

**Department of Defense
SUPPLY SYSTEM INVENTORY REPORT
September 30, 2002**

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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 reparables 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, 1.9% for FY 2001, and 1.8% for FY 2002).

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
2002 g/	67.0	50.6	4.0	7.1	5.0	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 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 97-02
Current Dollars - Using Latest Acquisition Cost Method of Valuation							
Army	\$10,473.917	\$9,565.629	\$9,410.447	\$9,420.913	\$8,845.035	\$9,030.134	(\$1,443.783)
Navy	\$16,829.550	\$15,589.738	\$17,612.280	\$17,496.032	\$19,491.287	\$21,013.956	\$4,184.406
USMC	\$445.661	\$447.456	\$364.621	\$351.387	\$513.650	\$265.550	(\$180.111)
Air Force	\$27,239.185	\$25,876.407	\$27,106.971	\$25,103.895	\$24,633.427	\$26,149.410	(\$1,089.775)
DLA	\$9,811.716	\$9,674.781	\$9,527.830	\$9,948.482	\$9,847.355	\$10,521.681	\$709.965
Total, Current Dollars (Then-Year Dollars)	\$64,800.029	\$61,154.011	\$64,022.149	\$62,320.709	\$63,330.754	\$66,980.731	\$2,180.702
Constant FY 1995 Dollars (FY 1998 Deflators) - Using Latest Acquisition Cost Method of Valuation							
Army	\$10,052.709	\$8,991.943	\$8,663.641	\$8,494.962	\$7,810.875	\$7,804.783	(\$2,247.925)
Navy	\$16,152.750	\$14,654.764	\$16,214.583	\$15,776.404	\$17,212.369	\$18,162.451	\$2,009.701
USMC	\$427.739	\$420.620	\$335.685	\$316.850	\$453.595	\$229.516	(\$198.223)
Air Force	\$26,143.761	\$24,324.504	\$24,955.783	\$22,636.515	\$21,753.291	\$22,601.046	(\$3,542.716)
DLA	\$9,417.138	\$9,094.549	\$8,771.709	\$8,970.678	\$8,696.004	\$9,093.933	(\$323.204)
Total, Constant FY 1995 Dollars (FY 1998 Deflators)	\$62,194.096	\$57,486.380	\$58,941.400	\$56,195.409	\$55,926.134	\$57,891.730	(\$4,302.367)
Constant FY 1995 Dollars (FY 2002 Deflators) - Using Latest Acquisition Cost Method of Valuation							
Army	\$10,147.425	\$9,192.567	\$8,948.954	\$8,825.304	\$8,868.411	\$8,263.110	(\$1,884.315)
Navy	\$16,304.940	\$14,981.735	\$16,748.565	\$16,389.898	\$16,469.954	\$19,229.020	\$2,924.080
USMC	\$431.769	\$430.005	\$346.740	\$329.171	\$330.779	\$242.994	(\$188.775)
Air Force	\$26,390.087	\$24,867.222	\$25,777.631	\$23,516.776	\$23,631.644	\$23,928.266	(\$2,461.821)
DLA	\$9,505.866	\$9,297.462	\$9,060.580	\$9,319.519	\$9,365.040	\$9,627.964	\$122.098
Total, Constant FY 1995 Dollars (FY 2004 Deflators)	\$62,780.087	\$58,768.991	\$60,882.470	\$58,380.668	\$58,665.828	\$61,291.355	(\$1,488.732)
Percent Real Growth - Constant Dollars							
Army		-9.4%	-2.7%	-1.4%	0.5%	-10.1%	-18.6%
Navy		-8.1%	11.8%	-2.1%	0.5%	28.3%	17.9%
USMC		-0.4%	-19.4%	-5.1%	0.5%	-43.5%	-43.7%
Air Force		-5.8%	3.7%	-8.8%	0.5%	-3.8%	-9.3%
DLA		-2.2%	-2.5%	2.9%	0.5%	3.6%	1.3%
Total		-6.4%	3.6%	-4.1%	0.5%	4.3%	-2.4%
FY 1998 Deflators with FY 1995 = 1.00	1.0419	1.0638	1.0862	1.1090	1.1324	1.1570	
FY 2004 Deflators with FY 1995 = 1.00	1.0322	1.0406	1.0516	1.0675	1.0831	1.0928	
FY 2004 Deflators (O&M Excl. Pay & Fuel); TOA	0.9207	0.9282	0.9380	0.9522	0.9661	0.9748	
FY 1998 Deflators (O&M Excl. Pay & Fuel); TOA	0.9794	1.0000	1.0210	1.0425	1.0645	1.0876	

