
CORPORATE									
SUBTOTAL	-	-	-	-	-	-	-	-	-
ENERGY (includes Aerospace)	2,331.7	17,772.7	17,772.7	20,963.5	-	558.2	21,521.7	-	21,521.7
TOTAL	2,331.7	17,772.7	17,772.7	20,963.5	-	558.2	21,521.7	-	21,521.7

DEFENSE-WIDE WORKING CAPITAL FUND
 SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
 Defense Logistics Agency/Defense Energy Support Center
 Fiscal Year (FY) 2010 Budget Estimates
 Supply Management Summary
 FY 2009
 Dollars in Millions
 May 2009

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES									
MEDICAL									
SUBSISTENCE									
GENERAL & INDUSTRIAL									
AVIATION									
LAND & MARITIME									
BOS									
NSA									
DLIS									
CORPORATE									
SUBTOTAL	-	-	-	-	-	-	-	-	-
ENERGY (includes Aerospace)	3,085.3	11,671.8	11,671.9	10,715.4	-	322.4	11,037.8	2,391.6	13,429.4
TOTAL	3,085.3	11,671.8	11,671.9	10,715.4	-	322.4	11,037.8	2,391.6	13,429.4

Defense Logistics Agency/Defense Energy Support Center
DEFENSE ENERGY MANAGEMENT

Fiscal Year (FY) 2010 Budget Estimates
FY 2010
Dollars in Millions
May 2009

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	1,865.0	11,227.2	11,227.2	11,175.5	-	310.7	11,486.2	2,577.0	14,063.3
AEROSPACE	-	85.3	85.3	52.1	-	3.0	55.1	-	55.1
REIMBURSABLE	-	189.8	189.8	189.8	-	-	189.8	-	189.8
TOTAL	1,865.0	11,502.3	11,502.3	11,417.4	-	313.7	11,731.1	2,577.0	14,308.2

DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Inventory Status - Energy
FY 2008
Dollars in Millions
May 2009

	Total	Mobilization	Peacetime	Other
			Operating	
INVENTORY - Beginning of Period (BOP)	5,179.6	3,039.0	2,140.6	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	
b. Price Change Amount (Memo)	1,542.6	1,542.6		
c. Inventory Reclassified and Repriced	6,722.2	4,581.6	2,140.6	0.0
RECEIPTS AT COST	17,932.8	0.0	17,932.8	
GROSS SALES AT COST	(18,414.1)		(18,414.1)	
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	25.6	0.0	25.6	0.0
Transfer to other DLA ICPs (-)	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs (+)	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	904.5	0.0	904.5	0.0
c. Returns from Customers without Credit (+)	1.4	0.0	1.4	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (-)	0.0	0.0	0.0	0.0
g. Normal Losses (-)	(237.2)		(237.2)	0.0
g. Combat Losses (-)	(55.7)		(55.7)	0.0
h. Total Adjustments	672.4	0.0	672.4	0.0
INVENTORY - End of Period (EOP)	6,913.3	4,581.6	2,331.7	0.0
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	1,781.3	430.0	1,351.3	0.0
b. Contingency Retention (Memo)	0.0			0.0
c. Potential DoD Utilization (Memo)	0.0			0.0
INVENTORY ON ORDER EOP	6,789.0		6,789.0	

DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Inventory Status - Energy
FY 2009
Dollars in Millions
May 2009

	Total	Mobilization	Peacetime	Other
			Operating	
INVENTORY - Beginning of Period (BOP)	6,913.3	4,581.6	2,331.7	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0		0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	5,890.1	2,477.1	3,413.0	0.0
RECEIPTS AT COST	9,506.3	0.0	9,506.3	
GROSS SALES AT COST	(9,793.5)		(9,793.5)	
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs (-)	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs (+)	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	410.6	0.0	410.6	0.0
c. Returns from Customers without Credit (+)	20.2	0.0	20.2	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (-)	0.0	0.0	0.0	0.0
g. Normal Losses (-)	(362.0)		(362.0)	0.0
g. Combat Losses (-)	(109.2)		(109.2)	0.0
h. Total Adjustments	(40.4)	0.0	(40.4)	0.0
INVENTORY - End of Period (EOP)	5,562.4	2,477.1	3,085.3	0.0
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	0.0	0.0	0.0	0.0
b. Contingency Retention (Memo)	0.0	0.0	0.0	0.0
c. Potential DoD Utilization (Memo)	0.0	0.0	0.0	0.0
INVENTORY ON ORDER EOP	4,392.2		4,392.2	

DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE ENERGY MANAGEMENT
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Inventory Status - Energy
FY 2010
Dollars in Millions
May 2009

	Total	Mobilization	Peacetime	Other
			Operating	
INVENTORY - Beginning of Period (BOP)	5,562.4	2,477.1	3,085.3	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	
b. Price Change Amount (Memo)	236.3	236.3	0.0	
c. Inventory Reclassified and Repriced	4,935.1	2,713.4	2,221.7	0.0
RECEIPTS AT COST	9,988.2	0.0	9,988.2	
GROSS SALES AT COST	(10,381.5)		(10,381.5)	
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	0.0	0.0	0.0	0.0
Transfer to other DLA ICPs (-)	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs (+)	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit (+)	449.9	0.0	449.9	0.0
c. Returns from Customers without Credit (+)	22.1	0.0	22.1	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (-)	0.0	0.0	0.0	0.0
g. Normal Losses (-)	(316.5)		(316.5)	0.0
g. Combat Losses (-)	(118.9)		(118.9)	0.0
h. Total Adjustments	36.5	0.0	36.5	0.0
INVENTORY - End of Period (EOP)	4,578.4	2,713.4	1,865.0	0.0
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	0.0	0.0	0.0	0.0
b. Contingency Retention (Memo)	0.0	0.0	0.0	0.0
c. Potential DoD Utilization (Memo)	0.0	0.0	0.0	0.0
INVENTORY ON ORDER EOP	4,391.2		4,391.2	

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
War Reserve Material (WRM) Stockpile
FY 2008
Dollars in Millions
May 2009

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,039.0	3,039.0	0.0
2. Price Change (Memo)	1,542.6	1,542.6	0.0
3. Inventory Repriced	4,581.6	4,581.6	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0		0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	430.0	430.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0		0.0
(3.) Other	430.0	430.0	0.0
5. Inventory EOP	5,011.6	5,011.6	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
War Reserve Material (WRM) Stockpile
FY 2009
Dollars in Millions
May 2009

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	5,011.6	5,011.6	0.0
2. Price Change (Memo)	(2,534.5)	(2,534.5)	0.0
3. Inventory Repriced	2,477.1	2,477.1	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0		0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0		0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	2,477.1	2,477.1	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
War Reserve Material (WRM) Stockpile
FY 2010
Dollars in Millions
May 2009

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	2,477.1	2,477.1	0.0
2. Price Change (Memo)	236.3	236.3	0.0
3. Inventory Repriced	2,713.4	2,713.4	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0		0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0		0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	2,713.4	2,713.4	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Source of New Orders and Revenue
May 2009
Dollars in Millions

TOTAL ENERGY	<u>FY 2008 Actuals</u>	<u>FY 2009</u>	<u>FY 2010</u>
a. Orders from DoD Components	\$16,666.9	\$10,803.9	\$10,608.3
Army	\$3,118.2	\$1,709.0	\$1,597.4
Navy	\$4,751.8	\$3,162.7	\$2,998.5
Air Force	\$8,502.7	\$5,672.3	\$5,748.1
Marine Corps	\$220.5	\$159.5	\$162.3
Other	\$73.8	\$100.4	\$101.9
b. Orders from Other Activity Groups	-	-	-
c. Total DoD	\$16,666.9	\$10,803.9	\$10,608.3
d. Other Orders:	\$2,013.7	\$1,394.7	\$1,430.8
Other Federal Agencies	\$478.7	\$455.3	\$480.2
Non-Federal Agencies	\$784.7	\$534.6	\$538.4
Foreign Military Sales	\$750.2	\$404.7	\$412.3
Total New Orders	\$18,680.6	\$12,198.6	\$12,039.1
2. Carry-In Orders	-	-	-
3. Total Gross Orders	\$18,680.6	\$12,198.6	\$12,039.1
4. Funded Carry-Over	-	-	-
5. Total Gross Sales	\$18,680.6	\$12,198.6	\$12,039.1
6. Credits	(\$907.9)	(\$526.7)	(\$536.8)
7. Net Sales	\$17,772.7	\$11,671.9	\$11,502.3

DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE ENERGY MANAGEMENT
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Source of New Orders and Revenue
May 2009
Barrels in Millions

PETROLEUM SALES	<u>FY 2008 Actuals</u>	<u>FY 2009</u>	<u>FY 2010</u>
a. Orders from DoD Components	124.5	121.0	116.5
Army	21.7	18.7	17.1
Navy	37.3	35.4	32.9
Air Force	64.4	64.2	63.8
Marine Corps	0.8	1.7	1.7
Other	0.4	1.0	1.0
b. Orders from Other Activity Groups			
c. Total DoD	124.5	121.0	116.5
d. Other Orders:	14.0	15.0	15.0
Other Federal Agencies	3.3	4.7	4.7
Non-Federal Agencies	5.8	5.7	5.7
Foreign Military Sales	4.9	4.6	4.6
Total New Orders	138.5	136.0	131.5
2. Carry-In Orders	-	-	-
3. Total Gross Orders	138.5	136.0	131.5
4. Funded Carry-Over	-	-	-
5. Credits	(6.0)	(6.0)	(6.0)
6. Total Net Sales	132.5	130.0	125.5

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Revenue and Expenses
May 2009
Dollars in Millions

Revenue:	<u>FY 2008 Actuals</u>	<u>FY 2009</u>	<u>FY 2010</u>
Gross Sales @ Standard	18,680.6	12,198.6	12,039.1
Operations	18,636.7	12,133.6	11,961.4
Capital Surcharge	6.4	19.5	26.5
Depreciation	37.5	45.5	51.2
Other Income	187.6	447.1	169.0
Refunds/Discounts (-)	(907.9)	(526.7)	(536.8)
Total Income	17,960.3	12,118.9	11,671.4
Adjusted Income			
Total Income (allocated)	17,960.3	12,118.9	11,671.4
Expenses:			
Cost of Materiel Sold from Inventory	17,620.8	9,362.7	9,909.6
Inventory Gains/Losses	194.9	252.8	197.6
Salaries and Wages:	101.7	147.1	155.6
Military Personnel Costs	8.7	10.1	10.4
Civilian Personnel Compensation	93.0	137.0	145.2
Travel & Transportation of Personnel	5.9	13.9	14.0
Materials & Supplies (For internal use)	1.2	3.2	6.2
Equipment	3.0	12.5	10.0
Other Purchases from Revolving Funds	74.1	82.2	80.5
Transportation of Things	569.9	591.8	515.8
Depreciation - Capital	37.5	45.5	51.2
Printing and Reproduction	0.2	0.5	0.5
Advisory and Assistance Services	75.0	64.9	78.1
Rent, Communication, and Utility	6.5	9.8	11.0
Other Purchased Services	678.6	802.2	902.7
Total Expenses (System)	19,369.4	11,389.2	11,932.6
Allocated Expenses			
Total Expenses (Allocated)	19,369.4	11,389.2	11,932.6
Operating Results	(1,409.1)	729.7	(261.3)
Plus Passthroughs or Other	558.2	322.4	313.7
Other Changes Affecting NOR	0.0	0.0	0.0
Cash Surcharge	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0
Net Operating Results	(850.9)	1,052.1	52.4
Prior Year AOR	(171.6)	(1,022.6)	(250.5)
Other Changes Affecting AOR	0.0	(280.1)	0.0
Accumulated Operating Results (AOR)	(1,022.6)	(250.5)	(198.1)

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Fuel Data
FY 2008 Actuals
U.S. Dollars
May 2009

