

The procurement lists' line items were categorized as shown in table 5. SIC distributions were derived for these categories, and when they were weighted by the appropriate values as shown in table 5 the distribution shown in table 3 resulted.

TABLE 5.—*Categorization of Aircraft Procurement TOA for Analysis of Product Composition*

<i>Category</i>	<i>Percentage of DOD aircraft procurement TOA, fiscal year 1964</i>
Weapon system costs (or aircraft program costs).....	58.71
Spares and repair parts.....	19.99
Modifications of inservice aircraft.....	14.06
Other.....	¹ 7.24
Aircraft support equipment (OPN3—1940).....	2.97
Component improvement.....	1.19
Common aerospace ground equipment.....	.93
Other production charges.....	.92
Industrial facilities.....	.67
Avionic/armanent support equipment.....	.20
War consumables.....	.15
Miscellaneous.....	.20
First destination transportation.....	.01
Total.....	100.00

¹ Sum of remaining percentages.

Weapon system costs. The service distribution of the 58.71 percent of aircraft procurement TOA covered by the aircraft program cost was Air Force, 31.91 percent; Navy, 20.60 percent; and Army, 6.20 percent.

Weapon system costs consist of all procurement TOA associated with the procurement of specific aircraft. As defined in the Air Force "Program Data and Cost Detail,"¹³ aircraft weapon system cost consists of the gross flyaway and peculiar support costs associated with each type of aircraft. The government, however, does not contract with a single company for the complete weapon system. The usual procedure is to issue separate contracts for major items and to have the airframe producer integrate and assemble the items into a completed aircraft. Consequently, Weapon system cannot be product-coded per se. It was necessary to disaggregate this category into the items being procured by the government before product codes could be assigned.

The subdivisions given in table 6, obtained from budget backup exhibits,¹⁴⁻¹⁶ represent the first stage in the disaggregation of the aircraft program cost.

The airframe subcategory covers the activities of the prime integrating contractor, i.e., the production of the airframe and the integration of airframe and equipment into completed aircraft. The SIC product code 3721, aircraft, was assigned to this category.