

DEFENSE WORKING CAPITAL FUND

DEFENSE-WIDE
FISCAL YEAR (FY) FY 2011
BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS



FEBRUARY 2010
CONGRESSIONAL DATA

DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010

DEFENSE-WIDE SUMMARY

Defense Agencies operate six activity groups. The Defense Logistics Agency (DLA) operates three 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 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 (DoD).

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 Supply Chain Management (SCM), Energy Management, and Document Automation and Production Service (DAPS) activity groups. The functions of SCM includes inventory management (procure, technical operations functions of consumable items, receive, store, sell, and ship) and reutilization of excess and surplus property and the donation, sale, or disposal of surplus DoD personal property. Energy Management provides comprehensive worldwide energy support for the military services and other authorized customers. The DAPS provides printing services to DoD customers and actively functions as a transformation agent moving DoD toward the use of online documents and services.

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 2009 and projected balances for year-end through FY 2011.

Dollars in Millions	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Beginning of Period, Cash	714.4	1,457.8	1,760.0
Disbursements	44,352.6	47,784.3	50,125.1
Collections	44,659.6	47,578.6	49,786.8
Net Outlays	-307.0	205.7	338.3
<u>Direct Appropriation</u>			
FY 2009 Non-Fuel	32.9		
FY 2010 Non-Fuel		38.6	
FY 2011 Non-Fuel			39.4
<u>Supplemental</u>			
FY 2009 DoD Supplemental	403.5		
FY 2010 DoD GWOT Request		469.3	
FY 2011 DoD GWOT Request			468.4
End of Period, Cash	1,457.8	1,760.0	1,929.5

FY 2009 Cash: DWWCF made \$307 million due to an increase in accounts payable in the Supply Chain Management activity group. The DWWCF received \$32.9 million in direct appropriations for Reutilization, Transfer, and Disposal costs (\$30.6 million) and Defense Finance and Accounting Service financial systems costs (\$2.3 million). The DWWCF received \$403.5 million in supplemental funding for Energy Management (\$322.4 million for Combat Fuel Losses and Fuel Transportation/Terminal Operations), Supply Chain Management (\$68.0 million for Theater Consolidation Shipping Point Kuwait and OCONUS Contingency Operations), and the Defense Information Systems Agency (\$13.1 million for OCONUS Contingency Operations). The FY 2009 ending cash balance was \$1,457.8 million or 8.0 days of cash.

FY 2010 Cash: DWWCF projects to outlay \$205.7 million due to disbursements for Supply Chain Management. Vendor payments scheduled to disburse in FY 2009 occurred in FY 2010. The DWWCF received \$38.6 million in direct appropriations for Reutilization, Transfer, and Disposal costs (\$37.9 million) and Defense Finance and Accounting Service financial systems costs (\$.7 million). The DWWCF also received \$396.9 million in supplemental funding for Energy Management (\$313.7 million for Combat Fuel Losses and Fuel Transportation/Terminal Operations) and Supply Chain Management (\$83.2 million for Theater

Consolidation Shipping Point Kuwait, OCONUS Contingency Operations, Kuwait Distribution Center, and Information Technology Communications). We are requesting an additional \$72.4 million for Energy Management (\$69.1 million for Combat Fuel Losses and Fuel Transportation/Terminal Operations) and Supply Chain Management (\$3.3 million for Information Technology Communications). The FY 2010 ending cash balance is projected to be \$1,760.0 million or 8.8 days of cash.

FY 2011: DWWCF Net Outlays are projected to be \$338.3 million primarily due to disbursements for Supply Chain Management. The disbursements are for the Mine Resistant Ambush Protected-All Terrain Vehicle (M-ATV) for which cash is expected to be received in FY 2010. We are requesting \$39.4 million in direct appropriations for Reutilization, Transfer, and Disposal costs (\$38.6 million) and Defense Finance and Accounting Service financial systems costs (\$.8 million). We are also requesting \$468.4 million in supplemental funding for Energy Management (\$383.9 million for Combat Fuel Losses and Fuel Transportation/Terminal Operations) and Supply Chain Management (\$84.5 million for Theater Consolidation Shipping Point Kuwait, OCONUS Contingency Operations, Kuwait Distribution Center, and Information Technology Communications). The FY 2011 ending cash balance is projected to be \$1,929.5 million or 9.3 days of cash.

DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL
SOURCE OF NEW ORDERS AND REVENUE
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
FEBRUARY 2010
(Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders:			
a. Orders from DoD Components			
Army	14,195.7	14,815.4	14,956.0
Navy	7,385.5	8,213.7	8,466.5
Air Force	11,066.5	12,298.7	12,971.7
Marine Corps	1,653.6	1,355.6	1,354.8
Other	3,576.1	3,940.7	4,276.5
b. Orders from Other Fund Activity Groups	2,622.3	2,293.9	2,139.1
c. Total DoD	40,499.7	42,918.0	44,164.6
d. Other Orders:			
Other Federal Agencies	973.8	1,380.5	1,411.3
Trust Fund	0.0	0.0	0.0
Exchange Activities	0.0	0.0	0.0
Non Federal Agencies	797.3	1,182.5	1,318.2
Foreign Military Sales	1,299.4	1,365.8	1,425.3
2. Carry-In Orders	3,664.5	3,307.4	2,875.3
3. Total Gross Orders	47,234.7	50,154.2	51,194.7
4. Carry-Out Orders	-3,279.4	-2,849.5	-2,719.0
5. Funded Carry Over	28.0	29.2	30.6
6. DRMS Sales Proceeds	59.0	50.9	49.3
7. Total Gross Sales	43,986.3	47,326.4	48,494.4

DEFENSE-WIDE WORKING CAPITAL FUND
SUMMARY
FISCAL YEAR (FY) 2011 BUDGET ESTIMATES
REVENUE AND EXPENSES
FEBRUARY 2010
(Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Revenue:			
Gross Sales	42,316.6	45,725.1	47,132.8
Operations	42,191.7	45,548.8	46,952.1
Capital Surcharge	(28.6)	(3.3)	(0.7)
Depreciation excluding Major Construction	153.5	179.6	181.4
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	2,275.1	2,960.3	3,901.6
Refunds/Discounts (-)	(810.8)	(908.9)	(964.5)
Total Income	43,780.9	47,776.5	50,069.9
Expenses:			
Cost of Materiel Sold from Inventory	30,011.4	32,649.0	32,609.6
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	55.8	60.6	62.2
Civilian Personnel Compensation & Benefits	3,150.4	3,497.9	3,574.1
Travel & Transportation of Personnel	81.0	87.5	90.3
Materials & Supplies (For Internal Oper)	362.7	330.8	359.8
Equipment	117.6	125.6	97.1
Other Purchases from Revolving Funds	725.7	543.0	585.8
Transportation of Things	1,044.9	1,267.8	1,062.5
Inventory Maintenance	118.7	259.9	376.3
Depreciation - Capital	282.3	341.8	365.6
Printing & Reproduction	115.0	129.0	129.4
Advisory and Assistance Services	125.7	118.1	113.5
Rent, Communication, Utilities, & Misc.	1,714.3	1,880.3	1,899.3
Other Purchased Services	5,567.4	6,869.4	8,733.6
Total Expenses	43,472.9	48,160.7	50,059.1
Operating Result	308.0	(384.2)	10.8
Less Capital Surcharge Reservation	58.2	58.3	110.7
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	408.9	498.0	(51.9)
Net Operating Result (NOR)	775.1	172.1	69.6
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	(273.8)	0.0	(91.5)
Prior Year AOR	(757.5)	(211.0)	(39.0)
Accumulated Operating Result (AOR)	(256.2)	(38.9)	(60.9)
Non-Recoverable Adjustments Impacting AOR	45.1	0.0	0.0
Accumulated Operating Results for Budget Purposes	(211.1)	(38.9)	(60.9)

Defense Finance and Accounting Service



**Fiscal Year (FY) 2011 Budget Estimates
Defense Working Capital Fund (DWCF)
President's Budget Submission
February 2010**

**CLEARED
For Open Publication**

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Department of Defense**

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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 the military services and other activities. 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 2009, DFAS processed more than 12.8 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 2009, DFAS processed over 181.0 million pay transactions and disbursed over \$553.0 billion. DFAS managed more than \$426.7 billion in the Military Retirement and the Health Benefits Funds. 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 financial statement audit opinions. DFAS accounted for 956 active DoD appropriations. The goal is to establish a reliable and repeatable end-to-end process to produce financial statements that contain timely, reliable, and useful information. Implementation of the Accounting High Performing Organization (HPO) has helped achieve this goal through standardized and streamlined processing flows based on an organizational structure that brings together end-to-end process functions.

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 accomplish the DFAS missions; compute entitlements, disburse, and account for funds. The evolution of technology and the potential to enable major improvements in our business practices necessitates continuous 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 FY 2009 Customer Satisfaction Measures:

Output Measure	Target Measure	JUL	AUG	SEP	OCT	NOV
Call-Center Satisfaction Rate	85% Favorability Rating	93.8%	93.3%	93.6%	92.1%	93.7%
Average Speed of Answered Calls (Excludes R&A)	Tax Season Goal – 60 Sec FY End Goal - 45 Sec	57.4	49.8	35.6	31.1	31.0
Percent of Calls Abandoned	FY End Goal – 5%	4.3%	3.7%	3.7%	2.3%	2.2%
myPay Surveys	80% Favorability Rating	84.7%	84.7%	85.9%	84.4%	84.5%

Budget Assumptions

In developing the FY 2011 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:

- Partnering with the Services to support the development and integration of DoD standard finance and accounting business practices through various Enterprise Resource Planning (ERP) initiatives.
- Managing change through budget reviews to support implementation of systems and processes such as the Service Integrated Personnel and Pay Systems (SIPPS) plan, maintenance of the Defense Joint Military Pay System (DJMS), and the support of the Services' implementation of ERPs.
- Achieving successful outcomes by implementing realistic budget estimates to support the Warfighters and the Agency's key initiatives identified in the Integrated Master Schedule (IMS).
- Funding facility requirements that support force protection/Unified Facilities Criteria (UFC) standards within the Agency and realistic preparation for contingencies.
- Based on Section 324 of the FY 2008 National Defense Authorization Act, DFAS performed an analysis of the cost and benefits to in-source Retired and Annuitant Pay functions. Results of this analysis indicated that government civilians could effectively provide this service with the additional benefits of lower overall risk and a higher level of flexibility.
- Implementation of a DFAS initiative to maximize the professionalism and abilities of the workforce through professional training, up-to-date equipment, and improved working facilities.

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 budget estimates for the various ERP initiatives, funding to maximize a professional workforce, and to facilitate requirements to support force protection/UFC standards within the Agency. Also, civilian full-time equivalents and end strength have been adjusted to reflect changes in the implementation plan for Service Integrated Personnel and Pay System (SIPPS).

Financial Operations

(Dollars in Millions)

	<u>FY 09</u>	<u>FY 10</u>	<u>FY11</u>
<u>Authority</u>			
Operating	\$1,553.7	\$1,559.3	\$1,603.8
Less Depreciation	-\$74.6	-\$71.9	-\$65.2
Operating Authority	\$1,479.1	\$1,487.4	\$1,538.6
Capital	\$37.1	\$30.9	\$39.3
<u>People</u>			
Civilian FTE's	11,650	12,396	13,094
Civilian End Strength	12,225	12,548	13,282
Military End Strength	28	28	29

Financial Operations

(Dollars in Millions)

	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Revenue	\$1,572.2	\$1,559.6	\$1,566.7
Cost of Operations	\$1,553.7	\$1,559.3	\$1,603.8
Operating Results	18.5	0.3	-37.1
Adjustments – Surcharge	-30.0	0.0	0.0
Adjustments – Other	27.0	0.0	0.0
Net Operating Results	15.5	0.3	-37.1
Accumulated Operating Results – Beginning	101.8	117.2	117.5
AOR Adjustments	0.0	0.0	-80.4
AOR for Rate Setting	117.2	117.5	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 continue to evaluate personnel requirements.

DFAS will continue to partner with the Business Transformation Agency (BTA) and the Services 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.

Beginning in FY11, DFAS has reduced Customer bill estimates in order to return projected excess in Cash. In total, customers can expect to see a reduced bill in FY11 of \$35.5M, which is reflected in DFAS revenue and cash projections.

Cash			
(Dollars in Millions)			
	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Beginning Balance	\$3.7	\$75.8	\$105.5
Disbursements	\$1,471.5	\$1,529.9	\$1,579.7
Collections	1,543.1	1,559.6	1,557.8
Transfers In	<u>0.4</u>	<u>0.0</u>	<u>0.0</u>
Net Outlays	\$-72.1	\$-29.7	\$22.0
Ending Balance	\$75.8	\$105.5	\$83.5

Due to the FY 2009 cash surcharge and decreased Capital outlays DFAS has a positive cash balance for the first time in several years. By FY2011 DFAS will achieve the 10 days of operating cash plus 50% of the DFAS capital program.

<u>Capital Purchases Program</u>			
(Dollars in Millions)			
	<u>FY 09</u>	<u>FY 10</u>	<u>FY 11</u>
Capital Baseline	\$37.1	\$26.1	\$39.3
Capital Requirement	\$37.1	\$30.9	\$39.3

FY 2009 includes \$13.1 million in carryover from to FY 2010 to support delays in areas of Office Automation, Teleservices/Unified Communications, and Minor Construction. The FY 2010 capital investment increased due to emerging requirements for software development and Automated Data Processing Equipment (ADPE). Overall, the DFAS capital investment program has decreased substantially from prior years due to coordination with the BTA and the military departments in developing future financial systems. DFAS will continue supporting and sustaining legacy core systems. In FY2011, DFAS will continue to implement innovative technologies and provide force protection measures with the installation of a DFAS wide unified communications system, and improvements that mitigate the threats to facilities at Cleveland, Indianapolis, and Texarkana.

Fiscal Year (FY) 2011 Budget Estimates
 Changes in the Costs of Operation
 Defense Finance and Accounting Service
 February 2010

	(\$'s in Millions)
FY 2009 PB10 Estimate	\$ 1,567.1
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FY 2009 Actual	\$ 1,553.7
Pricing Adjustment:	
Contract Support	\$ (46.2)
FY 2010 Civilian Pay Raise	\$ 13.5
Annualization Prior Year Pay Raise	\$ 8.6
Inflation Adjustment	\$ 7.2
Program Changes:	
BRAC Transformation/Workload Efficiencies	\$ (20.0)
Depreciation	\$ (2.7)
Restore DMPO support	\$ 33.7
Restore DJMS support	\$ 11.5
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FY 2010 PB10 Estimate:	\$ 1,559.3
Pricing Adjustment:	
Annualization Prior Year Pay Raise	\$ 4.5
FY 2011 Civilian Pay Raise	\$ 10.1
Inflation Adjustment	\$ 8.4
Program Changes:	
Productivity Efficiencies	\$ (8.6)
Depreciation	\$ (6.7)
SIPPS plan	\$ 15.2
ERP support	\$ 21.6
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FY 2011 Estimate:	\$ 1,603.8

**Fiscal Year (FY) 2011 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
February 2010**

				(Dollars in Millions)		
				FY09	FY10	FY11
1. New Orders						
a. Orders from DoD Components:						
<i>APPN</i>		<i>Client</i>	<i>Customer</i>			
Total Capital	DW	Defense Agency	Defense Finance and Accounting Service	4.0	4.2	3.9
Total Family Housing	Army		Army Family Housing	0.6	0.8	0.6
O&M		Air Force	Core Work	308.7	276.1	294.4
O&M		Army	Core Work	594.4	553.0	581.0
O&M		Marine Corps	Core Work	63.0	67.8	55.1
O&M		Navy	Core Work	256.0	272.8	246.2
O&M	DW	Defense Agency	Business Transformation Agency	2.3	10.5	8.7
O&M	DW	Defense Agency	US Court of Appeals for the Armed Forces	0.0	0.1	0.0
O&M	DW	Defense Agency	Defense Acquisition University	0.7	0.6	2.3
O&M	DW	Defense Agency	Defense Contract Audit Agency	4.6	5.6	5.5
O&M	DW	Defense Agency	Defense Contract Management Activity	6.8	6.9	7.2
O&M	DW	Defense Agency	Domestic Dependent Elementary & Secondary Schools	1.4	1.1	1.4
O&M	DW	Defense Agency	Defense Health Program	36.7	32.3	26.2
O&M	DW	Defense Agency	Defense Human Resources Activity	1.4	1.3	1.9
O&M	DW	Defense Agency	Defense Intelligence Agency	1.3	0.9	0.8
O&M	DW	Defense Agency	Defense Information Systems Agency	6.9	9.1	8.9
O&M	DW	Defense Agency	Defense Logistics Agency	5.9	9.5	6.7
O&M	DW	Defense Agency	Defense Legal Services Agency	0.4	0.3	0.4
O&M	DW	Defense Agency	Defense Media Activity	0.7	1.1	1.1
O&M	DW	Defense Agency	Department of Defense Civilian Personnel Management Service	12.8	12.2	12.6
O&M	DW	Defense Agency	Department of Defense Prisoner of War/Missing In Action Office	0.2	0.2	0.3
O&M	DW	Defense Agency	Department of Defense Education Activity	6.1	5.2	5.4
O&M	DW	Defense Agency	Department of Defense Inspector General	2.0	2.1	2.3
O&M	DW	Defense Agency	Defense Security Cooperation Agency	26.0	28.9	28.1
O&M	DW	Defense Agency	Defense Security Service	2.1	0.6	0.7
O&M	DW	Defense Agency	Defense Threat Reduction Agency	2.1	2.6	2.4
O&M	DW	Defense Agency	Defense Technology Security Administration	0.3	0.2	0.2
O&M	DW	Defense Agency	Joint Chief of Staff, Office	1.0	1.2	0.8
O&M	DW	Defense Agency	Military Housing Privatization Initiative	0.4	0.3	0.3
O&M	DW	Defense Agency	National Defense University	0.6	0.7	0.7
O&M	DW	Defense Agency	National Geospatial-Intelligence Agency	3.6	13.2	3.8
O&M	DW	Defense Agency	National Security Agency	0.9	0.4	1.1
O&M	DW	Defense Agency	Office of Economic Adjustment	0.2	0.2	0.2
O&M	DW	Defense Agency	Pentagon Force Protection Agency	0.3	0.2	0.2
O&M	DW	Defense Agency	Department of Defense, Office of	0.0	10.4	10.3
O&M	DW	Defense Agency	Special Operations Command	0.0	0.0	0.0
O&M	DW	Defense Agency	Washington Headquarters Service	4.6	3.8	4.3
Total O&M				1,354.7	1,331.4	1,321.4
Total Procurement* Army				0.0	0.0	0.0
RDT&E		Navy		2.0	2.1	1.8
RDT&E	DW	Defense Agency	Business Transformation Agency	1.8	5.5	6.0
RDT&E	DW	Defense Agency	Center for Countermeasures	0.1	0.1	1.8
RDT&E	DW	Defense Agency	Defense Advanced Research Projects Agency	0.0	1.6	1.5
RDT&E	DW	Defense Agency	Defense Technical Information Center	3.9	2.7	2.8
RDT&E	DW	Defense Agency	Missile Defense Agency	3.5	2.4	2.8
Total RDT&E				11.2	14.4	16.6
a. Total Orders from DoD Components:				1,370.6	1,350.9	1,342.6

**Fiscal Year (FY) 2011 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
February 2010**

			(Dollars in Millions)		
			FY09	FY10	FY11
b. Orders from Other Fund Activity Groups					
<i>APPN</i>	<i>Client</i>	<i>Customer</i>			
WCF	Air Force		12.7	13.1	12.8
WCF	Army		21.8	28.4	23.5
WCF	Marine Corps		1.7	1.8	1.4
WCF	Navy		42.8	30.7	32.7
WCF	DW	Defense Agency	18.2	20.8	17.7
WCF	DW	Defense Agency	5.9	4.3	6.0
WCF	DW	Defense Agency	1.6	1.2	1.2
WCF	DW	Defense Agency	64.2	68.8	76.4
WCF	DW	Defense Agency	2.2	3.0	3.1
	OSD	OSD Cash Transfers	0.5	0.0	0.0
b. Total Orders from Other Fund Activity Groups			171.7	172.1	174.7
c. Total DoD			1,542.3	1,523.0	1,517.2
d. Other Orders					
US Dept of State		US Dept of State	0.1	0.0	0.0
US Dept of Treasury		US Dept of Treasury	1.1	0.0	0.1
US Dept of Veteran Affairs		US Dept of Veteran Affairs	13.8	21.7	31.7
US Dept of Energy		US Dept of Energy	1.2	1.0	1.2
US Dept of Health Human Services		US Dept of Health Human Services	6.6	6.6	8.6
US Corps of Engineers		US Corps of Engineers	3.7	3.5	4.0
Environmental Protection Agency		Environmental Protection Agency	1.7	1.5	2.1
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	0.1	0.3	0.2
Army Non Appropriated Funds		Army Non Appropriated Funds	1.4	1.5	1.3
Foreign Military Sales		Foreign Military Sales	0.1	0.2	0.0
Commercial (BOA, EDS, etc)		Commercial	-0.2	0.0	0.0
d. Total Other Orders			29.9	36.6	49.4
1. Total New Orders			1,572.2	1,559.6	1,566.7
2. Carry-In Orders			0.0	0.0	0.0
3. Total Gross Orders			1,572.2	1,559.6	1,566.7
4. Carry-Out Orders			0.0	0.0	0.0
5. Gross Sales			1,572.2	1,559.6	1,566.7
6. Credit			0.0	0.0	0.0
7. Net Sales			1,572.2	1,559.6	1,566.7

* Annual revenue is not shown due to rounding for customers showing 0

**Fiscal Year (FY) 2011 Budget Estimates
Revenue and Expenses
Defense Finance and Accounting Service
Financial Operations
February 2010
(Dollars in Millions)**

	FY2009	FY2010	FY2011
Revenue			
Gross Sales			
Operations	1,467.6	1,487.7	1,537.0
Depreciation except Major Construction	74.6	71.9	65.2
Other Income (Cash Surcharge)	30.0	-	-
Customer Bill Adjustment	-	-	-35.5
Refunds/Discounts (-)	-	-	-
Total Income:	1,572.2	1,559.6	1,566.7
Expenses			
Salaries and Wages:	0.0	0.0	0.0
Military Personnel Compensation & Benefits	1.4	1.5	1.5
Civilian Personnel Compensation & Benefits	893.9	957.9	997.4
Travel & Transportation of Personnel	17.7	20.2	21.3
Materials & Supplies (Internal Operations)	6.0	6.1	6.5
Equipment	3.7	8.0	10.3
Other Purchases from Revolving Funds	145.6	130.9	148.9
Transportation of Things	1.1	0.7	0.7
Depreciation - Capital	74.6	71.9	65.2
Printing and Reproduction	5.7	5.5	5.1
Advisory and Assistance Services	4.5	3.1	3.0
Rent, Communications, Utilities, & Misc. Charges	59.3	57.6	60.4
Other Purchased Services	340.3	295.8	283.7
Total Expenses	1,553.7	1,559.3	1,603.8
Operating Result	18.5	0.3	-37.1
Depreciation, Non-DWCF Acquired PP&E	27.0	0.0	0.0
Other Changes Affecting NOR/AOR (Cash Surcharge)	-30.0	0.0	0.0
Net Operating Result	15.5	0.3	-37.1
PY AOR	101.8	117.2	117.5
AOR Adjustments	-	-	-80.4
Accumulated Operating Results	117.2	117.5	0.0

**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR 2011 BUDGET ESTIMATES
February 2010
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 goal is to enable information dominance in defense of our nation. Its information systems support the nation's warfighters and those who support them in the defense of the nation.

The DISA operates the Information Services activity group within the Defense Working Capital Fund (DWCF), consisting of **Computing Services** and **Telecommunications Services/Enterprise Acquisition Services (TS/EAS)**.

DEFENSE ENTERPRISE COMPUTING CENTERS

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. The table below summarizes the major elements of this budget submission:

Computing Services Activity Group Profile

(\$ in millions)	(actual) FY 2009	FY 2010	FY 2011
Revenue	\$740.8	\$778.2	\$758.3
Cost	\$711.1	\$787.0	\$800.5
Net Operating Result	\$29.7	(\$8.8)	(\$42.2)
Prior Year AOR	\$21.4	\$51.1	\$42.2
Accumulated Operating Results	\$51.1	\$42.2	\$0.0
Civilian Workyears	1,628	1,705	1,720
Military End Strength	4	6	7
Capital Budget	\$47.0	\$29.2	\$30.9

TELECOMMUNICATIONS/ENTERPRISE ACQUISITION

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. The table below summarizes the major elements of this budget submission for the TS/EAS business area:

Telecommunications Services/Enterprise Acquisition Services Activity Group Profile

(\$ in millions)	(actual) FY 2009	FY 2010	FY 2011
Revenue	\$4,358.3	\$4,853.4	\$5,339.5
Cost	\$4,481.3	\$4,963.2	\$5,348.0
Net Operating Result	(\$123.0)	(\$109.8)	(\$8.5)
Prior Year AOR	\$241.3	\$118.3	\$8.5
Accumulated Operating Results	\$118.3	\$8.5	\$0.0
Civilian Workyears	1,000	1,080	1,112
Military End Strength	103	101	100
Capital Budget	\$14.7	\$20.8	\$11.3

Highlights of DISA's FY 2011 Budget Estimates for the Information Services activity group include:

- No change in the contracting fee-for-service: remains at 2% for FY 2011
- (Defense Information Technology Contracting Organization) DITCO-supported IT contracts workload for Joint Interoperability Test Command included in DWCF cost and revenues
- Decreasing Computing Services' rates: (14.0%) composite reduction from FY 2010-2011
- Updated Defense Information Systems Network (DISN) Subscription cost estimates and share price based on the FY 2011 updated site list, including the reclassification of five sites as overseas contingency operations vice subscription services. FY 2011 share price increases to near break-even; negative AOR factors no longer required.
- Cash plan that results in 10.0 days of cash by the end of FY 2011
- Key performance metrics for both activity groups tied to DoD strategic goals

DISA's goals of speed, power to the edge, operational excellence, sharing/defending information, and providing best value to customers serve as the foundation of this budget submission.

DISA DWCF CASH

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

Fiscal Year	Computing Services	Telecommunications Services/Enterprise Acquisition Services	DISA DWCF Total	Days of Cash
FY 2009 Cash Balance	\$136.5	\$248.6	\$385.1	16.5
FY 2010 Net Outlays	5.6	77.8	83.4	
FY 2010 Cash Balance	\$130.9	\$170.8	\$301.7	12.7
FY 2011 Net Outlays	48.6	(2.1)	46.5	
FY 2011 Cash Balance	\$82.3	\$172.9	\$255.2	10.0

This Agency's DWCF cash balances are a portion of the Department's Defense-Wide Working Capital Fund, as discussed in the Defense-Wide Summary section of this document. The consolidated DISA DWCF cash balance at the end of FY 2009 was \$385.1 million, enough for 16.5 days of operations and six months of capital outlays. During FY 2010, net outlays are anticipated to be \$83.4 million, which will bring cash on hand to \$301.7 million or approximately 12.7 days of operations/six months of capital outlays. A total of \$46.5M in net outlays is planned for FY 2011, bringing DISA's cash balance to \$255.2M by the end of FY 2011, enough for ten days of operations plus six months of capital outlays.

The cash decline in FY 2010 and in FY 2011 results from the return of accumulated profits to the customers in reduced rates and prices, which have been set below costs, especially in FY 2010. For both budget years, customer rates have been set somewhat under projected actual costs for both Computing Services and TS/EAS to achieve zero Accumulated Operating Results (AOR) by the end of FY 2011. The net effect is a 6.5 day reduction to DISA's total cash over the two budget years, ending FY 2011 at the Department's objective of 7-10 days.

