

# U.S. Government Report Shows Decreased Costs For F-35 Program

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A newly released report from the U.S. Department of Defense shows that estimated acquisition costs dropped by nearly \$1 billion from 2006 to 2007 for the Lockheed Martin F-35 Lightning II program.

The Selected Acquisition Reports estimate that F-35 program costs over the aircraft's three-decade production run decreased by \$981 million (-0.3 percent), from \$299.8 billion to \$298.8 billion. The F-35 cost reduction was attributed in part to lower material costs related to agreements made by Lockheed Martin and its subcontractors, and revised estimates of support costs.

"The F-35 program is intensely focused on affordability, and these numbers demonstrate that hard work on the part of government and contractor teams is achieving the desired result," said Dan Crowley, Lockheed Martin executive vice president and F-35 program general manager.

"The F-35 team is committed to protecting the program's affordability," said Maj. Gen. C.R. Davis, F-35 Program Executive Officer. "The team has placed the highest priority on cost management while building the world's most advanced multi-role fighter."

Selected Acquisition Reports summarize the latest estimates of cost, schedule and technical status. The reports are prepared annually in conjunction with the president's budget. The total program cost estimates provided in the SARs include research and development, procurement, military construction and acquisition-related operation and maintenance. Total program costs reflect actual costs to date as well as future anticipated costs. All estimates include anticipated inflation allowances.

The F-35 program is on schedule to deliver aircraft to the U.S. military services beginning in 2010. The first test aircraft has completed 40 flights and has exceeded performance and reliability expectations. The inaugural flight of the first short takeoff/vertical landing F-35B is on schedule for mid-2008. All 19 test aircraft are in production flow or on the flightline, and assembly has begun on the first two production F-35s.

The F-35 is a supersonic, multi-role, 5th generation stealth fighter. Three F-35 variants derived from a common design, developed together and using the same sustainment infrastructure worldwide will replace at least 13 types of aircraft for 11 nations initially, making the Lightning II the most economical fighter program in history.

Lockheed Martin is developing the F-35 with its principal industrial partners, Northrop Grumman and BAE Systems. Two separate, interchangeable F-35 engines are under development: the Pratt & Whitney F135 and the GE Rolls-Royce Fighter Engine Team F136.

Headquartered in Bethesda, Md., Lockheed Martin employs about 140,000 people worldwide and is principally engaged in the research, design, development, manufacture, integration and sustainment of advanced technology systems, products and services. The Corporation reported 2007 sales of \$41.9 billion.

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