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, 2002 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	7,384,382	1,814,606	482,559	432,473	704,820		25,901	9,030,134
U.S. Navy	15,826,003	177,291	2,471,352	1,423,098	1,208,763	377,989	84,740	21,013,956
U.S. Marine Corps	243,797	74,722		19,981	10		1,763	265,550
U.S. Air Force	20,108,630	3,532,575	367,427	2,661,575	2,898,983	53,145	112,795	26,149,410
Defense Logistics Agency	7,041,920	1,594,588	655,890	2,580,919	219,654		23,298	10,521,681
TOTAL SECONDARY ITEMS	50,604,732	7,193,782	3,977,228	7,118,046	5,032,229	431,134	248,497	66,980,731
Revolving Funds	48,584,971	7,171,397	3,986,047	6,709,044	4,132,227	422,372	219,789	63,632,077
Investment Funds	2,019,761	22,385	-8,819	409,002	900,002	8,762	28,708	3,348,654
TOTAL SECONDARY ITEMS	50,604,732	7,193,782	3,977,228	7,118,046	5,032,229	431,134	248,497	66,980,731

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, 2002 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	1,693,701	1,065,522	179,696	72,657	62,569		9,896	2,018,518	
U.S. Navy	1,992,514	146,423	-90,700	135,958	137,984	23,601	12,474	2,188,230	
U.S. Marine Corps	108,440	61,048		2,542	7		411	111,399	
U.S. Air Force	1,954,491	663,213	367,427	98,509	39,488		1,753	2,461,668	
Defense Logistics Agency	7,041,920	1,594,588	655,890	2,580,919	219,654		23,298	10,521,681	
TOTAL SECONDARY ITEMS	12,791,065	3,530,794	1,112,313	2,890,585	459,702	23,601	47,831	17,301,496	
Revolving Funds	12,791,065	3,530,794	1,112,313	2,890,585	459,702	23,601	47,831	17,301,496	
TOTAL SECONDARY ITEMS	12,791,065	3,530,794	1,112,313	2,890,585	459,702	23,601	47,831	17,301,496	

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, 2002 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	5,690,681	749,084	302,863	359,816	642,251		16,005	7,011,616	
U.S. Navy	13,833,489	30,868	2,562,052	1,287,140	1,070,779	354,388	72,266	18,825,726	
U.S. Marine Corps	135,357	13,674		17,440	3		1,352	154,152	
U.S. Air Force	18,154,139	2,869,362		2,563,066	2,859,495	53,145	111,042	23,687,742	
TOTAL SECONDARY ITEMS	37,813,666	3,662,988	2,864,915	4,227,462	4,572,527	407,533	200,665	49,679,236	
Revolving Funds	35,793,905	3,640,603	2,873,734	3,818,460	3,672,525	398,771	171,957	46,330,582	
Investment Funds	2,019,761	22,385	-8,819	409,002	900,002	8,762	28,708	3,348,654	
TOTAL SECONDARY ITEMS	37,813,666	3,662,988	2,864,915	4,227,462	4,572,527	407,533	200,665	49,679,236	

