

**Department of Defense
SUPPLY SYSTEM INVENTORY REPORT
September 30, 2001**

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FOREWORD

The **Department of Defense (DoD) Supply System Inventory Report** is an annual publication. It provides summary statistics on the status of DoD supply system inventories. The report summarizes, by dollar value, inventories by DoD Component, retention categories, and funding source.

Commodities in this publication are grouped into two categories for comparison purposes - "Principal Items" and "Secondary Items." Principal items are primarily composed of major systems and weapons, but not complete aircraft, ships, tanks, helicopters, other combat and tactical vehicles, ICBMs, intermediate range ballistic missiles, or space vehicles. Secondary items are defined as consumable and reparable items other than principal items, including parts and assemblies that support principal items, and other consumables, such as food, medical items, and fuel, which do not support principal items.

DoD Regulation 4140.1-R, DoD Materiel Management contains guidance and definitions for this report.

NOTE: Beginning with fiscal year (FY) 1991, inventory was valued under the standard DoD valuation methodology valued at latest acquisition cost. The value for reparable items requiring repair was reduced by the cost of repair; and inventory stratified as "Potential Reutilization/Disposal Stock" was valued at net realizable value, i.e., salvage prices (2.2% of latest acquisition cost for FY 1991, 2.3% for FY 1992, 2.04% for FY 1993, 2.0% for FY 1994, 2.5% for FY 1995, 3.2% for FY 1996, 2.7% for FY 1997, 3.4% for FY 1998, 2.9% for FY 1999, 1.8% for FY 2000, and 1.9% for FY 2001,).

TABLE 1.0A

DEPARTMENT OF DEFENSE SECONDARY SUPPLY SYSTEM INVENTORIES
(Billions of Dollars)

SECONDARY ITEMS

| Fiscal Year a/ | Total b/ | Approved Acquisition Objective c/ | In-Transit d/ | Economic Retention | Contingency Retention e/ | Potential Reutilization/ Disposal |
|----------------|----------|-----------------------------------|---------------|--------------------|--------------------------|-----------------------------------|
| 1973 | 22.7 | 15.1 | 0.9 | 2.5 | 1.5 | 2.7 |
| 1974 | 24.3 | 15.7 | 0.9 | 3.2 | 1.7 | 2.8 |
| 1975 | 26.8 | 17.7 | 1.1 | 3.0 | 2.1 | 2.9 |
| 1976 | 28.5 | 18.9 | 0.7 | 3.3 | 2.8 | 2.8 |
| 1977. | 30.7 | 21.7 | 0.7 | 2.4 | 3.5 | 2.4 |
| 1978 | 32.6 | 23.3 | 0.7 | 2.4 | 4.0 | 2.2 |
| 1979 | 36.4 | 26.1 | 1.2 | 2.5 | 4.0 | 2.6 |
| 1980 | 43.4 | 32.3 | 1.0 | 2.7 | 4.9 | 2.5 |
| 1981 | 48.3 | 35.6 | 1.6 | 2.8 | 5.3 | 3.0 |
| 1982 | 54.8 | 37.7 | 4.4 | 3.2 | 6.5 | 3.0 |
| 1983 | 60.7 | 42.2 | 3.8 | 4.2 | 6.4 | 4.1 |
| 1984 | 70.5 | 47.7 | 3.4 | 5.4 | 6.9 | 7.1 |
| 1985 | 92.8 | 60.6 | 7.2 | 6.6 | 12.8 | 5.6 |
| 1986 | 88.5 | 54.5 | 4.7 | 7.5 | 16.3 | 5.5 |
| 1987 | 94.1 | 59.3 | 5.8 | 7.7 | 16.2 | 5.0 |
| 1988 | 103.2 | 64.1 | 5.4 | 9.7 | 14.3 | 9.6 |
| 1989 | 109.4 | 70.0 | 5.4 | 11.7 | 12.2 | 10.1 |
| 1990 f/ | 101.7 | 67.2 | 5.5 | 13.7 | 7.3 | 8.1 |
| 1991 g/ | 88.1 | 61.0 | 5.8 | 13.8 | 7.3 | 0.2 |
| 1992 g/ | 80.2 | 57.5 | 5.5 | 12.9 | 4.0 | 0.3 |
| 1993 g/ | 77.5 | 55.4 | 4.9 | 13.6 | 3.2 | 0.3 |
| 1994 g/ | 73.6 | 50.9 | 5.0 | 13.0 | 4.5 | 0.2 |
| 1995 g/ | 69.6 | 47.0 | 4.8 | 11.8 | 5.7 | 0.3 |
| 1996 g/ | 68.5 | 46.0 | 5.2 | 11.8 | 5.0 | 0.4 |
| 1997 g/ | 64.8 | 45.6 | 5.1 | 10.9 | 2.8 | 0.4 |
| 1998 g/ | 61.2 | 43.1 | 4.1 | 11.0 | 2.5 | 0.4 |
| 1999 g/ | 64.0 | 46.1 | 5.1 | 9.4 | 3.0 | 0.4 |
| 2000 g/ | 62.3 | 46.2 | 5.6 | 7.6 | 2.6 | 0.3 |
| 2001 g/ | 63.3 | 45.6 | 6.6 | 7.1 | 3.8 | 0.2 |

a/ See Note on the FOREWORD page.

