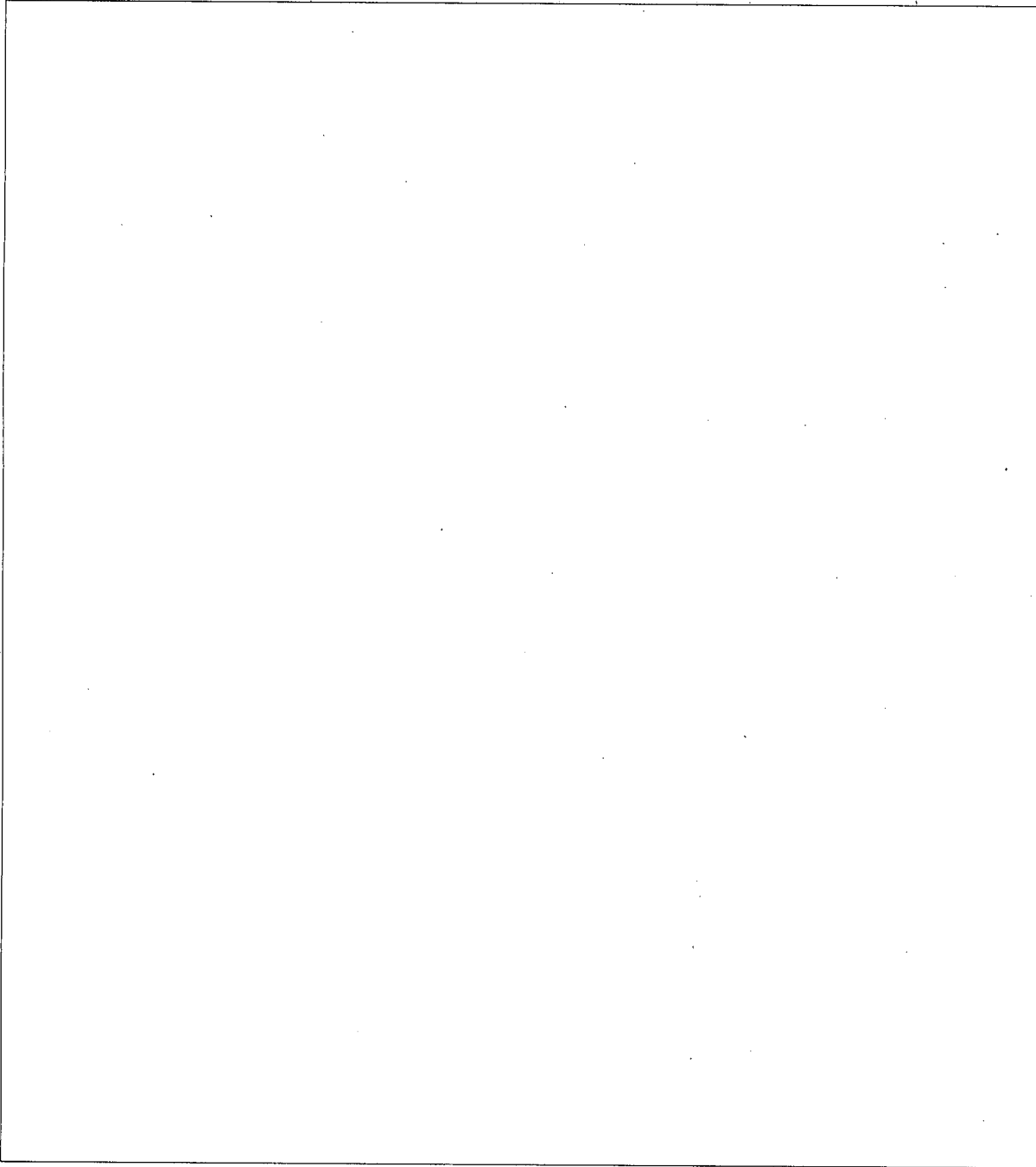


~~S-E-C-R-E-T~~ENCLOSURE 4PROPOSED DDP FIVE YEAR AIR MODERNIZATION AND EXPANSION PROGRAMB. Modernization and Expansion of the Agency's Proprietary Capability

The program outlined immediately below is designed to build up the Agency's world-wide proprietary capability, both commercially and operationally, at an average annual cost of [] for the next five years, or [] for the entire period. Major categories of expenditures are as follows:

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1. Reconnaissance for, investment in, and subsequent subsidy of additional proprietary ventures, to include the purchase of aircraft in lieu of or in addition to subsidy, in order to strengthen the commercial posture and the earning capacity of such proprietaries:

	<u>Annual Costs</u>	<u>Five Year Total Costs</u>
<div style="border: 1px solid black; width: 150px; height: 60px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 140px; height: 70px; margin: 0 auto;"></div>	<div style="border: 1px solid black; width: 140px; height: 70px; margin: 0 auto;"></div>

2. Purchase of commercial-type higher performance or specialty aircraft, mostly turbo-prop, but including some special purpose aircraft such as STOL, helicopter, etc., to strengthen the operational capabilities of proprietaries:

	<u>Annual Costs</u>	<u>Five Year Total Costs</u>	<u># of * Aircraft</u>
STOL (all types)	.4	2.	(12-24)
Medium range	.6	3.	(1-2)
Long-range	.7	3.5	(1-2)
Special Purpose aircraft	<u>.8</u>	<u>4.</u>	<u>(4-7)</u>
	2.5	12.5	(18-35)

* The spread in the number of aircraft to be acquired is due to differences in types that may be purchased. For example: light, single-reciprocating engine Helios now cost roughly \$50,000; heavier turbo-prop Helios now cost close to \$100,000.

C. The Combined Costs of the Contingent Military and the Proposed Proprietary Modernization and Expansion Programs described above are Tabulated below:

	<u>Average Annual Cost over 5-Year Period</u>	<u>Total Cost for 5-Year Period</u>
<u>Military</u> Aircraft Procurement Operations & Support	<div style="border: 1px solid black; width: 450px; height: 150px; margin: 0 auto;"></div>	
<u>Proprietary</u> Aircraft Procurement Proprietary Expansion (investment & subsidy)		
	<div style="border: 1px solid black; width: 480px; height: 20px; margin: 0 auto;"></div>	