

United States Senate
WASHINGTON, DC 20510

August 2, 2011

The Honorable Leon Panetta
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Secretary Panetta:

We write you today about the F-35 Joint Strike Fighter (JSF) aircraft and its competitive engine program.

As you are well aware, there has been a considerable difference of opinion between the Congress and the Department of Defense regarding the competitive engine for the F-35 Joint Strike Fighter aircraft. The Department took action earlier this year to terminate the F136 development program. The termination process is underway, which includes a requirement to submit an inventory of the government property acquired under the program by August 24, 2011. Concurrently, the House of Representatives has already expressed its desire for the continued development of the F136 engine in its version of the defense authorization bill for fiscal year 2012 (H.R. 1540).

We believe it is important to continue to capitalize on the government's \$3-billion investment in the F136 engine. As Under Secretary of Defense Ashton Carter said last year when he testified to the Senate Committee on Armed Services, "We will promote real competition, for it is the single-most powerful tool to the Department to drive productivity." Additionally, in response to a question during your Senate confirmation hearing regarding the possibility that contractors share a part of development costs for major weapons systems, you replied, "I think that is a suggestion worth looking at."

The GE / Rolls-Royce Fighter Engine Team (FET) has offered a new funding proposal with a pledge to bear all costs for development and testing of the F136 engine through the end of fiscal year 2012. The team's corporate officials have publically stated that the total investment from the FET in fiscal years 2011 and 2012 will be in excess of \$100 million. The FET also proposes to pay the "Other Government Costs" that have traditionally been paid by the government, meaning this unique offer requires no appropriated federal funding for the F136 engine program in fiscal year 2012. It strikes us as premature and short-sighted to shut the door on private, self-financing in a precipitous way.

In response to this unique offer by industry to self-fund continued development, the F136 engine program continues to receive strong support from Members of Congress. Section 252 of H.R. 1540 would enable the FET to continue developing the F136 engine in fiscal year 2012 by providing the team with access to F136 government property and government support – all at no cost to the government.

Self-funding merits reconsideration of the cost-benefit assessment of the F136 engine program. The Department of Defense's business case analysis, last conducted in 2007 and updated in February 2010, stated that development costs of the F136 engine would be offset by the savings in the program through competition, a break-even proposition. The subsequent \$100 million commitment by the FET in fiscal years 2011 and 2012 improves the F136 business case.

Finally, this proposal is consistent with acquisition reform policy, will drive competition, improve contractor behavior, accelerate the introduction of safety and performance improvements, and reduce government costs. The FET proposal would allow taxpayers to derive the full benefit of their \$3-billion investment in the competitive engine, with the potential for significant benefits to the warfighter. It also further maintains the industrial base for large military fighter/bomber engines, preserving the opportunity for competition for future systems.

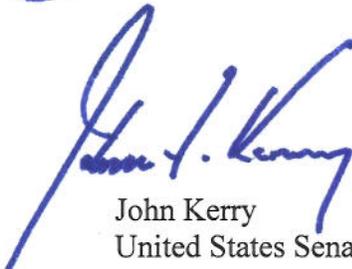
Until the NDAA is fully debated and passed by Congress, we request the Department of Defense take no action regarding the disposition of government property acquired under the F136 Propulsion System Systems Development and Demonstration contract. We also request that you initiate a review of the F136 competitive engine program based upon these recent developments. We look forward to an opportunity to discuss this important matter.

Thank you for your consideration of this request.

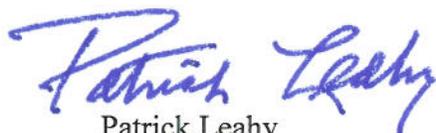
Sincerely,


Jim Webb
United States Senator


Rob Portman
United States Senator


John Kerry
United States Senator


Richard Lugar
United States Senator


Patrick Leahy
United States Senator


Scott Brown
United States Senator

Sherrod Brown

Sherrod Brown
United States Senator

Dan Coats

Dan Coats
United States Senator

Mark R Warner

Mark Warner
United States Senator