DEPARTMENT OF DEFENSE DEFENSE INFORMATION SYSTEMS AGENCY

Defense Working Capital Fund (DWCF) Defense Computing Services

FISCAL YEAR (FY) 2011 BUDGET ESTIMATES

The Defense Information Systems Agency (DISA) Computing Services business area operates the Defense Enterprise Computing Centers (DECCs), which provide mainframe and server processing operations, data storage, production support, technical services, and end-user assistance for command and control, combat support, and eBusiness applications across the Department of Defense (DoD).

Currently, there are thirteen DECCs, eleven in the continental United States, one in the Pacific and one in Europe. The DECCs are configured as follows:

Systems Management Centers (SMC) provide the full complement of data processing management services for both mainframe and server application.

Infrastructure Service Centers (ISC) are designed to host Net-Centric Enterprise Services and other new service-oriented applications.

Processing Elements (PE) contain computing infrastructure that are managed remotely from a systems management center.

The two DECCs located outside the continental United States provide elements of SMC, ISC and PE based upon respective theater requirements.

The table below displays their locations and configurations.

Location	Configuration
Mechanicsburg, PA	SMC
Montgomery, AL	SMC
Oklahoma City, OK	SMC
Ogden, UT	SMC
Columbus, OH	ISC
San Antonio, TX	ISC
St. Louis, MO	ISC
Chambersburg, PA	PE
Dayton, OH	PE
Huntsville, AL	PE
Warner Robins, GA	PE
OCONUS Pacific	DECC
OCONUS Europe	DECC

The Computing Centers employ 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 secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment: thirty-four mainframes, over six thousand servers, 3,800 terabyte of storage, 2,800 applications/databases, 450,000 square feet of raised floor, redundant connectivity to the Defense Information System Network core and support to over four million users.

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as 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 airlift 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 information for the medical environment and patient care
- Support DoD business, contracting, financial, pay and eBusiness applications.

Computing Services' facilities continue to be highly accessible and secure data processing centers with dual high-capacity Defense Information Systems Network 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. Additionally, 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 currently manages its Defense-Wide Working Capital Fund business area along four primary business lines: IBM mainframe, Unisys mainframe, Server, and Storage. In addition, Computing Centers provide various other services for their customers, such as the Global Content Delivery Service, DISA's first cloud computing service, covering fifty regions in twenty-five cities and twelve countries. The portfolio of services the Computing Centers provide continues to evolve as customer requirements change or demand for new services emerge.

Key Changes and New Initiatives

This budget request reflects some key changes and new initiatives, as discussed below:

Rapid Access Computing Environment (RACE) in Production. In FY 2009, the business area introduced a new means of accessing and using the computing infrastructure called RACE. This service was built initially to provide DoD software developers a computing environment that could be rapidly accessed to develop and test software applications in support of emergent warfighter requirements. This environment has been successful in providing those resources in 24 hours or less, where previous methods required several months to acquire and provision the necessary infrastructure.

In FY 2010, RACE in Production will take advantage of the tools and processes developed for the RACE project to reduce and optimize the steps required to move these new applications from test and development into production while maintaining adherence to DoD security guidelines and standards. The RACE program will also be working to improve the web portal, providing a more user-friendly web site to the DoD users, and providing access to additional services and options as they become available.

Communications. The DISA must maintain secure, highly available, high speed networks during a time when bandwidth requirements are growing exponentially and information assurance efforts are consuming significant resources. This budget submission reflects two new initiatives that will improve the Computing Centers' internal network infrastructure to meet bandwidth growth requirements, improve information assurance, and enable future growth.

10 Gigabit Expansion. Today the Computing Centers are all configured to a maximum throughput of Gigabit (GB) Ethernet, which will eventually restrict applications within the network enclaves unless upgrade initiatives are undertaken. In addition, the growth in the number of applications hosted in the Computing Centers has been significant and is expected to accelerate for the foreseeable future. Existing applications are experiencing high volume usage and therefore consuming more bandwidth. Enterprise applications, including DoD Internet demilitarized zones, Global Information Grid Content Delivery Service, and customer applications such as the Defense Logistic Agency's Electronic Business Systems and Enterprise Data Center collectively require 10 GB throughput capacity. Additional operating cost for this communication infrastructure upgrade is included in this budget submission.

Capacity Services -- Communications. This budget requests fewer capital investment funds for communication equipment than in the past as Computing Services establishes a service-based contract to eliminate the need for traditional acquisition of communications equipment, individual maintenance contracts for that equipment, downstream technology refresh, and the associated capital investments. Building upon previous successes with the processing and storage capacity services contracts, Computing Services is partnering with the business community to establish a similar "Communications Service" capability to provide more reliable, responsive, and timely communications infrastructure services at DISA locations. The Computing Centers' goal is to obtain a dynamically scalable communications capability utilizing an on-demand service approach for its internal DECC communications equipment (e.g. routers, switches, firewalls), software, maintenance, and other information technology services that will readily adjust to changes in communications requirements. It is anticipated that a contract for "Capacity Services -- Communications" will be operational in mid FY 2010.

Integrated Enterprise System Management Tools (ITSM). Computing Services requires software tools which provide enterprise support for Incident, Problem, Configuration, Change, and Service Level Management processes within its data centers. Currently, the Computing Centers manage these processes, but without the benefit of a total enterprise solution. This budget submission reflects operating costs for software tools that will provide the capability to fully implement systems which follow the Information Technology Infrastructure Library (ITIL) processes across its Computing Centers, provide an enterprise view into Computing Center service performance, and allow for a single operational view of multi-platform Information Technology (IT) service events.

Currently, Computing Services uses a Government Off the Shelf (GOTS) trouble ticketing system to support IT processes. While the current trouble ticketing tools provide sufficient support at an individual datacenter level, the implementation of ITSM tools will minimize manual efforts, reduce customer application downtime, improve service management and performance, and streamline IT operational processes within and across the Computing Centers.

In addition, the implementation of these tools will provide Computing Services with the ability to correlate server and mainframe data events for root cause analysis of customer applications. The implementation of the event correlation and business service management tool will enable DISA Computing Services to more effectively share and automate real time event and service level agreement information with CSD customers and other DoD agencies.

With the implementation of enhanced ITSM tools, the Computing Centers will be able to measure and improve processes, as stated in the Performance Measures section of this narrative. As a result, this budget reflects higher operational performance goals than previous budgets.

Computing Services Budget Summary

(\$ in millions)	FY 2009	FY 2010	FY 2011
Revenue	\$740.8	\$778.2	\$758.3
Cost	\$711.1	\$787.0	\$800.5
Net Operating Results	\$ 29.7	\$ (8.8)	\$ (42.2)
Prior Year Accumulated Operating Results	\$ 21.4	\$ 51.1	\$ 42.2
Accumulated Operating Result	\$ 51.1	\$ 42.2	\$ 0
Civilian Full Time Equivalent	1,628	1,705	1,720
Military End Strength	4	6	7
Capital Budget	\$ 47.0	29.2	\$ 30.9

The table above provides a summary of the major financial accounts and personnel levels reflected in this budget request. Fiscal Year (FY) 2009 data are actuals. FY 2010 – 2011 reflects best estimates of anticipated customer workload, the resulting Defense Working Capital Fund costs, and profit/loss. In this budget submission, DISA Computing Services is returning accumulated profits to its customers over FY 2010 and FY 2011. Because Computing Services' net position at the close of FY 2009 is a profit of \$51.1 million, both FY 2010 and FY 2011 rates are set below cost to return all accumulated profits back to the business area's customers by the end of FY 2011 in accordance with departmental fiscal policy.

Civilian full time equivalents increase in FY 2010 and FY 2011 in response to increasing customer workload. Military end strength increases slightly, while capital investments decline after FY 2009 and remain steady through FY 2011. Capital investments decline in Automated Data Processing Equipment & Telecommunication as Computing Services transitions to a Capacity Service on Demand contract; however this is partially offset in other capital investments. Further details are provided below and in the Capital budget section of this justification book.

MAJOR CHANGES BETWEEN FISCAL YEAR (FY) ESTIMATES

Cost of Operations

(\$ in millions)	FY 2009	FY 2010	FY 2011
FY 2010 President's Budget	\$697.0	\$723.7	\$734.9
FY 2011 Budget Estimates	\$711.1	\$787.0	\$800.5
Change FY 2010 President's Budget to FY 2011 Budget Estimates	\$14.1	\$63.3	\$65.6

FY 2010 President's Budget Submission to FY 2010 Current Estimate

Cost of operations increases by \$63.3 million from \$723.7 million estimated in the FY 2010 President's Budget to a new total of \$787.0 million. Cost increases of \$39.4 million are attributable to new workload for Defense Logistic Agency (DLA), DISA, and USTRANSCOM, but most notably for DLA's Enterprise Data Center, which is moving from a commercial provider into a DISA Computing Center. Costs also increase by \$11.7 million for technology refreshment of IBM Storage equipment. Last, costs for the integrated enterprise system management tools and the 10 Gigabit expansion project account for an additional \$10.5 million of the increase.

FY 2010 Current Estimate to FY 2011 Current Estimate

The cost of operations from FY 2010 to FY 2011 is expected to increase from \$787.0 million to \$800.5 million, an increase of \$13.5 million. Cost increases of \$12.5 million are due to increased levels of facility maintenance required to support 24x7 operations at Computing Centers. Cost increases by \$11.3 million are due to inflation. These increases are partially offset by a reduction of \$9.4 million for material and supplies and capital asset depreciation as Computing Services transitions to a Capacity Service on Demand Contract.

CAPITAL INVESTMENT PROGRAM

Capital Budget Summary

(\$ in millions)	FY 2009	FY 2010	FY 2011
Equipment	\$ 40.0	\$ 19.0	\$ 25.5
ADPE & Telecom	\$ 5.3	\$ 6.2	\$ 2.8
Software	\$ 1.0	\$ 3.0	\$ 1.5
Minor Construction	\$ 0.7	\$ 1.0	\$ 1.1
Total Program Authority	\$ 47.0	\$ 29.2	\$ 30.9
FY 2010 President's Budget	\$ 47.0	\$ 29.2	
Net Change	\$ -	\$ -	

The DISA Computing Services' capital program includes estimates to support the purchase of Automated Data Processing Equipment (ADPE), Telecommunication and other equipment to maintain the Computing Centers' infrastructure. The capital program in FY 2010 and FY 2011 is targeted primarily to support the equipment replacement and facilities improvements for the Computing Centers' infrastructure.

FY 2010 President's Budget Capital Submission to FY 2010 Current Estimate

The current FY 2010 program authority reflects no change from the FY 2010 President's Budget request. However, some minor changes between capital categories are necessary. Equipment purchases increase due to larger than anticipated customer growth patterns that occurred in the last two fiscal years requiring DECC St Louis and DECC Oklahoma City to upgrade their Uninterruptible Power Systems. This increase is offset by reductions in ADPE & Telecommunication as Computing Services transitions to Capacity on Demand service contracts for communication hardware.

FY 2010 Current Capital Estimate to FY 2011 Current Estimate

The capital program authority for FY 2011 increases by \$1.7 million over FY 2010. Facility improvements, including extensive electrical system upgrades, chillers, computer room air conditioner units, pumps, cooling towers, and uninterruptable power are needed at DECC's Pacific, Montgomery, and Dayton in FY 2011. Funds to design a generator upgrade at the St. Louis DECC are also requested for FY 2011. This increase is offset by decreases in ADPE & Telecommunication as hardware requirements are increasingly met by the new service-type contracts.

PERFORMANCE MEASURES

The Computing Service business area tracks its performance and results through Agency Director’s Internal Performance Reviews. 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 Computing Centers. 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, base power outages or the like. The goals 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.

The two principle performance measures have been increased in this budget submission over the previous budget.

SERVICE OBJECTIVE	FY 2009 ACTUALS	FY 2010 OPERATIONAL GOALS	FY 2011 OPERATIONAL GOALS	SERVICE DESCRIPTION
Availability of Service	98.9%	96.0%	98.5%	Percentage of application availability, including all downtime associated with unscheduled outages within the operational environment that impacts the end user.
Quality of Service	99.9%	96.0%	98.5%	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.

Integrated Enterprise System Management Tools (ITSM) Metrics.

Currently, Computing Services is limited in its ability to effectively measure key elements of service delivery and performance without the benefit of a total enterprise solution. ITSM will provide this enterprise solution and allow the Computing Centers to begin to measure and improve processes.

ITSM is an enhanced and automated tool suite that will allow the Computing Centers to optimizing existing resources and producing metrics to measure the health of current processes. The health of current processes can be measured in four quadrants: value, quality, performance, and compliance.

1. Value – ITSM will assist the Computing Centers in producing reports to measure the effectiveness and perceived value of DISA Computing Service processes to applicable stakeholders and users.
2. Quality – ITSM will be used to establish and measure the quality of individual or key activities as they relate to the objective of the end-to-end process.
3. Performance – ITSM will measure the cycle time or timeliness of service delivery.

4. Compliance – Integrated Enterprise System Management Tool (ITSM) will help ensure that all Computing Services are complying with Enterprise processes, promoting standardization.

ITSM will support the following objectives by providing metrics: restore service degradations (incident management); identify systemic infrastructure errors and eliminate them to minimize impact and improve availability (problem management); handle changes with minimum impact (Change Management); identify, control, and manage resources (Configuration Management); ensure production readiness thru proven releases (Release Management); obtain customer agreement on level, scope, quality, and performance (Service Level Management); define and plan for service availability (Availability Management); understand current and future capacity requirements (Capacity Management); recover systems after a disaster within time requirements (Continuity Management); and, plan and deliver IT services within forecasted budgets (Financial Management).

RATES

DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement. Rates are formulated to recover the total cost of operations, including direct and overhead costs. As depicted on the chart below, Mainframe, Server and Storage rates are all decreasing, reflecting a composite rate change of -14.06% from Fiscal Year (FY) 2010 to FY 2011.

FY 2010 - FY 2011 Rate Change	
IBM Mainframe	-22.67%
Unisys Mainframe	3.31%
Total Mainframe	-19.36%
Server	-12.83%
Storage	-18.32%
Other	-5.15%
<i>Composite Rate Change</i>	<i>-14.06%</i>

Mainframe Rates. The IBM Mainframe rates decrease from FY 2010 to FY 2011 for two main reasons. First, Computing Services will begin charging the majority of IBM mainframe application software on a reimbursable basis to its customers beginning in FY 2011. The cost for software specifically chosen by a customer will be directly billed to that individual customer, rather than factored into stabilized rates.

Second, the Firm Fixed Price 10 year contract with Defense Financial Accounting Service for Defense Civilian Pay System expires in 2010, so all of those workload units are part of the workload base for re-setting 2011 rates.

Computing Services' Unisys mainframe rate for FY 2011 shows a slight inflation driven increase compared to the FY 2010 rate. Costs for Unisys continue to remain relatively stable as workload stays constant.

Storage Rates. The composite average of Storage Rates in FY 2011 decreases by 18.3% from FY 2010. This is primarily driven by a 15% increase in Server Storage workload.

In response to customer feedback, Computing Services has developed a tape archiving rate for IBM Storage long-term retention starting in FY 2010. Long-term storage is defined as data that is stored offsite which has not been accessed within 90 days. This new rate will provide an inexpensive service that allows customers to meet regulatory records management requirements that span months, years or even decades. The tape archiving rate will include the cost of tape media, shipment of customer specified tape data sets to an offsite location, and monthly recurring costs at the offsite location.

Server Rates. The composite average of Server Rates in Fiscal Year (FY) 2011 decreases by 12.8% from FY 2010. FY 2011 prices are set below cost to return prior year profits.

UNIT COST

		Unit Cost		
Category	Description	FY 2009	FY 2010	FY 2011
IBM	CPU Hours (IBM)	\$16.67	\$689.99	\$555.45
Unisys	SUPS	\$11.32	\$13.18	\$13.59
Storage	Server Basic Local Service	\$3.18	\$2.90	\$2.34
Server	Windows Basic – Small	\$1,394.90	\$2,399.56	\$2,423.55
Server	UNIX Basic – Small	\$2,730.41	\$3,385.12	\$3,113.12
GCDS	Content Delivery – Small	\$0.00	\$5,313.70	\$3,620.65

The table above is a representative sample of the major lines of business. FY 2009 data are actuals. It should be noted that a number of unit cost/rates are restructured beginning in FY 2010, so FY 2009 actuals may not be comparable. Unit cost increases/decreases reflect changing customer requirements and technological advancements from FY 2009 - FY 2011.

As discussed in the FY 2010 budget submission, DISA Computing Services normalized CPU billable hours based on the speed of the processor effective FY 2010. In FY 2011 the majority of IBM mainframe application software will be charged on a reimbursable basis. This decrease is partially offset by the Defense Civilian Personnel System workload now included in unit cost calculation after expiration of a firm fixed price agreement with the DFAS. In FY 2010 the UNISYS Sups unit costs includes core communications cost not previously included in unit cost calculations. In FY 2011 the unit cost reflects a slight inflation driven increase.

The Storage unit cost is projected to decrease in FY 2010 and FY 2011, which is primarily driven by a 15% increase in Server Storage workload.

In FY 2011, Windows Basic unit cost increases slightly due to inflation, while Unix Basic unit cost decreases as system administrators become more efficient in the UNIX environment.

As discussed in the FY 2010 budget submission, Computing Services will be providing Global Content Delivery Service based on two separate service offerings: Content Delivery and Net Storage beginning in FY 2010. In FY 2011, the unit cost decreases due to anticipated higher business volume.

Fiscal Year (FY) 2010 - FY 2011 Mainframe, Storage, and Other Services Rates

Note: Some FY 2010 rates have been reduced since the FY 2010 President's Budget submission in order to return accumulated profits resulting from higher overall workload.

IBM Mainframe Rates	FY2010	FY2011
CPU Hours	\$ 674.4664	\$ 531.4882
I/O EXCPS	N/A	N/A
IBM SPECIALTY ENGINE	\$ 36.5516	\$ 31.6937

UNISYS Mainframe Rates	FY2010	FY2011
SUPS UNISYS	\$ 13.3391	\$ 13.3875
DASD UNISYS	\$ 0.0238	\$ 0.0214
TAPE STORAGE (MB/Days)	\$ 0.0039	\$ 0.0037

STORAGE	FY2010	FY2011
IBM DASD	N/A	N/A
IBM TAPE (MB/day)	N/A	N/A
IBM STORAGE (MB/day)	\$ 0.0004	\$ 0.0004
IBM LONG TERM STORAGE	\$ 0.0003	\$ 0.0003
SERVER BASIC LOCAL (GB/Month)	\$ 2.8182	\$ 2.2948
SERVER BASIC REMOTE (GB/Month)	\$ 0.9252	\$ 0.8116
SERVER OPERATIONAL LOCAL (GB/Month)	\$ 0.8908	\$ 0.8362
SERVER OPERATIONAL REMOTE (GB/Month)	\$ 2.2651	\$ 1.9916
SERVER HIGH AVAILABILITY LOCAL (GB/Month)	\$ 1.4484	\$ 1.3014
SERVER HIGH AVAILABILITY REMOTE (GB/Month)	\$ 3.1780	\$ 2.7639
SERVER NON-DISRUPTIVE LOCAL (GB/Month)	\$ 2.5444	\$ 2.5218
SERVER NON-DISRUPTIVE REMOTE (GB/Month)	\$ 3.8147	\$ 3.7807

OTHER SERVICES	FY2010	FY2011
UNIVERSAL RESOURCE LOCATOR	N/A	N/A
HOSTING APPLICATION DESIGN SERVICES PER HOUR	N/A	N/A
ATAAPS	\$ 20.5100	\$ 19.4541

GIG Content Delivery Service Rates (Monthly)

Monthly Rate		
	FY10	FY11
Micro	\$ 2,560	\$ 1,004
Small	\$ 6,401	\$ 3,750
Medium	\$ 20,483	\$ 12,917
Large	\$ 53,767	\$ 37,500
X-Large	\$ 153,621	\$ 83,333
Enterprise	\$ 384,051	\$ 125,000
Exceptional	\$ 512,069	\$ 370,833

Net Storage

Monthly Rate		
	FY10	FY11
Small	\$ 8,259	\$ 8,185
Medium	\$ 24,778	\$ 24,557
Large	\$ 99,110	\$ 98,228
Enterprise	\$ 330,366	\$ 327,426

FY 2010/FY 2011 SERVER RATES (Monthly)

	Mini OE		Small OE		Large OE		Enterprise OE	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
Windows Basic Rates	\$ 1,385	\$ 1,503	\$2,520	\$2,443	\$2,784	\$2,709	\$2,960	\$ 2,927
Optional Services								
Hardware Services	\$ 141	\$ 125	\$ 359	\$ 338	\$ 584	\$ 565	\$3,539	\$ 3,537

	Mini OE		Small OE		Medium OE		Large OE		Enterprise OE	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
Unix Basic Rates	\$ 1,824	\$ 1,506	\$2,596	\$2,464	\$4,432	\$2,758	\$5,702	\$ 2,995	\$11,067	\$ 9,622
Optional Services										
Hardware Services	\$ 1,003	\$ 988	\$1,636	\$1,611	\$3,125	\$3,093	\$8,056	\$ 7,995	\$19,371	\$19,042

Services	FY 2010	FY 2011
Application Support	\$ 1,638	\$ 1,535
Database Administration	\$ 1,991	\$ 1,984
24X7 Services	\$ 1,436	\$ 1,537

	Level II		Level III		Level IV		Level V		Level VI	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
Database Software	\$ 668	\$ 641	\$2,920	\$2,910	\$6,535	\$5,956	\$7,723	\$ 6,742	\$13,339	\$13,220

CIVILIAN PERSONNEL

(\$ in millions)	FY 2009	FY 2010	FY 2011
Civilian End-Strength	1,706	1,745	1,745
Civilian Full Time Equivalents	1,628	1,705	1,720
Civilian Labor Cost	\$178.3	\$187.8	\$192.0
Overtime Usage	1.13%	1.60%	1.59%

To support customer requirements, the FY 2009 actuals increased fifty-eight end strength or 3.5% higher than budgeted in the FY 2010 President's Budget. Continuing this trend, this budget submission reflects a 6% increase in FY10 from the FY 2010 President's Budget. This increase supports higher workload, most notably DLA's Enterprise Data Center. The FY 2011 estimate for end strength stays steady at 1,745 while the FTEs reflect a slight increase from FY 2010 to FY 2011. This increase is primarily due to a hiring lag in FY 2010.

Overtime usage increases slightly from FY 2009 to FY 2010 due to emerging customer requirements and remains steady in FY 2011. Overtime usage is defined by the number of overtime hours divided by the total hours worked.

MILITARY PERSONNEL

(\$ in millions)	FY 2009	FY 2010	FY 2011
Military End Strength	4	6	7
Military Full Time Equivalents	4	6	7
Military Labor Cost	0.6	0.9	1.1

Military personnel end strength and FTEs for FY 2010 reflect the approved level from the FY 2010 President's Budget. There is an increase of one O-4 Army Officer billet assigned to this growing business area in FY 2011.

Changes in the Costs of Operations
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)

FY 2009	Actual	711.091
FY 2010	Estimate in FY 2010 Budget Estimates	723.706
	<i>Pricing Adjustments:</i>	
	Annualization of Civ/Mil pay raise adjustment	0.007
	Non-labor Inflation adjustment	-0.261
	<i>Program Changes:</i>	
	Customer Requirements:	
	New customer funded workload requirements for Defense Logistics Agency (DLA) Enterprise Data Center (17.986
	New customer funded workload requirements for DISA, DLA, Transcom	12.820
	New customer funded workload requirements for DISA Cross Domain	6.009
	New customer funded workload requirements for GIG Content Delivery Service (GCDS)	2.622
	Tech refresh of IBM StorageTape Silos and Disk environment	11.697
	Sequential implementation cost (software license & maintenance) at 13 DECC sites over a 20 month period along with sustainment cost for Integrated Enterprise Systems Management tools	7.000
	10GB Communications Infrastructure expansion	3.500
	Miscellaneous	1.928
FY 2010	Current Estimate	787.014
	<i>Pricing Adjustments:</i>	
	Non-labor Inflation	8.317
	Civilian/Military Pay Raise	1.986
	Annualization of Civ/Mil Pay Raise	0.944
	<i>Program Changes:</i>	
	Increase for facility maintenance cost	12.510
	Reduction in material and supplies and capital asset depreciation due to transitioning to capacity service on demand contract	-9.351
	Miscellaneous	-0.936
FY 2011	Current Estimate	800.484

**Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$382.148	\$400.102	\$386.182
AIR FORCE APPROPRIATED	\$130.899	\$125.959	\$121.643
AF O&M	\$125.587	\$114.112	\$110.513
AF RDT&E	\$2.336	\$7.298	\$6.850
AF Procurement	\$2.975	\$4.549	\$4.280
AF BRAC	\$0.000	\$0.000	\$0.000
ARMY APPROPRIATED	\$17.198	\$16.418	\$15.810
Army O&M	\$16.327	\$15.625	\$15.111
Army RDT&E	\$0.870	\$0.793	\$0.699
Army Procurement	\$0.000	\$0.000	\$0.000
Army MILCON	\$0.000	\$0.000	\$0.000
Army BRAC	\$0.000	\$0.000	\$0.000
NAVY APPROPRIATED	\$15.756	\$23.981	\$23.407
Navy O&M	\$15.750	\$17.149	\$16.962
Navy RDT&E	\$0.006	\$6.833	\$6.445
Navy Procurement	\$0.000	\$0.000	\$0.000
Navy BRAC	\$0.000	\$0.000	\$0.000
MARINE CORPS APPROPRIATED	\$18.531	\$19.474	\$18.628
Marine Corps O&M	\$18.531	\$19.474	\$18.628
Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
Marine Corps Procurement	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
DISA APPROPRIATED	\$80.809	\$82.680	\$80.642
DISA O&M	\$79.620	\$80.461	\$78.440
DISA RDT&E	\$1.189	\$2.219	\$2.202
DISA Procurement	\$0.000	\$0.000	\$0.000
DISA MILCON	\$0.000	\$0.000	\$0.000
DIA APPROPRIATED	\$0.000	\$0.000	\$0.000
DIA O&M	\$0.000	\$0.000	\$0.000
MHS APPROPRIATED	\$79.663	\$86.142	\$79.501
MHS O&M	\$79.663	\$86.142	\$79.501
MHS RDT&E	\$0.000	\$0.000	\$0.000
MHS Procurement	\$0.000	\$0.000	\$0.000
NGA APPROPRIATED	\$0.000	\$0.000	\$0.000
NGA O&M	\$0.000	\$0.000	\$0.000
NSA APPROPRIATED	\$0.000	\$0.000	\$0.000

