



Defense Industrial Base Critical Infrastructure Protection Conference

Building a Resilient Defense Industrial Base

April 11, 2007

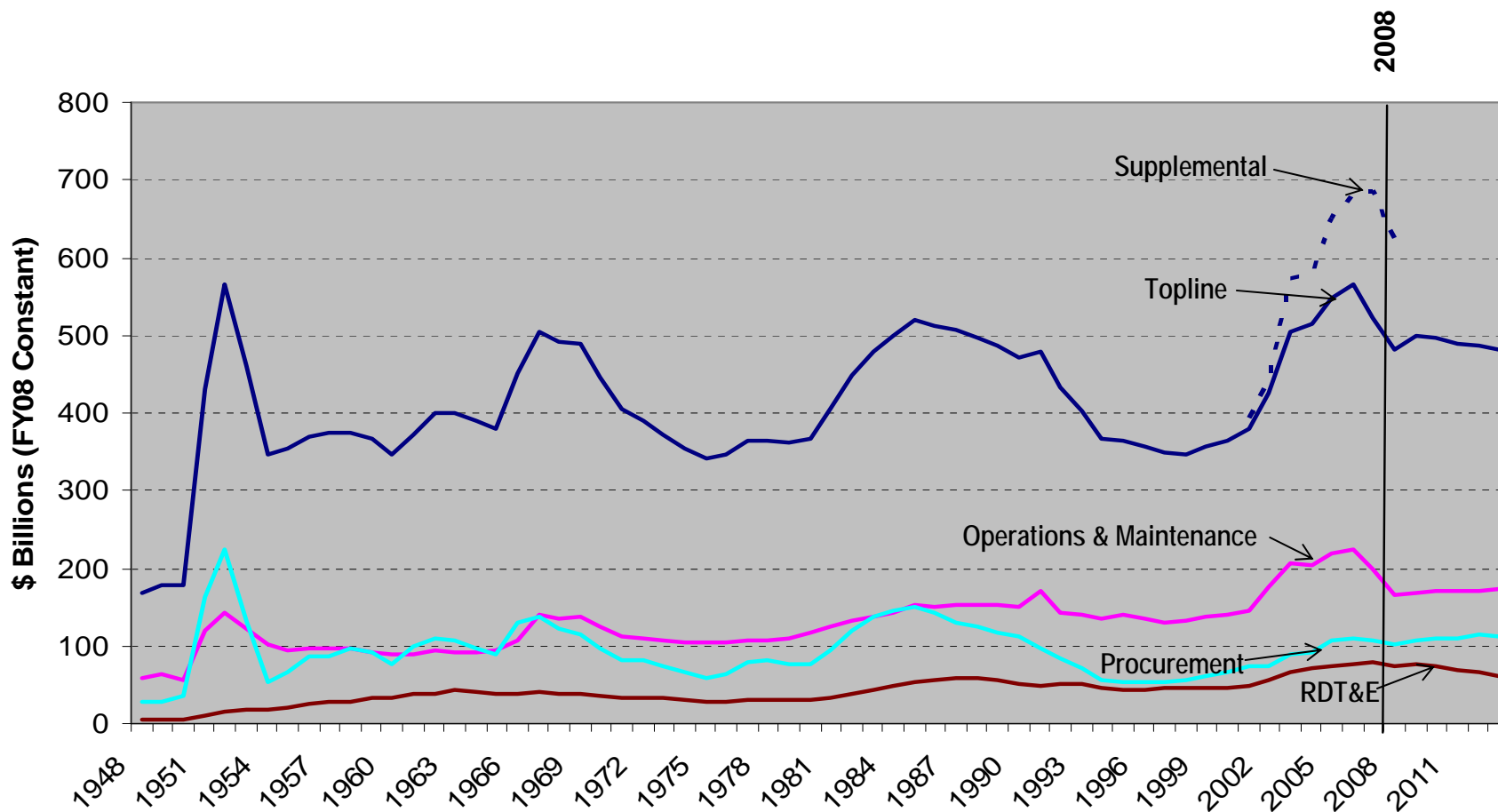
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The DIB & the National Military Strategy

- **The Defense Industrial Base (DIB)** is the Department of Defense, US Government, and private sector worldwide industrial complex with capabilities to perform research and develop, produce, deliver, and maintain military weapon systems, subsystems, components, or parts to meet military requirements. The DIB is comprised of hundreds of thousands of industrial sites. The preponderance of the DIB is privately owned and comprised of businesses of all sizes.
- Because the DIB is inherent to and integrated with the infrastructure vital to the DoD execution of the National Military Strategy, the Defense Critical Infrastructure Program (DCIP) includes efforts to identify, prioritize, and coordinate the protection of critical DIB assets.

