

Impact of Terminating C-130J and F/A-22 Production Lines

Background: The civilian leadership of the Department of Defense has recently decided to break a multi-year contract and terminate C-130J production in FY06 and terminate F/A-22 production in FY08, thus ending all aircraft manufacturing at the plant in Marietta, GA.

Ignores the Warfighters' Validated Requirements:

- Termination of C-130J production will leave the Air Force 114 aircraft short (-76%) of the required 150 aircraft.
- Strands Marine Corps in the midst of conversion to KC-130J at 33 of 51 required aircraft.
 - Will require an additional \$2.5B to sustain part of old fleet to meet needs.
- Leaves AF 200 F/A-22s short of requirement stated in 2001 Defense Planning Guidance
- Will put execution of the C-5 Modernization Program at high risk

Devastating Impact to the Nation's Aerospace Industrial Base:

- Marietta plant closes by 2010—8,000 Lockheed Martin direct jobs in Georgia
- 3,000 Lockheed Martin direct jobs in Texas
- C-130J program has 750 companies and 25,000 jobs nationwide
- F/A-22 program has 1000 companies and 40,000 jobs nationwide
- **Shuts down 2 of only 6 active military aircraft production lines in the U.S.**

Aircraft line	Assumes	Begins Shutdown	Notes
C-130J	PBD	CY06	Line close CY08
F-16C	No Foreign buy	CY06	Line close CY08
F/A-22	PBD	CY08	Line close CY10
C-17	No buy after 180	CY08	Line close CY10
F-15K	No buy after Korea	CY07	Line close CY09
F-18E/F	Navy buys until JSF	CY08/JSF delivery	Line close CY10
F-35A/B/C (new)	2006 AP for AF	N/A	

Termination of C-130J will benefit the French Aerospace industry.

- This decision leaves only one manufacturer left in the world for tactical airlifters in this class – the Airbus 400.
- US will have unilaterally ceded a multi-billion aircraft market, in which Americans build the best product in the world, to the Europeans.

This is a Poor Business Case:

- Cuts the remaining multiyear procurement (MYP) aircraft purchases by 2/3 (from 39 to 12) while saving only one-third of the planned funding (FY06 thru FY08).
- Termination costs run up to one-third of the total remaining contract value.
- Saves only \$26M in FY06
- C-130J termination will increase F/A-22 program costs and further reduce quantities.

This is a Premature Decision

- Decisions made with no military analysis and in advance of upcoming Mobility Capability Study and Quadrennial Defense Review.
- Decision is not necessary now.
 - C-130J termination yields no real savings until FY07. The bulk of the claimed savings are after the MYP ends in FY08.
 - F/A-22 yields only \$13M in savings through FY08; no real savings until FY09

Recommendations:

- **Restore C-130J Multiyear funding**
- **Direct DoD to request congressional authorization for a F/A-22 Multiyear contract for FY06-08 and,**
- **Publicly state that the requirement for F/A-22 will be carefully reviewed in the upcoming Quadrennial Defense Review and the actual quantity procured could increase if warranted by QDR analysis and results.**