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

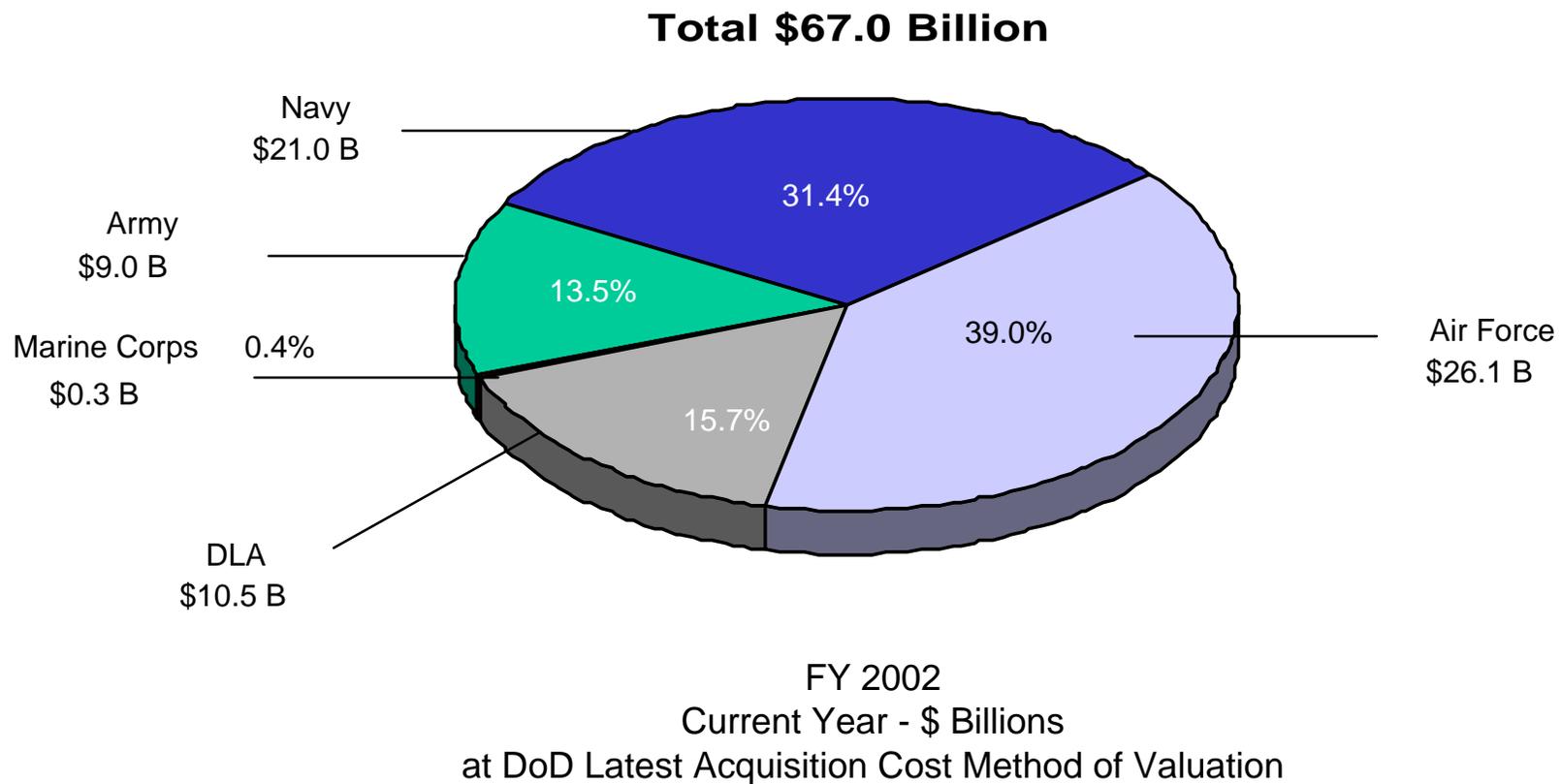


FIGURE 1

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DoD Secondary Inventory Value

