

## **General Electric-Rolls Royce statement on F136 Engine, Feb. 3, 2010**

*Secretary of Defense Robert Gates provided a statement to the Senate Armed Services Committee on Feb. 2 which included five reasons why the Department of Defense is moving to cancel the F136 competitive engine for Joint Strike Fighter. GE Rolls-Royce wishes to respond to those arguments.*

### ***DOD: The F136 still requires a \$2.5 billion investment over the next five years.***

By the end of Fiscal 2010, almost \$3 billion will have been spent on the F136 since 1996, with less than \$1 billion needed to complete development. Over the next five years, additional costs associated with tooling and support infrastructure bring the total to about \$1.3 billion—far less than cited by the DOD.

### ***DOD: The F136-F135 competition would not offset the additional costs. Analytical models produce a break-even scenario at best.***

The JSF engine program will ultimately reach \$100 billion, and a decades-long engine competition needs only to generate a 1 percent to 2 percent cost benefit to recoup the remaining dollars needed to complete the F136 program. Last May, the GAO anticipated a 20 percent benefit from a JSF engine competition, using the F-16 "Great Engine War" as a comparison. There are also vast benefits beyond sheer cost - related to operational readiness and contractor responsiveness.

Last September's proposal by GE Rolls-Royce for a unique fixed-price contract for early F136 production engines has already created a significant benefit—causing P&W to respond to their cost issues.

### ***DOD: The F136 is three to four years behind the F135.***

The F136 production is less than 100 engines behind the F135 production for a JSF program designed to exceed 3,000 engines.

### ***DOD: Split or shared buys don't produce competitive behavior.***

The GE/RR presence in JSF has already influenced more responsive contract behavior. Split buys for JSF will create a unique opportunity to drive competitive behavior beyond the acquisition phase—into competing engine sustainment costs lasting for decades. The JSF engine competition is different from the storied F-16 competition because the JSF model extends to engine sustainment. The opportunity for cost savings through competition are outstanding, as cited by the GAO and many other procurement experts.

### ***DOD: The many JSF customers are unwilling to buy from two engine suppliers.***

All eight international JSF partners have signed an MOU which recognizes competing engines as a key JSF feature. The international JSF partners strongly support competing engines. Competing engines led to a resurgence in F-16 sales, and are a valuable feature of ongoing F-15 and F-16s international competitions today. International sales are critical to the affordability model for JSF, which will be greatly enhanced by competing engines.

Without question, the JSF program needs to complete the F136 development to meet its challenging objectives.