

I will not try to explain the full table. I have found that the table is easily misinterpreted, so I will offer a bar graph to show what the table suggests for the first weapons systems listed, the Hellfire missile. I hope things are a bit clearer after looking at the bar graph.

(See next page)

Basically, DOD estimated in 1975 -- the year DOD decided to enter Hellfire into Full Scale Engineering Development, which is a point after which precious few systems are ever terminated -- that Hellfire would cost a total of \$735 million over its full course. This total was to comprise a real dollar cost for the basic program -- an amount I represent on the graph simply as 100, to act as a baseline -- and inflation on the basic program -- an amount that in Hellfire's case was to be 45% of the size of the basic program, and which I therefore represent simply as 45 on the graph.

By 1982, when just 3% of the total buy had been ordered, the DOD estimated the program would cost \$2.048 billion, which using the same method as above is represented by the figure 403. Instead of a total of 145, the new estimate put Hellfire at 403.

Now it is true that DOD had increased the total buy from 25,000 to 36,000. But even considering that increase, the average cost per missile had increased from the original program estimate of \$27,000 to a new total of \$57,000.

The program's size had grown in 7 years in the following ways.