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Pratt & Whitney Aims for More F-35 Engine Deals

By Dion Nissenbaum
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WASHINGTON—Fresh from securing a \$1 billion engine contract for the Pentagon's F-35 fighter jet, the president of Pratt & Whitney's military-engine business said the company is looking to accelerate talks with the Defense Department and lock in more deals by year's end.

Bennett Croswell said Wednesday that the company's latest agreement to take responsibility for all cost overruns on the F-35 engine contract was meant to reassure Pentagon leaders that the engine maker is committed to keeping expenditures under control.

"We have confidence that we can achieve the costs that we have signed up for in the program," Mr. Croswell said in an interview.

A deal announced this week to provide 35 more engines for the F-35 marked a milestone for both Pratt, a unit of [United Technologies Corp. UTX -0.37%](#), and the Pentagon, which has been critical of the protracted negotiations leading up to the contract.

Mr. Croswell said the company now would like to accelerate talks with the Pentagon and secure the next three F-35 engine contracts.

While the Pentagon hopes to finalize the next deal with Pratt later this year, officials expect further talks to extend into 2014.

Earlier this year, the head of the Pentagon's F-35 program, Air Force Lt. Gen. Christopher Bogdan, accused Pratt, the sole provider of engines for the planes, and [Lockheed Martin Corp. LMT -0.26%](#), the main contractor on the Joint Strike Fighter program, of trying to "squeeze every nickel" out of the Defense Department in contract negotiations.

Gen. Bogdan's criticism served as a warning to contractors, who have been working to address Pentagon concerns that escalating costs were endangering support for the plane from lawmakers and from other countries looking to buy versions of the advanced fighter jet.

The program "begs for some stability so we can drive the costs down so the plane is affordable, not just for us, but for our allies," said Carrol Chandler, a retired Air Force general who worked with Gen. Bogdan and now serves as vice president for business development at Pratt.

The Pentagon has been pushing the contractors to assume more of the financial risk. In its latest contract, Lockheed agreed to pay 55% of cost overruns, up from 50% in the last agreement, according to the Defense Department.

Last week, the Pentagon announced its first drop in projected costs for the F-35, a 1% decrease that though slight provided good news for the program.

Pentagon analysts expect that developing and building the F-35 will cost more than \$391 billion. The Pentagon plans to buy more than 2,400 of the advanced jets, while international partners could buy another 700.

Gordon Adams, a former White House budget official who teaches international relations at American University, said the Pentagon and other countries have invested so heavily that they want to safeguard the program even if it falls short of expectations.

"It has become kind of a 'Lazarus' program," Mr. Adams said, referring to the biblical figure. "It keeps rising from the dead."

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