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			Stabilized
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Price
<u>BULK and PC&S:</u>							
JP8	83.0	\$132.32	\$10,965.7				
DISTILLATES (F76, DFW)	17.8	\$129.44	\$2,297.7				
JP5	10.9	\$131.74	\$1,436.8				
DIESEL	6.6	\$124.50	\$821.6				
JP50, JA1, and JAA	0.4	\$126.44	\$48.0				
MOGAS (Unleaded)	2.0	\$136.45	\$266.7				
RESIDUALS	0.6	\$66.88	\$38.6				
MOGAS (Leaded)	-	-	-				
JTS	0.1	\$187.35	\$16.8				
Gasohol	0.0	\$132.20	\$5.5				
Lubricants	0.0	\$389.15	\$9.5				
JP4, JAB	0.0	\$134.98	\$3.6				
Avgas	<u>1.1</u>	<u>\$139.99</u>	<u>\$156.8</u>				
TOTAL BULK and PC&S	122.4	\$131.24	\$16,067.5				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.5	\$142.86	\$643.4				
<u>BUNKERS:</u>							
DIESEL (Marine)	0.0	\$66.87	\$0.3				
RESIDUALS (Intermediate)	0.9	\$111.30	\$104.1				
DISTILLATES (F76, DFW)	<u>2.4</u>	<u>\$131.82</u>	<u>\$318.0</u>				
TOTAL BUNKERS	3.4	\$126.00	\$422.4				
<u>LOCAL PURCHASE and CASH</u>							
JP50, JA1, and JAA	1.2	\$218.21	\$262.1				
JP8	0.5	\$107.55	\$57.4				
MOGAS	0.2	\$185.55	\$34.6				
DIESEL	<u>0.3</u>	<u>\$188.76</u>	<u>\$60.2</u>				
TOTAL LOCAL PURCHASE & CASH	2.2	\$183.03	\$410.0				
Rounding factor							
TOTAL	132.5	\$132.40	\$17,543.3				

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Fuel Data
FY2009
U.S. Dollars
May 2009

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			Stabilized
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Price
<u>BULK and PC&S:</u>							
JP8	79.6	\$87.78	\$6,986.5				
DISTILLATES (F76, DFW)	15.9	\$87.46	\$1,387.2				
JP5	11.0	\$88.42	\$970.3				
DIESEL	9.8	\$85.86	\$840.7				
JP50, JA1, and JAA	0.4	\$87.78	\$33.6				
MOGAS (Unleaded)	1.7	\$89.70	\$152.6				
RESIDUALS	0.2	\$66.07	\$13.9				
MOGAS (Leaded)	0.3	\$105.34	\$29.7				
JTS	0.1	\$201.10	\$17.3				
Gasohol	0.0	\$92.57	\$3.6				
Lubricants	0.0	\$229.52	\$6.2				
JP4, JAB	0.0	\$90.33	\$2.5				
Avgas	<u>1.5</u>	<u>\$99.59</u>	<u>\$149.4</u>				
TOTAL BULK and PC&S	120.5	\$87.93	\$10,593.5				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.4	\$99.59	\$438.2				
<u>BUNKERS:</u>							
DIESEL (Marine)	0.1	\$89.38	\$8.9				
RESIDUALS (Intermediate)	1.1	\$66.07	\$72.7				
DISTILLATES (F76, DFW)	<u>1.9</u>	<u>\$87.46</u>	<u>\$166.2</u>				
TOTAL BUNKERS	3.1	\$79.93	\$247.8				
<u>LOCAL PURCHASE and CASH</u>							
JP50, JA1, and JAA	1.2	\$87.78	\$151.8				
JP8	0.4	\$87.78	\$35.0				
MOGAS	0.2	\$105.34	\$20.3				
DIESEL	<u>0.3</u>	<u>\$85.86</u>	<u>\$29.6</u>				
TOTAL LOCAL PURCHASE & CASH	2.0	\$117.39	\$236.7				
Rounding Factor			(104.8)				
TOTAL	130.0	\$87.78	\$11,411.4				

DEFENSE-WIDE WORKING CAPITAL FUND
ENERGY MANAGEMENT ACTIVITY GROUP
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2010 Budget Estimates
Fuel Data
FY 2010
U.S. Dollars
May 2009