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

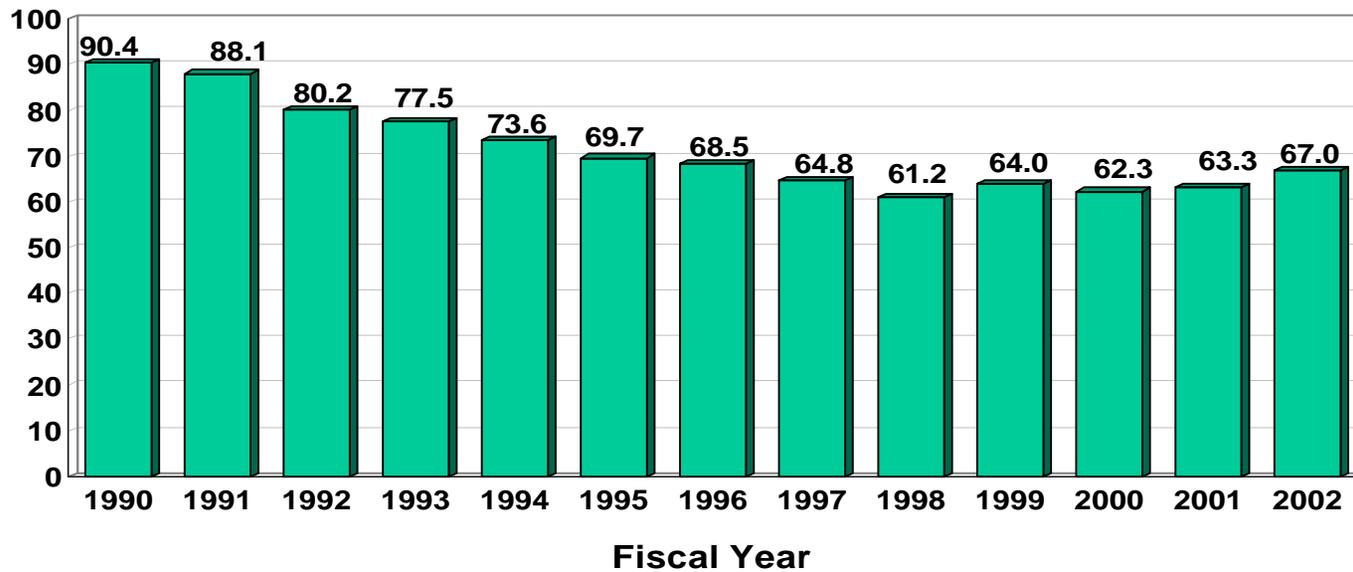
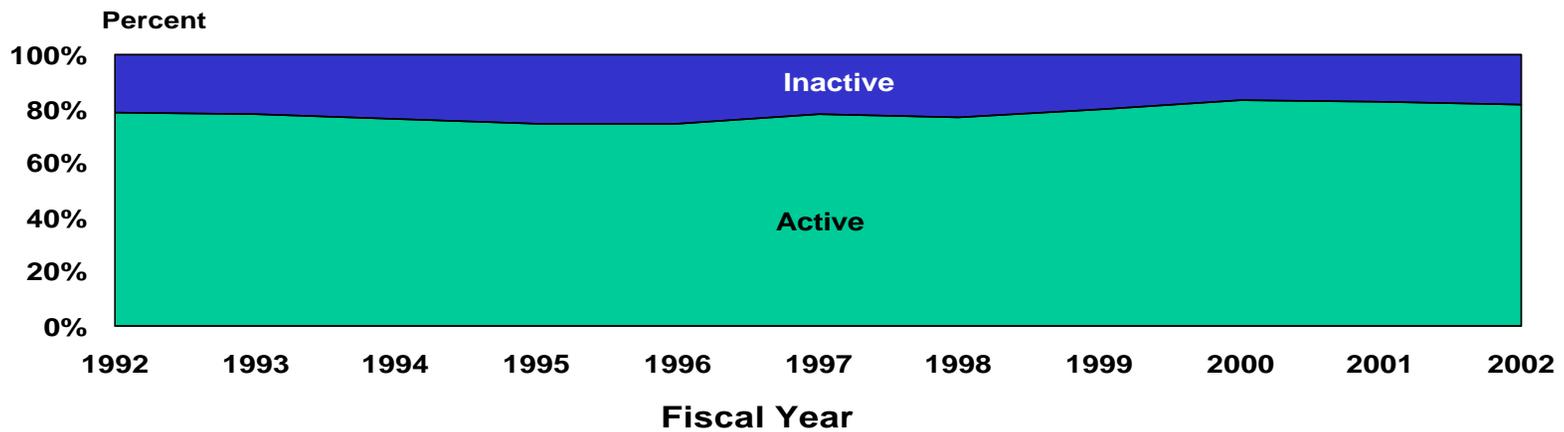


FIGURE 2

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DoD Active Inventory and Inactive Inventory to Total Inventory



Inventory	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Active	63.0	60.3	55.9	51.8	51.2	50.7	47.2	51.2	51.7	52.2	54.6
Inactive	17.2	17.2	17.7	17.9	17.2	14.1	14	12.8	10.6	11.1	12.4
Total	88.1	80.2	77.5	73.6	69.7	68.5	64.8	61.2	64.0	63.3	67.0

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

FIGURE 3

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DoD Secondary Inventory by Item Type