b/ Figures may not add to totals due to rounding.

c/ Approved Force Retention Stock was deleted as a category effective September 30, 1991.
Data has been consolidated into this category.

d/ This category, formerly titled Unstratified Assets, was renamed effective September 30, 1991.

e/ Numeric Retention Stock was deleted as a category effective September 30, 1991.
Data has been consolidated into this category.

f/ Total includes reductions in inventory value for materiel in need of repair and inventory with decreased market prices.

g/ Total includes reductions in inventory value for materiel in need of repair, and Potential Reutilization/Disposal Stock is reduced to market prices for surplus usable property sold by the Defense Reutilization and Marketing Service. This is calculated under the DoD Comptroller's latest acquisition cost methodology mandated for all DoD annual reports and financial statements.

Table 1.0B
DEPARTMENT OF DEFENSE SECONDARY SUPPLY SYSTEM INVENTORIES
(Millions of Dollars)

| | FY 1996 | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 96-01 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Current Dollars - Using Latest Acquisition Cost Method of Valuation | | | | | | | |
| Army | \$10,774.369 | \$10,473.917 | \$9,565.629 | \$9,410.447 | \$9,420.913 | \$8,845.035 | (\$1,929.334) |
| Navy | \$18,335.858 | \$16,829.550 | \$15,589.738 | \$17,612.280 | \$17,496.032 | \$19,491.287 | \$1,155.429 |
| USMC | \$470.346 | \$445.661 | \$447.456 | \$364.621 | \$351.387 | \$513.650 | \$43.304 |
| Air Force | \$29,343.744 | \$27,239.185 | \$25,876.407 | \$27,106.971 | \$25,103.895 | \$24,633.427 | (\$4,710.317) |
| DLA | \$9,528.148 | \$9,811.716 | \$9,674.781 | \$9,527.830 | \$9,948.482 | \$9,847.355 | \$319.207 |
| Total, Current Dollars (Then-Year Dollars) | \$68,452.466 | \$64,800.029 | \$61,154.011 | \$64,022.149 | \$62,320.709 | \$63,330.754 | (\$5,121.711) |
| Constant FY 1995 Dollars (FY 1998 Deflators) - Using Latest Acquisition Cost Method of Valuation | | | | | | | |
| Army | \$10,774.369 | \$10,258.489 | \$9,176.544 | \$8,841.912 | \$8,494.962 | \$8,139.353 | (\$2,635.016) |
| Navy | \$18,335.858 | \$16,483.399 | \$14,955.620 | \$16,548.229 | \$15,776.404 | \$17,936.217 | (\$399.642) |
| USMC | \$470.346 | \$436.495 | \$429.256 | \$342.592 | \$316.850 | \$472.670 | \$2.324 |
| Air Force | \$29,343.744 | \$26,678.928 | \$24,823.875 | \$25,469.295 | \$22,636.515 | \$22,668.103 | (\$6,675.641) |
| DLA | \$9,528.148 | \$9,609.908 | \$9,281.256 | \$8,952.203 | \$8,970.678 | \$9,061.705 | (\$466.443) |
| Total, Constant FY 1995 Dollars (FY 1998 Deflators) | \$68,452.466 | \$63,467.217 | \$58,666.549 | \$60,154.232 | \$56,195.409 | \$58,278.048 | (\$10,174.418) |
| Constant FY 1995 Dollars (FY 2001 Deflators) - Using Latest Acquisition Cost Method of Valuation | | | | | | | |
| Army | \$10,774.369 | \$10,334.403 | \$9,333.232 | \$9,032.873 | \$8,868.411 | \$8,175.464 | (\$2,598.905) |
| Navy | \$18,335.858 | \$16,605.377 | \$15,210.984 | \$16,905.625 | \$16,469.954 | \$18,015.794 | (\$320.065) |
| USMC | \$470.346 | \$439.725 | \$436.585 | \$349.991 | \$330.779 | \$474.767 | \$4.421 |
| Air Force | \$29,343.744 | \$26,876.354 | \$25,247.738 | \$26,019.362 | \$23,631.644 | \$22,768.673 | (\$6,575.071) |
| DLA | \$9,528.148 | \$9,681.022 | \$9,439.732 | \$9,145.546 | \$9,365.040 | \$9,101.909 | (\$426.240) |
| Total, Constant FY 1995 Dollars (FY 2001 Deflators) | \$68,452.466 | \$63,936.881 | \$59,668.271 | \$61,453.397 | \$58,665.828 | \$58,536.606 | (\$9,915.860) |
| Percent Real Growth - Constant Dollars | | | | | | | |
| Army | | -4.1% | -9.7% | -3.2% | -1.8% | -20.9% | -24.1% |
| Navy | | -9.4% | -8.4% | 11.1% | -2.6% | 8.5% | -1.7% |
| USMC | | -6.5% | -0.7% | -19.8% | -5.5% | 8.0% | 0.9% |
| Air Force | | -8.4% | -6.1% | 3.1% | -9.2% | -15.3% | -22.4% |
| DLA | | 1.6% | -2.5% | -3.1% | 2.4% | -6.0% | -4.5% |
| Total | | -6.6% | -6.7% | 3.0% | -4.5% | -8.4% | -14.5% |
| FY 1998 Deflators with FY 1995 = 1.00 | 1.0000 | 1.0210 | 1.0424 | 1.0643 | 1.0867 | 1.0867 | |
| FY 2003 Deflators with FY 1995 = 1.00 | 1.0000 | 1.0135 | 1.0249 | 1.0418 | 1.0597 | 1.0819 | |
| FY 2003 Deflators (O&M Excl. Pay & Fuel); TOA | 0.8847 | 0.8966 | 0.9067 | 0.9217 | 0.9375 | 0.9572 | |
| FY 1998 Deflators (O&M Excl. Pay & Fuel); TOA | 0.9593 | 0.9794 | 1.0000 | 1.0210 | 1.0425 | 1.0425 | |