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**Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
NSA O&M	\$0.000	\$0.000	\$0.000
NSA RDT&E	\$0.000	\$0.000	\$0.000
DLA APPROPRIATED	\$6.440	\$10.703	\$9.384
DLA O&M	\$6.440	\$10.703	\$9.384
DLA RDT&E	\$0.000	\$0.000	\$0.000
BTA APPROPRIATED	\$22.968	\$25.373	\$25.542
BTA O&M	\$0.464	\$0.376	\$0.363
BTA RDT&E	\$22.504	\$24.997	\$25.180
BTA Procurement	\$0.000	\$0.000	\$0.000
OUSD APPROPRIATED	\$0.000	\$0.000	\$0.000
OSD O&M	\$0.000	\$0.000	\$0.000
OSD RDT&E	\$0.000	\$0.000	\$0.000
OSD Procurement	\$0.000	\$0.000	\$0.000
DEFENSE TELEPHONE AGENCY	\$0.000	\$0.000	\$0.000
DTS O&M	\$0.000	\$0.000	\$0.000
DEFENSE CONTRACT AUDIT AGENCY	\$0.000	\$0.000	\$0.000
DCAA O&M	\$0.000	\$0.000	\$0.000
DEFENSE CONTRACT MANAGEMENT AGENCY	\$0.000	\$0.000	\$0.000
DCMA O&M	\$0.000	\$0.000	\$0.000
COUNTER INTELLIGENCE FIELD ACTIVITY	\$0.000	\$0.000	\$0.000
CIFA O&M	\$0.000	\$0.000	\$0.000
DEFENSE SPECIAL WEAPONS AGENCY	\$0.000	\$0.000	\$0.000
Defense Special Weapons Agency O&M	\$0.000	\$0.000	\$0.000
DEFENSE ADVANCED RESEARCH PROJECT AGENCY	\$0.000	\$0.000	\$0.000
DARPA RDT&E	\$0.000	\$0.000	\$0.000
NORTH ATLANTIC TREATY ORGANIZATION	\$0.000	\$0.000	\$0.000
NATO O&M	\$0.000	\$0.000	\$0.000
OTHER DoD ACCOUNTS-APPROPRIATED	\$9.885	\$9.372	\$11.624
O&M	\$4.887	\$4.860	\$7.261
RDT&E	\$4.866	\$4.488	\$4.338
Procurement	\$0.131	\$0.024	\$0.025
b. ORDERS FROM OTHER FUND ACTIVITY GROUPS	\$358.611	\$378.097	\$372.065
AIR FORCE - WORKING CAPITAL	\$29.677	\$30.397	\$29.256
AF Information Services	\$0.000	\$0.000	\$0.000
AF - Other Activity Groups	\$29.677	\$30.397	\$29.256
ARMY - WORKING CAPITAL	\$10.259	\$10.522	\$9.850

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**Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
Army Information Services	\$0.000	\$0.000	\$0.000
Army Depot Maintenance	\$9.743	\$10.080	\$9.429
Army Supply Management	\$0.516	\$0.442	\$0.421
NAVY - WORKING CAPITAL	\$21.048	\$19.741	\$18.077
Navy Information Services	\$0.000	\$0.000	\$0.000
Navy Base Support	\$0.244	\$0.016	\$0.013
Navy Supply Management	\$15.999	\$17.207	\$15.863
Other activity group	\$4.806	\$2.517	\$2.201
DISA - WORKING CAPITAL	\$19.925	\$18.156	\$17.122
Telecomm Svcs/Enterprise Acquisition Svcs	\$19.925	\$18.156	\$17.122
Computing Services	\$0.000	\$0.000	\$0.000
DFAS	\$127.885	\$140.720	\$143.678
DFAS Finance Operations	\$127.885	\$140.720	\$143.678
OTHER DoD	\$14.857	\$13.635	\$12.433
Defense Security Cooperation Agency	\$6.514	\$6.965	\$6.498
Defense Advanced Research Project Agency	\$0.000	\$0.000	\$0.000
Office of Secretary of Defense	\$0.000	\$0.000	\$0.000
Canadian Forces Comm Services	\$0.000	\$0.000	\$0.000
Defense Contract Audit Agency	\$0.000	\$0.000	\$0.000
Defense Intelligence Agency	\$0.000	\$0.000	\$0.000
Defense Investigative Service	\$0.000	\$0.000	\$0.000
National Security Agency	\$0.000	\$0.000	\$0.000
Defense Security Service	\$0.000	\$0.000	\$0.000
TRANSCOM	\$7.471	\$5.803	\$5.019
Office Under Secretary of Defense	\$0.000	\$0.000	\$0.000
Other - Working Capital	\$0.872	\$0.867	\$0.916
DLA	\$134.958	\$144.925	\$141.648
DLA Defense Automated Printing Services	\$0.008	\$0.008	\$0.006
DLA Information Services	\$12.282	\$9.607	\$8.820
DLA Supply Management	\$4.230	\$5.719	\$5.194
DLA Distribution Depots	\$28.610	\$34.175	\$32.741
DLA Reutilization & Marketing	\$89.828	\$95.417	\$94.888
DEFENSE COMMISSARY AGENCY (DECA)	\$0.000	\$0.000	\$0.000
DECA Commissary Operations	\$0.000	\$0.000	\$0.000
DECA Commissary Resale	\$0.000	\$0.000	\$0.000
c. TOTAL DoD	\$740.759	\$778.199	\$758.247

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**Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)**

		2009	2010	2011
d.	OTHER ORDERS	\$0.000	\$0.000	\$0.000
	OTHER FEDERAL AGENCIES	\$0.000	\$0.000	\$0.000
	Agency for International Development	\$0.000	\$0.000	\$0.000
	Central Intelligence Agency	\$0.000	\$0.000	\$0.000
	Communications Man. and Control Activity	\$0.000	\$0.000	\$0.000
	Drug Enforcement Agency	\$0.000	\$0.000	\$0.000
	Department of Commerce	\$0.000	\$0.000	\$0.000
	Department of Energy	\$0.000	\$0.000	\$0.000
	Department of Interior	\$0.000	\$0.000	\$0.000
	Department of Justice	\$0.000	\$0.000	\$0.000
	Department of Labor	\$0.000	\$0.000	\$0.000
	Department of State	\$0.000	\$0.000	\$0.000
	Department of Transportation	\$0.000	\$0.000	\$0.000
	US Department of Education	\$0.000	\$0.000	\$0.000
	Environmental Protection Agency	\$0.000	\$0.000	\$0.000
	General Services Administration	\$0.000	\$0.000	\$0.000
	Health and Human Services	\$0.000	\$0.000	\$0.000
	National Aeronautics and Space Admin	\$0.000	\$0.000	\$0.000
	National Bureau of Standards	\$0.000	\$0.000	\$0.000
	Department of the Treasury	\$0.000	\$0.000	\$0.000
	Other	\$0.000	\$0.000	\$0.000
	US Coast Guard	\$0.000	\$0.000	\$0.000
	US Department of Agriculture	\$0.000	\$0.000	\$0.000
	Veterans Administration	\$0.000	\$0.000	\$0.000
	White House Communications Agency	\$0.000	\$0.000	\$0.000
	Federal Bureau of Investigations	\$0.000	\$0.000	\$0.000
	Department of Homeland Security	\$0.000	\$0.000	\$0.000
	US Senate	\$0.000	\$0.000	\$0.000
	US Geological Survey	\$0.000	\$0.000	\$0.000
	Federal Aviation Agency (FAA)	\$0.000	\$0.000	\$0.000
	National Inst of Standards and Tech (NIST)	\$0.000	\$0.000	\$0.000
	Transportation Security Administration	\$0.000	\$0.000	\$0.000
	OTHER NON-FEDERAL	\$0.000	\$0.000	\$0.000
	British Embassy	\$0.000	\$0.000	\$0.000
	Federal Credit Unions	\$0.000	\$0.000	\$0.000
	Other Services	\$0.000	\$0.000	\$0.000

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**Source of New Orders and Revenue
 Defense Information Systems Agency
 PE54 COMPUTING SERVICES
 February 2010
 (Dollars in Millions)**

	2009	2010	2011
Foreign Government Agency	\$0.000	\$0.000	\$0.000
TOTAL NEW ORDERS	\$740.759	\$778.199	\$758.247
2. Carry In Orders	\$0.000	\$0.000	\$0.000
3. TOTAL GROSS ORDERS	\$740.759	\$778.199	\$758.247
4. Revenue	\$740.759	\$778.199	\$758.247
5. End of Year Work in Process	\$0.000	\$0.000	\$0.000
6. FMS, Other Federal, and Non-Federal Orders	\$0.000	\$0.000	\$0.000
Other DoD-BRAC	\$0.000	\$0.000	\$0.000
7. FUNDED CARRY-OVER (Charge to Backlog)	\$0.000	\$0.000	\$0.000

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Revenue and Expenses
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2010
(Dollars in Millions)

	2009	2010	2011
Revenue			
Gross Sales	740.759	778.199	758.247
Operations	700.719	745.889	732.093
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	40.040	32.310	26.154
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:	740.759	778.199	758.247
Expenses			
Salaries and Wages:	178.873	188.718	193.036
Military Personnel Compensation & Benefits	0.582	0.908	1.059
Civilian Personnel Compensation & Benefits	178.291	187.810	191.977
Travel & Transportation of Personnel	3.472	4.454	4.414
Materials & Supplies (For internal Operations)	27.842	14.332	11.338
Equipment	0.000	0.000	0.000
Capital Investment Less than Threshold	0.000	0.465	0.108
Other Purchases from Revolving Funds	30.434	46.459	60.018
Transportation of Things	0.211	0.314	0.278
Depreciation - Capital	40.040	32.310	26.154
Printing and Reproduction	(0.035)	0.095	0.059
Advisory and Assistance Services	0.000	0.000	0.000
Rent, Comm, Utilities, & Misc. Charges	5.943	7.340	6.054
Other Purchased Services	424.311	492.527	499.025
Total Expenses	711.091	787.014	800.484
Operating Results	29.668	(8.815)	(42.237)
Less Capital Surcharge Reservation	0.000	0.000	0.000
Less Recover Other	0.000	0.000	0.000
+ Passthrough or Other App. Affecting NOR	0.000	0.000	0.000
- Passthrough or Other App. not Affecting NOR	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Results	29.668	(8.815)	(42.237)
Prior Year AOR	21.384	51.052	42.237
Other Changes Affecting AOR	0.000	0.000	0.000
Accumulated Operating Result	51.052	42.237	0.000
Non-Recoverable Adjustment Impacting AOR	0.000	0.000	0.000
AOR for Budget Purposes	51.052	42.237	0.000

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**DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY**

**Defense Working Capital Fund
Telecommunications Services/Enterprise Acquisition Services**

FISCAL YEAR 2011 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 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.

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. 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 to support disaster relief and recovery efforts throughout the world. Overall, it provides the lowest possible customer price through bulk quantity purchases, economies of scale, and reengineering of current communication services. Enterprise Acquisition Services includes the Defense Information Technology Contracting Organization (DITCO), which provides contracting services for information technology and telecommunications acquisitions from the commercial sector. It provides vital contracting support to the DISN programs, as well as to other DISA, DoD, and authorized non-Defense customers. Both Telecommunications Services and Enterprise Acquisition Services are discussed in more detail in the narrative which follows.

Telecommunications Services/Enterprise Acquisition Services Budget Summary

(\$ in millions)	FY 2009	FY 2010	FY 2011
Revenue	\$4,358.3	\$4,853.4	\$5,339.5
Cost	4,481.3	4,963.2	5,348.0
Net Operating Result	(123.0)	(109.8)	(8.5)
Prior Year AOR	241.3	118.3	8.5
Accumulated Operating Results (AOR)	\$118.3	\$8.5	\$0.0
Civilian Workyears	1,000	1,080	1,112
Military End Strength	103	101	100
Capital Budget	\$14.7	\$20.8	\$11.3

The table above provides a summary of the major financial accounts and personnel levels reflected in this budget request. Fiscal Year (FY) 2009 data are actuals. Fiscal Year (FY) 2010 to FY 2011 reflects best estimates of anticipated customer workload, the resulting Defense Working Capital Fund (DWCF) costs, and profit/loss. Telecommunications Services and

Enterprise Acquisition Services' net position at the close of Fiscal Year (FY) 2009 is a profit of \$118.3 million. In FY 2010, the Defense Information Systems Network (DISN) Subscription Services share price is set below cost to return accumulated profits back to the business areas' customers and in FY 2011 achieves a zero accumulated operating results (AOR). In FY 2011, Enterprise Acquisition Services' fee-for-service is set at 2.00%, with no change from FY 2010. Civilian workyears are expected to grow somewhat over the budget period. Capital investments funded in the DWCF will be lower in FY 2011 than in FY 2010. These year to year trends are explained in the narrative sections below.

Defense Information Systems Network Program Structure

The Defense Information Systems Network (DISN) is a complex program of services. It provides dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The table on the following page illustrates its service offerings and the major cost centers that support those 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		
	Other Transport Support		
	Office Support		
	Messaging	Message Maintenance	NA
		Message Sustaining Activities	NA
		Message Support	Other Support
		Message Support	Office Support
	Centralized Services	Operational Support Services	Network Operations
			Network Management
			Network Other Support
			Network Office Support
		Customer Support Services	Management NCR
			Management Columbus
			Other Support
Office Support			
Connection Approval		Other Sustaining Activities	
		Management Activities	
Network Services Support		Office Management	
		Business Office	
	Program Manager Office		
	Home Team		
Support Services	Network Oversight	Other Management	
		DISA CONUS	
		DISA Pacific	
DISA Europe			
Reimbursable DISN	Voice Services	Joint Hawaii Information Transfer System (JHITS)	
	Satellite Services	Commercial Satellite Services (COMSAT)	
		Enhanced Mobile Satellite Services (EMSS)	
		Bosnia	
	Kosovo		
	Special Programs	DISN Leading Edge Services (DISN-LES)	
Overseas Contingency Operations (OCO)			
DoD COOP Integrated Network (DCIN)			
Wireless	Secure Mobile Environment - Portable Electronic Device (SME-PED)		
Customer Funded Projects	Customer Funded Projects		

Some of the network 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 (DSS)

The 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.
- **The 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, operators, and network management support to all programs that make up the DISN as described above.

The DISN provided network connectivity at 389 customer-funded DSS sites in Fiscal Year (FY) 2009, for a total of 7,531 shares. In FY 2010, the number of DSS sites is reduced to 385 (including several BRAC reductions), subdivided into 7,770 shares. In FY 2011, the number of DSS sites is again reduced to 373, for a total of 7,604 shares. The new number of DSS sites and shares incorporates further BRAC-related reductions, as well as the removal of five Overseas Contingency Operations (OCO) sites from the shared costs of the DSS. These DSS sites, located in Southwest Asia, will now be 100% reimbursable by the Services' from their OCO accounts.

The following table shows the Defense Information Systems Network (DISN) Subscription Services (DSS) 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 2009	FY 2010	FY 2011
Revenue	\$845.1	\$876.4	\$948.5
Cost	\$949.3	\$971.6	\$950.1
Number of Sites	389	385	373
Number of Shares	7,531	7,770	7,604
Price Per Share	\$111,937	\$112,790	\$124,741
Cost Per Share	\$126,056	\$125,042	\$124,947

In Fiscal Year (FY) 2009, actual costs for DSS were close to the estimates of \$956.4 million in the FY 2010 President's Budget. In FY 2010, a slight increase over the FY 2010 President's Budget is expected due to increased bandwidth requirements. In FY 2011, costs decrease due to the removal of five Overseas Contingency Operations (OCO) sites from the shared cost pools, which will be directly reimbursed from the Services' OCO accounts.

In FY 2010, most of the accumulated operating results (AOR) profits are returned to the customers via a share price set below the actual unit cost. Although the unit cost decreases slightly in FY 2011, there is a 10% share price increase since the below-cost negative factor is no longer used in the price calculation. That is, the FY 2011 share price is set just slightly below actual unit cost.

Total DISN Worldwide Operations

This budget request includes three new Army Overseas Contingency Operations (OCO) sites beginning in FY 2010 and five sites shifting from subscription services into reimbursable OCO in FY 2011, as depicted in the following table:

\$ in millions	FY 2009	FY 2010	FY 2011
DISN Subscription Services Cost	\$949.3	\$971.6	\$950.1
Three New Afghanistan Army Sites – Customer Funded OCO	-	\$29.5	\$49.3
Five SWA Sites moved from DSS to Customer Funded OCO	-	-	\$23.8

Beginning in FY 2010, three Army Afghanistan sites (Bagram Air Base, New Kabul Compound, and Kandahar Air Base) are included in DWCF workload cost estimates, to be reimbursed by Army OCO, \$29.5 million. This cost estimate reflects a partial year of funding for the three sites. In FY 2011, these sites will be operational for a full year, increasing costs to \$49.3 million. In FY 2011, five SWA sites (Victory Base, Arifjan, Ali As Salem, As Sayliyah, and Al Udeid) are shifted in this budget from DISN Subscription Services (DSS) to OCO reimbursable. Voice, video, transport, and Joint Worldwide Intelligence Communications System (JWICS) services at these sites are to be reimbursed by Army and Air Force through OCO accounts as depicted in the table. Army is responsible for reimbursement of three of the five sites, totaling \$19.0 million, and the remaining two sites, totaling \$4.8 million, are assigned to Air Force.

DISN REIMBURSABLE PROGRAMS

In addition to the DISN Subscription Services (DSS) 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 2009	FY 2010	FY 2011
Bosnia	\$2.1	\$2.9	\$2.9
Kosovo	4.8	4.1	4.1
Enhanced Mobile Satellite Services	81.4	158.5	108.9
Commercial Satellite Services	334.9	416.3	436.6
Other Reimbursable Services	27.3	47.0	59.1
Overseas Contingency Operations (OCO)	93.2	164.3	196.4
Total DISN Reimbursable Costs	\$543.7	\$793.1	\$808.0

Costs for **Bosnia** and **Kosovo** support the sustainment of communications infrastructure, to include service leases and non-capital equipment purchases. Costs for Bosnia are 100 percent reimbursed by Army. Costs for Kosovo are 100 percent reimbursed by DISA appropriated funds.

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. Fiscal year 2010 costs increase by \$71.8 million to support the integration of the Distributed Tactical Communication System (DTCS) into the EMSS program. Funds will be used to acquire Radio-only (RO) devices, RO devices with dual capabilities (C2), and encrypted C2 (C2S) devices which will be sold on a reimbursable basis to the military services. The DTCS radios were the subject of an approved USCENTCOM Joint Urgent Operational Need (JUON) for FY 2010. The DISA has been provided additional DWCF reimbursable cost authority to quickly procure the radios required in FY 2010. Cost authority in FY 2011 decreases by \$52.0 million as initial ramp up and delivery of RO, C2, and C2S devices are completed. Remaining FY 2011 costs will sustain the customer demand for pagers, RO, C2, C2S devices, 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 2010 and FY 2011 is principally the result of increased requirements for the Air Force and Army. The Air Force increases are largely driven by the need to support an increasing number of Unmanned Aerial Vehicle (UAV) missions in theater. Higher Army workload is driven by additional USCENTCOM requirements.

Other Reimbursable:

- The **DISN Leading Edge Services (DISN-LES)** program provides interoperable, secure, and cost efficient Internet Protocol data services for the DoD command,

- 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 estimated at \$18.6 million in FY 2011.
- The **Secure Mobile Environment-Portable Electronic Device (SME-PED)** delivers, 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). Costs included in this budget are for two commercially operated Multi-Carrier Entry Points (MCEP) along with some in-house costs at the Computing Centers. 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. The cost for DISA to sustain two MCEPs for SME-PED access to SIPRNet and NIPRNet are estimated at \$4.9 million in Fiscal Year (FY) 2011.

ENTERPRISE ACQUISITION SERVICES

The primary mission of Enterprise Acquisition Services (EAS) is purchasing telecommunications and information technology (IT) products and services from the worldwide commercial sector to meet Department of Defense (DoD) and authorized non-defense customers' needs. The EAS mission also includes acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. This mission is accomplished by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for IT capabilities and services for the Defense Information System Network (DISN), Computing Services (CS), and a wide range of other DoD programs which require information technology contracting and contract management services. The DITCO also establishes large contract vehicles available to DoD for essential IT services such as engineering, hardware, equipment and maintenance, integration and support, information security, computer technology, as well as DISN access and Non-DISN telecommunications circuits and systems ordered on an individual customer basis. The EAS encompasses a variety of support services to meet DoD information technology contract requirements. The EAS fee-for-service remains at 2.00% for FY 2011.

(\$ in millions)	FY 2009	FY 2010	FY 2011
Contract Revenue	\$2,900.2	\$3,097.4	\$3,487.8
<u>Fee-for-Service Revenue</u>	<u>\$54.6</u>	<u>\$95.2</u>	<u>\$102.4</u>
Total Revenue	\$2,954.8	\$3,192.6	\$3,590.2
Contract Costs	\$2,895.6	\$3,091.8	\$3,483.6
<u>Operating Costs</u>	<u>\$92.7</u>	<u>\$106.8</u>	<u>\$106.4</u>
Total Costs	\$2,988.3	\$3,198.6	\$3,590.0
Net Operating Result	(\$33.5)	(\$6.0)	\$0.2
Accumulated Operating Results	\$5.7	(\$0.2)	\$0.0
Fee-for-Service	1.25%	2.00%	2.00%

Note: Contract Costs displayed in this table are exclusive of DISN contracts

Fiscal Year (FY) 2009 data reflect actuals. Estimates for IT and telecommunications contracts have been reduced by 2.3% for revised projections of business volume for FY 2010. Projected operating costs are slightly increased for FY 2010 to reflect increased data storage costs and systems support costs. In FY 2011, business volume is expected to grow, while operating costs remain at the FY 2010 level.

TELECOMMUNICATIONS SERVICES/ENTERPRISE ACQUISITION SERVICES
Major Changes between Fiscal Years
Cost of Operations

(\$ in millions)	FY 2009	FY 2010	FY 2011
FY 2010 President's Budget	\$4,504.5	\$4,769.4	\$4,871.7
FY 2011 Budget Estimates	4,481.3	4,963.2	5,348.0
Change FY 2010 President's Budget to FY 2011 Budget	(\$23.2)	\$193.8	\$476.3

FY 2010 President's Budget to FY 2010 Current Estimates

Total Telecommunications Services/Enterprise Acquisition Services costs are expected to increase by \$193.8 million from the FY 2010 President's Budget. There is a decrease of \$4.3 million included due to a reduction in inflation.

Fiscal Year (FY) 2010 Telecommunications Services costs increase \$266.1 million over the FY 2010 President's Budget. Of this increase, a total of \$258.5 million is attributable to higher Defense Information Systems Network (DISN) reimbursable workload, almost entirely for Commercial Satellite Services (increase \$182.3 million) and Enhanced Mobile Satellite Services (increase \$71.8 million). There is a \$29.5 million increase in Overseas Contingency Operations (OCO) costs for the support and sustainment of the three Army Afghanistan Defense Information System Network (DISN) sites discussed earlier. The remaining reimbursable workload increase is primarily offset by reduced projections for customer-specific projects of \$25.1 million. There is also a \$7.6 million net increase due to increased costs in DISN Subscription Services, principally to accelerate the creation of an approved products list for IP-compatible components for the DISN network.

Costs for Enterprise Acquisition Services (EAS) are estimated at \$3,198.6 million in FY 2010, a decrease of \$72.3 million from the FY 2010 President's Budget estimate. The FY 2010 net decrease of \$72.3 million is attributed to the lower estimated reimbursable contract workload for Computer Technology Contracts (decrease of \$128.9 million), partially offset by an increase in Non-DISN Telecommunications Contracts (\$49.6 million). There is also a \$7.0 million increase for data storage, continued development of a new accounting system, and maintenance for legacy accounting and procurement systems.

FY 2010 Current Estimates to FY 2011 Current Estimates

Total Telecommunications Services/Enterprise Acquisition Services costs increase by \$384.8 million from FY 2010 to FY 2011. Of this increase, \$65.1 million is due to inflation.

The Telecommunications Services budget includes a programmatic decrease of \$28.2 million. This includes a \$52.0 million net decrease due to the completion of a one-time purchase of

Distributed Tactical Communication System (DTCS) devices, as part of the Enhanced Mobile Satellite Services (EMSS) program. Also included is a \$6.4 million decrease to Network Support Services due to contractor efficiencies. These decreases are partially offset by a \$30.1 million increase for CENTCOM bandwidth requirements, which will be reimbursed by Military Services OCO accounts.

Enterprise Acquisition Services increases by \$347.9 million. This is driven by estimated additional workload on pass-through IT support contracts. This includes an increase of \$140.3 million for DISA's Joint Interoperability Test Command (JITC) contracts passing through the Defense Working Capital Fund (DWCF) on a reimbursable basis like other customer workload. The remaining net increase is attributed to the estimated growth in contract workload for Computer Technology (increase of \$230.2 million), partially offset by a projected decrease of \$22.0 million for Non-DISN Telecommunications contract workload. Also, operating costs decrease slightly by \$0.6 million.

CAPITAL INVESTMENT PROGRAM

Capital Budget Summary

\$ in millions	FY 2009	FY 2010	FY 2011
Equipment	\$0.0	\$0.0	\$1.0
ADPE and Telecom	14.0	20.1	8.8
Software	0.7	0.7	1.5
Minor Construction	0.0	0.0	0.0
Total Program Authority	\$14.7	\$20.8	\$11.3
FY 2010 President's Budget	\$14.7	\$20.8	-
Net Change	\$0.0	\$0.0	-

FY 2010 President's Budget to FY 2010 Current Estimates

The FY 2010 total capital authority remains virtually unchanged from the FY 2010 President's Budget. Small cost variations have occurred as a result of revised costs for FY 2010. There is one new project, the Telecommunications Inventory and Billing Information (TIBI) system upgrade, requested to commence in FY 2010: to expand TIBI's net-centric, data-sharing capabilities so that customers can receive the same detailed financial information for IT services as they do for telecommunications services.

FY 2010 Current Estimates to FY 2011 Current Estimates

The FY 2011 capital authority request decreases by \$9.5 million from FY 2010, which is attributed to the completion of a major portion of the EMSS Gateway Transformation. The requested FY 2011 capital authority will support the second phase of enhancements to the TIBI system mentioned above. DISA also requests authority to install a redundant Uninterrupted Power Supply (UPS) generator to support operational continuity of the GIG Operations Global

Network Operations Support Center (GNSC), located at Scott Air Force Base, and to replace the GNSC fire suppression system, also located at Scott Air Force Base.

PERFORMANCE MEASURES

The Defense Information Systems Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. 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 budget submission. Shown below are major performance and performance improvement measures:

The following performance measures apply for Telecommunications Services:

SERVICE OBJECTIVE	FY 2009 Operational Actual	FY 2010 Operational Goal	FY 2011 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.52%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	35.5 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	99.85%	99.90%	99.90%
SME-PED Multi-Carrier Entry Point availability/up-time	99.15%	99.50%	99.50%
Defense Switched Network Grade-of-Service (Intra-theater)	P.0033	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 is available.

The following performance measures apply for Enterprise Acquisition Services (EAS):

Service Objective	FY 2009 Operational Actual	FY 2010 Operational Goal	FY 2011 Operational Goal
Percent of total eligible contract dollars competed	86.20%	85.00%	85.00%
Percent of total eligible contract dollars awarded to small businesses	32.76%	25.00%	25.00%

**CIVILIAN PERSONNEL
(\$ in millions)**

Telecommunications Services/ Enterprise Acquisition Services	FY 2009	FY 2010	FY 2011
Civilian End Strength	1,061	1,143	1,167
Civilian Full Time Equivalents	1,000	1,080	1,112
Civilian Labor Cost	\$107.2	\$117.7	\$122.9
Overtime Usage	0.60%	0.61%	0.61%

This budget requests an additional 32 civilian Full Time Equivalents (FTEs) from FY 2010 to FY 2011. Twenty-two civilian FTEs are required for GIG Operations (GO) and Defense Information Systems Network (DISN) customer support services. The remaining 10 FTEs are requested for the EAS business area for Acquisition Workforce Development Fund (AWDF) positions. Overtime usage remains steady from FY 2009 to FY 2011. Overtime usage is defined by the number of overtime hours divided by the total hours worked.

**MILITARY PERSONNEL
(\$ in millions)**

Telecommunications Services/ Enterprise Acquisition Services	FY 2009	FY 2010	FY 2011
Military End Strength	103	101	100
Military Full Time Equivalents	103	101	100
Military Labor Cost	\$7.2	\$7.1	\$7.1

Military Personnel numbers for TS/EAS are projected to decrease by one end strength from FY 2010 to FY 2011. The decrease is due to an Army O4 position that will not be filled.