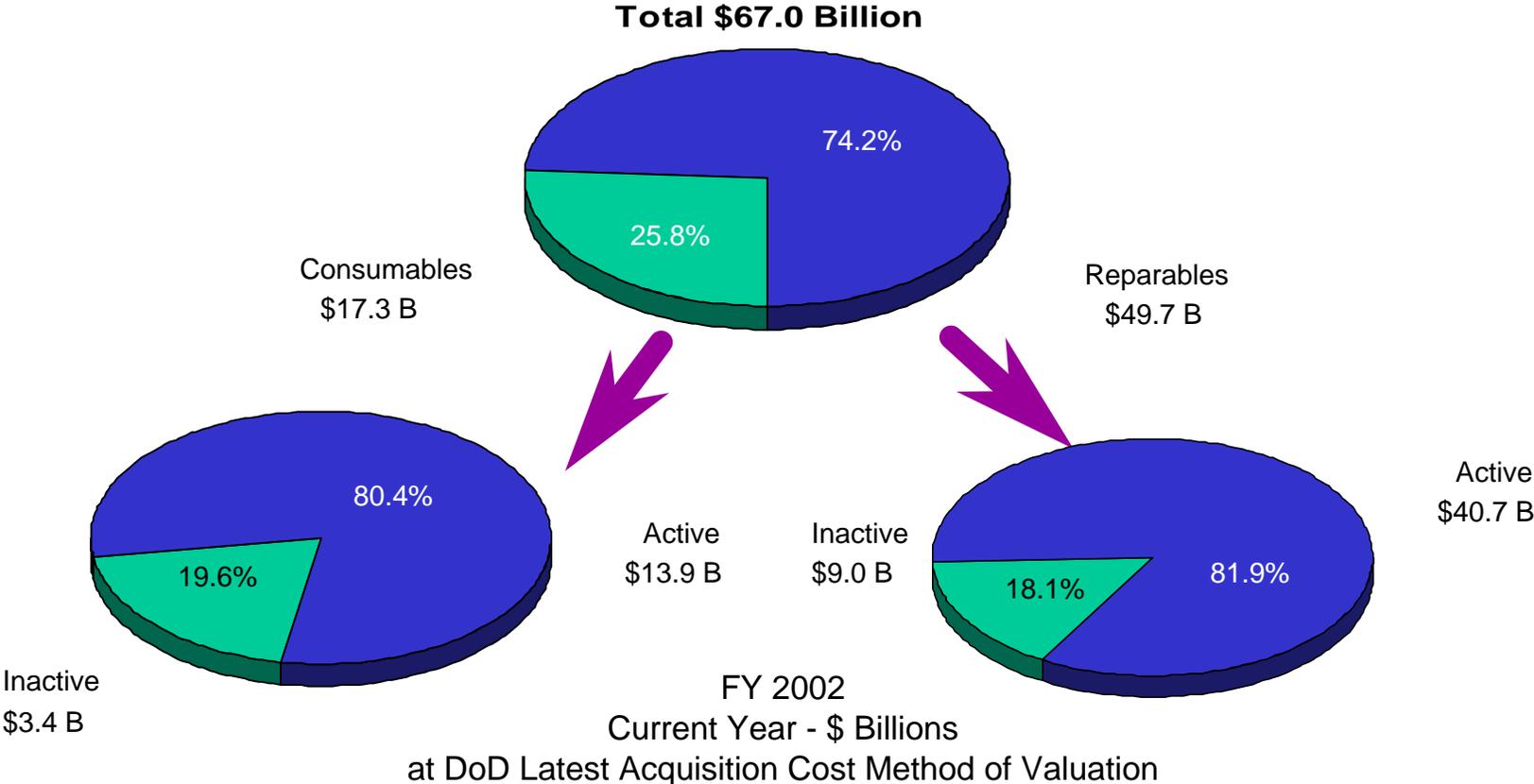


FIGURE 4

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DoD Secondary Inventory by Management Level

