

General Electric/Rolls Royce Fighter Engine Team Statement on the F136 May 5, 2011

The Fighter Engine Team (FET) today announced it has committed to bear all costs for continued development of the competitive F136 fighter engine for the Joint Strike Fighter (JSF) through the end of fiscal year 2012.

This unique offer requires no appropriated government funding in fiscal year 2012, nor does it hinge upon any financial commitment from the government in 2013 or beyond. Under this agreement, the FET would be provided access to the engines, components, and testing facilities to continue development work.

The Fighter Engine Team believes that at a time of enormous fiscal stress, competition is essential to saving taxpayer dollars. The independent Government Accounting Office has estimated competition would save \$20 billion over the life of the program.

A competing engine is also important to insure we have the best technology for our armed forces. The FET proposal would preserve the \$3 billion taxpayer investment in the competing engine, which is 80% complete, while requiring no additional costs to taxpayers.

This is the third time the FET has offered proposals to drive acquisition reform. The first two proposals involved fixed-priced concepts for early production JSF engines. Leaders of the House Armed Services Committee have recognized the unique opportunity that this self-funded F136 development program presents in driving meaningful acquisition reform, and the Senate Committee on Appropriations has called the F136 engine a “near model program.” This is in sharp contrast to the performance of the other JSF engine, which has had \$3.4 billion in cost overruns.

GE Aviation CEO David Joyce stated, “Real acquisition reform requires a contractor commitment to invest, compete, and be measured on the merits of your performance. Our proposal accomplishes these important objectives.”

General Electric Company CEO Jeff Immelt said, “We believe so strongly in our engine and the need for competition in defense procurement that we have committed to self-fund F136 development costs for this fiscal year and next. Competition is vital to rein in defense spending and will produce long-term savings.”

The Fighter Engine Team realizes this is a bold move, and there are those who will mischaracterize this commitment based on their own parochial interests.

This commitment is consistent with acquisition reform policy, and will drive competition, improve contractor behavior, and reduce costs. We hope this is the beginning of eliminating sole-source contracting while driving contractor accountability.