Changes in the Costs of Operations
Defense Information Systems Agency
Activity Group: TSEAS
February 2010
(Dollars in Millions)

FY 2009	Actual	4,481.312
FY 2010	Estimate in FY 2010 President's Budget	4,769.366
	<i>Pricing Adjustments:</i>	
	Non-labor inflation	(4.099)
	FY 2010 Military/civilian pay raise adjustment	(0.151)
	<i>Program Changes:</i>	
	Net increase in telecommunications workload for Commercial Satellite Services, mostly to support increased Unmanned Aerial Vehicle (UAV) missions	182.312
	One-time cost increase in Enhanced Mobile Satellite Services (EMSS) to support fielding Distributed Tactical Communications System (DTCS) Capability	71.800
	Increased cost to support installation and sustainment of three Army Afghanistan Defense Information Systems Network (DISN) sites	29.527
	Reduced workload estimates for customer-specific projects	(22.182)
	Increase in DSS for Real Time Services Interoperability to support the creation of an Approved Products List for IP-compatible components used by the Services and Defense Agencies for the DISN network	4.562
	Miscellaneous other DISN cost adjustments, principally bandwidth	3.057
	Higher customer reimbursable network operations and network management workload, largely to support transition of Missile Defense Agency (MDA) Ground-based Communications Network Long Haul Communication Transport Service to DISN	4.195
	Updated estimate of Computer Technology Contracts workload	(128.893)
	Updated estimate of Non-DISN Telecommunications Contracts workload	49.624
	Net increase of Acquisition and Financial Services costs for increased data storage, support for development of a new accounting system, and maintaining legacy accounting and procurement systems.	6.988
	Miscellaneous other reimbursable adjustments	(2.921)
FY 2010	Current Estimate	4,963.185

Changes in the Costs of Operations
Defense Information Systems Agency
Activity Group: TSEAS
February 2010
(Dollars in Millions)

<i>Pricing Adjustments:</i>		
Non-labor Inflation		63.099
Civilian/Military Pay Raise		1.405
Annualization of Civ/Mil Pay Raise		0.643
<i>Program Changes:</i>		
Increased cost for additional US CENTCOM bandwidth requirements for Overseas Contingency Operations		30.100
Net decrease in Enhanced Mobile Satellite Services (EMSS) due to completion of one-time cost associated with Distributed Tactical Communications System (DTCS) implementation		(51.957)
Decrease in DISN Subscription Services (DSS) costs due to Network Support Services contractor efficiencies		(6.448)
Net Increase of Computer Technology Contracts:		
Reimbursable JITC contract workload		140.331
Other Computer Technology contracts workload estimate		230.247
Non-DISN Telecommunications Contracts workload		(21.936)
Net decrease of Acquisition and Financial Services costs attributable to changes in depreciation and facility maintenance.		(0.635)
FY 2011	Current Estimate	5,348.034

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)

	2009	2010	2011
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$3,473.485	\$4,191.514	\$4,667.922
AIR FORCE APPROPRIATED	\$707.999	\$839.434	\$904.922
AF O&M	\$674.486	\$798.005	\$862.057
AF RDT&E	\$24.408	\$26.860	\$28.022
AF Procurement	\$9.077	\$11.431	\$11.719
AF BRAC	\$0.029	\$3.138	\$3.124
ARMY APPROPRIATED	\$736.724	\$911.124	\$973.297
Army O&M	\$659.372	\$817.811	\$872.896
Army RDT&E	\$33.966	\$50.777	\$52.116
Army Procurement	\$43.243	\$42.515	\$44.502
Army MILCON	\$0.142	\$0.021	\$0.023
Army BRAC	\$0.000	\$0.000	\$3.761
NAVY APPROPRIATED	\$461.383	\$501.790	\$471.787
Navy O&M	\$426.209	\$458.867	\$431.924
Navy RDT&E	\$24.453	\$27.659	\$25.641
Navy Procurement	\$10.680	\$14.247	\$13.208
Navy BRAC	\$0.041	\$1.017	\$1.013
MARINE CORPS APPROPRIATED	\$46.062	\$46.683	\$51.205
Marine Corps O&M	\$44.767	\$46.509	\$51.032
Marine Corps RDT&E	\$0.788	\$0.000	\$0.000
Marine Corps Procurement	\$0.508	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.174	\$0.173
DISA APPROPRIATED	\$1,083.532	\$1,532.960	\$1,796.474
DISA O&M	\$755.655	\$1,054.504	\$1,216.932
DISA RDT&E	\$198.041	\$333.423	\$403.865
DISA Procurement	\$129.922	\$144.655	\$175.216
DISA MILCON	(\$0.086)	\$0.378	\$0.461
DIA APPROPRIATED	\$0.455	\$49.253	\$52.578
DIA O&M	\$0.455	\$49.253	\$52.578
MHS APPROPRIATED	\$0.000	\$0.000	\$4.487
MHS O&M	\$0.000	\$0.000	\$4.487
MHS RDT&E	\$0.000	\$0.000	\$0.000
MHS Procurement	\$0.000	\$0.000	\$0.000
NGA APPROPRIATED	\$0.000	\$31.439	\$34.003
NGA O&M	\$0.000	\$31.439	\$34.003
NSA APPROPRIATED	\$0.382	\$17.385	\$18.655

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**Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
NSA O&M	\$0.103	\$5.550	\$5.901
NSA RDT&E	\$0.279	\$11.835	\$12.754
DLA APPROPRIATED	(\$0.012)	\$1.757	\$1.838
DLA O&M	(\$0.036)	\$1.757	\$1.838
DLA RDT&E	\$0.024	\$0.000	\$0.000
BTA APPROPRIATED	\$23.933	\$0.000	\$0.000
BTA O&M	\$4.911	\$0.000	\$0.000
BTA RDT&E	\$17.510	\$0.000	\$0.000
BTA Procurement	\$1.512	\$0.000	\$0.000
OSD APPROPRIATED	\$240.294	\$225.170	\$241.078
OSD O&M	\$183.940	\$169.589	\$180.810
OSD RDT&E	\$42.209	\$38.128	\$41.344
OSD Procurement	\$14.145	\$17.453	\$18.925
DEFENSE TELEPHONE AGENCY	\$3.287	\$19.912	\$106.327
DTS O&M	\$3.287	\$19.912	\$106.327
DEFENSE CONTRACT AUDIT AGENCY	\$1.616	\$0.057	\$0.059
DCAA O&M	\$1.616	\$0.057	\$0.059
DEFENSE CONTRACT MANAGEMENT AGENCY	\$2.253	\$1.353	\$1.495
DCMA O&M	\$2.253	\$1.353	\$1.495
COUNTER INTELLIGENCE FIELD ACTIVITY	\$0.000	\$0.000	\$0.000
CIFA O&M	\$0.000	\$0.000	\$0.000
DEFENSE SPECIAL WEAPONS AGENCY	\$0.000	\$0.000	\$0.000
Defense Special Weapons Agency O&M	\$0.000	\$0.000	\$0.000
DEFENSE ADVANCED RESEARCH PROJECT AGENCY	\$0.030	\$0.000	\$0.000
DARPA RDT&E	\$0.030	\$0.000	\$0.000
NORTH ATLANTIC TREATY ORGANIZATION	\$0.000	\$0.031	\$0.026
NATO O&M	\$0.000	\$0.031	\$0.026
OTHER DoD ACCOUNTS-APPROPRIATED	\$165.547	\$13.166	\$9.691
O&M	\$145.207	\$13.152	\$9.677
RDT&E	\$19.493	\$0.000	\$0.000
Procurement	\$0.847	\$0.014	\$0.014
b. ORDERS FROM OTHER FUND ACTIVITY GROUPS	\$684.276	\$393.140	\$417.103
AIR FORCE - WORKING CAPITAL	\$1.401	\$50.101	\$51.487
AF Information Services	\$0.729	\$50.101	\$51.487
AF - Other Activity Groups	\$0.672	\$0.000	\$0.000
ARMY - WORKING CAPITAL	\$0.209	\$5.415	\$5.560

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**Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
Army Information Services	\$0.065	\$5.415	\$5.560
Army Depot Maintenance	\$0.118	\$0.000	\$0.000
Army Supply Management	\$0.026	\$0.000	\$0.000
NAVY - WORKING CAPITAL	\$32.267	\$17.621	\$16.366
Navy Information Services	\$24.181	\$17.472	\$16.200
Navy Base Support	\$0.368	\$0.000	\$0.000
Navy Supply Management	\$0.731	\$0.000	\$0.000
Other activity group	\$6.987	\$0.149	\$0.166
DISA - WORKING CAPITAL	\$481.156	\$98.831	\$109.999
Telecomm Svcs/Enterprise Acquisition Svcs	\$0.106	\$1.211	\$1.467
Computing Services	\$481.050	\$97.620	\$108.532
DFAS	\$4.586	\$5.346	\$4.463
DFAS Finance Operations	\$4.586	\$5.346	\$4.463
OTHER DoD	\$80.863	\$80.802	\$79.176
Defense Security Cooperation Agency	\$0.000	\$0.000	\$0.000
Defense Advanced Research Project Agency	\$0.000	\$0.013	\$0.013
Office of Secretary of Defense	\$1.355	\$53.590	\$57.485
Canadian Forces Comm Services	\$0.047	\$5.561	\$4.085
Defense Contract Audit Agency	\$0.000	\$1.616	\$0.037
Defense Intelligence Agency	\$0.000	\$0.004	\$0.000
Defense Investigative Service	\$0.003	\$0.332	\$0.287
National Security Agency	\$0.000	\$0.000	\$0.000
Defense Security Service	\$0.000	\$9.345	\$10.314
TRANSCOM	\$78.861	\$0.000	\$0.000
Office Under Secretary of Defense	\$0.597	\$4.686	\$4.702
Other - Working Capital	\$0.000	\$5.655	\$2.253
DLA	\$46.139	\$48.383	\$57.273
DLA Defense Automated Printing Services	\$6.059	\$37.892	\$41.560
DLA Information Services	\$0.000	\$10.491	\$15.713
DLA Supply Management	\$31.548	\$0.000	\$0.000
DLA Distribution Depots	\$7.928	\$0.000	\$0.000
DLA Reutilization & Marketing	\$0.603	\$0.000	\$0.000
DEFENSE COMMISSARY AGENCY (DECA)	\$37.655	\$86.641	\$92.780
DECA Commissary Operations	\$37.591	\$86.641	\$92.780
DECA Commissary Resale	\$0.064	\$0.000	\$0.000
c. TOTAL DoD	\$4,157.761	\$4,584.654	\$5,085.025

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**Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
d. OTHER ORDERS	\$200.582	\$268.730	\$254.462
OTHER FEDERAL AGENCIES	\$199.643	\$253.701	\$241.798
Agency for International Development	\$0.000	\$0.000	\$0.000
Central Intelligence Agency	\$0.000	\$0.009	\$0.009
Communications Man. and Control Activity	\$0.007	(\$0.178)	(\$0.171)
Drug Enforcement Agency	\$0.000	\$0.010	\$0.005
Department of Commerce	\$0.015	\$1.382	\$0.449
Department of Energy	\$0.016	\$3.324	\$2.772
Department of Interior	\$0.028	\$2.845	\$3.155
Department of Justice	\$0.404	\$2.409	\$2.347
Department of Labor	\$0.000	\$0.006	\$0.004
Department of State	\$0.064	\$1.104	\$1.166
Department of Transportation	\$0.000	\$0.026	\$0.018
US Department of Education	\$0.000	\$0.000	\$0.000
Environmental Protection Agency	\$0.000	\$0.035	\$0.029
General Services Administration	\$0.002	\$0.089	\$0.060
Health and Human Services	\$0.002	\$0.128	\$0.088
National Aeronautics and Space Admin	\$0.012	\$1.565	\$2.247
National Bureau of Standards	\$0.001	\$0.000	\$0.000
Department of the Treasury	\$0.001	\$0.430	\$0.298
Other	\$69.449	\$0.028	\$0.019
US Coast Guard	\$0.000	\$34.589	\$22.797
US Department of Agriculture	\$0.127	\$0.361	\$0.236
Veterans Administration	\$0.012	\$1.407	\$0.995
White House Communications Agency	\$0.860	\$89.177	\$94.291
Federal Bureau of Investigations	\$0.000	\$1.692	\$1.870
Department of Homeland Security	\$105.274	\$82.880	\$83.060
US Senate	\$0.000	\$0.000	\$0.000
US Geological Survey	\$0.621	\$0.564	\$0.623
Federal Aviation Agency (FAA)	\$22.748	\$29.819	\$24.807
National Inst of Standards and Tech (NIST)	\$0.000	\$0.000	\$0.000
Transportation Security Administration	\$0.000	\$0.000	\$0.625
OTHER NON-FEDERAL	\$0.939	\$15.029	\$12.663
British Embassy	\$0.009	\$1.171	\$0.826
Federal Credit Unions	\$0.000	\$0.004	\$0.004
Other Services	\$0.930	\$13.854	\$11.833

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**Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)**

	2009	2010	2011
Foreign Government Agency	\$0.000	\$0.000	\$0.000
TOTAL NEW ORDERS	\$4,358.343	\$4,853.384	\$5,339.487
2. Carry In Orders	\$0.000	\$0.000	\$0.000
3. TOTAL GROSS ORDERS	\$4,358.343	\$4,853.384	\$5,339.487
4. Revenue	\$4,358.343	\$4,853.384	\$5,339.487
5. End of Year Work in Process	\$0.000	\$0.000	\$0.000
6. FMS, Other Federal, and Non-Federal Orders	\$0.000	\$0.000	\$0.000
Other DoD-BRAC	\$0.000	\$0.000	\$0.000
7. FUNDED CARRY-OVER (Charge to Backlog)	\$0.000	\$0.000	\$0.000

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Revenue and Expenses
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2010
(Dollars in Millions)

	2009	2010	2011
Revenue			
Gross Sales	4,358.343	4,853.384	5,339.487
Operations	4,352.300	4,843.383	5,327.325
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	6.043	10.001	12.162
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:	4,358.343	4,853.384	5,339.487
Expenses			
Salaries and Wages:	113.572	124.082	129.298
Military Personnel Compensation & Benefits	7.173	7.078	7.084
Civilian Personnel Compensation & Benefits	106.399	117.004	122.214
Travel & Transportation of Personnel	3.010	4.845	5.160
Materials & Supplies (For internal Operations)	204.567	178.916	193.811
Equipment	0.000	0.000	0.000
Capital Investment Less than Threshold	0.000	(0.077)	(0.077)
Other Purchases from Revolving Funds	36.697	44.808	44.938
Transportation of Things	0.019	0.046	0.047
Depreciation - Capital	6.043	10.001	12.162
Printing and Reproduction	0.053	0.126	0.127
Advisory and Assistance Services	12.732	14.550	14.727
Rent, Comm, Utilities, & Misc. Charges	1,495.433	1,605.898	1,581.328
Other Purchased Services	2,609.186	2,979.990	3,366.513
Total Expenses	4,481.312	4,963.185	5,348.034
Operating Results	(122.969)	(109.801)	(8.547)
Less Capital Surcharge Reservation	0.000	0.000	0.000
Less Recover Other	0.000	0.000	0.000
+ Passthrough or Other App. Affecting NOR	0.000	0.000	0.000
- Passthrough or Other App. not Affecting NOR	0.000	0.000	0.000
Other Adjustments Affecting NOR	0.000	0.000	0.000
Net Operating Results	(122.969)	(109.801)	(8.547)
Prior Year AOR	241.317	118.348	8.547
Other Changes Affecting AOR	(45.138)	0.000	0.000
Accumulated Operating Result	73.210	8.547	0.000
Non-Recoverable Adjustment Impacting AOR	45.138	0.000	0.000
AOR for Budget Purposes	118.348	8.547	0.000

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DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FISCAL YEAR (FY) 2011 Budget Estimate
February 2010

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 27.9 million customer orders annually from the Military Services, other Federal Agencies, non-federal Agencies and Foreign Military for the 5.4 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 435,697 repair parts and operating supply items for land-based weapon systems.
 - The **Maritime Supply Chain** is the primary source for nearly 1.6 million repair parts and operating supply items driven by Aviation, Land and Maritime platforms.
 - The **Clothing and Textiles Supply Chain** is the primary source for approximately 40,000 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 91,000 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 366,005 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 25 depots strategically located throughout the world, receives and issues over 21.8 million secondary lines and currently warehouses and maintains about 118.9 million cubic feet of material. That level is expected to increase with the retrograde of materiel from Iraq.
- The **Reutilization and Marketing Supply Chain** is responsible for the reuse, or reutilization, of excess and surplus personal property within the DoD. In FY 2009, 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 include:

- **Transfer of 3 functions to DLA (Distribution Supply Chain) from the Navy. (1) Navy Warehouse Transfer Initiative** - transfer of warehousing and distribution functions and associated full time equivalents (FTEs). Although the previous budget submission assumed this transfer would occur in FY 2009, there have been some delays experienced and the Defense Distribution Center (DDC) is in the process of evaluating the impact of the delay: **(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 \$138.1 million in FY 2010 and \$125.3 million in FY 2011.
- **BRAC Materiel Supply Chain Supply, Storage, and Distribution (SS&D) and Depot Level Repairable (DLR)**

Procurement Mission Changes - DLA continues to implement the BRAC initiatives as budgeted, primarily assuming procurement responsibility for DLR items from the military services as well as managing the SS&D functions at major Service industrial sites. In addition to these new missions, BRAC also requires the logistics re-assignment of 53,032 consumable NSNs from the Services to DLA from 2007 to 2011. This consumable Item Transfer (CIT) requires that DLA reimburses the Services for open undelivered orders upon mission transfer. We estimate this reimbursement to total over \$600 million over the period, which will require a cash surcharge of \$230 million in FY 2011. As of January 2010, 48,230 national stock numbers (NSNs) have transferred and DLA has reimbursed \$154 million (all to the Air Force). We are working with the Navy and Army currently on validation processes for those items that have been received.

BUDGET HIGHLIGHTS

Workload:

Materiel 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. Consistent with this process, we met with Service representatives to obtain their planning assumptions for Overseas Contingency Operations (OCO) and used this information and our own current experience to develop 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, BRAC (primarily CIT), and projected peacetime sales changes.

Workload increases over the President's Budget (PB) 2010 primarily due to increases support for Iraq and Afghanistan requirements.

Overseas Contingency Operations (OCO), included below, are shown separately as a memo entry.

(Dollars in Millions)	FY 2009	FY 2010	FY 2011
Materiel Supply Chain Sales at Standard Unit Price	22,588.5	22,412.0	22,046.6
Overseas Contingency Operations (OCO)	5,885.5	5,998.4	4,771.0

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 2009	FY 2010	FY 2011
Lines Received and Shipped	21.8	22.2	21.6

Workload projections for FY 2010 through FY 2011 are based on the S&OP model. Both receipt and issue workload is lower than PB 2010 due to reduction in retrograde projection.

Storage:

(Cubic Feet in Millions)	FY 2009	FY 2010	FY 2011
Covered Storage Space	70.8	70.0	73.6
Open Storage Space	45.1	50.2	50.8
Specialized Storage Space	3.0	2.5	2.5

Storage workload increases over PB 2010 levels and over the period primarily as a result of retrograde returns. These returns are expected to originate from the Southwest Asia (SWA) theatre of operations as primarily Army units are returning to Continental U.S. (CONUS), as well as returns from Europe and other theaters.

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

	FY 2009	FY 2010	FY 2011
Line Items in Millions	3.140	2.934	2.909
Acquisition Value(\$ Billions)	22.5	21.0	20.8

Workload line items will be fairly stable, however, there is an increase of .8 million lines from PB 2010 in FY 2011 due to force drawdown in Iraq.

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. Tentative goals for FY 2010 and FY 2011 are 82 and 84 percent, respectively. As POF is a comprehensive metric that crosses DLA, USTRANSCOM, and COCOMs, the following contributing metrics are used to focus on DLA's contribution towards POF.

- Material Availability (MA) - is the immediate availability and release of DLA material, both stocked and under long term contracts/prime vendor arrangements, against received customer orders.
- Logistics Response Time (LRT) - is the time between the creation of a wholesale requisition by the customer until submission of a receipt of the requirement(s) by the order's addressee. LRT is also measured against Time Definite Delivery (TDD) standards, which represent the time that 85 percent of immediate issue and planned direct vendor deliveries must meet or exceed to be considered successful.
- Demand Plan Accuracy (DPA) - measures the degree of accuracy of a demand forecast compared to the actual demand.
- Attainment to Plan (ATP) - identifies the percentage of Purchase Requests and Stock Transport Orders (DLA-owned stock redistribution orders) generated through the supply planning process which must meet three criteria: quantity,

quality, and timeliness.

High Priority Material Release Order (MRO) - the standard for high priority requisition shipped on time is 1 day and in the distribution arena, the focus is on continuing improving the percentage. The goal for FY 2010 and FY 2011 is 85 percent.

Routine MRO - the standard to process, pick, pack and ship a routine requisition is 3 days. Currently the average is 2 days (excluding dedicated truck). The goal for FY 2010 and FY 2011 is 85 percent. 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 and 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:

Material Supply Chain:

The Material 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 2009	FY 2010	FY 2011
Costs (\$ in Millions)	22,588.5	22,412.0	22,046.6
Gross Sales (\$ in Millions)	22,807.0	22,591.1	21,326.1
Unit Cost Goal (per \$ of Sales)	1.01	1.01	0.97

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 materiel supply chain 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 as well as recovery or return of prior year operating results and any necessary capital or cash surcharges.

The table below displays the DoD approved CPC's and CRR's for FY 2009 and FY 2010 and those proposed for FY 2011, along with the DoD inflators:

Pricing	FY 2009	FY 2010	FY 2011
Customer Price Change	-0.1%	0.9%	2.1%
DoD Inflator	1.3%	1.2%	1.4%
Cost Recovery Rate	14.0%	13.7%	14.4%

DLA continues to aggressively pursue cost reduction initiatives intended to mitigate customer cost through the use of tools such as Continuing Process Improvement (CPI), reduction of contracts and/or in-sourcing contract support, and terminating/restructuring initiatives/programs. Despite those efforts, due to new mission requirements in support of BRAC, the DLA Cost Recovery Rate has increased from FY 2010 to FY 2011. Increases include: (1) recurring information technology (IT) costs associated with IT support of personnel and operations (e.g., seat management), that were previously considered fully reimbursable by the industrial activities but have subsequently been determined to be a DLA cost of doing business; and (2) cash surcharges to cover upfront cash outlays for CIT open undelivered order payments over the amount of cash received through the sale of capitalized items, inventory investment costs for Naval Shipyard materiel required due to the change in the point of sale, and a one-time adjustment in BRAC SS&D inventory levels transferred that require investment and/or protection to ensure industrial activity performance.

Distribution Supply Chain:

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

	FY 2009	FY 2010	FY 2011
Processing Workload (Lines in Millions)	21.8	22.2	21.6
Processing Cost (Dollars in Millions)	\$590.3	\$582.8	\$575.6
Processing Unit Cost	\$27.09	\$26.27	\$26.67

PBR 2011 budget goals were to keep Distribution Processing revenue rates at the PB 2010 level. Therefore, costs in FY 2010 and in FY 2011 were maintained with minimal increases due to inflation. This, in turn, kept the unit cost in line with PB 2010.

Detailed Processing Net Landed Cost Rates are provided below:

	Net Landed Cost Rates		
	FY 2009	FY 2010	FY2011
Receipt			
Base amount	\$ 21.55	\$ 25.56	24.50 per line
Plus			
1-40 lbs.	\$ 0.85	\$ 0.94	0.99 per line
41-150 lbs.	\$ 9.90	\$ 10.92	11.52 per line
151-2000 lbs.	\$ 22.55	\$ 24.88	26.25 per line
2000+ lbs.	\$ 0.0115	\$ 0.0127	0.0134 per lb. + 151-2000 rate
Return	\$ 4.14	\$ 4.57	4.82 per line additional
Hazardous	\$ 13.89	\$ 15.33	16.17 per line additional
Hard-to-Handle	\$ 13.89	\$ 15.33	16.17 per line additional
Issue			
Onbase base amount	\$ 9.73	\$ 11.54	11.06 per line
Plus			
1-40 lbs.	\$ 0.85	\$ 0.94	0.99 per line
41-150 lbs.	\$ 9.90	\$ 10.92	11.52 per line
151-2000 lbs.	\$ 22.55	\$ 24.88	26.25 per line
2000+ lbs.	\$ 0.0115	\$ 0.0127	0.0134 per lb. + 151-2000 rate
Offbase base amount	\$ 14.09	\$ 16.71	16.01 per line
1-40 lbs.	\$ 1.65	\$ 1.82	1.92 per line
41-150 lbs.	\$ 22.80	\$ 25.16	26.55 per line
151-2000 lbs.	\$ 45.15	\$ 49.82	52.56 per line
2000+ lbs.	\$ 0.0169	\$ 0.0186	0.0196 per lb. + 151-2000 rate
Local Delivery	\$ 1.42	\$ 1.57	1.66 per line additional
Hazardous	\$ 13.89	\$ 15.33	16.17 per line additional
Hard-to-Handle	\$ 13.89	\$ 15.33	16.17 per line additional
Controlled Item	\$ 6.56	\$ 7.24	7.64 per line additional
FMS	\$ 6.73	\$ 7.43	7.84 per line additional
Out-of-Cycle	\$ 18.96	\$ 20.92	22.07 per line additional
Issue from Receiving			
Base amount	\$ 1.23	\$ 1.46	\$ 1.40 per line
Plus			
1-40 lbs.	\$ 0.85	\$ 0.94	0.99 per line
41-150 lbs.	\$ 9.90	\$ 10.92	11.52 per line
151-2000 lbs.	\$ 22.55	\$ 24.88	26.25 per line
2000+ lbs.	\$ 0.0115	\$ 0.0127	0.0134 per lb. + 151-2000 rate
Transshipments			
Offbase base amount	\$ 18.53	\$ 21.98	\$ 21.07 per line
Plus			
1-40 lbs.	\$ 1.65	\$ 1.82	\$ 1.92 per line
41-150 lbs.	\$ 22.80	\$ 25.16	\$ 26.55 per line
151-2000 lbs.	\$ 45.15	\$ 49.82	\$ 52.56 per line
2000+ lbs.	\$ 0.0169	\$ 0.0186	\$ 0.0196 per lb. + 151-2000 rate
Mark For	\$ 4.94	\$ 5.86	\$ 5.62 per line
Onbase amount	\$ 9.45	\$ 11.21	\$ 10.74 per line
Material Processing Center	\$ 5.48	\$ 5.48	\$ 5.64 per line
Estimated Transportation	\$ 250,600,000	\$ 258,400,000	\$ 253,900,000
Total Processing Cost	\$ 876,400,000	\$ 833,900,000	\$ 833,900,000
Composite Unit Cost			
(without Transportation)	\$ 29.40	\$ 25.46	\$ 26.85
Workload (Millions of Lines)	21.8 Lines	22.2 Lines	21.6 Lines

Covered Storage:

	FY 2009	FY 2010	FY 2011
Cubic Feet Millions (Covered Storage)	70.8	70.0	73.6
Storage Costs (\$in Millions)	\$235.5	\$268.9	\$326.3
Unit Cost	\$3.32	\$3.84	\$4.44

Storage costs have increased from PB 2010, attributed mainly to additional Sustainment, Restoration and Modernization (SRM) costs. The increase in storage workload has offset the increased costs and resulted in a reduction in unit cost from PB 2010.

Reutilization and Marketing Supply Chain (DRMS):

	FY 2009	FY 2010	FY 2011
Cost per Line	\$34.61	\$53.64	51.11
Cost per Pound	\$0.08	\$0.09	\$0.10

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 lower than PB 2010 projection in FY 2009 and FY 2010. FY 2010 and FY 2011 unit costs are higher than the FY 2009 actual 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. Additional cost drivers are Reutilization Business Integration Program (RBI) and increased maintenance cost for material handling equipment. FY 2011 unit cost is lower than FY 2010 due to offsets taken to reduce costs.