Budget Petroleum Data	PROCURED FROM DESC			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	78.2	\$89.46	\$6,999.6				
DISTILLATES (F76, DFW)	15.3	\$89.13	\$1,365.8				
JP5	10.6	\$90.11	\$955.3				
DIESEL	9.5	\$87.51	\$827.7				
JP50, JA1, and JAA	0.4	\$89.46	\$33.1				
MOGAS (Unleaded)	1.6	\$91.41	\$150.3				
RESIDUALS	0.2	\$67.34	\$13.7				
MOGAS (Leaded)	0.3	\$107.35	\$29.3				
JTS	0.1	\$264.60	\$21.9				
Gasohol	0.0	\$94.34	\$3.5				
Lubricants	0.0	\$233.91	\$6.0				
JP4, JAB	0.0	\$92.06	\$2.5				
Avgas	<u>0.0</u>	<u>\$101.50</u>	<u>\$2.6</u>				
TOTAL BULK and PC&S	116.3	\$115.42	\$10,411.4				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.2	\$101.50	\$427.6				
<u>BUNKERS:</u>							
DIESEL (Marine)	2.2	\$91.09	\$200.9				
RESIDUALS (Intermediate)	0.6	\$67.34	\$38.6				
DISTILLATES (F76, DFW)	<u>0.3</u>	<u>\$89.13</u>	<u>\$23.6</u>				
TOTAL BUNKERS	3.0	\$110.55	\$263.2				
<u>LOCAL PURCHASE and CASH</u>							
JP50, JA1, and JAA	1.0	\$89.46	\$87.2				
JP8	0.5	\$89.46	\$47.7				
MOGAS	0.2	\$107.35	\$18.9				
DIESEL	<u>0.3</u>	<u>\$87.51</u>	<u>\$22.6</u>				
TOTAL LOCAL PURCHASE & CASH	1.9	\$120.77	\$176.4				
Rounding Factor			(51.3)				
TOTAL	125.5	\$90.51	\$11,227.2				

**Defense Logistics Agency
Defense Wide Working Capital Fund (DWWCF)
Document Automation & Production Service
Fiscal Year (FY) 2010 Budget Estimates**

FUNCTIONAL DESCRIPTION: The Document Automation and Production Service (DAPS) is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. DAPS provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

DAPS' value to DoD is characterized by two elements. First, DAPS provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, DAPS actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to target digital formats. The results bear out this dynamic transformation in document management – in the past 10 years offset printing workload has decreased 49 percent, on-demand output (high-speed copying) workload has decreased 64 percent and on-line services workload has increased 94 percent.

DAPS manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 185 production facilities.

CUSTOMERS: DAPS' primary customers are Army (22.1 percent), Navy (29.9 percent), Air Force (21.4 percent), Defense Agencies (22.5 percent), and non-DoD customers (4.1 percent). Both appropriated and DWWCF-funded activities are included in each Service's percentage.

BUDGET HIGHLIGHTS

DAPS' submission reflects a reduction in the previously forecast revenue and expense for the Equipment Management Solutions (EMS) program. DAPS' previous submission reflected an expected gain in EMS customers resulting from the disestablishment of the Treasury Franchise Fund Business Activity, FedSource. FedSource engaged in a number of business services including an equipment management program similar to DAPS' EMS program. The majority of FedSource's customers are from the DoD. Those additional customers did not materialize as expected in FY 2008 and DAPS has reduced its future expectations for capturing customers. Revenue and expense for EMS has also declined due to reduced prices from vendors due to competition.

The submission also reflects a strategy for the replacement of its aging equipment throughout the organization. DAPS equipment inventory of over 1,600 items was reviewed and placed on a

standard replacement cycle. The equipment reviewed included black and white, color, and wide format production printers, as well as hardcopy output production equipment such as paper cutters, hole punchers, CD ROM duplicators, and binding devices. The total investment from FY 2008 through FY 2012 is \$42.9 million.

