

GE Statement
July 23, 2009

By now, you've probably read that the US Senate, on a voice vote, passed an amendment by Sen. Lieberman of Connecticut to stall spending on the alternate engine for the Joint Strike Fighter -- the F136 -- produced by GE and Rolls-Royce. As a response, GE and Rolls-Royce emphasize that the F136 has recently received the support of the House Armed Services and Appropriations committees, and the Senate Armed Services Committee.

The funding battle over the GE Rolls-Royce F136 fighter engine for the JSF is far from over.

The argument for an engine competition for the JSF, the largest fighter program in US history, is simply too compelling.

The House and Senate Authorization Committees will take up the matter in conference later this summer, as will the full Senate Appropriations Committee. The F136 development program, which is 70 percent complete, has been executed on schedule and on cost.

The House Armed Services Committee pointed this out in its recent report on the P&W F135 engine and the GE RR F136:

The committee notes that the F135 engine development program has experienced cost growth since the engineering and manufacturing development program began in fiscal year 2002. At the beginning of EMD in fiscal year 2002, the F135 engine development program was expected to cost \$4.828 billion in then-year dollars. The F-35 program manager reports that as of the end of 2008, development costs have grown to \$6.7 billion in then-year dollars, an increase of \$1.872 billion, or 38 percent. Additionally, the committee notes that the F-35 program manager has reported an increase of approximately 38 to 43 percent in F135 engine procurement cost estimates between December 2005 and December 2008, in the annual selected acquisition reports for the F-35C and F-35A variants. Between December 2005 and December 2008, engine procurement cost estimates for the F-35B have grown approximately 47 percent, but the F-35B engine procurement cost growth is attributable to both the F135 engine and the F-35B's lift fan.

Conversely, the F136 engine program has not experienced any cost growth since its inception. The F136 pre-EMD contract, which began in 2002 and was completed in 2004, was for \$411.0 million and did not experience cost growth. The F136 EMD contract was awarded in 2005, and the cost estimate, at \$2.486 billion, has been stable since contract award. Given the F135 development and procurement cost increases, the committee is perplexed by the Department's decisions over the past three years to not include an F-35 competitive propulsion system program in its budget requests. Based on the F135 cost growth, F135 test failures noted in the committee report (H. Rept. 110-652) accompanying the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, and resultant schedule delays due

to F135 engine test failures, the committee remains steadfast in its belief that the non-financial factors of a two-engine competitive program such as better engine performance, improved contractor responsiveness, a more robust industrial base, increased engine reliability and improved operational readiness, strongly favor continuing the F-35 competitive propulsion system program.

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