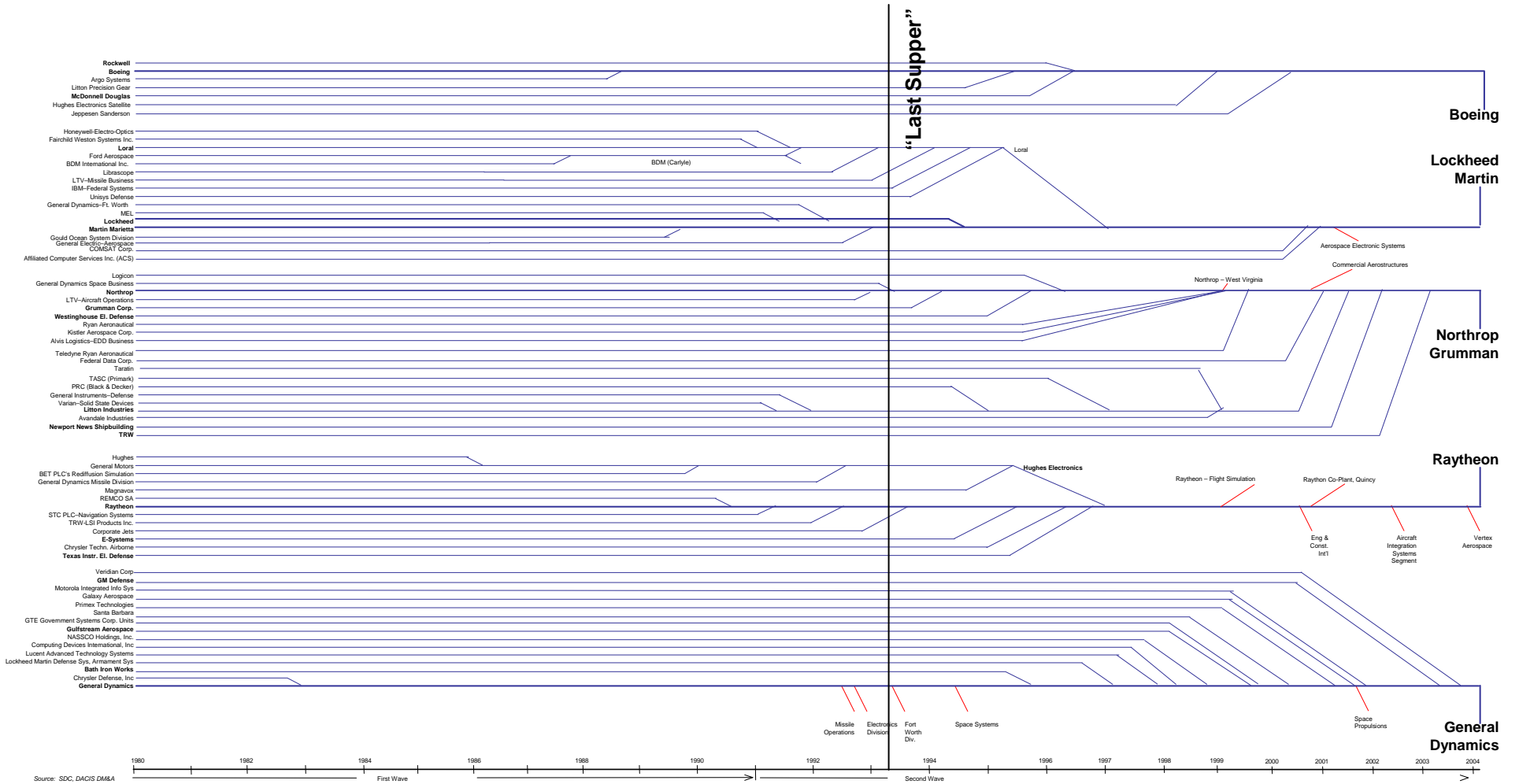
Defense Budget Trends

(DoD Budget Authority)