Note:

To improve its management of assets, the Navy moved \$660M of combatant ship aviation repairables and other assets at Marine Air Stations from operating materials & supplies into inventory accounts in FY 1997, \$840M in FY 1998, \$1.2B in FY 1999, \$1.4B in FY 2000, and \$3.54B in FY 2001.

TABLE 1.1A
DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2001 a/

| TOTAL SECONDARY ITEMS | Thousands of Dollars | | | | | | | |
|------------------------------|--------------------------------|-------------------------|------------------|--------------------------|-----------------------------|--|---|-------------------|
| SECONDARY ITEMS | Approved Acquisition Objective | War Reserve Materiel b/ | In-Transit Stock | Economic Retention Stock | Contingency Retention Stock | Potential Security Assistance Stock c/ | Potential Reutilization/ Disposal Stock | Total |
| U.S. Army | 5,255,726 | 1,851,539 | 2,567,379 | 374,350 | 624,387 | | 23,193 | 8,845,035 |
| U.S. Navy | 14,131,036 | 184,939 | 3,138,881 | 1,274,032 | 867,194 | 224,478 | 80,144 | 19,491,287 |
| U.S. Marine Corps | 484,014 | 123,312 | 5,137 | | 20,681 | | 3,819 | 513,650 |
| U.S. Air Force | 19,307,720 | 3,277,062 | 278,935 | 2,895,217 | 2,039,672 | 39,198 | 111,883 | 24,633,427 |
| Defense Logistics Agency | 6,391,692 | 1,460,152 | 630,621 | 2,578,010 | 219,153 | | 27,879 | 9,847,355 |
| TOTAL SECONDARY ITEMS | 45,570,188 | 6,897,004 | 6,620,953 | 7,121,609 | 3,771,087 | 263,676 | 246,918 | 63,330,754 |
| Revolving Funds | 43,656,272 | 6,817,660 | 6,607,194 | 6,762,587 | 3,008,992 | 263,441 | 226,554 | 60,261,598 |
| Investment Funds | 1,913,916 | 79,344 | 13,759 | 359,022 | 762,095 | 235 | 20,364 | 3,069,156 |
| TOTAL SECONDARY ITEMS | 45,570,188 | 6,897,004 | 6,620,953 | 7,121,609 | 3,771,087 | 263,676 | 246,918 | 63,330,754 |

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

TABLE 1.1B

**DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2001 a/**

| TOTAL CONSUMABLE | | Thousands of Dollars | | | | | | | |
|------------------------------|--------------------------------|-------------------------|------------------|--------------------------|-----------------------------|--|---|-------------------|--|
| SECONDARY ITEMS | Approved Acquisition Objective | War Reserve Materiel b/ | In-Transit Stock | Economic Retention Stock | Contingency Retention Stock | Potential Security Assistance Stock c/ | Potential Reutilization/ Disposal Stock | Total | |
| U.S. Army | 1,453,782 | 1,232,645 | 204,723 | 61,380 | 54,637 | | 4,252 | 1,778,774 | |
| U.S. Navy | 1,917,163 | 154,090 | 128,392 | 141,418 | 146,939 | 20,904 | 13,640 | 2,347,552 | |
| U.S. Marine Corps | 150,437 | 38,327 | 1,596 | | 6,428 | | 1,187 | 159,649 | |
| U.S. Air Force | 1,390,738 | 555,847 | 278,935 | 190,877 | 61,468 | | 10,939 | 1,932,957 | |
| Defense Logistics Agency | 6,391,692 | 1,460,152 | 630,621 | 2,578,010 | 219,153 | | 27,879 | 9,847,355 | |
| TOTAL SECONDARY ITEMS | 11,303,812 | 3,441,061 | 1,244,267 | 2,971,685 | 488,625 | 20,904 | 57,897 | 16,066,287 | |
| Revolving Funds | 11,303,812 | 3,441,061 | 1,244,267 | 2,971,685 | 488,625 | 20,904 | 57,897 | 16,066,287 | |
| TOTAL SECONDARY ITEMS | 11,303,812 | 3,441,061 | 1,244,267 | 2,971,685 | 488,625 | 20,904 | 57,897 | 16,066,287 | |