Finally, the submission reflects an increase of 100 FTEs for conversion of contractor performed workload to government. The conversion results in a savings to the government of approximately \$0.5 million annually.

PERFORMANCE INDICATORS

1) Customer Satisfaction: This performance metric measures satisfied customers as the percentage of customers ranking DAPS performance as “satisfied” or “very satisfied.” DAPS uses a survey, professionally prepared and administered by an independent entity, to determine an overall customer satisfaction rating. DAPS achieved a customer satisfaction rating of 97% for FY 2008, exceeding its goal of 90%.

2) Rework: In-house rework percentage is used to measure the quality of delivered products. This performance metric is calculated by dividing (1) revenue lost from orders not accepted by (2) the total in-house production revenue. During FY 2008, DAPS achieved a rework percentage of 0.19, exceeding its goal of 0.25%.

3) On-Time Delivery: This performance metric measures the timeliness of order completion. The performance metric is calculated by dividing the total in-house orders completed on time by the total in-house orders. DAPS achieved an on-time delivery rate of 98.6%, exceeding its goal of 98.0%.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Customer Satisfaction	97.0%	90.0%	90.0%
Rework Requests	0.19%	0.25%	0.25%
On-time Delivery	98.6%	98.0%	98.0%

UNIT COST AND PRICING

In addition to program performance measures, DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DAPS Annual Operating Budget (AOB) calculates this performance by dividing the total units by the total in-house cost.

	<u>FY 2008 Goal</u>	<u>FY 2008 Actual</u>
Unit Cost per In-house Production Unit	.0553	.0481

DAPS produced 1% fewer in-house units than planned (2,741 million actual versus 2,773 million planned); and actual in-house costs were almost 14% lower than planned (\$132.0 million actual versus \$153.0 million planned). By incurring significantly less cost, while producing slightly fewer units, DAPS was able to better its unit cost goal by more than 13%.

	<u>FY 2008 Goal</u>	<u>FY 2008 Actual</u>
Composite Customer Rate Change	4.21%	2.15%

The composite customer rate change is the weighted average of the in-house production unit revenue change and the commercial program revenue change. The in-house production unit revenue change is calculated using estimated units multiplied by the price change for each in-house production process. Commercial program revenue is cost plus. The non labor inflation rate is used as the price change for the cost plus commercial program. The FY 2008 actual is below goal due to changes in work mix. Conversion and paper units, which had unit price increases, were below plan. Color units, which had unit price decreases, were above plan.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Unit Cost			
In-House Production	0.0481	0.0566	0.0596
Customer Rate	0.0525	0.0510	0.0519
Composite Customer Rate Change	2.15%	(0.91%)	0.56%

ANALYSIS OF BUDGET STATEMENTS

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

The NOR measures a single fiscal year impact of revenue and expenses incurred by the business. A positive NOR demonstrates revenues exceeded expenses for the business activity. Beginning in FY 2008 the Department directed that items purchased that fall between the accounting capitalization threshold (\$100,000 and greater) and the Defense Working Capital Fund (DWCF) capitalization threshold (\$250,000 and greater) would be expensed for budget purposes and collected in the operating budget rates. However, the accountants will record these transactions on the balance sheet and depreciate them. The Budget NOR reflects capital assets between thresholds being expensed. The Accounting NOR reflects capital assets between threshold being depreciated. The Defense Working Capital Accounting System (DWAS) has been updated to depreciate capital assets between thresholds.

AOR reflects multi-year results of annual NORs. It measures the accumulated affects of NORs from the inception of the business unit and demonstrates fiscal strength over a longer time. The recoverable AOR reflects AOR based on Accounting NOR.