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 2009	FY 2010	FY 2011
Army	81.614	108.651	110.935
Navy	55.090	55.535	56.701
Air Force	36.727	41.043	41.907
DLA	30.606	36.216	36.977
Total	204.037	241.445	246.520

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

Customer	FY 2009	FY 2010	FY 2011
Army	30.600	44.503	39.699
Navy	37.800	45.968	46.645
Air Force	31.100	39.677	39.323
DLA	52.400	51.300	48.642
Total	151.900	181.448	174.309

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

Customer	FY 2009	FY 2010	FY 2011
Army	14.815	12.795	16.376
Navy	14.815	12.795	16.376
Air Force	14.815	12.795	16.376
DLA	14.815	12.795	16.376
Total	59.260	51.180	65.504

ANALYSIS OF BUDGET STATEMENTS:

Supply Chain Management (SCM) Statement of Revenue and Expense:

Revenue and expenses are budgeted to be higher than PB 2010 due to higher Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) workload. OEF/OIF workload is forecasted to decrease each year from the FY 2009 baseline level. Revenue is higher in FY 2011 due to Cash Surcharge and AOR recovery. The Accumulated Operating Results (AOR) is projected to be zero by FY 2012.

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 2009	FY 2010	FY 2011
Revenue	24,504.9	25,002.5	25,610.8
Expenses	24,301.8	25,113.8	25,346.5
Direct Appropriation	32.9	38.6	39.4
Cash Surcharge			-243.5
Inventory Surcharge	-11.4	-9.8	-316.3
Capital Surcharge	58.2	58.3	110.8
Supplemental	68.0	86.4	84.5
Net Operating Results	350.8	62.3	-60.8
Prior Year Accumulated Operating Results	-143.8	-21.7	40.6
Other Changes Affecting NOR	-228.7	0.0	-11.3
Ending Accumulated Operating Results	-21.7	40.6	-31.5

CASH PROJECTIONS

The \$523.9 million in net outlays for FY 2010 is primarily the result of \$300 million in disbursements that should have processed in September 2009, but were delayed and processed in October 2009. Net outlays will also be impacted by the timing of disbursements for Mine Resistant Ambush Protected (MRAP)

items. Procurement lag will cause the disbursements for these items to occur in FY 2010, while the cash was received in FY 2009. In addition, the plan reflects disbursements for Consumable Item Transfer as directed by OSD, and reimbursement to the Air Force for materiel related to BRAC. The \$147.9 million in net outlays for FY 2011 is primarily due to the timing disbursements for the MRAP All-Terrain Vehicle items for which cash is expected to be received FY 2010.

Supply Chain Management Summary
(\$ in Millions)

	FY 2009	FY 2010	FY 2011
Disbursements	24,698.4	25,490.7	25,566.7
Collections	24,882.6	24,841.8	25,294.8
Appropriations	32.9	38.6	39.4
Supplementals	68.0	86.4	84.5
Net Outlays	-285.1	523.9	147.8

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 from 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 2009	FY 2010	FY 2011
Civilian End Strength - Total	23,242	24,879	25,221
Civilian Full Time Equivalent (FTEs)	22,220	24,640	25,026
Military End Strength/FTEs	343	355	355

CAPITAL BUDGET

	FY 2009	FY 2010	FY 2011
Equipment (non-ADP)	21.0	27.4	24.3
Equipment (ADP/non-ADP)	19.6	23.2	22.3
Software	109.4	118.8	94.4
Minor Construction	14.2	17.5	16.8
Total	164.2	186.9	157.8

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 2010 and FY 2011 capital budget estimates remain relatively constant at \$186.9 million and \$157.8 million.

The Non-ADP Equipment category increases slightly in FY 2010 and FY 2011 due primarily to security requirements at Defense Supply Center Richmond and quality control equipment at Defense Supply Center Columbus.

Investments in the ADPE category increase for FY 2010 and FY 2011 are for upgrades to LAN networks to include hardware and infrastructure cabling, also LAN requirements to support BRAC and Navy Warehouse Transfer at DDC.

DLA will continue to expand the already deployed Enterprise Resource Planning (ERP) platform called Enterprise Business System (EBS) through enhanced capabilities provided by the Integrated Data Environment (IDE), Reutilization Business Initiative (RBI), and Enterprise Procurement (eProcurement). Also included in the software development 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 FY 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.

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

Direct appropriations FY 2009 through FY 2011 included in this submission are detailed in the following table and narrative.

DWCF Appropriation: (\$ in Millions)	FY 2009 Enacted	FY 2010 Enacted	FY 2010 Change to Request	FY 2010 Revised Request	FY 2011 Request
Reutilization, Transfer and Disposal Costs	30.6	37.8		37.8	38.6
Defense Finance and Accounting Systems Costs	2.3	.8		.8	0.8
Total Appropriations	32.9	38.6		38.6	39.4
Supplemental:					
Overseas Contingency Operations (OCO) (DRMS)	34.4	40.1		40.1	41.3
TCSP Kuwait OCO	13.3	11.0		11.0	11.0
DDKS Kuwait OCO	20.3	25.6		25.6	26.1
IT Communications		6.5	3.2	9.7	6.1
Total Supplemental	68.0	83.2	3.2	86.4	84.5
Total	100.9	121.8	3.2	125.0	123.9

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. The decrease from FY 2009 to FY 2010 is due to moving from DWAS to EBS during FY 2009. DWAS processing costs were higher than other DLA systems and that is reflected in the lower system costs.

OVERSEAS CONTINGENCY OPERATIONS (OCO) FY 2011 SUPPLEMENTAL

REQUEST - Overseas Contingency Operations (OCO) request provided in FY 2009 through FY 2011 included in this budget estimate submission are detailed in the following charts and narrative:

			FY 2009	FY 2010	FY 2011
\$ in Thousands	Operation		Actual	OCO Enacted	Request
A.	Subactivity Group - Operations - Consolidated Shipping Point, Kuwait				
	5.8 Theater Distribution	OEF	9,800	6,600	6,586
		OIF	3,500	4,400	4,390
		Total	13,300	11,000	10,976

DLA performs distribution functions at the Theater Consolidation and Shipping Point (TCSP) 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, Iraq, and Afghanistan 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.

			FY 2009	FY 2010	FY 2011
\$ in Thousands	Operation		Actual	OCO Enacted	Request
B.	Subactivity Group - Operations - Defense Distribution Center, Kuwait (DDKS)				
	5.8 Theater Distribution	OEF	15,200	15,382	15,659
		OIF	5,100	10,254	10,439
		Total	20,300	25,636	26,098

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 requested funds are required to recoup these increased wartime costs and prevent Working Capital Fund losses.

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.

			FY 2009	FY 2010	FY 2011
\$ in Thousands	Operation		Actual	OCO Enacted	Request
C.	Subactivity Group - Operations - Defense Reutilization and Marketing Service Operational Sites				
	5.10 Defense Reutilization & Marketing Service Ops	OEF	11,616	10,000	10,300
		OIF	22,800	30,100	31,000
		Total	34,416	40,100	41,300

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 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 6 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 area of responsibility (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 planned additional DRMO in Afghanistan in FY 2010. The supplemental is needed to finance DRMO operations in SWA, including operations covered by contract as well as the government presence necessary to provide contract oversight.

The \$41.300 million request funds the following (\$in millions):

SWA Operations Contract:	\$35.400
Continuing Government Labor/Travel:	\$5.100
Equipment:	\$0.500
Transportation:	\$0.300

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 2011 that cannot be recouped until the increased SLB becomes effective.

\$ in Thousands		Operation	FY 2009 Actual	FY 2010 OCO Enacted	FY 2010 Change to Request	FY 2010 Revised Request	FY 2011 Request
D			Sub-activity Group - Operations - Communications				
	5.11 Other	OEF	0	6,474	3,237	9,711	6,110
		Total	0	6,474	3,237	9,711	6,110

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 land-line 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 (DDKS) for CENTCOM. DDKS is a contractor-operated site. That contract is being re-competed and in the future will require use of the DLA Distribution Support System (DSS) for improved asset visibility within CENTCOM. While there is a cost associated with co-locating DSS with DDKS, co-locating theater distribution functions with DDKS has increased the efficiency of the distribution system and has consolidated various logistical functions. Earlier FY 2010 costs estimates for co-locating DSS included a one-time charge to install DLA network equipment and DSS end-user equipment. However, mission requirements have expanded since the initial assessment requiring an additional \$3.237 million for hub sites in Camp Arifjan and Bahrain. These hub sites directly support connectivity into Iraq and Afghanistan. In addition, DLA will establish network hub sites at Bagram, Kandahar, Kabul, and Camp Leatherneck and extend Fusion Center capability to SW Asia for improved situational awareness and decision making capability. The requirement includes routers, switches, firewalls, backup generators, and other associated equipment, as well as labor and travel costs for installation of this equipment.

The FY 2011 request is for recurring costs only for DSS DISA processing (\$4.451 million per year) and is based on estimated

workload and recurrent monthly circuit costs commensurate with expanded operations in Afghanistan. Costs include installation of a non-DSS Hub Site (without existing infrastructure) 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 in 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. The DLA Director has also directed DLA to establish a presence in Afghanistan. In addition, satellite communications (SATCOM) is required in Afghanistan as there are no established DISA land network circuits available to support DLA requirements.

Satellite Communication Systems include communication support to DLA organizations operating in Europe and South West Asia in support of OEF. This support includes Local Network services, telephony, and wide-area connectivity using DISA contracted SATCOM Systems. Due to the austere locations where DLA entities are located, there are no DISA land-line network circuits available to establish a land-based network, necessitating the need for satellite-based systems. Equipment cost were included in FY 2010; the FY 2011 request supports peripheral hardware and/or maintenance and recurring costs of systems and includes expanded operations in Afghanistan. Costs include \$1.659 million for recurring service fees and support labor.

Impact if not funded: Successful execution of DLA capabilities in support of the OCO mission is critical to the Warfighter. Without the additional funding described above, DLA will be forced to curtail support to non-OCO missions, directly impacting European, CONUS, and/or Pacific operations, for example.

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Non-Energy Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
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	1,544.9	1,961.2	2,476.5	2,956.3	0.0	0.0	2,956.3	0.0	2,956.3
MEDICAL	299.6	4,286.8	4,527.1	4,568.5	0.0	0.0	4,568.5	0.0	4,568.5
SUBSISTENCE	37.0	4,462.6	4,757.1	4,700.7	0.0	0.0	4,700.7	0.0	4,700.7
CONSTRUCTION & EQUIPMENT	475.4	2,421.4	2,678.9	2,719.8	0.0	0.0	2,719.8	0.0	2,719.8
AVIATION	6,055.0	3,133.4	4,047.9	4,137.4	0.0	0.0	4,137.4	0.0	4,137.4
LAND	1,395.2	1,565.4	2,218.8	2,192.0	0.0	0.0	2,192.0	0.0	2,192.0
MARITIME	2,410.7	1,257.7	1,688.9	1,695.4	0.0	0.0	1,695.4	0.0	1,695.4
BOS	0.0	4.5	4.5	4.5	0.0	0.0	4.5	0.0	4.5
DLIS	0.0	0.0	0.0	167.4	0.0	0.0	167.4	0.0	167.4
DAASC	0.0	0.0	0.0	52.7	0.0	0.0	52.7	0.0	52.7
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	104.4	0.0	0.0	104.4	0.0	104.4
ENTERPRISE OPERATIONS	0.0	0.0	0.0	292.4	0.0	0.0	292.4	0.0	292.4
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	282.3	0.0	0.0	282.3	0.0	282.3
CENTRAL FUND	0.0	0.0	0.0	225.6	0.0	0.0	225.6	0.0	225.6
TOTAL Non-Energy Supply	12,217.8	19,093.0	22,399.7	24,099.4	0.0	0.0	24,099.4	0.0	24,099.4

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
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	1,603.8	1,849.2	2,446.8	2,667.2	0.0	0.0	2,667.2	443.3	3,110.5
MEDICAL	321.7	4,425.0	4,615.8	4,537.9	0.0	0.0	4,537.9	751.6	5,289.5
SUBSISTENCE	36.2	4,182.3	4,459.1	4,488.8	0.0	0.0	4,488.8	2,424.0	6,912.8
CONTRUCTION & EQUIPMENT	477.9	2,594.5	2,887.2	2,670.4	0.0	0.0	2,670.4	431.5	3,101.9
AVIATION	6,063.2	3,027.5	3,977.2	3,982.6	0.0	0.0	3,982.6	735.3	4,717.9
LAND	1,571.7	1,677.2	2,125.7	1,944.2	0.0	0.0	1,944.2	422.9	2,367.1
MARITIME	2,228.8	1,303.7	1,699.4	1,659.6	0.0	0.0	1,659.6	315.4	1,975.0
DLIS	0.0	0.0	0.0	199.9	0.0	0.0	199.9	0.0	199.9
DAASC	0.0	0.0	0.0	57.8	0.0	0.0	57.8	0.0	57.8
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	109.2	0.0	0.0	109.2	0.0	109.2
ENTERPRISE OPERATIONS	0.0	0.0	0.0	336.4	0.0	0.0	336.4	0.0	336.4
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	163.2	0.0	0.0	163.2	0.0	163.2
CENTRAL FUND	0.0	0.0	0.0	672.3	0.0	0.0	672.3	0.0	672.3
TOTAL MATERIEL SUPPLY CHAIN	12,303.3	19,059.4	22,211.2	23,489.5	0.0	0.0	23,489.5	5,524.0	29,013.5
DISTRIBUTION SUPPLY CHAIN	0.0	0.0	0.0	1,880.5	0.0	0.0	1,880.5	0.0	1,880.5
REUTILIZATION, MARKETING, AND DISPOSAL SUPPLY CHAIN	0.0	0.0	0.0	503.3	0.0	0.0	503.3	0.0	503.3
TOTAL SUPPLY CHAIN MANAGEMENT	12,303.3	19,059.4	22,211.2	25,873.3	0.0	0.0	25,873.3	5,524.0	31,397.3

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
FY 2011
(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	1,219.2	2,136.2	2,520.2	2,144.9	0.0	0.0	2,144.9	443.3	2,588.2
MEDICAL	317.7	4,416.4	4,656.4	4,580.7	0.0	0.0	4,580.7	876.6	5,457.3
SUBSISTENCE	38.9	3,922.2	4,241.4	4,177.3	0.0	0.0	4,177.3	2,524.1	6,701.4
CONTRUCTION & EQUIPMENT	485.8	2,381.2	2,684.7	2,448.9	0.0	0.0	2,448.9	436.5	2,885.4
AVIATION	6,043.3	3,003.1	4,173.4	4,716.5	0.0	0.0	4,716.5	758.5	5,475.0
LAND	1,827.2	1,457.4	2,003.5	1,745.5	0.0	0.0	1,745.5	372.3	2,117.8
MARITIME	2,211.7	1,261.3	1,767.0	1,656.5	0.0	0.0	1,656.5	324.5	1,981.0
DLIS	0.0	0.0	0.0	200.3	0.0	0.0	200.3	0.0	200.3
DAASC	0.0	0.0	0.0	59.7	0.0	0.0	59.7	0.0	59.7
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	108.0	0.0	0.0	108.0	0.0	108.0
ENTERPRISE OPERATIONS	0.0	0.0	0.0	903.6	0.0	0.0	903.6	0.0	903.6
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	145.3	0.0	0.0	145.3	0.0	145.3
CENTRAL FUND	0.0	0.0	0.0	424.1	0.0	0.0	424.1	0.0	424.1
TOTAL MATERIEL SUPPLY CHAIN	12,143.8	18,577.8	22,046.6	23,311.3	0.0	0.0	23,311.3	5,735.8	29,047.1
DISTRIBUTION SUPPLY CHAIN	0.0	0.0	0.0	1,393.3	0.0	0.0	1,393.3	0.0	1,393.3
REUTILIZATION, MARKETING, AND DISPOSAL SUPPLY CHAIN	0.0	0.0	0.0	451.7	0.0	0.0	451.7	0.0	451.7
TOTAL SUPPLY CHAIN MANAGEMENT	12,143.8	18,577.8	22,046.6	25,156.3	0.0	0.0	25,156.3	5,735.8	30,892.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
FY 2009 Inventory Status
(\$ in millions)

Total Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,913.2	556.9	7,499.0	4,857.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	10.9	-195.9	90.8	116.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,924.1	361.0	7,589.8	4,973.3
RECEIPTS AT COST	19,926.6	417.6	19,509.0	0.0
GROSS SALES AT COST	-19,535.7	-439.7	-19,096.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	582.7	1.6	260.9	320.2
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	76.8	1.6	75.2	0.0
Transfers from Military Services	505.9	0.0	185.7	320.2
b. Returns from Customers for Credit	121.0	0.0	121.0	0.0
c. Returns for Customers without Credit	396.5	1.0	13.8	381.7
d. Returns to Suppliers (-)	17.5	0.0	17.5	0.0
e. Transfers to Property Disposal (-)	-1,359.3	0.0	0.0	-1,359.3
f. Issues/Receipts without Reimbursement (+/-)	-4.9	-1.1	-3.7	-0.1
g. Other (List and Explain)	-411.3	99.0	-369.4	-140.9
h. Total Adjustments	-657.8	100.5	40.1	-798.4
INVENTORY - End of Period (EOP)	12,657.2	439.4	8,042.9	4,174.9
INVENTORY ON ORDER EOP	7,314.3	411.9	6,902.4	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
FY 2010 Inventory Status
(\$ in millions)

Total Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,657.2	439.4	8,042.9	4,174.9
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-60.0	60.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,657.2	439.4	7,982.9	4,234.9
RECEIPTS AT COST	19,893.7	345.8	19,547.9	0.0
GROSS SALES AT COST	-19,542.2	-341.0	-19,201.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	271.0	0.0	119.0	152.0
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
Transfers from Military Services	271.0	0.0	119.0	152.0
b. Returns from Customers for Credit	134.4	0.0	134.4	0.0
c. Returns for Customers without Credit	310.2	1.3	35.0	273.9
d. Returns to Suppliers (-)	12.5	0.0	12.5	0.0
e. Transfers to Property Disposal (-)	-944.3	-2.2	0.0	-942.1
f. Issues/Receipts without Reimbursement (+/-)	-16.3	-5.0	-10.3	-1.0
g. Other (List and Explain)	-34.6	0.0	-72.3	37.7
h. Total Adjustments	-267.1	-5.9	218.3	-479.5
INVENTORY - End of Period (EOP)	12,741.6	438.3	8,547.9	3,755.4
INVENTORY ON ORDER EOP	7,106.3	146.6	6,959.7	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
FY 2011 Inventory Status
(\$ in millions)

Total Supply Chain	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,741.6	438.3	8,547.9	3,755.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-125.0	125.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,741.6	438.3	8,422.9	3,880.4
RECEIPTS AT COST	19,031.7	284.2	18,747.5	0.0
GROSS SALES AT COST	-18,819.0	-283.9	-18,535.1	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	250.9	0.0	177.4	73.5
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
Transfers from Military Services	250.9	0.0	177.4	73.5
b. Returns from Customers for Credit	134.3	0.0	134.3	0.0
c. Returns for Customers without Credit	310.9	0.9	0.0	310.0
d. Returns to Suppliers (-)	10.0	0.0	10.0	0.0
e. Transfers to Property Disposal (-)	-782.3	-2.3	0.0	-780.0
f. Issues/Receipts without Reimbursement (+/-)	-14.1	-3.5	-9.6	-1.0
g. Other (List and Explain)	-61.9	2.0	-56.2	-7.7
h. Total Adjustments	-152.2	-2.9	255.9	-405.2
INVENTORY - End of Period (EOP)	12,802.1	435.7	8,891.2	3,475.2
INVENTORY ON ORDER EOP	6,736.8	146.3	6,590.5	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
FY 2009 Inventory Status
(\$ in millions)

Tot SC Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,905.4	556.9	7,491.2	4,857.3
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	10.9	-195.9	90.8	116.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,916.3	361.0	7,582.0	4,973.3
RECEIPTS AT COST	19,922.0	417.6	19,504.4	0.0
GROSS SALES AT COST	-19,531.1	-439.7	-19,091.4	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	582.7	1.6	260.9	320.2
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	76.8	1.6	75.2	0.0
Transfers from Military Services	505.9	0.0	185.7	320.2
b. Returns from Customers for Credit	121.0	0.0	121.0	0.0
c. Returns for Customers without Credit	396.5	1.0	13.8	381.7
d. Returns to Suppliers (-)	17.5	0.0	17.5	0.0
e. Transfers to Property Disposal (-)	-1,359.3	0.0	0.0	-1,359.3
f. Issues/Receipts without Reimbursement (+/-)	-4.9	-1.1	-3.7	-0.1
g. Other (List and Explain)	-403.5	99.0	-361.6	-140.9
h. Total Adjustments	-650.0	100.5	47.9	-798.4
INVENTORY - End of Period (EOP)	12,657.2	439.4	8,042.9	4,174.9
INVENTORY ON ORDER EOP	7,314.3	411.9	6,902.4	0.0

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Tot SC Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,657.2	439.4	8,042.9	4,174.9
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-60.0	60.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,657.2	439.4	7,982.9	4,234.9
RECEIPTS AT COST	19,893.7	345.8	19,547.9	0.0
GROSS SALES AT COST	-19,542.2	-341.0	-19,201.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	271.0	0.0	119.0	152.0
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
Transfers from Military Services	271.0	0.0	119.0	152.0
b. Returns from Customers for Credit	134.4	0.0	134.4	0.0
c. Returns for Customers without Credit	310.2	1.3	35.0	273.9
d. Returns to Suppliers (-)	12.5	0.0	12.5	0.0
e. Transfers to Property Disposal (-)	-944.3	-2.2	0.0	-942.1
f. Issues/Receipts without Reimbursement (+/-)	-16.3	-5.0	-10.3	-1.0
g. Other (List and Explain)	-34.6	0.0	-72.3	37.7
h. Total Adjustments	-267.1	-5.9	218.3	-479.5
INVENTORY - End of Period (EOP)	12,741.6	438.3	8,547.9	3,755.4
INVENTORY ON ORDER EOP	7,106.3	146.6	6,959.7	0.0

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Tot SC Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	12,741.6	438.3	8,547.9	3,755.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-125.0	125.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	12,741.6	438.3	8,422.9	3,880.4
RECEIPTS AT COST	19,031.7	284.2	18,747.5	0.0
GROSS SALES AT COST	-18,819.0	-283.9	-18,535.1	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	250.9	0.0	177.4	73.5
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
Transfers from Military Services	250.9	0.0	177.4	73.5
b. Returns from Customers for Credit	134.3	0.0	134.3	0.0
c. Returns for Customers without Credit	310.9	0.9	0.0	310.0
d. Returns to Suppliers (-)	10.0	0.0	10.0	0.0
e. Transfers to Property Disposal (-)	-782.3	-2.3	0.0	-780.0
f. Issues/Receipts without Reimbursement (+/-)	-14.1	-3.5	-9.6	-1.0
g. Other (List and Explain)	-61.9	2.0	-56.2	-7.7
h. Total Adjustments	-152.2	-2.9	255.9	-405.2
INVENTORY - End of Period (EOP)	12,802.1	435.7	8,891.2	3,475.2
INVENTORY ON ORDER EOP	6,736.8	146.3	6,590.5	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	-12.2	12.2	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,439.1	1.9	1,017.8	419.4
RECEIPTS AT COST	2,374.2	0.0	2,374.2	0.0
GROSS SALES AT COST	-2,182.0	0.0	-2,182.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	18.7	0.0	18.7	0.0
c. Returns for Customers without Credit	67.8	0.0	0.0	67.8
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-97.1	0.0	0.0	-97.1
f. Issues/Receipts without Reimbursement (+/-)	-4.0	0.0	-4.0	0.0
g. Other (List and Explain)	-69.9	0.0	-69.9	0.0
h. Total Adjustments	-84.5	0.0	-55.2	-29.3
INVENTORY - End of Period (EOP)	1,546.8	1.9	1,154.8	390.1
INVENTORY ON ORDER EOP	1,576.7	0.0	1,576.7	0.0

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Clothing and Textiles	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,546.8	1.9	1,154.8	390.1
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	1,546.8	1.9	1,154.8	390.1
RECEIPTS AT COST	2,304.5	0.0	2,304.5	0.0
GROSS SALES AT COST	-2,181.2	0.0	-2,181.2	0.0
	2,181.2			
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	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 (-)	-75.0	0.0	0.0	-75.0
f. Issues/Receipts without Reimbursement (+/-)	-10.0	0.0	-10.0	0.0
g. Other (List and Explain)	-67.3	0.0	-67.3	0.0
h. Total Adjustments	-64.4	0.0	-54.4	-10.0
INVENTORY - End of Period (EOP)	1,605.7	1.9	1,223.7	380.1
INVENTORY ON ORDER EOP	1,783.9	0.0	1,783.9	0.0

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Clothing and Textiles	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,605.7	1.9	1,223.7	380.1
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	1,605.7	1.9	1,223.7	380.1
RECEIPTS AT COST	2,120.2	0.0	2,120.2	0.0
GROSS SALES AT COST	-2,199.5	0.0	-2,199.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	20.9	0.0	20.9	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 (-)	-25.0	0.0	0.0	-25.0
f. Issues/Receipts without Reimbursement (+/-)	-10.0	0.0	-10.0	0.0
g. Other (List and Explain)	-66.2	0.0	-66.2	0.0
h. Total Adjustments	-15.3	0.0	-55.3	40.0
INVENTORY - End of Period (EOP)	1,511.1	1.9	1,089.1	420.1
INVENTORY ON ORDER EOP	1,862.3	0.0	1,862.3	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	4,257.5	0.0	4,257.5	0.0
GROSS SALES AT COST	-4,317.6	0.0	-4,317.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	0.1	0.0	0.1	0.0
c. Returns for Customers without Credit	43.6	0.0	13.8	29.8
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-23.8	0.0	0.0	-23.8
f. Issues/Receipts without Reimbursement (+/-)	0.2	0.0	0.2	0.0
g. Other (List and Explain)	-3.0	0.0	0.0	-3.0
h. Total Adjustments	17.1	0.0	14.1	3.0
INVENTORY - End of Period (EOP)	299.6	0.0	247.9	51.7
INVENTORY ON ORDER EOP	924.4	0.0	924.4	0.0

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Medical	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	299.6	0.0	247.9	51.7
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	299.6	0.0	247.9	51.7
RECEIPTS AT COST	4,388.0	0.0	4,388.0	0.0
GROSS SALES AT COST	-4,405.8	0.0	-4,405.8	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	50.0	0.0	35.0	15.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-25.0	0.0	0.0	-25.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	13.9	0.0	0.0	13.9
h. Total Adjustments	39.9	0.0	36.0	3.9
INVENTORY - End of Period (EOP)	321.7	0.0	266.1	55.6
INVENTORY ON ORDER EOP	941.3	0.0	941.3	0.0

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Medical	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	321.7	0.0	266.1	55.6
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	321.7	0.0	266.1	55.6
RECEIPTS AT COST	4,418.1	0.0	4,418.1	0.0
GROSS SALES AT COST	-4,423.1	0.0	-4,423.1	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	40.0	0.0	0.0	40.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-25.0	0.0	0.0	-25.0
f. Issues/Receipts without Reimbursement (+/-)	0.7	0.0	0.7	0.0
g. Other (List and Explain)	-15.7	0.0	0.0	-15.7
h. Total Adjustments	1.0	0.0	1.7	-0.7
INVENTORY - End of Period (EOP)	317.7	0.0	262.8	54.9
INVENTORY ON ORDER EOP	945.3	0.0	945.3	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	4,467.1	417.2	4,049.9	0.0
GROSS SALES AT COST	-4,462.8	-439.7	-4,023.1	0.0
	4,462.8			
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	1.6	1.6	0.0	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	1.6	1.6	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 (-)	0.0	0.0	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	-1.1	-1.1	0.0	0.0
g. Other (List and Explain)	98.9	99.0	-0.1	0.0
h. Total Adjustments	100.4	100.5	-0.1	0.0
INVENTORY - End of Period (EOP)	471.5	434.5	37.0	0.0
INVENTORY ON ORDER EOP	447.0	411.9	35.1	0.0