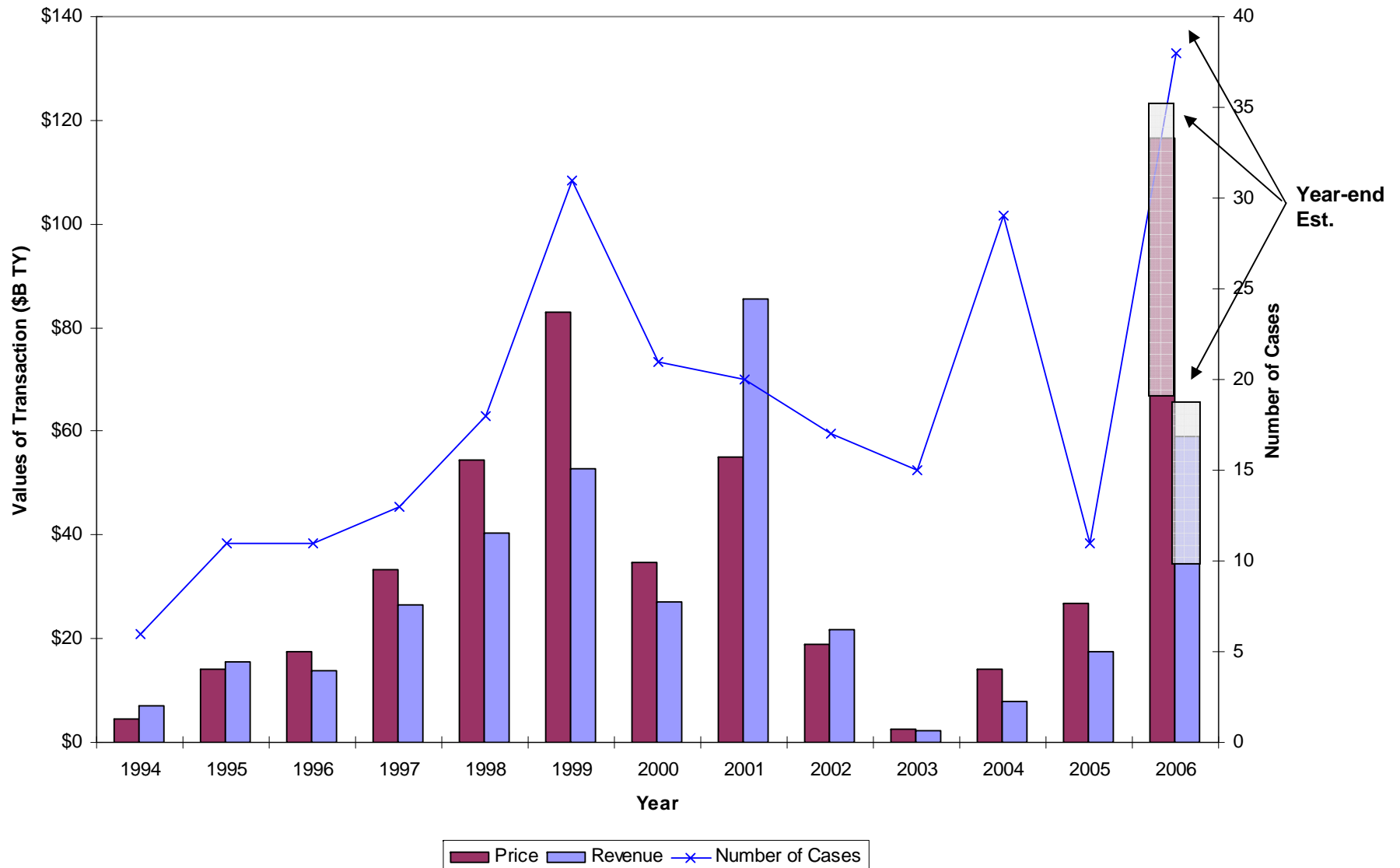


Source: USD (Comptroller) National Defense Budget Estimates for the FY 2008 Budget (Green Book)

