

Representative RUMSFELD. Just so that I will understand exactly what No. 2 means, the Oklahoma City air materiel area has what volume that we are comparing the \$37 million against?

Mr. BAILEY. About \$600 million, I believe, would be a ballpark figure of their inventories, their assets.

Representative RUMSFELD. And this is part of the Air Force?

Mr. BAILEY. It is part of the Air Force.

Representative RUMSFELD. How many such air materiel areas are there?

Mr. BAILEY. There are six materiel areas.

Representative RUMSFELD. So this is one of the six?

Mr. BAILEY. Five; I beg your pardon.

Representative RUMSFELD. So this is one of the five, and we are talking about \$37 million out of \$600 million, which was not reflected on either stock records or locator records?

Mr. BAILEY. That is correct, sir.

Representative RUMSFELD. Thank you.

Mr. FASICK. May I clarify that a little bit?

This \$37 million doesn't represent a wall-to-wall inventory as such. This just represents those adjustments they made as a result of special inventories they took during this period of time.

Chairman PROXMIRE. Do you have any notion of how big an inventory they took? What is a fair comparison? Did they take half of it?

Mr. FASICK. The Air Force does take complete inventories in addition to special inventories. A great bulk of the complete, or regular inventories are inventories taken on the basis of statistical sampling. Sensitive or high-valued items are supposed to be completely inventoried once a year, and the lower valued items are sampled. In that sense, you don't have a complete wall-to-wall depot inventory.

Chairman PROXMIRE. You say it is not complete. There was not an inventory, apparently, of the full \$600 million of equipment; is that what you are saying?

Mr. FASICK. That is right.

Chairman PROXMIRE. What would the \$37 million be compared with? It is in comparison to how much inventory?

Mr. FASICK. That would be very difficult, sir, to relate to another figure.

Chairman PROXMIRE. It would be difficult for us to analyze its significance. If there was only an analysis of \$100 million worth, this is a fantastic overage. If it is \$600 million, it is bad but not quite as bad.

Mr. BAILEY. These were special physical inventories taken under the conditions mentioned earlier in Mr. Staats' statement. That is, when a stock record shows a balance on hand but the warehouse indicates they have no stock available to fill that item, or to correct a suspected discrepancy between the stock record and the assets on hand, or on request from an inventory manager or other official. In other words, these were special physical inventories.

Representative RUMSFELD. But the figure you would compare it against would be something between \$37 and \$600 million, and you would have to further define it down by saying that it was things that were keyed as special items to be looked at or special areas. These were problem areas.