DAPS ended FY 2008 with a positive NOR of \$16.9 million against a goal of negative \$2.2 million. The FY 2008 results are primarily driven by an unbudgeted benefit from a cash

undistributed adjustment. The projected FY 2009 and 2010 loss reflects rates set to reduce AOR to the benefit of DAPS' customers.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue	358.272	375.900	371.064
Cost of Goods Sold	341.381	399.827	391.588
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR			
Net Operating Results	16.891	(23.927)	(20.524)
Prior Year Accumulated Operating Results	27.560	44.451	20.524
Ending Accumulated Operating Result	44.451	20.524	0.000
Workload			
In-House Production (Units)	2,740.6	2,647.0	2,595.8

OUTLAYS: In FY 2008 a cash transfer issue was resolved that resulted in an increase in collections of \$78.6 million and an increase in disbursements of \$33.4 million for a net outlay impact of \$45.2 million. Also in FY 2008, DAPS received a \$30.0 million cash transfer from DLA Supply Management. The FY 2009 positive net outlays reflect an \$23.9 million planned NOR loss to return AOR to customers, \$14.3 million decrease in accounts payable, and \$14.4 million in disbursements from equipment replacement. The FY 2010 positive net outlays reflect an \$20.5 million planned NOR loss to return AOR to customers and \$3.2 million decrease in accounts payable.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Disbursements	372.149	436.984	396.418
Collections	418.832	382.620	371.271
Appropriations			
Transfers In	30.000		
Net Outlays	(76.683)	54.364	25.148

PERSONNEL: This submission projects full-time equivalent increase of 6.6 percent in FY 2009 due to conversion of contractor performed workload. Full-time equivalents are projected to decrease by .8 percent in FY 2010. Reduction is due to changes in workload mix.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Civilian End Strength	831	877	858
Civilian Full-Time Equivalents	815	869	862

CAPITAL BUDGET: The capital budget is the account used to fund investments exceeding the \$250,000 expense/investment criteria for: (1) Automated Data Processing Equipment (ADPE); (2) Non-ADPE; and (3) software developed for operational and management information systems. Capital for minor construction projects are used to fund investments exceeding

\$100,000. A capital budget item is assumed to have zero salvage value and is depreciated on a straight-line basis over its useful life. Depreciation is expensed and recovered as business related cost in DAPS prices. This submission reflects a reduction in capital for Non-ADPE from \$2.4 million to \$1.2 million, due to the decrease in prices for high volume duplicating equipment.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Capital Budget Program	0.405	7.973	7.973
Equipment (Non-ADPE)	0.000	1.200	1.200
Equipment (ADPE)	0.405	1.330	1.330
Software Development	0.000	5.143	5.143
Minor Construction	0.000	0.300	0.300

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2010 Budget Estimates
 Changes in the Cost of Operation
 (\$ in Millions)

	<u>Expenses</u>
FY 08 Actual:	339.9
FY 09 Estimate in President's Budget	428.4
Pricing Adjustments:	
Annualization of FY 08 Pay Raise	0.2
FY 09 Pay Raise	0.3
General Purpose Inflation	(1.5)
Program Changes:	
Civilian Personnel	5.6
Travel of Persons	0.1
Material & Supplies	(0.6)
Commercial Equipment Purchases	7.3
Capital Investments between thresholds	2.4
Other Purchased Services from Revolving Fund	2.0
Transportation of things	(0.1)
Printing and Reproduction	(30.8)
Advisory and Assistance Services	0.2
Rent, Communications, Utilities, and Misc	(2.1)
Other Purchased Services	(10.1)
Depreciation	(1.5)
FY 09 Current Estimate	399.8
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.6
FY 09 Pay Raise	1.0
General Purpose Inflation	3.9
Program Changes:	
Civilian Personnel	(0.5)
Travel of Persons	0.1
Material & Supplies	(0.3)
Commercial Equipment Purchases	(4.4)
Capital Investments between thresholds	(2.6)
Other Purchased Services from Revolving Fund	0.0
Transportation of things	0.0
Printing and Reproduction	(2.3)
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc	(3.0)
Other Purchased Services	(1.5)
Depreciation	0.8
FY 10 Current Estimate	391.6