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

TABLE 1.1C

**DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2001 a/**

| TOTAL REPARABLE | | Thousands of Dollars | | | | | | | |
|------------------------------|--------------------------------|-------------------------|------------------|--------------------------|-----------------------------|--|---|-------------------|--|
| SECONDARY ITEMS | Approved Acquisition Objective | War Reserve Materiel b/ | In-Transit Stock | Economic Retention Stock | Contingency Retention Stock | Potential Security Assistance Stock c/ | Potential Reutilization/ Disposal Stock | Total | |
| U.S. Army | 3,801,944 | 618,894 | 2,362,656 | 312,970 | 569,750 | | 18,941 | 7,066,261 | |
| U.S. Navy | 12,213,873 | 30,849 | 3,010,489 | 1,132,614 | 720,255 | 203,574 | 66,504 | 17,143,735 | |
| U.S. Marine Corps | 333,576 | 84,985 | 3,540 | | 14,253 | | 2,632 | 354,002 | |
| U.S. Air Force | 17,916,982 | 2,721,215 | | 2,704,340 | 1,978,204 | 39,198 | 100,944 | 22,700,470 | |
| TOTAL SECONDARY ITEMS | 34,266,375 | 3,455,943 | 5,376,685 | 4,149,924 | 3,282,462 | 242,772 | 189,021 | 47,264,468 | |
| Revolving Funds | 32,352,459 | 3,376,599 | 5,362,926 | 3,790,902 | 2,520,367 | 242,537 | 168,657 | 44,195,312 | |
| Investment Funds | 1,913,916 | 79,344 | 13,759 | 359,022 | 762,095 | 235 | 20,364 | 3,069,156 | |
| TOTAL SECONDARY ITEMS | 34,266,375 | 3,455,943 | 5,376,685 | 4,149,924 | 3,282,462 | 242,772 | 189,021 | 47,264,468 | |

a/ See Note on FOREWORD page.

b/ Memo Entry, included in Approved Acquisition Objective.

c/ Memo Entry, included in Contingency Retention Stock.

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DoD Secondary Item Inventory by Component