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Subsistence	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	471.5	434.5	37.0	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	471.5	434.5	37.0	0.0
RECEIPTS AT COST	4,190.9	345.8	3,845.1	0.0
GROSS SALES AT COST	-4,186.9	-341.0	-3,845.9	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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)	0.0	0.0	0.0	0.0
h. Total Adjustments	-5.9	-5.9	0.0	0.0
INVENTORY - End of Period (EOP)	469.6	433.4	36.2	0.0
INVENTORY ON ORDER EOP	485.2	146.6	338.6	0.0

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Subsistence	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	469.6	433.4	36.2	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	469.6	433.4	36.2	0.0
RECEIPTS AT COST	3,926.1	284.2	3,641.9	0.0
GROSS SALES AT COST	-3,923.1	-283.9	-3,639.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	0.9	0.9	0.0	0.0
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-2.3	-2.3	0.0	0.0
f. Issues/Receipts without Reimbursement (+/-)	-3.5	-3.5	0.0	0.0
g. Other (List and Explain)	2.0	2.0	0.0	0.0
h. Total Adjustments	-2.9	-2.9	0.0	0.0
INVENTORY - End of Period (EOP)	469.7	430.8	38.9	0.0
INVENTORY ON ORDER EOP	482.2	146.3	335.9	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	-0.2	0.2	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	499.3	-0.2	316.2	183.3
RECEIPTS AT COST	2,466.0	0.4	2,465.6	0.0
GROSS SALES AT COST	-2,465.0	0.0	-2,465.0	0.0
	2,465.0			
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	23.4	0.0	23.4	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
Transfers from Military Services	23.4	0.0	23.4	0.0
b. Returns from Customers for Credit	10.2	0.0	10.2	0.0
c. Returns for Customers without Credit	19.7	0.0	0.0	19.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-57.9	0.0	0.0	-57.9
f. Issues/Receipts without Reimbursement (+/-)	0.5	0.0	0.0	0.5
g. Other (List and Explain)	-20.6	0.0	-20.6	0.0
h. Total Adjustments	-24.7	0.0	13.0	-37.7
INVENTORY - End of Period (EOP)	475.6	0.2	329.8	145.6
INVENTORY ON ORDER EOP	983.2	0.0	983.2	0.0

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Construction and Equipment	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	475.6	0.2	329.8	145.6
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	475.6	0.2	329.8	145.6
RECEIPTS AT COST	2,599.9	0.0	2,599.9	0.0
GROSS SALES AT COST	-2,605.1	0.0	-2,605.1	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	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 (-)	-15.5	0.0	0.0	-15.5
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	7.7	0.0	5.0	2.7
INVENTORY - End of Period (EOP)	478.1	0.2	329.6	148.3
INVENTORY ON ORDER EOP	996.3	0.0	996.3	0.0

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Construction and Equipment	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	478.1	0.2	329.6	148.3
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	478.1	0.2	329.6	148.3
RECEIPTS AT COST	2,386.6	0.0	2,386.6	0.0
GROSS SALES AT COST	-2,391.6	0.0	-2,391.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	20.3	0.0	0.0	20.3
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)	0.0	0.0	0.0	0.0
h. Total Adjustments	12.9	0.0	5.0	7.9
INVENTORY - End of Period (EOP)	486.0	0.2	329.6	156.2
INVENTORY ON ORDER EOP	996.300	0.0	996.3	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	-12.4	12.4	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,647.8	358.2	1,638.2	651.4
RECEIPTS AT COST	13,564.8	417.6	13,147.2	0.0
GROSS SALES AT COST	-13,427.4	-439.7	-12,987.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	25.0	1.6	23.4	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	1.6	1.6	0.0	0.0
Transfers from Military Services	23.4	0.0	23.4	0.0
b. Returns from Customers for Credit	29.0	0.0	29.0	0.0
c. Returns for Customers without Credit	132.1	1.0	13.8	117.3
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-178.8	0.0	0.0	-178.8
f. Issues/Receipts without Reimbursement (+/-)	-4.4	-1.1	-3.8	0.5
g. Other (List and Explain)	5.4	99.0	-90.6	-3.0
h. Total Adjustments	8.3	100.5	-28.2	-64.0
INVENTORY - End of Period (EOP)	2,793.5	436.6	1,769.5	587.4
INVENTORY ON ORDER EOP	3,931.3	411.9	3,519.4	0.0

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Troop Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,793.5	436.6	1,769.5	587.4
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	2,793.5	436.6	1,769.5	587.4
RECEIPTS AT COST	13,483.3	345.8	13,137.5	0.0
GROSS SALES AT COST	-13,379.0	-341.0	-13,038.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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	134.5	1.3	35.0	98.2
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-117.7	-2.2	0.0	-115.5
f. Issues/Receipts without Reimbursement (+/-)	-15.0	-5.0	-10.0	0.0
g. Other (List and Explain)	-53.4	0.0	-67.3	13.9
h. Total Adjustments	-22.7	-5.9	-13.4	-3.4
INVENTORY - End of Period (EOP)	2,875.1	435.5	1,855.6	584.0
INVENTORY ON ORDER EOP	4,206.7	146.6	4,060.1	0.0

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Troop Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,875.1	435.5	1,855.6	584.0
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	2,875.1	435.5	1,855.6	584.0
RECEIPTS AT COST	12,851.0	284.2	12,566.8	0.0
GROSS SALES AT COST	-12,937.3	-283.9	-12,653.4	0.0
	12,937.4			
INVENTORY ADJUSTMENTS	0.1			
a. Capitalizations + or (-)	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
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	26.9	0.0	26.9	0.0
c. Returns for Customers without Credit	126.2	0.9	0.0	125.3
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-64.7	-2.3	0.0	-62.4
f. Issues/Receipts without Reimbursement (+/-)	-12.8	-3.5	-9.3	0.0
g. Other (List and Explain)	-79.9	2.0	-66.2	-15.7
h. Total Adjustments	-4.3	-2.9	-48.6	47.2
INVENTORY - End of Period (EOP)	2,784.5	432.9	1,720.4	631.2
INVENTORY ON ORDER EOP	4,286.1	146.3	4,139.8	0.0

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	6,042.9	107.1	3,563.1	2,372.7
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	-105.1	0.0	105.1
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	6,042.9	2.0	3,563.1	2,477.8
RECEIPTS AT COST	3,161.5	0.0	3,161.5	0.0
GROSS SALES AT COST	-3,149.5	0.0	-3,149.5	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	473.2	0.0	153.0	320.2
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
Transfers from Military Services	473.2	0.0	153.0	320.2
b. Returns from Customers for Credit	37.1	0.0	37.1	0.0
c. Returns for Customers without Credit	126.2	0.0	0.0	126.2
d. Returns to Suppliers (-)	17.5	0.0	17.5	0.0
e. Transfers to Property Disposal (-)	-484.1	0.0	0.0	-484.1
f. Issues/Receipts without Reimbursement (+/-)	-0.1	0.0	-0.1	0.0
g. Other (List and Explain)	-167.7	0.0	-34.0	-133.7
h. Total Adjustments	2.1	0.0	173.5	-171.4
INVENTORY - End of Period (EOP)	6,057.0	2.0	3,748.6	2,306.4
INVENTORY ON ORDER EOP	2,224.8	0.0	2,224.8	0.0

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	6,057.0	2.0	3,748.6	2,306.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-60.0	60.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	6,057.0	2.0	3,688.6	2,366.4
RECEIPTS AT COST	3,221.9	0.0	3,221.9	0.0
GROSS SALES AT COST	-3,141.8	0.0	-3,141.8	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	235.0	0.0	83.0	152.0
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
Transfers from Military Services	235.0	0.0	83.0	152.0
b. Returns from Customers for Credit	37.6	0.0	37.6	0.0
c. Returns for Customers without Credit	135.0	0.0	0.0	135.0
d. Returns to Suppliers (-)	12.5	0.0	12.5	0.0
e. Transfers to Property Disposal (-)	-500.0	0.0	0.0	-500.0
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-1.0	-1.0
g. Other (List and Explain)	10.0	0.0	5.0	5.0
h. Total Adjustments	-71.9	0.0	137.1	-209.0
INVENTORY - End of Period (EOP)	6,065.2	2.0	3,905.8	2,157.4
INVENTORY ON ORDER EOP	2,107.1	0.0	2,107.1	0.0

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Aviation	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	6,065.2	2.0	3,905.8	2,157.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-125.0	125.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	6,065.2	2.0	3,780.8	2,282.4
RECEIPTS AT COST	3,075.7	0.0	3,075.7	0.0
GROSS SALES AT COST	-3,069.2	0.0	-3,069.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	213.5	0.0	140.0	73.5
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
Transfers from Military Services	213.5	0.0	140.0	73.5
b. Returns from Customers for Credit	38.2	0.0	38.2	0.0
c. Returns for Customers without Credit	136.5	0.0	0.0	136.5
d. Returns to Suppliers (-)	10.0	0.0	10.0	0.0
e. Transfers to Property Disposal (-)	-500.0	0.0	0.0	-500.0
f. Issues/Receipts without Reimbursement (+/-)	-2.0	0.0	-1.0	-1.0
g. Other (List and Explain)	10.0	0.0	20.0	-10.0
h. Total Adjustments	-93.8	0.0	207.2	-301.0
INVENTORY - End of Period (EOP)	5,977.9	2.0	3,994.5	1,981.4
INVENTORY ON ORDER EOP	1,995.0	0.0	1,995.0	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	-11.8	11.8	0.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	1,320.3	0.3	841.3	478.7
RECEIPTS AT COST	1,807.5	0.0	1,807.5	0.0
GROSS SALES AT COST	-1,600.0	0.0	-1,600.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	9.3	0.0	9.3	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
Transfers from Military Services	9.3	0.0	9.3	0.0
b. Returns from Customers for Credit	25.3	0.0	25.3	0.0
c. Returns for Customers without Credit	52.4	0.0	0.0	52.4
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-214.5	0.0	0.0	-214.5
f. Issues/Receipts without Reimbursement (+/-)	-0.6	0.0	0.0	-0.6
g. Other (List and Explain)	-4.2	0.0	0.0	-4.2
h. Total Adjustments	-132.3	0.0	34.6	-166.9
INVENTORY - End of Period (EOP)	1,395.5	0.3	1,083.4	311.8
INVENTORY ON ORDER EOP	615.1	0.0	615.1	0.0

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Land	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,395.5	0.3	1,083.4	311.8
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	1,395.5	0.3	1,083.4	311.8
RECEIPTS AT COST	1,881.5	0.0	1,881.5	0.0
GROSS SALES AT COST	-1,717.7	0.0	-1,717.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	7.0	0.0	7.0	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
Transfers from Military Services	7.0	0.0	7.0	0.0
b. Returns from Customers for Credit	25.9	0.0	25.9	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 (-)	-54.0	0.0	0.0	-54.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	18.8	0.0	0.0	18.8
h. Total Adjustments	12.7	0.0	32.9	-20.2
INVENTORY - End of Period (EOP)	1,572.0	0.3	1,280.1	291.6
INVENTORY ON ORDER EOP	450.1	0.0	450.1	0.0

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Land	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	1,572.0	0.3	1,280.1	291.6
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	1,572.0	0.3	1,280.1	291.6
RECEIPTS AT COST	1,721.1	0.0	1,721.1	0.0
GROSS SALES AT COST	-1,495.9	0.0	-1,495.9	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	8.4	0.0	8.4	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
Transfers from Military Services	8.4	0.0	8.4	0.0
b. Returns from Customers for Credit	26.4	0.0	26.4	0.0
c. Returns for Customers without Credit	22.5	0.0	0.0	22.5
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-45.0	0.0	0.0	-45.0
f. Issues/Receipts without Reimbursement (+/-)	0.0	0.0	0.0	0.0
g. Other (List and Explain)	18.0	0.0	0.0	18.0
h. Total Adjustments	30.3	0.0	34.8	-4.5
INVENTORY - End of Period (EOP)	1,827.5	0.3	1,540.1	287.1
INVENTORY ON ORDER EOP	223.5	0.0	223.5	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)	10.9	-66.6	66.6	10.9
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	2,905.3	0.5	1,539.4	1,365.4
RECEIPTS AT COST	1,388.2	0.0	1,388.2	0.0
GROSS SALES AT COST	-1,354.2	0.0	-1,354.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	75.2	0.0	75.2	0.0
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	75.2	0.0	75.2	0.0
Transfers from Military Services	0.0	0.0	0.0	0.0
b. Returns from Customers for Credit	29.6	0.0	29.6	0.0
c. Returns for Customers without Credit	85.8	0.0	0.0	85.8
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-481.9	0.0	0.0	-481.9
f. Issues/Receipts without Reimbursement (+/-)	0.2	0.0	0.2	0.0
g. Other (List and Explain)	-237.0	0.0	-237.0	0.0
h. Total Adjustments	-528.1	0.0	-132.0	-396.1
INVENTORY - End of Period (EOP)	2,411.2	0.5	1,441.4	969.3
INVENTORY ON ORDER EOP	543.1	0.0	543.1	0.0

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Maritime	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,411.2	0.5	1,441.4	969.3
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	2,411.2	0.5	1,441.4	969.3
RECEIPTS AT COST	1,307.0	0.0	1,307.0	0.0
GROSS SALES AT COST	-1,303.7	0.0	-1,303.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	29.0	0.0	29.0	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
Transfers from Military Services	29.0	0.0	29.0	0.0
b. Returns from Customers for Credit	42.0	0.0	42.0	0.0
c. Returns for Customers without Credit	25.7	0.0	0.0	25.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-272.6	0.0	0.0	-272.6
f. Issues/Receipts without Reimbursement (+/-)	0.7	0.0	0.7	0.0
g. Other (List and Explain)	-10.0	0.0	-10.0	0.0
h. Total Adjustments	-185.2	0.0	61.7	-246.9
INVENTORY - End of Period (EOP)	2,229.3	0.5	1,506.4	722.4
INVENTORY ON ORDER EOP	342.4	0.0	342.4	0.0

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Maritime	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	2,229.3	0.5	1,506.4	722.4
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	2,229.3	0.5	1,506.4	722.4
RECEIPTS AT COST	1,383.9	0.0	1,383.9	0.0
GROSS SALES AT COST	-1,316.6	0.0	-1,316.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	29.0	0.0	29.0	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
Transfers from Military Services	29.0	0.0	29.0	0.0
b. Returns from Customers for Credit	42.8	0.0	42.8	0.0
c. Returns for Customers without Credit	25.7	0.0	0.0	25.7
d. Returns to Suppliers (-)	0.0	0.0	0.0	0.0
e. Transfers to Property Disposal (-)	-172.6	0.0	0.0	-172.6
f. Issues/Receipts without Reimbursement (+/-)	0.7	0.0	0.7	0.0
g. Other (List and Explain)	-10.0	0.0	-10.0	0.0
h. Total Adjustments	-84.4	0.0	62.5	-146.9
INVENTORY - End of Period (EOP)	2,212.2	0.5	1,636.2	575.5
INVENTORY ON ORDER EOP	232.2	0.0	232.2	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group
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(\$ in millions)

Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	10,257.6	186.3	5,865.4	4,205.9
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	10.9	-183.5	78.4	116.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	10,268.5	2.8	5,943.8	4,321.9
RECEIPTS AT COST	6,357.2	0.0	6,357.2	0.0
GROSS SALES AT COST	-6,103.7	0.0	-6,103.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	557.7	0.0	237.5	320.2
Transfer to other DLA ICPs	0.0	0.0	0.0	0.0
Transfer from other DLA ICPs	75.2	0.0	75.2	0.0
Transfers from Military Services	482.5	0.0	162.3	320.2
b. Returns from Customers for Credit	92.0	0.0	92.0	0.0
c. Returns for Customers without Credit	264.4	0.0	0.0	264.4
d. Returns to Suppliers (-)	17.5	0.0	17.5	0.0
e. Transfers to Property Disposal (-)	-1,180.5	0.0	0.0	-1,180.5
f. Issues/Receipts without Reimbursement (+/-)	-0.5	0.0	0.1	-0.6
g. Other (List and Explain)	-408.9	0.0	-271.0	-137.9
h. Total Adjustments	-658.3	0.0	76.1	-734.4
INVENTORY - End of Period (EOP)	9,863.7	2.8	6,273.4	3,587.5
INVENTORY ON ORDER EOP	3,383.0	0.0	3,383.0	0.0

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
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Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	9,863.7	2.8	6,273.4	3,587.5
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-60.0	60.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	9,863.7	2.8	6,213.4	3,647.5
RECEIPTS AT COST	6,410.4	0.0	6,410.4	0.0
GROSS SALES AT COST	-6,163.2	0.0	-6,163.2	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	271.0	0.0	119.0	152.0
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
Transfers from Military Services	271.0	0.0	119.0	152.0
b. Returns from Customers for Credit	105.5	0.0	105.5	0.0
c. Returns for Customers without Credit	175.7	0.0	0.0	175.7
d. Returns to Suppliers (-)	12.5	0.0	12.5	0.0
e. Transfers to Property Disposal (-)	-826.6	0.0	0.0	-826.6
f. Issues/Receipts without Reimbursement (+/-)	-1.3	0.0	-0.3	-1.0
g. Other (List and Explain)	18.8	0.0	-5.0	23.8
h. Total Adjustments	-244.4	0.0	231.7	-476.1
INVENTORY - End of Period (EOP)	9,866.5	2.8	6,692.3	3,171.4
INVENTORY ON ORDER EOP	2,899.6	0.0	2,899.6	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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Weapon Systems	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	9,866.5	2.8	6,692.3	3,171.4
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	-125.0	125.0
b. Price Change Amount (Memo)	0.0	0.0	0.0	0.0
c. Inventory Reclassified and Repriced	9,866.5	2.8	6,567.3	3,296.4
RECEIPTS AT COST	6,180.7	0.0	6,180.7	0.0
GROSS SALES AT COST	-5,881.7	0.0	-5,881.7	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	250.9	0.0	177.4	73.5
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
Transfers from Military Services	250.9	0.0	177.4	73.5
b. Returns from Customers for Credit	107.4	0.0	107.4	0.0
c. Returns for Customers without Credit	184.7	0.0	0.0	184.7
d. Returns to Suppliers (-)	10.0	0.0	10.0	0.0
e. Transfers to Property Disposal (-)	-717.6	0.0	0.0	-717.6
f. Issues/Receipts without Reimbursement (+/-)	-1.3	0.0	-0.3	-1.0
g. Other (List and Explain)	18.0	0.0	10.0	8.0
h. Total Adjustments	-147.9	0.0	304.5	-452.4
INVENTORY - End of Period (EOP)	10,017.6	2.8	7,170.8	2,844.0
INVENTORY ON ORDER EOP	2,450.7	0.0	2,450.7	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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(\$ 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	4.6	0.0	4.6	0.0
GROSS SALES AT COST	-4.6	0.0	-4.6	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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)	-7.8	0.0	-7.8	0.0
h. Total Adjustments	-7.8	0.0	-7.8	0.0
INVENTORY - End of Period (EOP)	0.0	0.0	0.0	0.0
INVENTORY ON ORDER EOP	0.0	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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(\$ in millions)

Base Operating Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0
RECEIPTS AT COST	0.0	0.0	0.0	0.0
GROSS SALES AT COST	0.0	0.0	0.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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)	0.0	0.0	0.0	0.0
h. Total Adjustments	0.0	0.0	0.0	0.0
INVENTORY - End of Period (EOP)	0.0	0.0	0.0	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
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February 2010
FY 2011 Inventory Status
(\$ in millions)

Base Operating Support	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	0.0	0.0	0.0	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	0.0	0.0	0.0	0.0
RECEIPTS AT COST	0.0	0.0	0.0	0.0
GROSS SALES AT COST	0.0	0.0	0.0	0.0
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	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
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)	0.0	0.0	0.0	0.0
h. Total Adjustments	0.0	0.0	0.0	0.0
INVENTORY - End of Period (EOP)	0.0	0.0	0.0	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) 2011 Budget Estimates
February 2010
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Supply Non-Energy Total	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	15,530.5	16,539.6	19,266.6
2. Less: Materiel Inflation Adjustment	0.0	198.3	269.7
3. Revised Net Sales @ Cost	15,530.5	16,341.3	18,996.8
4. Surcharge (\$)	2,182.0	2,265.5	2,780.073
5. Change to Customers			
a. Previous Year's Surcharge (%)	14.2%	14.0%	13.7%
b. This Year's Surcharge (\$) divided by line 3 above	14.0%	13.7%	14.4%
c. Percent Change to Customer	-0.1%	0.9%	2.1%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2011 Budget Estimates
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WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Troop Support Summary	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	10,228.8	10,639.0	13,150.6
2. Less: Materiel Inflation Adjustment	0.0	127.7	184.1
3. Revised Net Sales @ Cost	10,228.8	10,511.3	12,966.5
4. Surcharge (\$)	655.8	755.0	952.1
5. Change to Customers			
a. Previous Year's Surcharge (%)	6.8%	6.4%	7.1%
b. This Year's Surcharge (\$) divided by line 3 above	6.4%	7.1%	7.2%
c. Percent Change to Customer	-0.4%	1.9%	1.6%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
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WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Clothing and Textile	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	1,691.1	1,804.4	2,305.7
2. Less: Materiel Inflation Adjustment	0.0	21.7	32.3
3. Revised Net Sales @ Cost	1,691.1	1,782.7	2,273.5
4. Surcharge (\$)	158.1	170.0	214.4
5. Change to Customers			
a. Previous Year's Surcharge (%)	9.7%	9.3%	9.4%
b. This Year's Surcharge (\$) divided by line 3 above	9.3%	9.4%	9.3%
c. Percent Change to Customer	-0.4%	1.3%	1.3%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
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WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Medical	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	4,122.1	4,202.3	4,478.0
2. Less: Materiel Inflation Adjustment	0.0	50.4	62.7
3. Revised Net Sales @ Cost	4,122.1	4,151.9	4,415.3
4. Surcharge (\$)	152.0	167.6	178.5
5. Change to Customers			
a. Previous Year's Surcharge (%)	3.9%	3.7%	4.0%
b. This Year's Surcharge (\$) divided by line 3 above	3.7%	4.0%	4.0%
c. Percent Change to Customer	-0.2%	1.5%	1.4%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
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WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Subsistence	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	2,421.1	2,539.3	3,951.0
2. Less: Materiel Inflation Adjustment	0.0	30.5	55.3
3. Revised Net Sales @ Cost	2,421.1	2,508.8	3,895.7
4. Surcharge (\$)	164.0	188.1	290.4
5. Change to Customers			
a. Previous Year's Surcharge (%)	7.2%	6.8%	7.4%
b. This Year's Surcharge (\$) divided by line 3 above	6.8%	7.4%	7.3%
c. Percent Change to Customer	-0.4%	1.8%	1.4%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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C&E	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	1,994.5	2,093.0	2,415.9
2. Less: Materiel Inflation Adjustment	0.0	25.1	33.8
3. Revised Net Sales @ Cost	1,994.5	2,067.9	2,382.0
4. Surcharge (\$)	181.7	229.3	268.8
5. Change to Customers			
a. Previous Year's Surcharge (%)	9.1%	9.1%	11.0%
b. This Year's Surcharge (\$) divided by line 3 above	9.1%	11.0%	11.1%
c. Percent Change to Customer	0.1%	2.9%	1.6%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
WHOLESALE ONLY - CUSTOMER PRICE CHANGE

Weapon Systems Summary	FY 2009	FY 2010	FY 2011
1. Net Sales at Cost	5,301.7	5,900.6	6,116.0
2. Less: Materiel Inflation Adjustment	0.0	70.6	85.6
3. Revised Net Sales @ Cost	5,301.7	5,830.0	6,030.3
4. Surcharge (\$)	1,526.2	1,510.5	1,828.0
5. Change to Customers			
a. Previous Year's Surcharge (%)	28.8%	28.8%	25.6%
b. This Year's Surcharge (\$) divided by line 3 above	28.8%	25.6%	29.9%
c. Percent Change to Customer	0.0%	-1.3%	4.9%

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Non-Energy Fiscal Year (FY) 2011 Budget Estimates February 2010 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	0.0	0.0	0.0
3. Reclassification	8.0	0.0	8.0
4. Inventory Changes			
a. Receipts @ cost	417.6	417.2	0.4
(1). Purchases	417.6	417.2	0.4
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-439.7	-439.7	0.0
(1). Sales	-439.7	-439.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	100.5	100.5	0.0
(1). Capitalizations	1.6	1.6	0.0
(2). Gains and Losses	-0.1	-0.1	0.0
(3.) Other	99.0	99.0	0.0
5. Inventory EOP	643.3	434.5	208.8
WRM STOCKPILE COSTS			
1. Storage	17.5	4.0	13.5
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	17.5	4.0	13.5
WRM BUDGET REQUEST			
1. Obligations @ Cost	417.6	417.2	0.4
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	417.6	417.2	0.4
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	417.6	417.2	0.4

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010
War Reserve Material Stockpile
FY 2010
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	643.3	434.5	208.8
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	347.1	347.1	0.0
(1). Purchases	345.8	345.8	0.0
(2). Returns from customers	1.3	1.3	0.0
b. Issues @ cost	-343.2	-343.2	0.0
(1). Sales	-341.0	-341.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.2	-2.2	0.0
c. Adjustments @ cost	-5.0	-5.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-5.0	-5.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	642.2	433.4	208.8
WRM STOCKPILE COSTS			
1. Storage	17.2	4.3	12.9
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	17.2	4.3	12.9
WRM BUDGET REQUEST			
1. Obligations @ Cost	345.8	345.8	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	345.8	345.8	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	345.8	345.8	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2011 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	642.2	433.4	208.8
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	285.1	285.1	0.0
(1). Purchases	284.2	284.2	0.0
(2). Returns from customers	0.9	0.9	0.0
b. Issues @ cost	-286.2	-286.2	0.0
(1). Sales	-283.9	-283.9	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.3	-2.3	0.0
c. Adjustments @ cost	-1.5	-1.5	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-3.5	-3.5	0.0
(3.) Other	2.0	2.0	0.0
5. Inventory EOP	639.6	430.8	208.8
WRM STOCKPILE COSTS			
1. Storage	17.5	4.8	12.7
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	17.5	4.8	12.7
WRM BUDGET REQUEST			
1. Obligations @ Cost	284.2	284.2	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	284.2	284.2	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	284.2	284.2	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Troop Support
Fiscal Year (FY) 2011 Budget Estimates
February 2010
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	0.0	0.0	0.0
3. Reclassification	18.9	0.0	18.9
4. Inventory Changes			
a. Receipts @ cost	417.6	417.2	0.4
(1). Purchases	417.6	417.2	0.4
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-439.7	-439.7	0.0
(1). Sales	-439.7	-439.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	100.5	100.5	0.0
(1). Capitalizations	1.6	1.6	0.0
(2). Gains and Losses	-0.1	-0.1	0.0
(3.) Other	99.0	99.0	0.0
5. Inventory EOP	467.9	434.5	33.4
WRM STOCKPILE COSTS			
1. Storage	14.5	4.0	10.5
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	14.5	4.0	10.5
WRM BUDGET REQUEST			
1. Obligations @ Cost	417.6	417.2	0.4
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	417.6	417.2	0.4
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	417.6	417.2	0.4

