

of excess. In 1961 we re-used out of that excess about \$975 million. Goals were set to progressively increase this rate of re-use, resulting in the year just ended - 1963 - of the improved re-use of about \$183 million, and steps are now in process which we hope will lead by 1965 to re-use of over \$450 million. A big part of this success is attributable to the inter-service supply support arrangements among the services, and more recently to the Defense Supply Agency Project Plus at Battle Creek, Michigan, where, on computers, we are now keeping a record of all of this excess so that we can match requirements as they emerge from the inventory control points against the excesses available.

Let me show you on another slide, one example of the very rich potential for the re-use of excess. Many of you may have seen this example which Secretary McNamara used last July in his press conference. It is an extremely dramatic one. It's a case of the 2 3/4" rocket which the Air Force has stocked in quantity for some years for use on a number of its aircraft. Due to the phase-out of some older models the Air Force found that it had generated an excess of over one million warheads and rocket motors. At the same time, the Army in its newer missions and counter-insurgency efforts found that it could make use of this rocket with some adaptation, on aircraft such as Iriquois helicopters.

By transferring a million of these items to the Army and spending about \$10 per item to make the item suitable for the Army's use, it has been possible to avoid new procurements of over \$40 million. This, of course, is