Consolidation was Well Underway Before “Last Supper” in 1993

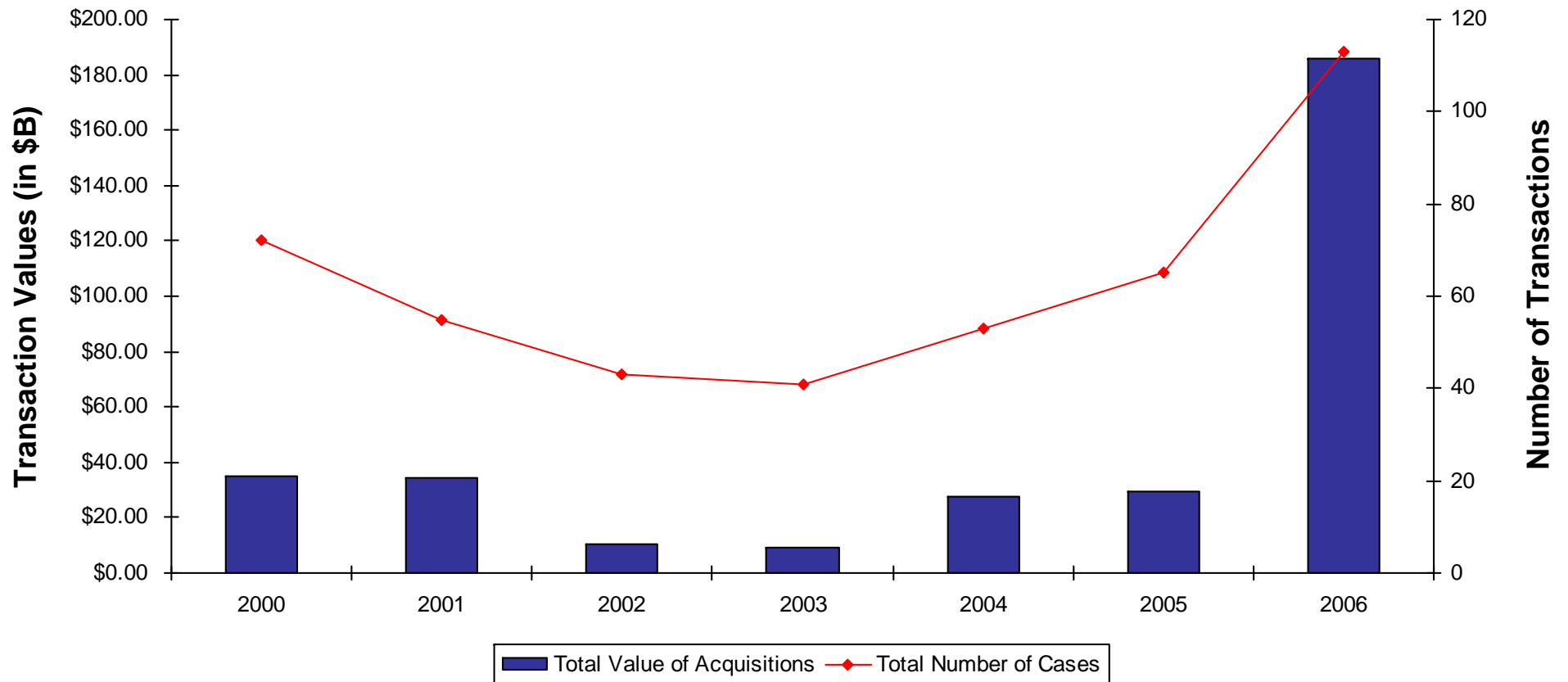


DoD's M&A Transaction Reviews Increasing



Source: ODUSD(IP) Data 2006 driven by \$20B Inco/Falconbridge and \$13B Alcatel/Lucent

CFIUS Transactions Also Increasing



DIB Critical Asset Methodology

Selection Criteria

- Prime or subcontractor single or sole source with unique technology or industrial capability that could significantly impact warfighter capabilities due to non-availability of material.
- Prime contractor with capabilities that support numerous programs or industries.
- Single source subcontractor with a long re-qualification time that supports numerous programs across the services.
- Essential advanced technology source.