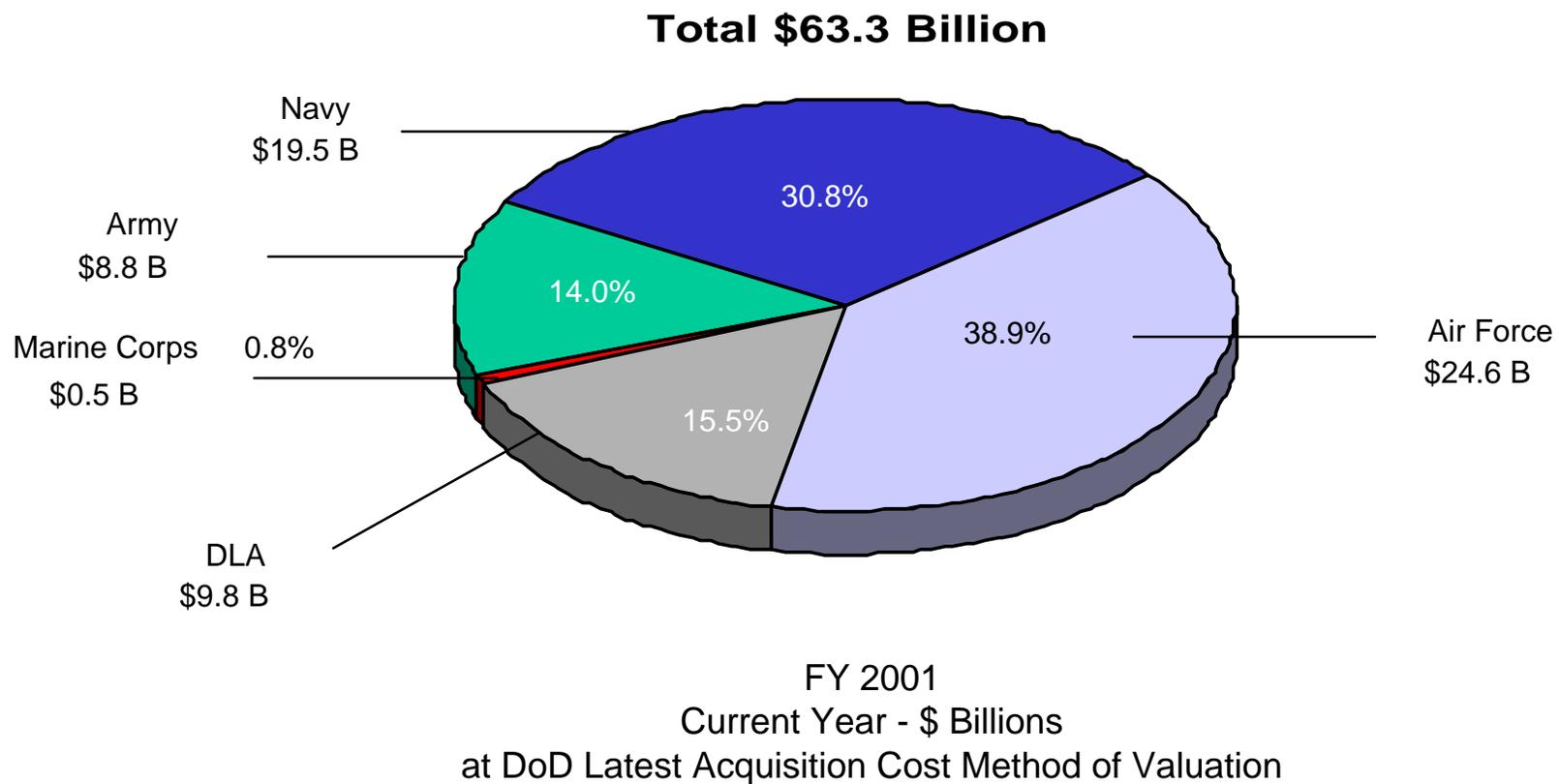


FIGURE 1

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DoD Secondary Inventory Value

Current Year - \$Billions at DoD Latest
Acquisition Cost Method of Valuation

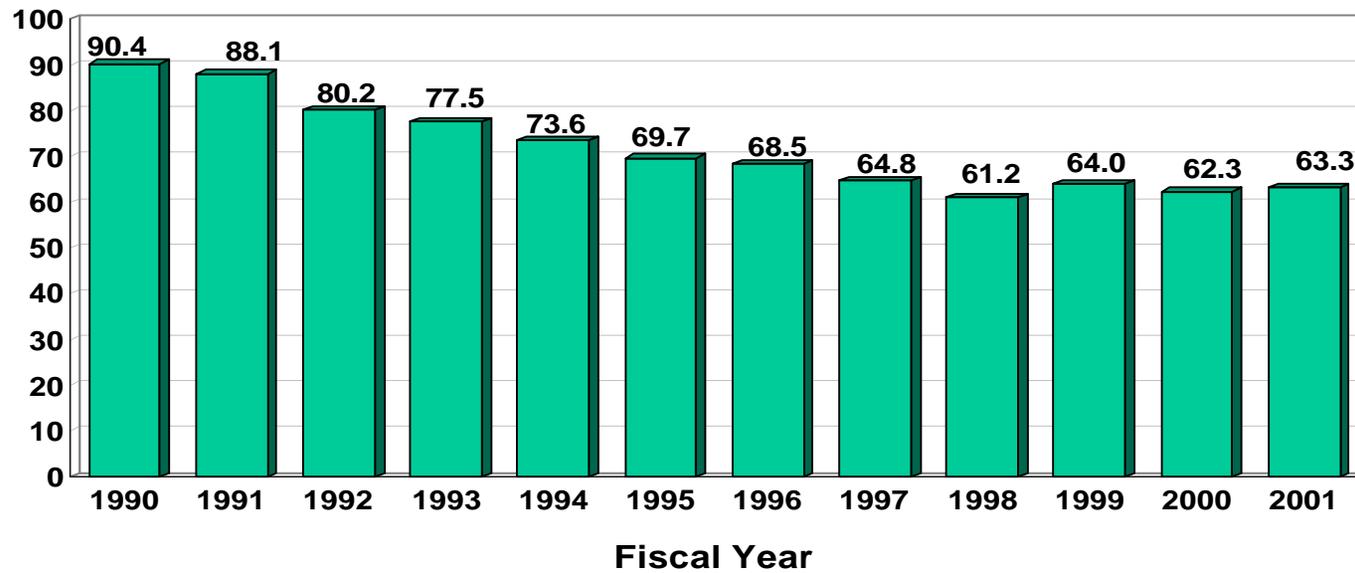
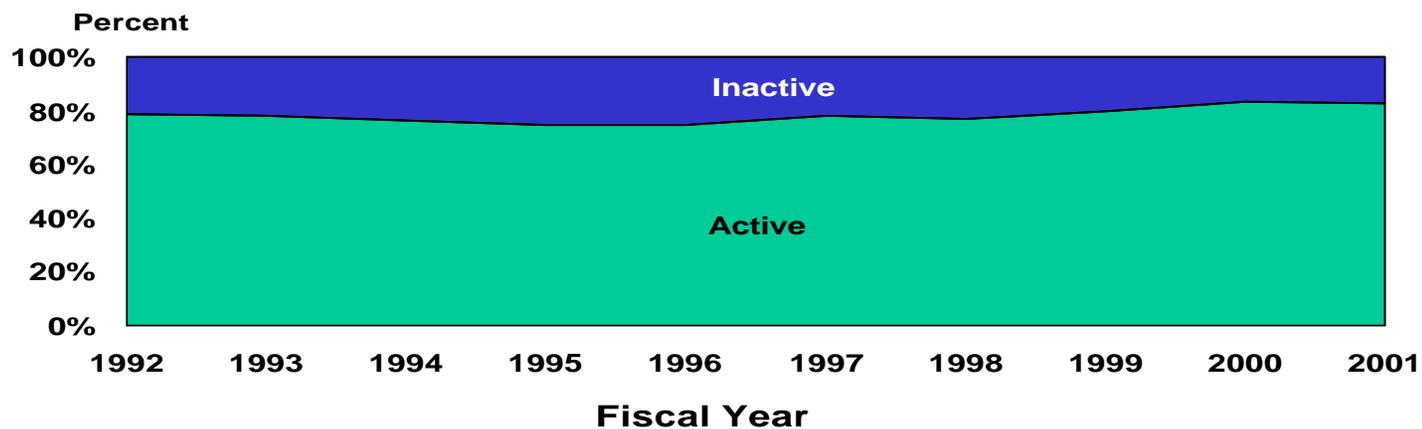