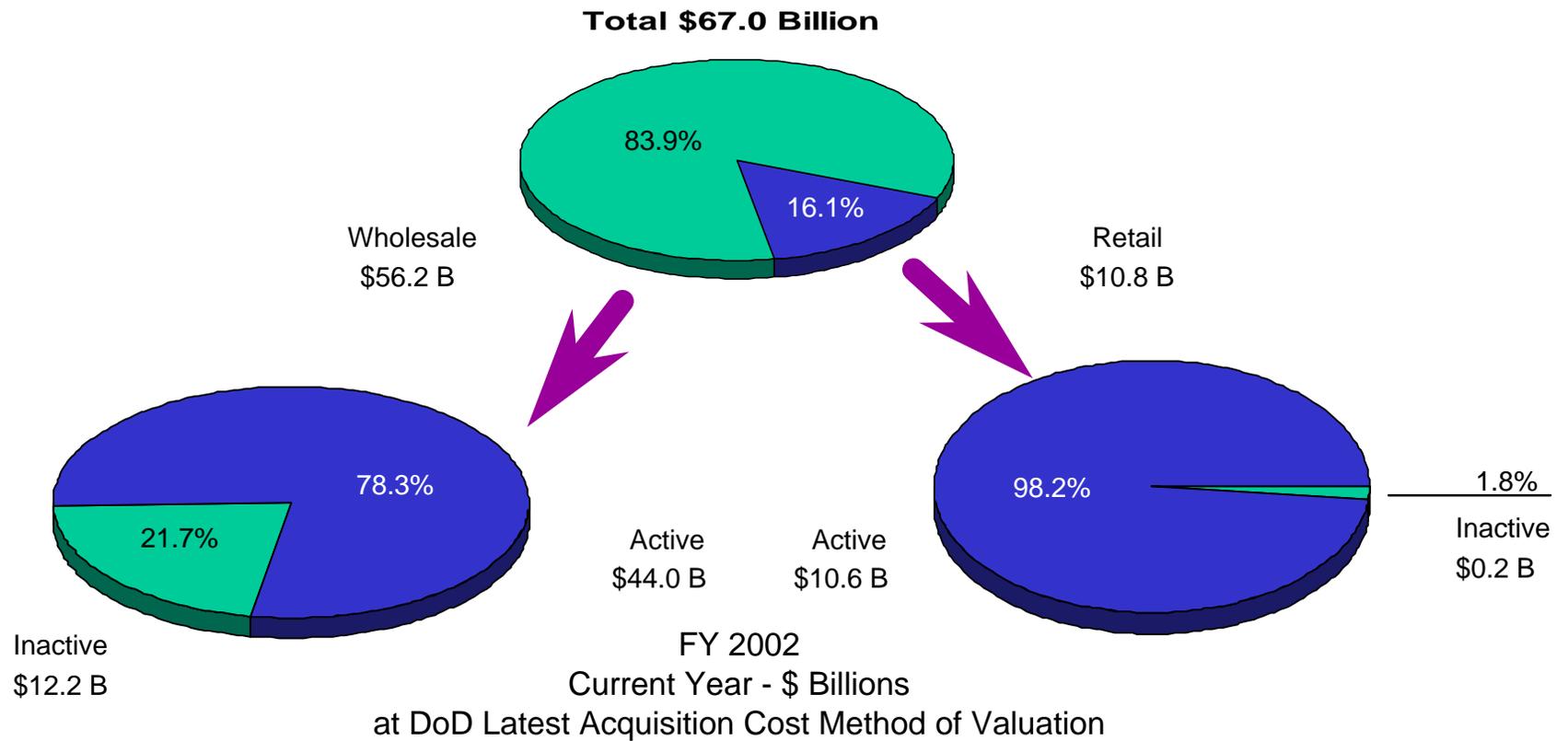


FIGURE 5

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TABLE 1.2A
DEPARTMENT OF DEFENSE SUPPLY SYSTEM INVENTORIES
SEPTEMBER 30, 2002 a/
PRINCIPAL ITEMS

Department of Defense Standard	Thousands of Dollars					
	Army	Navy	Air Force	Marine Corps	DLA	Total
Weapons	1,768	93,632	44,187			139,587
Major Aircraft Subsystems and Related Equipment		665	452,767			453,432
Major Ship Subsystems, Small Craft and Related Equipment		981,273				981,273
Munitions and Related Equipment	34,080,000	13,273,655	6,350,974	1,273,655		54,978,284
Missile Systems and Related Equipment	1,735,375	18,469,818	90,262	81,853		20,377,308
Tank, Combat, and Tactical Vehicle Subsystems				62,110		62,110
Support Vehicles and Railway Equipment			297	68,453		68,750
Electronics, Communications, Control and Information Systems, and Related Equipment	751,045	1,071,613	636,467			2,459,125
Propulsion Systems, Aircraft Engines, and Related Equipment		3,237,970	9,118,973			12,356,943
Uncategorized Major Equipment	845,863	665,740	166,073		72,682	1,750,358
TOTAL PRINCIPAL ITEMS	37,414,051	37,794,366	16,860,000	1,486,072	72,682	93,627,171

* 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	--	--	--	--	--
2002	93.6	--	--	--	--	--

* 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.