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Troop Support			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	467.9	434.5	33.4
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	347.1	347.1	0.0
(1). Purchases	345.8	345.8	0.0
(2). Returns from customers	1.3	1.3	0.0
b. Issues @ cost	-343.2	-343.2	0.0
(1). Sales	-341.0	-341.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.2	-2.2	0.0
c. Adjustments @ cost	-5.0	-5.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-5.0	-5.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	466.8	433.4	33.4
WRM STOCKPILE COSTS			
1. Storage	14.1	4.3	9.8
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	14.1	4.3	9.8
WRM BUDGET REQUEST			
1. Obligations @ Cost	345.8	345.8	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	345.8	345.8	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	345.8	345.8	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Troop Support Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2011 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	466.8	433.4	33.4
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	285.1	285.1	0.0
(1). Purchases	284.2	284.2	0.0
(2). Returns from customers	0.9	0.9	0.0
b. Issues @ cost	-286.2	-286.2	0.0
(1). Sales	-283.9	-283.9	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.3	-2.3	0.0
c. Adjustments @ cost	-1.5	-1.5	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-3.5	-3.5	0.0
(3.) Other	2.0	2.0	0.0
5. Inventory EOP	464.2	430.8	33.4
WRM STOCKPILE COSTS			
1. Storage	14.4	4.8	9.6
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	14.4	4.8	9.6
WRM BUDGET REQUEST			
1. Obligations @ Cost	284.2	284.2	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	284.2	284.2	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	284.2	284.2	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Weapon System
Fiscal Year (FY) 2011 Budget Estimates
February 2010
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	186.3	0.0	186.3
2. Price Change	0.0	0.0	0.0
3. Reclassification	-10.9	0.0	-10.9
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	175.4	0.0	175.4
WRM STOCKPILE COSTS			
1. Storage	3.0	0.0	3.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.0	0.0	3.0
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Weapon System			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	175.4	0.0	175.4
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	175.4	0.0	175.4
WRM STOCKPILE COSTS			
1. Storage	3.1	0.0	3.1
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.1	0.0	3.1
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Weapon System Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2011 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	175.4	0.0	175.4
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	175.4	0.0	175.4
WRM STOCKPILE COSTS			
1. Storage	3.1	0.0	3.1
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.1	0.0	3.1
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Non-Energy Supply Management Activity Group: Clothing & Textiles Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2009 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	14.1	0.0	14.1
2. Price Change	0.0	0.0	
3. Reclassification	18.9	0.0	18.9
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	33.0	0.0	33.0
WRM STOCKPILE COSTS			
1. Storage	5.0	0.0	5.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	5.0	0.0	5.0
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Clothing & Textiles			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	33.0	0.0	33.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	33.0	0.0	33.0
WRM STOCKPILE COSTS			
1. Storage	4.5	0.0	4.5
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.5	0.0	4.5
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Clothing & Textiles			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2011			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	33.0	0.0	33.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	33.0	0.0	33.0
WRM STOCKPILE COSTS			
1. Storage	4.8	0.0	4.8
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.8	0.0	4.8
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Medical
Fiscal Year (FY) 2011 Budget Estimates
February 2010
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.0	0.0	0.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.0	0.0	0.0
WRM STOCKPILE COSTS			
1. Storage	1.4	0.0	1.4
2. Management	0.0	0.0	
3. Maintenance/Other	0.0	0.0	
Total Cost	1.4	0.0	1.4
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Medical Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2010 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.0	0.0	0.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.0	0.0	0.0
WRM STOCKPILE COSTS			
1. Storage	1.3	0.0	1.3
2. Management	0.0	0.0	
3. Maintenance/Other	0.0	0.0	
Total Cost	1.3	0.0	1.3
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Medical			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2011			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.0	0.0	0.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.0	0.0	0.0
WRM STOCKPILE COSTS			
1. Storage	1.3	0.0	1.3
2. Management	0.0	0.0	
3. Maintenance/Other	0.0	0.0	
Total Cost	1.3	0.0	1.3
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Subsistence
Fiscal Year (FY) 2011 Budget Estimates
February 2010
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	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	417.2	417.2	0.0
(1). Purchases	417.2	417.2	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-439.7	-439.7	0.0
(1). Sales	-439.7	-439.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	100.5	100.5	0.0
(1). Capitalizations	1.6	1.6	0.0
(2). Gains and Losses	-0.1	-0.1	0.0
(3.) Other	99.0	99.0	0.0
5. Inventory EOP	434.5	434.5	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	417.2	417.2	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	417.2	417.2	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	417.2	417.2	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Subsistence			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	434.5	434.5	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	347.1	347.1	0.0
(1). Purchases	345.8	345.8	0.0
(2). Returns from customers	1.3	1.3	0.0
b. Issues @ cost	-343.2	-343.2	0.0
(1). Sales	-341.0	-341.0	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.2	-2.2	0.0
c. Adjustments @ cost	-5.0	-5.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-5.0	-5.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	433.4	433.4	0.0
WRM STOCKPILE COSTS			
1. Storage	4.3	4.3	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.3	4.3	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	345.8	345.8	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	345.8	345.8	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	345.8	345.8	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Subsistence Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2011 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	433.4	433.4	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	285.1	285.1	0.0
(1). Purchases	284.2	284.2	0.0
(2). Returns from customers	0.9	0.9	0.0
b. Issues @ cost	-286.2	-286.2	0.0
(1). Sales	-283.9	-283.9	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	-2.3	-2.3	0.0
c. Adjustments @ cost	-1.5	-1.5	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-3.5	-3.5	0.0
(3.) Other	2.0	2.0	0.0
5. Inventory EOP	430.8	430.8	0.0
WRM STOCKPILE COSTS			
1. Storage	4.8	4.8	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.8	4.8	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	284.2	284.2	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	284.2	284.2	0.0
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	284.2	284.2	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Non-Energy Supply Management Activity Group: Construction & Equipment Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2009 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.0	0.0	0.0
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.4	0.0	0.4
(1). Purchases	0.4	0.0	0.4
(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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.4	0.0	0.4
WRM STOCKPILE COSTS			
1. Storage	4.1	0.0	4.1
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.1	0.0	4.1
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.4	0.0	0.4
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.4	0.0	0.4
c. Repair WRM	0.0		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	0.0
Total Request	0.4	0.0	0.4

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Construction & Equipment			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.4	0.0	0.4
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.4	0.0	0.4
WRM STOCKPILE COSTS			
1. Storage	4.0	0.0	4.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	4.0	0.0	4.0
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Construction & Equipment			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2011			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	0.4	0.0	0.4
2. Price Change	0.0	0.0	
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	0.4	0.0	0.4
WRM STOCKPILE COSTS			
1. Storage	3.5	0.0	3.5
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	0.0	3.5
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Aviation
Fiscal Year (FY) 2011 Budget Estimates
February 2010
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	107.1	0.0	107.1
2. Price Change (Memo)	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0		0.0
5. Inventory EOP	107.1	0.0	107.1
WRM STOCKPILE COSTS			
1. Storage	0.2	0.0	0.2
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.2	0.0	0.2
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Aviation			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	107.1	0.0	107.1
2. Price Change (Memo)	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0		0.0
5. Inventory EOP	107.1	0.0	107.1
WRM STOCKPILE COSTS			
1. Storage	0.2	0.0	0.2
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.2	0.0	0.2
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Aviation			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2011			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	107.1	0.0	107.1
2. Price Change (Memo)	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0		0.0
5. Inventory EOP	107.1	0.0	107.1
WRM STOCKPILE COSTS			
1. Storage	0.2	0.0	0.2
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	0.2	0.0	0.2
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Non-Energy Supply Management Activity Group: Land Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2009 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	12.1	0.0	12.1
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0		0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	12.1	0.0	12.1
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Land Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2010 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	12.1	0.0	12.1
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0		0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	12.1	0.0	12.1
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Non-Energy Supply Management Activity Group: Land			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2011			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	12.1	0.0	12.1
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0		0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	12.1	0.0	12.1
WRM STOCKPILE COSTS			
1. Storage	0.0	0.0	0.0
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Non-Energy Supply Management Activity Group: Maritime
Fiscal Year (FY) 2011 Budget Estimates
February 2010
War Reserve Material Stockpile
FY 2009
(\$ in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	67.1	0.0	67.1
2. Price Change	0.0	0.0	0.0
3. Reclassification	-10.9		-10.9
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	56.2	0.0	56.2
WRM STOCKPILE COSTS			
1. Storage	2.8	0.0	2.8
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	2.8		2.8
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY			
Defense-Wide Working Capital Fund			
Supply Chain Management Activity Group: Maritime			
Fiscal Year (FY) 2011 Budget Estimates			
February 2010			
War Reserve Material Stockpile			
FY 2010			
(\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	56.2	0.0	56.2
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0		0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	56.2	0.0	56.2
WRM STOCKPILE COSTS			
1. Storage	2.9	0.0	2.9
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	2.9		2.9
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY Defense-Wide Working Capital Fund Supply Chain Management Activity Group: Maritime Fiscal Year (FY) 2011 Budget Estimates February 2010 War Reserve Material Stockpile FY 2011 (\$ in millions)			
	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	56.2	0.0	56.2
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0		0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	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	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	56.2	0.0	56.2
WRM STOCKPILE COSTS			
1. Storage	2.9	0.0	2.9
2. Management	0.0		0.0
3. Maintenance/Other	0.0		0.0
Total Cost	2.9		2.9
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		
d. Assemble/Disassemble	0.0		
e. Other	0.0	0.0	
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2011 Budget Estimate
February 2010
Total Supply Chain Management
(Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders			
a. Orders from DoD Components	20,935.5	20,328.7	20,163.6
Army	10,613.0	10,716.9	10,567.9
Navy	3,398.0	3,337.3	3,278.9
Air Force	3,988.3	3,743.9	3,816.0
Marine Corps	1,355.8	1,035.2	1,029.7
Other	1,580.4	1,495.4	1,471.1
DECA	0.0	0.0	0.0
b. Orders from Other Activity Groups	1,359.2	1,300.8	1,123.1
c. Total DoD	22,294.7	21,629.5	21,286.7
d. Other Orders:	1,515.4	1,903.3	1,980.8
Other Federal Agencies	399.6	636.8	618.8
Non-Federal Agencies	241.3	479.9	561.0
Foreign Military Sales	874.5	786.6	801.0
Total New Orders	23,810.1	23,532.8	23,267.5
2. Carry-In Orders	3,643.6	3,279.4	2,846.1
3. Total Gross Orders	27,453.7	26,812.2	26,113.6
4. Carry-Out Orders (-)	-3,279.4	-2,849.5	-2,719.0
5. Sales Proceeds	59.0	50.9	49.3
6. Gross Sales (-)	24,233.3	24,013.6	23,443.9
7. Credits & Allowances (-)	-193.4	-200.8	-200.9
8. Net Sales	24,040.0	23,812.8	23,242.9
9. Reimbursable Sales	464.9	1,189.7	2,367.9
10. Total Revenue	24,504.9	25,002.5	25,610.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2011 Budget Estimate
February 2010
Materiel Supply Chain
(Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders			
a. Orders from DoD Components	21,005.8	20,250.8	20,336.5
DLA (Intra)	402.2	539.0	755.2
Army	10,494.7	10,558.2	10,402.8
Navy	3,319.9	3,155.1	3,106.4
Air Force	3,928.9	3,674.3	3,744.1
Marine Corps	1,318.4	1,027.9	1,022.4
Other	1,541.7	1,296.3	1,305.6
DECA	0.0	0.0	0.0
b. Orders from Other Activity Groups	112.3	367.8	360.3
c. Total DoD	21,118.1	20,618.6	20,696.8
d. Other Orders:	1,513.0	1,900.6	1,978.1
Other Federal Agencies	398.1	635.3	617.3
Non-Federal Agencies	241.3	479.9	561.0
Foreign Military Sales	873.6	785.4	799.8
Total New Orders	22,631.0	22,519.2	22,674.9
2. Carry-In Orders	3,643.6	3,279.4	2,846.1
3. Total Gross Orders	26,274.7	25,798.6	25,521.0
4. Carry-Out Orders (-)	-3,279.4	-2,849.5	-2,719.0
5. Sales Proceeds	0.0	0.0	0.0
6. Gross Sales (-)	22,995.3	22,949.1	22,801.9
7. Credits & Allowances (-)	-193.4	-200.8	-200.9
8. Net Sales	22,801.9	22,748.2	22,601.0
9. Reimbursable Sales	464.9	1,189.7	2,367.9
10. Total Revenue	23,266.8	23,937.9	24,968.9

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
 Source of New Orders and Revenue
 Fiscal Year (FY) 2011 Budget Estimate
 February 2010
 Distribution Supply Chain
 (Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders			
a. Orders from DoD Components	58.7	315.4	269.0
DLA (Intra)	38.7	199.1	165.4
Army	4.1	4.8	4.9
Navy	2.2	97.6	84.8
Air Force	8.1	8.2	8.2
Marine Corps	5.7	5.7	5.7
Other	0.0	0.0	0.0
DECA			
b. Orders from Other Activity Groups	1,238.0	1,556.8	1,438.2
DLA (Intra)	516.9	638.1	677.7
Army	376.2	495.7	417.0
Navy	112.9	135.8	105.2
Air Force	186.9	220.8	180.1
Marine Corps	30.1	58.2	42.2
Other	15.0	8.1	16.1
DECA			
c. Total DoD	1,296.7	1,872.2	1,707.2
d. Other Orders:	0.0	0.0	0.0
Other Federal Agencies	0.0	0.0	0.0
Non-Federal Agencies	0.0	0.0	0.0
Foreign Military Sales	0.0	0.0	0.0
Total New Orders	1,296.7	1,872.2	1,707.2
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	1,296.7	1,872.2	1,707.2
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Sales Proceeds	0.0	0.0	0.0
6. Gross Sales (-)	1,296.7	1,872.2	1,707.2
7. Credits & Allowances (-)	0.0	0.0	0.0
8. Net Sales	1,296.7	1,872.2	1,707.2
9. Reimbursable Sales	0.0	0.0	0.0
10. Total Revenue	1,296.7	1,872.2	1,707.2

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2011 Budget Estimate
February 2010
Reutilization and Marketing Supply Chain
(Dollars in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders			
a. Orders from DoD Components	273.2	301.4	313.3
Army	114.1	153.9	160.3
Navy	76.0	84.6	87.7
Air Force	51.3	61.4	63.7
Intra DLA	31.8	1.6	1.6
Marine Corps	0.0	0.0	0.0
Other	0.0	0.0	0.0
DECA			
b. Orders from Other Activity Groups	8.9	14.3	2.3
c. Total DoD	282.1	315.7	315.6
d. Other Orders:	2.4	2.7	2.7
Other Federal Agencies	1.5	1.5	1.5
Non-Federal Agencies	0.0	0.0	0.0
Foreign Military Sales	0.9	1.2	1.2
Total New Orders	284.5	318.4	318.3
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	284.5	318.4	318.3
4. Carry-Out Orders (-)	0.0	0.0	0.0
5. Sales Proceeds	59.0	50.9	49.3
6. Gross Sales (-)	343.5	369.4	367.6
7. Credits & Allowances (-)	0.0	0.0	0.0
8. Net Sales	343.5	369.4	367.6
9. Reimbursable Sales	0.0	0.0	0.0
10. Total Revenue	343.5	369.4	367.6

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management
Revenue and Expenses
Fiscal Year (FY) 2011 Budget Estimates
February 2010
(Dollars in Millions)

	FY 2009	FY 2010	FY 2011
Revenue			
Gross Sales	22,593.1	22,412.0	22,046.6
Operations	22,633.0	22,446.7	22,071.7
Capital Surcharge	-48.1	-48.9	-43.1
Depreciation excluding Major Construction	8.1	14.2	18.0
Other Income	2,105.2	2,791.3	3,765.1
Reimbursable Income	2,071.6	2,747.3	3,716.7
Other Income Depreciation	33.6	44.0	48.4
Refunds/Discounts (-)	-193.4	-200.8	-200.9
Total Revenue	24,504.9	25,002.5	25,610.8
Expenses			
Cost of Materiel Sold from Inventory	19,414.8	19,407.9	18,684.7
Salaries and Wages:			
Military Personnel Compensation & Benefits	36.2	40.7	41.8
Civilian Personnel Compensation & Benefits	1,792.9	2,038.3	2,061.6
Travel & Transportation	47.2	41.4	42.7
Materials & Supplies (For internal operations)	96.5	102.5	119.3
Equipment	100.9	93.3	71.0
Other Purchases from Revolving Funds	438.3	237.7	240.1
Transportation of Things	553.4	690.1	478.9
Depreciation - Capital	136.1	172.8	198.3
Printing and Reproduction	12.1	14.9	14.7
Advisory and Assistance Service	1.8	0.3	0.3
Rent, Communications, Utilities & Misc. Charges	50.8	82.0	122.0
Other Purchased Services	1,620.9	2,191.9	3,271.1
Total Expenses	24,301.8	25,113.8	25,346.5
Operating Results	203.0	-111.3	264.3
Less Capital Surcharge Reservation	58.2	58.3	110.7
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	100.9	125.0	124.0
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-11.4	-9.8	-559.8
Net Operating Results	350.8	62.3	-60.8
Prior Year Accumulated Operating Results	-143.8	-21.7	40.6
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	-228.7	0.0	-11.3
Accumulated Operating Result	-21.7	40.6	-31.5

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Materiel Supply Chain
Revenue and Expenses
Fiscal Year (FY) 2011 Budget Estimates
February 2010
(Dollars in Millions)

	FY 2009	FY 2010	FY 2011
Revenue			
Gross Sales	22,593.1	22,412.0	22,046.6
Operations	22,633.0	22,446.7	22,071.7
Capital Surcharge	-48.1	-48.9	-43.1
Depreciation excluding Major Construction	8.1	14.2	18.0
Other Income	464.9	1,187.8	2,368.0
Reimbursable Income	464.9	1,187.8	2,368.0
Other Income Depreciation	0.0	0.0	0.0
Refunds/Discounts (-)	-193.4	-200.8	-200.9
Total External Revenue	22,864.6	23,399.0	24,213.7
Intra-DLA Revenue	402.2	539.0	755.2
Total Revenue	23,266.8	23,937.9	24,968.8
Expenses			
Cost of Materiel Sold from Inventory	19,414.8	19,407.9	18,684.7
Salaries and Wages:			
Military Personnel Compensation & Benefits	24.6	23.0	23.7
Civilian Personnel Compensation & Benefits	1,184.2	1,324.3	1,350.8
Travel & Transportation	33.3	25.5	27.1
Materials & Supplies (For internal operations)	44.1	20.1	37.9
Equipment	64.3	15.8	20.2
Other Purchases from Revolving Funds	384.4	178.9	180.6
Transportation of Things	113.8	113.2	111.0
Depreciation - Capital	113.9	128.8	156.1
Printing and Reproduction	5.2	8.5	8.1
Advisory and Assistance Service	0.2	0.0	0.0
Rent, Communications, Utilities & Misc. Charges	31.8	49.3	88.8
Other Purchased Services	1,083.9	1,503.5	2,809.0
Total External Expenses	22,498.5	22,799.0	23,498.0
Intra-DLA Expenses	402.1	1,129.3	1,108.6
Total Expenses	22,900.7	23,928.3	24,606.6
Operating Results	366.1	9.7	362.2
Less Capital Surcharge Reservation	58.2	58.3	110.7
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	32.9	10.4	7.0
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-11.4	-9.8	-559.8
Net Operating Results	445.9	68.6	-79.9
Prior Year Accumulated Operating Results	-205.9	11.2	79.9
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	-228.7	0.0	0.0
Accumulated Operating Result	11.2	79.9	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Distribution Supply Chain
Revenue and Expenses
Fiscal Year (FY) 2011 Budget Estimates
February 2010
(Dollars in Millions)

	FY 2009	FY 2010	FY 2011
Revenue			
Gross Sales	0.0	0.0	0.0
Operations	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	0.0	0.0	0.0
Other Income	1,296.7	1,234.1	1,029.5
Reimbursable Income	1,269.3	1,200.1	992.4
Other Income Depreciation	27.5	34.0	37.1
Refunds/Discounts (-)	0.0	0.0	0.0
Total External Revenue	1,296.7	1,234.1	1,029.5
Intra-DLA Revenue	0.0	638.1	677.7
Total Revenue	1,296.7	1,872.2	1,707.2
Expenses			
Cost of Materiel Sold from Inventory	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	11.1	17.2	17.6
Civilian Personnel Compensation & Benefits	477.0	585.7	584.8
Travel & Transportation	7.7	10.4	10.3
Materials & Supplies (For internal operations)	49.7	78.9	78.3
Equipment	28.6	70.4	43.6
Other Purchases from Revolving Funds	40.8	46.0	47.3
Transportation of Things	405.6	535.1	327.1
Depreciation - Capital	16.2	34.0	30.9
Printing and Reproduction	6.5	6.0	6.1
Advisory and Assistance Service	0.0	0.0	0.0
Rent, Communications, Utilities & Misc. Charges	14.0	27.3	27.7
Other Purchased Services	367.0	466.8	250.4
Total External Expenses	1,424.1	1,877.8	1,424.2
Intra-DLA Expenses	0.0	33.0	285.1
Total Expenses	1,424.1	1,910.8	1,709.4
Operating Results	-127.4	-38.6	-2.2
Less Capital Surcharge Reservation	0.0	0.0	0.0
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	33.6	36.6	37.1
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Results	-93.8	-2.0	34.9
Prior Year Accumulated Operating Results	29.3	-64.4	-66.4
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	0.0	0.0
Accumulated Operating Result	-64.4	-66.4	-31.5

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Reutilization and Marketing Supply Chain
Revenue and Expenses
Fiscal Year (FY) 2011 Budget Estimates
February 2010
(Dollars in Millions)

	FY 2009	FY 2010	FY 2011
Revenue			
Gross Sales	0.0	0.0	0.0
Operations	0.0	0.0	0.0
Capital Surcharge	0.0	0.0	0.0
Depreciation excluding Major Construction	0.0	0.0	0.0
Other Income	343.5	369.4	367.6
Reimbursable Income	337.4	359.3	356.3
Other Income Depreciation	6.1	10.0	11.3
Refunds/Discounts (-)	0.0	0.0	0.0
Total External Revenue	343.5	369.4	367.6
Intra-DLA Revenue	0.0	0.0	0.0
Total Revenue	343.5	369.4	367.6
Expenses			
Cost of Materiel Sold from Inventory	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.5	0.5	0.5
Civilian Personnel Compensation & Benefits	131.7	128.2	126.0
Travel & Transportation	6.2	5.5	5.3
Materials & Supplies (For internal operations)	2.7	3.5	3.0
Equipment	8.0	7.0	7.2
Other Purchases from Revolving Funds	13.1	12.9	12.2
Transportation of Things	34.0	41.8	40.9
Depreciation - Capital	6.1	10.0	11.3
Printing and Reproduction	0.4	0.4	0.4
Advisory and Assistance Service	1.6	0.3	0.3
Rent, Communications, Utilities & Misc. Charges	5.0	5.3	5.5
Other Purchased Services	170.0	221.6	211.7
Total External Expenses	379.2	437.0	424.3
Intra-DLA Expenses	0.0	14.7	39.1
Total Expenses	379.2	451.7	463.4
Operating Results	-35.7	-82.4	-95.8
Less Capital Surcharge Reservation	0.0	0.0	0.0
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	34.4	77.9	79.9
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	0.0	0.0	0.0
Net Operating Results	-1.3	-4.4	-15.9
Prior Year Accumulated Operating Results	32.8	31.5	27.1
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	0.0	-11.3
Accumulated Operating Result	31.5	27.1	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fiscal Year (FY) 2011 Budget Estimates
February 2010

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; and natural gas products; arranging for petroleum support services; providing facility/equipment maintenance on fuel infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; performing petroleum quality surveillance functions worldwide; and assistance to the Services regarding procurement of electricity and privatization of their utility systems.

BUDGET HIGHLIGHTS

FY 2010 and 2011 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 2010-2011 forecasts reflect a slight decline in sales from FY 2009, arising from reductions in military operations tempo and energy conservation measures.

(Barrels in Millions)	FY 2009	FY 2010	FY 2011
Gross Barrels Sold	135.7	131.5	131.5
Less Credit Returns	6.7	6.0	6.0
Net Barrels Sold	129.0	125.5	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 DESC funds maintenance and repair, environmental remediation and minor construction within DWWCF rates. This funding is required to ensure facilities are properly maintained. The FY 2009-2011 Energy Cost recovery rates are set in order to recover AOR and maintain DWWCF cash solvency.

Energy NOR (\$ in Millions)	FY 2009	FY 2010	FY 2011
Revenue	12,266.0	15,229.1	16,424.6
Expenses	12,079.3	15,351.5	16,584.7
Operating Results	186.7	-122.4	-160.1
Supplementals	322.4	382.8	383.9
Net Operating Results	509.1	260.4	223.7
Prior Year Accumulated Operating Results	-1,022.6	-513.5	-253.1
Other Changes Affecting AOR	0.0	0.0	0.0
Ending Accumulated Operating Results	-513.5	-253.1	-29.3

Cash:

Pricing decisions, market conditions, 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 2009	FY 2010	FY 2011
Disbursements	12,978.3	14,618.7	16,412.9
Collections	-12,912.9	-15,153.2	-16,424.7
Net Outlays	65.4	-534.4	-11.8
Appropriations	-322.4	-383.8	-383.9
Transfers Out	0.0	0.0	0.0
Adjusted Outlays	-257.0	-917.3	-395.7

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).

UNIT COST

Unit cost for petroleum products is the per-barrel cost (Obligation Authority plus depreciation) for refined fuel purchased by the DESC. There was a dramatic decrease in the Unit Cost in FY 2009. This is a result of lower market prices, therefore requiring less obligation authority from FY 2008 to FY 2009. FY 2010-2011 costs are anticipated to rise due to the projected increase costs of refined product and Sustainment Restoration and Modernization (SRM) increases to repair deficiencies in the aging fuel infrastructure.

Energy Petroleum Unit Cost	FY 2009	FY 2010	FY 2011
Unit Cost Goal (Dollars per barrel)	80.36	126.48	128.57

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 2009, there were multiple standard prices due to changing market conditions. The composite standard price for FY 2009 was \$92.20.

In FY 2010, the fuel price was increased over the President's Budget 2010 amount from \$89.46 to \$116.76 per barrel. The standard price was increased again on January 1, 2010 to \$118.44 per barrel. The market trends continue to be monitored to determine if further price changes will be required.

The following table provides the composite standard price for FY 2009 through FY 2011:

Energy	FY 2009	FY 2010	FY 2011
Standard Price for Petroleum (\$/barrel)	92.20	118.02	127.26

INVENTORY

The Defense Energy Support Center inventory throughout FY 2009 remained relatively close to the inventory objective of 60.3 million barrels. Overall inventory increased slightly by 0.1 million barrels to a total of 59.6 million barrels, of which 34.5 million barrels are war reserve material (WRM).