FIGURE 2

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DoD Active Inventory and Inactive Inventory to Total Inventory



| Inventory | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 |
|-----------|------|------|------|------|------|------|------|------|------|------|
| Active | 63.0 | 60.3 | 55.9 | 51.8 | 51.2 | 50.7 | 47.2 | 51.2 | 51.7 | 52.2 |
| Inactive | 17.2 | 17.2 | 17.7 | 17.9 | 17.2 | 14.1 | 14 | 12.8 | 10.6 | 11.1 |
| Total | 88.1 | 80.2 | 77.5 | 73.6 | 69.7 | 68.5 | 64.8 | 61.2 | 64.0 | 63.3 |

Current Year - \$ Billions at DoD Latest Acquisition Cost Method of Valuation

FIGURE 3

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DoD Secondary Inventory by Item Type

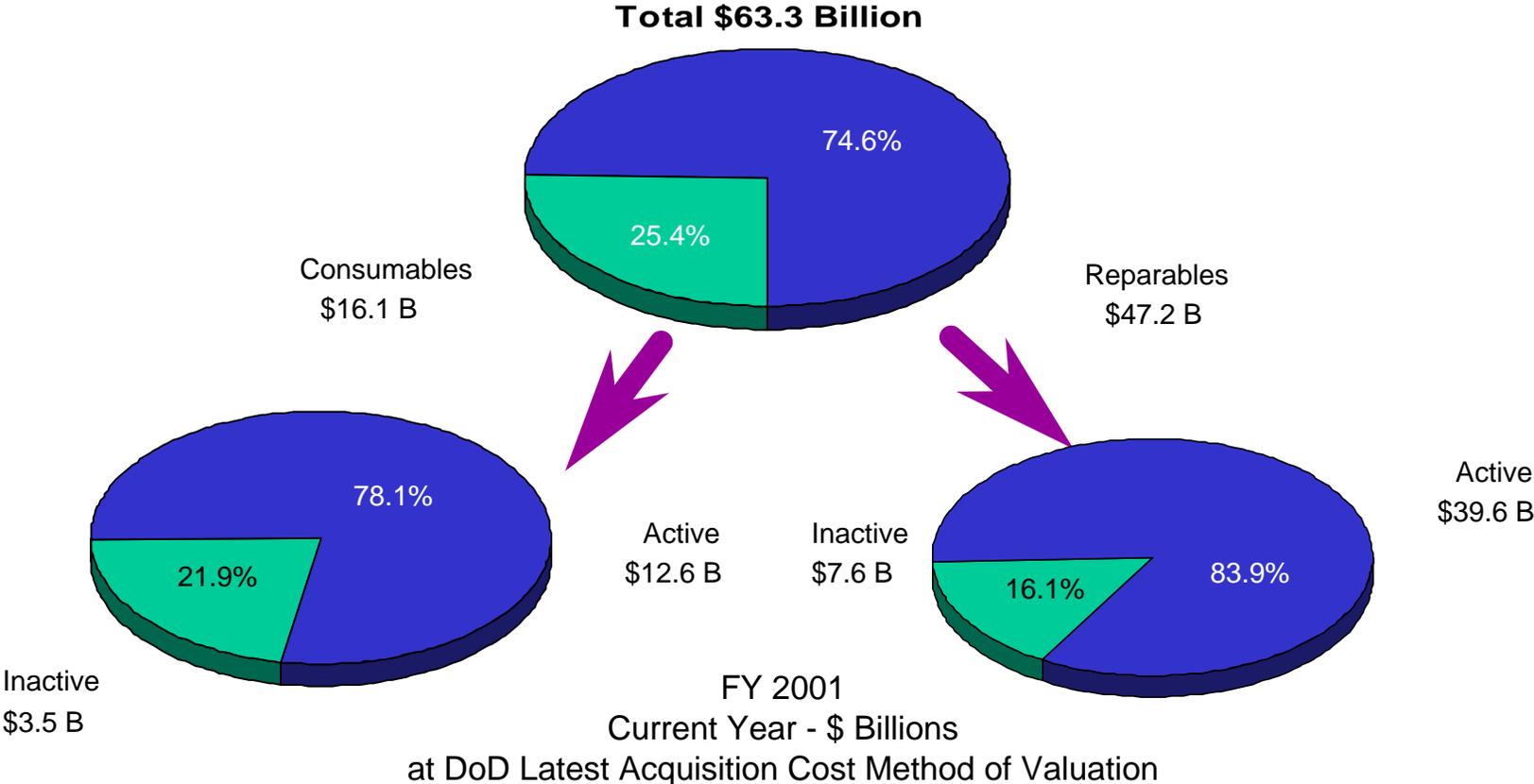


FIGURE 4

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TABLE 1.2A
DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2001 a/

PRINCIPAL ITEMS

| Department of Defense Standard | Thousands of Dollars | | | | | |
|---|----------------------|-------------------|-------------------|------------------|---------------|--------------------|
| | Army | Navy | Air Force | Marine Corps | DLA | Total |
| Weapons | 2,144 | 100,826 | 19,028 | | | 121,998 |
| Major Aircraft Subsystems and Related Equipment | | 620 | 511,068 | | | 511,688 |
| Major Ship Subsystems, Small Craft and Related Equipment | | 967,527 | | | | 967,527 |
| Munitions and Related Equipment | 34,080,000 | 13,387,541 | 8,376,507 | 5,566,951 | | 61,410,999 |
| Missile Systems and Related Equipment | 1,781,707 | 19,203,146 | 93,185 | 357,769 | | 21,435,807 |
| Tank, Combat, and Tactical Vehicle Subsystems | | | | 271,474 | | 271,474 |
| Support Vehicles and Railway Equipment | | | 300 | 299,196 | | 299,496 |
| Electronics, Communications, Control and Information Systems, and Related Equipment | 907,889 | 951,402 | 497,665 | | | 2,356,956 |
| Propulsion Systems, Aircraft Engines, and Related Equipment | | 3,275,429 | 9,165,189 | | | 12,440,618 |
