



# F-35 Lightning II Program

Public Affairs Release – 2016 03 29

## JPO MEDIA STATEMENT ON F-35 SAR 2015

---

Quote Attributable to Lt. Gen. Chris Bogdan, F-35 Program Executive Officer:

"The Fiscal Year 2015 Selected Acquisition Report (SAR 2015) for the F-35 program demonstrates the continued improvement of the program's total affordability and reflects increasing confidence by the U.S. Services in the program. Compared to last year's SAR the program's Research, Development, Test, and Evaluation (RDT&E) costs have remained steady other than a transfer of funds from the procurement account. There has also been a reduction of \$7.5B in base year 2012 dollars to the program's total procurement costs and annual Operating and Support (O&S) costs and cost per flying hour have been reduced between 2 to 4% for all variants. The Services have also added 1.6 million flight hours and six additional years to the program overall, extending the operational life of the F-35 from 2064 to 2070, reflecting confidence in the F-35 weapons system.

The 2015 F-35 SAR shows an increase in Research, Development, Test, and Evaluation (RDT&E) costs of approximately \$300M (BY12\$). Real RDT&E costs did not go up; the Joint Program Office (JPO) transferred funds from the procurement account to the RDT&E account in order to better align funding for modifications to Operational Test aircraft at the recommendation of our Service comptrollers. This had zero net impact on program costs since there was a commensurate decrease in the procurement funds captured in SAR 2015.

The estimate for procuring F-35 aircraft over the life of the program for the US Services decreased by \$7.5B (BY12\$). This is consistent with the continuing trend of price reductions lot over lot and reflects continued cost reductions due to increasing quantities (economies of scale) and improving manufacturing costs. Compared to the 2014 SAR, the cost of an F-35A dropped \$1.8 million per jet and the F-35B and F-35C by about \$1 million per jet.

Both the U.S. Air Force and the Department of the Navy steady state annual O&S costs have been reduced by 2-4% from last year's estimate. These O&S reductions were the result of improved maintainability and sustainability as the weapon system matures, the design stabilizes, and maintenance of the aircraft becomes more efficient and effective. However, these O&S cost reductions were overshadowed by the US Services' changes to aircraft life expectancy and beddown assumptions which added about \$45B to the 2015 estimate. Without the additional 1.6 million hours and six years of operations, F-35 life cycle O&S costs would have decreased by about \$22B from last year's estimate.

The F-35 is now a 60-year program, with production through 2038 and operations through 2070. Although there is a tendency to focus on the large projections six decades from now, many of the assumptions used to estimate costs that far into the future are beyond the JPO's control. The JPO is focused on reducing real, near term costs through many affordability initiatives that will have lasting impacts. There is still much work to do, but the F-35 Joint Program Office continues to make significant progress in reducing the cost of designing, buying, fielding, operating, and sustaining F-35s for the warfighter."