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 2009	FY 2010	FY 2011
<u>Beginning Inventory</u>	<u>59.5</u>	<u>59.6</u>	<u>59.6</u>
Peacetime Operating	25.0	25.1	25.1
War Reserve	34.5	34.5	34.5
Receipts	131.6	127.5	128.5
Sales (Net)	-129.0	-125.5	-125.5
Returns without Credit	0.1	0.0	0.0
Issues without Reimb.	-0.0	-0.0	-0.0
Net Gains/Losses (Normal)	-1.5	-1.0	-2.0
Combat Losses	-1.1	-1.0	-1.0
<u>Ending Inventory</u>	<u>59.6</u>	<u>59.6</u>	<u>59.6</u>
Peacetime Operating	25.1	25.1	25.1
War Reserve	34.5	34.5	34.5

PERSONNEL

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

Personnel	FY 2009	FY 2010	FY 2011
End Strength			
Military*	73	75	75
Civilian	1,055	1,244	1,251
Total	1,128	1,319	1,326
FTEs			
Military*	73	75	75
Civilian	1,028	1,172	1,179
Total	1,101	1,247	1,254

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

Defense Energy Support Center continues its efforts to bring personnel on board to fill authorized end-strength positions. This budget also 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 2009	FY 2010	FY 2011
Equipment (non-ADP)	24.4	27.5	26.3
Software & ADP Equipment	10.8	32.5	33.0
Minor Construction	29.6	44.0	50.0
Total	64.8	104.0	109.4

The FY 2010 capital budget estimate of \$104.0 million reflects an overall increase of \$44.4 million from FY 2009. 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 Enterprise Resource Planning (ERP) system backbone, are in progress. Phase III, System Integration will began in FY 2010 and will continue into FY 2011. This phase will result in a fully integrated, coherent, single ERP for DLA 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. Minor construction increases in FY 2010 and FY 2011 correspond with a similar increase in SRM operating funding requirements to reduce the backlog of fuel infrastructure deficiencies.

OVERSEAS CONTINGENCY OPERATIONS (OCO) SUPPLEMENTAL REQUEST

Direct appropriations for Energy that were provided in FY 2009, as well as those requested in FY 2010-2011, are detailed in the following table and narrative. The appropriation requests below are in support of the OCO in Iraq and Afghanistan and reflect the changes to what was previously enacted:

Requirement (\$ M)	FY 2010 OCO Enacted	Change To FY 10 Request	FY 2010 Revised Rqmt	FY 2011 OCO Request
Combat Fuel Losses	118.9	27.0	145.9	153.6
Fuel Trans/Terminal Ops	194.8	42.1	236.9	230.3
TOTAL	313.7	69.1	382.8	383.9

Fuel Combat Losses - \$153.6 million: 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 losses is expected to rise with increased OPTEMPO in the less mature Afghanistan Theater despite lower Iraqi losses. Inventory Losses in these combat theaters is budgeted for approximately 1 million barrels per fiscal year.

Higher levels of fuel loss occur due to poor infrastructure, convoys under attack, and tactical versus fixed storage locations. The high temperatures that occur (above 120 degrees in many places during the warmer months) promote higher levels of evaporation. In addition, 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.

(\$ M)		Operation	FY 2009	FY 2010	FY 2011
A.	Subactivity Group – Operations – Combat Fuel Losses				
	5.9 Fuel Combat Losses	OEF	10.4	108.3	114.1
		OIF	108.3	37.6	39.5
		Total		118.7	145.9

Operations - \$230.3 million: The OEF/OIF fuel operations consist of fuel transportation and terminal operations in the OIF and OEF theatres.

	(\$ M)	Operation	FY 2009	FY 2010	FY 2011
B.	Subactivity Group – Operations – Fuel Transportation and Terminal Operations				
	5.9 Fuel Transportation and Terminal Operations	OEF	54.5	102.2	101.3
		OIF	145.6	134.7	129.0
		Total	200.1	236.9	230.3

Transportation - \$170.6 million: Transportation costs to deliver fuel products to U.S. military forces in support of the operations 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>FY 2011</u>	<u>\$ in millions</u>
OIF	109.1
OEF	58.4
OIF (helium)	<u>3.1</u>
	170.6

Terminal Operations - \$59.7 million: Terminal operations costs are associated with the handling, offloading, and storage of fuel to support mission critical CENTCOM requirements. The petroleum storage and throughput in these terminals and connecting pipelines is essential to execution of the OEF/OIF campaigns and overall contingency operations.

<u>FY 2011</u>	<u>\$ in millions</u>
OIF	16.8
OEF	<u>42.9</u>
	59.7

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
 Fiscal Year (FY) 2011 President's Budget Submission
 Supply Management Summary
 FY 2009
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DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES									0.0
MEDICAL									0.0
SUBSISTENCE									0.0
GENERAL & INDUSTRIAL									0.0
AVIATION									0.0
LAND & MARITIME									0.0
BOS									0.0
NSA									0.0
DLIS									0.0
Corporate									0.0
SUBTOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ENERGY (includes Aerospace)	3,382.2	12,125.7	12,125.7	10,708.0	0.0	322.4	11,030.4	0.0	11,030.4
TOTAL	3,382.2	12,125.7	12,125.7	10,708.0	0.0	322.4	11,030.4	0.0	11,030.400

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DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	2,407.7	14,811.5	14,811.5	15,999.3	0.0	379.8	16,379.1	2,835.0	19,214.1
AEROSPACE		67.5	67.5	44.9	0.0	3.0	47.9	0.0	47.9
REIMBURSABLE		181.0	181.0	181.0	0.0	0.0	181.0	0.0	181.0
ENERGY (includes Aerospace)									
TOTAL	2,407.7	15,060.1	15,060.1	16,225.2	0.0	382.8	16,608.0	2,835.0	19,443.0

Defense-Wide Working Capital Fund
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DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	2,533.5	15,971.1	15,971.1	16,077.3	0.0	380.8	16,458.1	2,319.4	18,777.4
AEROSPACE		87.7	87.7	68.0	0.0	3.1	71.1	0.0	71.1
REIMBURSABLE		193.7	193.7	193.7	0.0	0.0	193.7	0.0	193.7
TOTAL	2,533.5	16,252.6	16,252.6	16,339.0	0.0	383.9	16,722.9	2,319.4	19,042.259

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
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	Total	Mobilization	Peacetime	
			Operating	Other
INVENTORY - Beginning of Period (BOP)	8,694.3	5,018.7	3,675.5	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)		0.0		0.0
b. Price Change Amount (Memo)	-4,477.4	-2,608.1	-1,869.3	0.0
c. Inventory Reclassified and Repriced	4,216.8	2,410.6	1,806.2	0.0
RECEIPTS AT COST	10,545.5	0.0	10,545.5	
GROSS SALES AT COST	-10,875.1		-10,875.1	
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	458.1	0.0	458.1	0.0
Transfer to other DLA ICPs (-)		0.0		0.0
Transfer from other DLA ICPs (+)		0.0		0.0
b. Returns from Customers for Credit (+)	536.3	0.0	536.3	0.0
c. Returns from Customers without Credit (+)	0.0	0.0	0.0	0.0
d. Returns to Suppliers (-)		0.0		0.0
e. Transfers to Property Disposal (-)		0.0		0.0
f. Issues/Receipts without Reimbursement (-)		0.0		0.0
g. Normal Losses (-)	-336.9	0.0	-293.4	0.0
g. Combat Losses (-)	-75.2	-118.7	0.0	0.0
h. Total Adjustments	252.7	-118.7	701.0	0.0
INVENTORY - End of Period (EOP)	4,469.6	2,291.9	2,177.6	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				

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
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	Total	Mobilization	Peacetime	
			Operating	Other
INVENTORY - Beginning of Period (BOP)	4,469.5	2,291.9	2,177.6	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	
b. Price Change Amount (Memo)	1,853.9	985.4	521.9	
c. Inventory Reclassified and Repriced	6,323.4	3,623.9	2,699.5	0.0
RECEIPTS AT COST	13,319.2	0.0	13,319.2	
GROSS SALES AT COST	-13,844.4		-13,844.4	
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 (+)	630.2	0.0	630.2	0.0
c. Returns from 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. Normal Losses (-)	-396.9	0.0	-396.9	0.0
g. Combat Losses (-)	-145.9	-145.9	0.0	0.0
h. Total Adjustments	87.5	-145.9	233.4	0.0
INVENTORY - End of Period (EOP)	5,885.7	3,478.0	2,407.7	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				

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
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	Total	Mobilization	Peacetime	
			Operating	Other
INVENTORY - Beginning of Period (BOP)	5,885.7	3,478.0	2,407.7	0.0
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.0	0.0	0.0	0.0
b. Price Change Amount (Memo)	768.2	335.3	432.9	0.0
c. Inventory Reclassified and Repriced	6,653.9	3,813.3	2,840.6	0.0
RECEIPTS AT COST	14,257.0	110.5	14,146.5	
GROSS SALES AT COST	-14,588.6		-14,588.6	
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 (+)	663.2	0.0	663.2	0.0
c. Returns from Customers without Credit (+)	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 (-)	-528.2	0.0	-528.2	0.0
g. Combat Losses (-)	-153.6	-153.6	0.0	0.0
h. Total Adjustments	-18.6	-153.6	135.0	0.0
INVENTORY - End of Period (EOP)	6,303.7	3,770.2	2,533.5	0.0
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	0.0			0.0
b. Contingency Retention (Memo)	0.0			0.0
c. Potential DoD Utilization (Memo)	0.0			0.0
INVENTORY ON ORDER EOP				

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
 Fiscal Year (FY) 2011 President's Budget Submission
 War Reserve Material (WRM) Stockpile
 FY 2009 Actuals
 Dollars in Millions
 February 1, 2010

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	5,018.7	5,018.7	0.0
2. Price Change (Memo)	-2,608.1	-2,608.1	0.0
3. Inventory Repriced	2,410.6	2,410.6	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	-118.7	-118.7	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-118.7	-118.7	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	2,291.9	2,291.9	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) 2011 President's Budget Submission
 War Reserve Material (WRM) Stockpile
 FY 2010
 Dollars in Millions
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	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	2,291.9	2,291.9	0.0
2. Price Change (Memo)	1,332.0	1,332.0	0.0
3. Inventory Repriced	3,623.9	3,623.9	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	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	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	-145.9	-145.9	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-145.9	-145.9	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	3,478.0	3,478.0	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) 2011 President's Budget Submission
 War Reserve Material (WRM) Stockpile
 FY 2011
 Dollars in Millions
 February 1, 2010

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,478.0	3,478.0	0.0
2. Price Change (Memo)	335.3	335.3	0.0
3. Inventory Repriced	3,813.3	3,813.3	0.0
4. Inventory Changes			
a. Receipts @ cost	110.5	110.5	0.0
(1). Purchases	110.5	110.5	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	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	-153.6	-153.6	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-153.6	-153.6	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	3,770.2	3,770.2	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
SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2011 Budget Estimates
Source of New Orders and Revenue
FY 2009 - FY 2011
USD in Millions
February 2010

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
<u>Standard Price</u>			
a. Orders from DoD Components	11,430.3	14,060.1	15,158.6
Army	2,157.7	2,539.3	2,735.6
Navy	3,190.8	4,012.7	4,378.0
Air Force	5,865.4	7,246.4	7,764.7
Marine Corps	146.7	162.2	174.9
Other	69.6	99.4	105.4
b. Orders from Other Activity Groups	0.0	0.0	0.0
c. Total DoD	11,430.3	14,060.1	15,158.6
d. Other Orders:	1,312.8	1,708.1	1,857.5
Other Federal Agencies	332.9	427.3	477.0
Non-Federal Agencies	555.0	701.6	756.2
Foreign Military Sales	424.9	579.2	624.3
Total New Orders	12,743.1	15,768.2	17,016.1
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	12,743.1	15,768.2	17,016.1
4. Funded Carry-Over	0.0	0.0	0.0
5. Credits	-617.4	-708.1	-763.6
6. Total Net Sales	12,125.7	15,060.1	16,252.5

Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Defense Logistics Agency/Defense Energy Support Center
 Fiscal Year (FY) 2011 President's Budget Submission
 Revenue and Expenses
 FY 2009 - 2011
 Dollars in Millions

Revenue:	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Gross Sales @ Standard	12,743.5	15,768.2	17,016.1
Operations	12,699.3	15,671.4	16,913.8
Capital Surcharge	19.5	45.6	42.4
Depreciation	24.8	51.2	59.9
Other Income	139.9	169.0	172.0
Refunds/Discounts (-)	-617.4	-708.1	-763.6
Total Income	12,266.0	15,229.1	16,424.6
Adjusted Income			
Total Income (allocated)	12,266.0	15,229.1	16,424.6
 Expenses:			
Cost of Materiel Sold from Inventory	10,596.6	13,241.1	13,924.9
Inventory Gains/Losses	118.7	250.9	374.6
Salaries and Wages:	126.5	141.8	145.3
Military Personnel Costs	10.4	10.4	10.8
Civilian Personnel Compensation	116.1	131.4	134.5
Travel & Transportation of Personnel	7.9	14.3	14.2
Materials & Supplies (For internal use)	0.8	6.2	6.5
Equipment	6.7	10.3	10.2
Other Purchases from Revolving Funds	71.2	79.9	88.5
Transportation of Things	488.7	574.4	580.2
Depreciation - Capital	24.8	51.2	59.9
Printing and Reproduction	0.3	0.5	0.5
Advisory and Assistance Services	106.4	99.6	95.0
Rent, Communication, and Utility	1.5	17.0	17.3
Other Purchased Services	529.5	864.3	1,267.6
Total Expenses (System)	12,079.3	15,351.5	16,584.7
Allocated Expenses			
Total Expenses (Allocated)	12,079.3	15,351.5	16,584.7
 Operating Results	 186.7	 -122.4	 -160.1
 Plus Passthroughs or Other	 322.4	 382.8	 383.9
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	 509.1	 260.4	 223.7
Prior Year AOR	-1,022.6	-513.5	-253.1
Other Changes Affecting AOR	0.0	0.0	
Accumulated Operating Results (AOR)	-513.5	-253.1	-29.3

DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2011 Budget Estimates
Fuel Data
FY 2009 Actuals
U.S. Dollars
February 2010

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	83.3	89.05	7,374.4				
F76	13.8	88.36	1,220.2				
JP5	10.8	91.03	983.0				
DIESEL	7.2	87.81	631.7				
JP50, JA1, and JAA	0.2	108.50	24.5				
MOGAS (Unleaded)	2.0	97.28	191.0				
RESIDUALS	0.4	48.90	20.9				
JTS	0.1	267.54	25.7				
Gasohol	0.1	80.04	7.2				
Lubricants	0.0	274.53	6.8				
JP4, JAB	0.0	88.86	1.5				
Avgas	<u>0.0</u>	<u>303.60</u>	<u>8.0</u>				
TOTAL BULK and PC&S	118.0	88.93	10,494.8				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.7	111.26	520.0				
<u>BUNKERS:</u>							
DIESEL (Marine)	2.2	104.26	229.6				
RESIDUALS (Intermediate)	<u>0.9</u>	<u>97.41</u>	<u>91.3</u>				
TOTAL BUNKERS	3.1	102.21	321.0				
<u>LOCAL PURCHASE and CASH</u>							
Local Purchase & Cash	3.1	176.67	554.4				
Rounding factor							
TOTAL	129.0	92.20	11,890.2				

DEFENSE-WIDE WORKING CAPITAL FUND
SUPPLY MANAGEMENT ACTIVITY GROUP - ENERGY
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2011 Budget Estimates
Fuel Data
FY2010
U.S. Dollars
February 2010

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	118.02	9,231.1				
F76	15.3	117.60	1,802.0				
JP5	10.6	118.86	1,260.1				
DIESEL	9.5	113.40	1,072.7				
JP50, JAl, and JAA	0.4	118.02	43.6				
MOGAS (Unleaded)	1.9	115.08	223.7				
RESIDUALS	0.2	74.76	15.2				
JTS	0.1	270.90	22.4				
Gasohol	0.0	121.38	4.5				
Lubricants	0.0	233.91	6.0				
JP4, JAB	0.0	121.38	3.3				
Avgas	0.0	134.82	3.5				
TOTAL BULK and PC&S	116.3	117.68	13,688.1				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	4.2	134.82	568.0				
<u>BUNKERS:</u>							
DIESEL (Marine)	2.2	120.96	266.8				
RESIDUALS (Intermediate)	0.8	88.62	74.4				
TOTAL BUNKERS	3.0	112.04	341.3				
<u>LOCAL PURCHASE and CASH</u>							
Local Purchases & Cash	1.9	118.02	227.4				
Rounding Factor			-13.2				
TOTAL	125.5	118.02	14,811.5				

DEFENSE-WIDE WORKING CAPITAL FUND
DEFENSE ENERGY MANAGEMENT
Defense Logistics Agency/Defense Energy Support Center
Fiscal Year (FY) 2011 Budget Estimates
Fuel Data
FY 2011
U.S. Dollars
February 2010

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	78.2	127.26	9,953.8				
F76	15.3	126.84	1,943.6				
JP5	10.6	128.10	1,358.0				
DIESEL	9.5	122.64	1,160.1				
JP50, JA1, and JAA	0.4	127.26	47.0				
MOGAS (Unleaded)	1.9	124.32	241.6				
RESIDUALS	0.2	80.64	16.4				
JTS	0.1	270.90	22.4				
Gasohol	0.0	131.04	4.9				
Lubricants	0.0	332.56	8.6				
JP4, JAB	0.0	131.04	3.6				
Avgas	0.0	145.32	3.8				
TOTAL BULK and PC&S	116.3	126.93	14,763.8				
		0.00					
<u>INTOPLANE</u>		0.00					
Jet Fuel Commercial Grade	4.2	145.32	612.2				
		0.00					
<u>BUNKERS:</u>		0.00					
DIESEL (Marine)	2.2	130.20	287.2				
RESIDUALS (Intermediate)	0.8	95.76	80.4				
TOTAL BUNKERS	3.0	120.70	367.6				
		0.00					
<u>LOCAL PURCHASE and CASH</u>		0.00					
Local Purchases and Cash	1.9	127.26	245.2				
Rounding Factor			-17.7				
TOTAL	125.5	127.26	15,971.1				

**Defense Logistics Agency
Defense Wide Working Capital Fund (DWWCF)
Document Automation & Production Service
Fiscal Year (FY) 2011 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 on-demand output (high-speed copying) workload has decreased 62 percent and on-line services workload has increased 65 percent.

DAPS manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 182 production facilities.

CUSTOMERS: DAPS' primary customers are Army (22.9 percent), Navy (28.8 percent), Air Force (20.1 percent), Defense Agencies (24.8 percent), and non-DoD customers (3.4 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. This reduction is the result of lower equipment prices for renewals negotiated by DAPS. The savings from lower prices are passed on to DAPS' customers.

DAPS previous submission reflected a strategy for the replacement of its aging equipment throughout the organization. During FY 09 DAPS successfully implemented the color production and bindery equipment portions of this strategy. However, due to contractual issues DAPS was unable to fully implement the black and white production equipment portion of the strategy. This submission reflects a shift of \$3.7 million of non-capital equipment expense and \$8.2 million of capital equipment between thresholds obligation authority from FY 2009 to FY 2010. The submission shifts the FY 2013 equipment refresh program to FY 2014 to reflect the implementation delay.

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 2009, 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 2009, DAPS achieved a rework percentage of 0.11%, 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 98.18%, exceeding its goal of 98.0%.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Customer Satisfaction	97.0%	90.0%	90.0%
Rework Requests	0.11%	0.25%	0.25%
On-time Delivery	98.2%	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 2009 Goal</u>	<u>FY 2009 Actual</u>
Unit Cost per In-house Production Unit	.0593	.0543

DAPS produced 5% fewer in-house units than planned (2,505 million actual versus 2,647 million planned); and actual in-house costs were almost 13% lower than planned (\$135.9 million actual versus \$157.0 million planned). By incurring less cost, while producing fewer units, DAPS was able to better its unit cost goal by 8%.

	<u>FY 2009 Goal</u>	<u>FY 2009 Actual</u>
Composite Customer Rate Change	(0.91%)	2.81%

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 dividing in-house revenue by the in-house production units. Commercial program revenue is cost plus. The non-labor inflation rate is used as the price change for the cost plus fee commercial program. The FY 2009 actual is above goal primarily due to lower than budgeted FY 2008 composite customer rate change. The FY 2008 composite customer rate change was 2.15% compared to a budgeted 4.21%.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Unit Cost			
In-House Production	0.0543	0.0652	0.0603
Customer Rate	0.0552	0.0576	0.0539
Composite Customer Rate Change	2.81%	0.56%	2.99%

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.

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 2009 with a NOR loss of \$6.8 million against a goal of negative \$23.9 million. The FY 2009 results are primarily driven by contractual problems in executing the DAPS' equipment refresh program. The projected FY 2010 loss reflects rates set to reduce AOR to the benefit of DAPS' customers. The projected FY 2011 loss reflects rates set to return AOR to breakeven following the return of positive AOR.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Revenue	338.771	353.719	370.225
Cost of Goods Sold	345.547	386.081	375.539
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR	0	0	0
Net Operating Results	(6.776)	(32.362)	(5.314)
Prior Year Accumulated Operating Results	44.452	37.676	5.314
Ending Accumulated Operating Result	37.676	5.314	0.000
Workload			
In-House Production (Units)	2,505.3	2,456.2	2,436.8

OUTLAYS: The FY 2009 positive net outlays reflects a \$6.8 million NOR loss to return AOR to customers and a \$46.0 million increase in accounts receivable due to billings issues associated with the implementation of a new accounting system. The FY 2010 positive net outlays reflect a \$32.4 million planned NOR loss to return AOR to customers and \$2.7 million increase in accounts receivable. The FY 2011 positive net outlays reflects a \$5.3 million planned NOR loss to return AOR to customers, a \$5.9 million decrease in accounts payable and a \$2.4 million increase in accounts receivable.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Disbursements	352.644	389.939	390.914
Collections	296.009	352.416	380.977
Appropriations			
Transfers In			
Net Outlays	56.636	37.523	9.937

PERSONNEL: This submission projects full-time equivalent increase of less than 0.1 percent in FY 2010 and a decrease of 1.8 percent in FY 2011. Reduction is due to changes in workload mix.

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Civilian End Strength	860	851	840
Civilian Full-Time Equivalents	854	855	840

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.

Capital Budget Program	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Equipment (Non-ADPE)	0.000	1.200	1.200
Equipment (ADPE)	0.882	1.329	1.329
Software Development	4.197	5.144	5.144
Minor Construction	0.436	0.300	0.300
Total	5.515	7.973	7.973

Defense Logistics Agency
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2011 Budget Estimate
 Changes in the Cost of Operation
 (\$ in Millions)

	<u>Expenses</u>
FY 09 Actual:	345.5
FY 10 Estimate in President's Budget	391.6
Pricing Adjustments:	
Annualization of FY 09 Pay Raise	(0.0)
FY 10 Pay Raise	(0.0)
General Purpose Inflation	(0.8)
Program Changes:	
Civilian Personnel	(0.9)
Travel of Persons	0.1
Material & Supplies	(0.6)
Commercial Equipment Purchases	7.7
Capital Investments between thresholds	8.2
Other Purchased Services from Revolving Fund	(2.1)
Transportation of things	0.8
Printing and Reproduction	(118.7)
Advisory and Assistance Services	0.1
Rent, Communications, Utilities, and Misc	102.9
Other Purchased Services	(2.2)
Depreciation	0.0
FY 10 Current Estimate	386.1
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.3
FY 10 Pay Raise	0.7
General Purpose Inflation	4.3
Program Changes:	
Civilian Personnel	(0.0)
Travel of Persons	0.1
Material & Supplies	(0.7)
Commercial Equipment Purchases	(8.6)
Capital Investments between thresholds	(7.3)
Other Purchased Services from Revolving Fund	0.2
Transportation of things	(0.0)
Printing and Reproduction	(0.6)
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc	0.2
Other Purchased Services	0.2
Depreciation	0.7
FY 11 Current Estimate	375.5

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2011 Budget Estimates
 Source of New Orders and Revenue
 (\$ in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
1. New Orders			
a. Orders from DoD Components	285.474	293.000	306.731
Department of the Navy	87.029	89.323	93.509
Operations and Maintenance, Navy	46.697	47.928	50.174
Operations and Maintenance, Marine Corps	20.149	20.680	21.649
O&M, Navy Reserve	2.018	2.072	2.169
O&M, Marine Corps Reserve	3.407	3.497	3.661
Aircraft Procurement, Navy	0.835	0.857	0.897
Shipbuilding & Conversion, Navy	0.292	0.300	0.314
Research, Development, Test & Eval, Navy	0.404	0.415	0.434
Military Construction, Navy	0.210	0.215	0.226
Other Navy Appropriations	1.168	1.199	1.255
Credit Card Purchases, Navy	11.850	12.162	12.732
Department of the Army	76.699	78.721	82.410
Army Operation and Maintenance	22.765	23.365	24.460
O&M, Army Reserve	0.814	0.836	0.875
Army National Guard	1.523	1.563	1.636
Army Res, Dev, Test & Eval Accounts	0.642	0.659	0.690
Army Procurement Accounts	1.113	1.142	1.195
Army Other	0.158	0.162	0.170
Credit Card Purchases, Army	49.684	50.994	53.383
Department of the Air Force	65.209	66.928	70.065
Air Force Operation & Maintenance	27.971	28.709	30.054
O&M, Air Force Reserve	0.855	0.878	0.919
Air Force National Guard	1.390	1.427	1.494
Air Force Res, Dev, Test & Eval Accounts	0.791	0.811	0.849
Air Force Procurement Accounts	0.619	0.635	0.665
Air Force Other	0.033	0.034	0.036
Credit Card Purchases, Air Force	33.550	34.434	36.048
DoD Appropriated Accounts	56.537	58.028	60.747
Operation & Maintenance Accounts	19.841	20.364	21.318
Res, Dev, Test & Eval Accounts	0.514	0.528	0.553
Procurement Accounts	0.098	0.100	0.105
Military Construction, Defense	0.150	0.154	0.161
Defense Health Program	29.128	29.896	31.297
DoD Other	1.021	1.048	1.097
Credit Card Purchases, Defense	5.785	5.938	6.216
b. Orders from other Fund Activity Groups	48.530	49.810	52.144
Navy	12.514	12.844	13.446
Army	2.381	2.444	2.559
Air Force	4.458	4.576	4.790
Other DoD	29.177	29.946	31.349
c. Total DoD	334.004	342.809	358.875
d. Other Orders	11.834	12.146	12.715
Other Federal Agencies	10.824	11.109	11.630
Credit Card Purchases	0.437	0.449	0.470
Non-Federal Agencies and Other	0.573	0.588	0.615
Total New Orders	345.838	354.955	371.590
2. Carry-In Orders	20.950	28.017	29.253
3. Total Gross Orders	366.788	382.972	400.844
4. Funded Carry-Over	28.017	29.253	30.619
5. Total Gross Sales	338.771	353.719	370.225

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Document Automation & Production Service
 Fiscal Year (FY) 2011 Budget Estimates
 Revenue and Expenses
 (\$ in Millions)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Revenue			
Gross Sales	338.771	353.719	370.225
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:	338.771	353.719	370.225
Expenses			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.000
Civilian Personnel Compensation & Benefits	62.802	65.507	66.448
Travel & Transportation of Personnel	1.697	2.391	2.512
Materials & Supplies (For Internal Operations)	26.970	22.821	22.441
Equipment Purchases	6.316	14.028	5.581
Capital Investments between Thresholds	0.000	9.025	1.752
Other Purchases from Revolving Funds	3.499	3.190	3.405
Transportation of Things	1.547	2.340	2.362
Depreciation - Capital	0.773	3.152	3.849
Printing and Reproduction	96.840	107.922	108.868
Advisory and Assistance Services	0.285	0.451	0.475
Rent, Communications, Utilities, & Misc. Charges	101.437	110.429	112.199
Other Purchased Services	43.381	44.824	45.647
Total Expenses:	345.547	386.081	375.539
Operating Result	(6.776)	(32.362)	(5.314)
Adjustments Affecting NOR			
Net Operating Result	(6.776)	(32.362)	(5.314)
Prior Year Adjustments			
Prior Year AOR	44.452	37.676	5.314
Accumulated Operating Result	37.676	5.314	0.000
Non-Recoverable Adjustment Impacting AOR:			
Surcharge Prohibition			
Accumulated Operating Results for Budget Purposes	37.676	5.314	0.000