| Uncategorized Major Equipment | 1,088,275 | 734,886 | 211,279 | | 18,090 | 2,052,530 |
| TOTAL PRINCIPAL ITEMS | 37,860,015 | 38,621,377 | 18,874,221 | 6,495,390 | 18,090 | 101,869,093 |

* Navy's principal inventory values for ammunition are based on Conventional Ammunition Integrated Management System (CAIMS).

TABLE 1.2B
DEPARTMENT OF DEFENSE PRINCIPAL SUPPLY SYSTEM INVENTORIES
(Billions of Dollars)

| PRINCIPAL ITEMS | | | | | | |
|-------------------|----------|---|---------------|-----------------------|-----------------------------|---|
| Fiscal Year a/ | Total b/ | Approved Acquisition Objective c/ | In-Transit d/ | Economic Retention | Contingency Retention e/ | Potential Reutilization/ Disposal |
| 1973 | 19.4 | 15.0 | 0.4 | 1.5 | 1.2 | 1.3 |
| 1974 | 22.7 | 17.6 | 0.4 | 1.9 | 1.7 | 1.1 |
| 1975 | 29.9 | 24.5 | 0.4 | 2.6 | 1.5 | 0.9 |
| 1976 | 27.5 | 22.0 | 0.2 | 2.8 | 1.5 | 1.0 |
| 1977 | 26.7 | 20.2 | 0.2 | 2.8 | 2.3 | 1.2 |
| 1978 | 26.2 | 19.9 | -0.3 | 3.1 | 2.1 | 1.5 |
| 1979 | 30.6 | 24.0 | 0.3 | 3.3 | 1.9 | 1.1 |
| 1980 | 31.9 | 26.2 | 0.2 | 2.6 | 1.6 | 1.3 |
| 1981 | 40.0 | 33.3 | 0.5 | 2.3 | 2.0 | 1.9 |
| 1982 | 47.5 | 39.8 | 0.9 | 2.8 | 2.4 | 1.6 |
| 1983 | 53.6 | 46.0 | 0.7 | 2.5 | 3.0 | 1.4 |
| 1984 | 61.9 | 51.9 | 1.4 | 2.8 | 3.2 | 2.6 |
| 1985 | 69.2 | 57.9 | 1.4 | 3.2 | 3.5 | 3.2 |
| 1986 | 74.9 | 62.3 | 1.8 | 3.2 | 5.0 | 2.6 |
| 1987 | 142.9 | 131.9 | 1.3 | 3.7 | 4.3 | 1.7 |
| 1988 f/ | 165.5 | 139.9 | 1.3 | 5.8 | 15.5 | 3.0 |
| 1989 | 180.2 | 157.6 | 1.0 | 5.4 | 15.0 | 1.2 |
| 1990 | 197.4 | 181.1 | 3.0 | 5.0 | 5.4 | 2.9 |
| 1991 | 203.4 | 190.0 | 2.2 | 5.2 | 5.9 | * |
| 1992 g/ h/ | 72.0 | -- | -- | -- | -- | -- |
| 1993 | 81.1 | -- | -- | -- | -- | -- |
| 1994 | 97.7 | -- | -- | -- | -- | -- |
| 1995 | 92.6 | -- | -- | -- | -- | -- |
| 1996 | 78.4 | -- | -- | -- | -- | -- |
| 1997 | 95.2 | -- | -- | -- | -- | -- |
| 1998 | 90.4 | -- | -- | -- | -- | -- |
| 1999 | 93.1 | -- | -- | -- | -- | -- |
| 2000 | 93.2 | -- | -- | -- | -- | -- |
| 2001 | 101.9 | -- | -- | -- | -- | -- |