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2010 Budget Estimate
 Source of New Orders and Revenue
 (\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
1. New Orders			
a. Orders from DoD Components	277.003	303.251	297.532
Department of the Navy	88.202	96.560	94.739
Operations and Maintenance, Navy	49.726	54.438	53.411
Operations and Maintenance, Marine Corps	19.719	21.588	21.180
O&M, Navy Reserve	2.054	2.249	2.206
O&M, Marine Corps Reserve	0.856	0.937	0.919
Aircraft Procurement, Navy	1.600	1.752	1.719
Shipbuilding & Conversion, Navy	0.152	0.166	0.163
Research, Development, Test & Eval, Navy	0.271	0.297	0.291
Military Construction, Navy	0.082	0.090	0.088
Other Navy Appropriations	1.157	1.267	1.243
Credit Card Purchases, Navy	12.585	13.778	13.518
Department of the Army	74.314	81.356	79.821
Army Operation and Maintenance	23.378	25.593	25.111
O&M, Army Reserve	0.880	0.963	0.945
Army National Guard	1.041	1.140	1.118
Army Res, Dev, Test & Eval Accounts	0.924	1.012	0.992
Army Procurement Accounts	0.725	0.794	0.779
Army Other	0.350	0.383	0.376
Credit Card Purchases, Army	47.016	51.471	50.500
Department of the Air Force	68.336	74.811	73.400
Air Force Operation & Maintenance	27.275	29.860	29.296
O&M, Air Force Reserve	0.849	0.929	0.912
Air Force National Guard	1.557	1.705	1.672
Air Force Res, Dev, Test & Eval Accounts	1.165	1.275	1.251
Air Force Procurement Accounts	0.828	0.906	0.889
Air Force Other	0.086	0.094	0.092
Credit Card Purchases, Air Force	36.576	40.042	39.287
DoD Appropriated Accounts	46.151	50.524	49.571
Operation & Maintenance Accounts	15.055	16.482	16.171
Res, Dev, Test & Eval Accounts	0.537	0.588	0.577
Procurement Accounts	0.370	0.405	0.397
Military Construction, Defense	0.056	0.061	0.060
Defense Health Program	23.087	25.275	24.798
DoD Other	0.977	1.070	1.049
Credit Card Purchases, Defense	6.069	6.644	6.519
b. Orders from other Fund Activity Groups	54.003	59.120	58.005
Navy	15.003	16.425	16.115
Army	2.131	2.333	2.289
Air Force	5.481	6.000	5.887
Other DoD	31.388	34.362	33.714
c. Total DoD	331.006	362.371	355.537
d. Other Orders	14.181	15.525	15.232
Other Federal Agencies	13.050	14.287	14.017
Credit Card Purchases	0.285	0.312	0.306
Non-Federal Agencies and Other	0.846	0.926	0.909
Total New Orders	345.187	377.896	370.769
2. Carry-In Orders	34.035	20.950	22.946
3. Total Gross Orders	379.222	398.846	393.715
4. Funded Carry-Over	20.950	22.946	22.651
5. Total Gross Sales	358.272	375.900	371.064

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2010 Budget Estimates
 Revenue and Expenses
 (\$ in Millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>
Revenue			
Gross Sales	358.272	375.900	371.064
Operations	0.000	0.000	0.000
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income:	358.272	375.900	371.064
Expenses			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	58.100	65.534	66.597
Travel & Transportation of Personnel	1.471	2.182	2.283
Materials & Supplies (For Internal Operations)	24.022	23.474	23.473
Equipment Purchases	10.039	10.610	6.328
Capital Investments between Thresholds	0.000	3.429	0.779
Other Purchases from Revolving Funds	5.619	6.595	6.687
Transportation of Things	1.520	1.526	1.545
Depreciation - Capital	1.496	2.313	3.152
Printing and Reproduction	189.897	226.129	226.590
Advisory and Assistance Services	0.218	0.383	0.388
Rent, Communications, Utilities, & Misc. Charges	7.223	9.147	6.225
Other Purchased Services	41.776	48.505	47.540
Total Expenses:	341.381	399.827	391.588
Operating Result	16.891	(23.927)	(20.524)
Prior Year Adjustments			
Prior Year AOR	27.560	44.451	20.524
Accumulated Operating Result	44.451	20.524	0.000
Non-Recoverable Adjustment Impacting AOR:			
Surcharge Prohibition			
Accumulated Operating Results for Budget Purposes	44.451	20.524	0.000