* Less than \$100 million

a/ See Note on FOREWORD page.

b/ Figures may not add to totals due to rounding

c/ Approved Force Retention Stock was deleted as a category effective September 30, 1991. Data has been consolidated into this category.

d/ This category, formerly titled Unstratified Assets, was renamed effective September 30, 1991

e/ Numeric Retention Stock was deleted as a category effective September 30, 1991. Data has been consolidated into this category.

f/ Army inadvertently omitted munitions & related equipment valued at \$12+ billion dollars. The \$12+ billion dollars are not included.

g/ DoD 4140.1-R, "DoD Materiel Management," dated January 1993, no longer requires principal items to be broken out by retention category, since principal items are not part of the DoD stratification process

h/ The reduction in value from 1991 to 1992 reflects the removal of whole tanks and helicopters from the principal item value. Prior to 1987, tanks and helicopters in the repair cycle were included in this report. From 1987 to 1991, all tanks and helicopters were included. The policy as of January 1993 is not to include tanks or helicopters, since major weapon systems are reported elsewhere and are not part of the supply system inventory for any Service.

GLOSSARY

Active Inventory: Materiel which is expected to be consumed within the budget year (2 years) and materiel that has been purchased to meet specific war reserve requirements.

Approved Acquisition Objective (AAO). The quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and Allied Forces, in accordance with current DoD policies and plans. This quantity shall be sufficient to support other U.S. Government Agencies, as appropriate.

War Reserve Materiel. Mission essential secondary items; principal and end items computed as part of the acquisition process; and munitions authorized for sustainability planning in Secretary of Defense Planning Guidance. In the SSIR, secondary items classified as War Reserve Materiel are shown as a memo entry subset of the Approved Acquisition Objective.

Intransit Assets. Materiel that is between storage locations, either wholesale or retail or materiel shipped from vendors after acceptance by the government but not yet received by the inventory manager. Intransit assets are not included in the records of wholesale inventory used in the stratification process.

Inactive Inventory: Materiel that is not expected to be consumed within the budget period but is likely to be utilized in future years.

Economic Retention Stock. That portion of the quantity of an item greater than the AAO determined to be more economical to retain for future peacetime issues than to dispose and satisfy projected future requirements through new procurement and/or repair. To warrant economic retention, items must have a reasonably predictable demand rate.

Contingency Retention Stock. That portion of the quantity of an item greater than the AAO and economic retention stock for which there is no predictable demand or quantifiable requirement, and that normally would be allocated as Potential Reutilization/Disposal Stock except for a determination that the quantity will be retained for specific contingencies.

Potential Security Assistance Materiel. Materiel that supports weapon systems phased out, or in the process of being phased out, of use by the Department of Defense but temporarily held for programs authorized by the "Foreign Assistance Act of 1961," as amended (40 USC. 512(a)), and the "Arms Export Control Act of 1976," as amended (DoD 4160.21-M-1), or other related statutes by which Department of Defense provides materiel by grant, credit, or cash sales in furtherance of National policies and objectives. It is a memo entry subset of Contingency Retention Stock.

Potential Reutilization and/or Disposal Materiel: Component materiel identified by an item manager for possible disposal but with potential for reutilization; or (2) materiel that has the potential for being sent by an item manager to the Defense Reutilization and Marketing Service for; (a) possible reutilization by another DoD Component or by a Federal, State, or local government agency; or for disposal through sale to the public.

Excess: Materiel that has completed reutilization screening within the DoD and is not required for the needs and the discharge of responsibilities of any DoD activity.

Secondary Item: An item that is not defined as a principal item and includes repairable components, subsystems, and assemblies, consumable repair parts, bulk items and material, subsistence, and expendable end items, including clothing and other personal gear.

Principal Item: An end item or a replacement assembly of such importance to operational readiness that management techniques require centralized individual item management throughout the supply system to include items stocked at depot level, base level, and using unit level.