

Round two

Sikorsky teams with former foe in new bid for presidential helicopter

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Stratford-based Sikorsky Aircraft will team up with its former adversary, Maryland-based Lockheed Martin, to compete for the U.S. Navy's revived multi-billion-dollar presidential helicopter program, company officials said Monday.

Officials at Sikorsky, a subsidiary of Hartford-based United Technologies Corp., also hinted at more extensive collaborations with Lockheed in the future.

Under terms of the agreement, Sikorsky will be the prime contractor for the presidential transport, according to Scott Starrett, president of Sikorsky Military Systems. Lockheed will be the lead supplier of "major subsystems," Starrett said.

Both companies have experience with presidential helicopters.

Sikorsky designed and built all presidential helicopters — designated "Marine One" when the president is on board — since the 1960s.

But in 2005, Lockheed teamed with Britain's AgustaWestland and won the contract to build the presidential replacement fleet. The Lockheed program ended in 2009, however, after President Barack Obama ordered a review of cost overruns in defense contracts, including Lockheed's presidential helicopter deal.

When the Pentagon disclosed that the projected cost of the 28-helicopter fleet had ballooned from \$6 billion to more than \$11 billion, the contract was scrapped.

But in February, the Defense Department announced that it had decided once again to solicit proposals for a new presidential helicopter.

Late last year, U.S. Rep. John B. Larson, D-1st District, joined by Rep. Rosa L. DeLauro, D-3rd District, sent a letter to Defense Secretary Robert M. Gates suggesting that he consider the advantages of a Sikorsky and Lockheed partnership to save taxpayer money, Larson spokeswoman Emily Barocas said Monday.

Sources said on background that there appears to be both presidential and congressional interest in a new presidential helicopter, despite the outcome of the last round of bidding. If the contract proceeds, the new helicopters are intended to start operating as early as 2017, according to sources.

The new program's future, like the last, hinges on the ability to keep costs under control, according to Ray Jaworowski, senior aerospace analyst for Newtown-based Forecast International.

"The VXX program is highly visible and, if program costs begin to spiral out of control, the effort could again face cancellation," Jaworowski said.

"Future cost growth would also be an issue with Congress but, until then, Congress will be focused on other aspects, such as where the helicopters will be assembled, percentage of U.S. content, etc."

Jaworowski also said it would not be surprising to see former Lockheed partner AgustaWestland resurface as a competitor, possibly with a new U.S.-based partner.

"AgustaWestland could decide to go it alone. However, teaming with a U.S. partner would make its bid more politically palatable," he said. Texas-based Bell Helicopter is one possible partner, Jaworowski said, given that Bell has teamed up with AgustaWestland in the past.

Meanwhile, Sikorsky and Lockheed, in addition to teaming up on the presidential helicopter bid, "also have signed a memorandum of understanding to explore business opportunities involving other Sikorsky programs," according to Starrett.

Both company spokesman Paul Jackson and Jaworowski cautioned not to read too much into the agreement as to possible future mergers or acquisitions.

The memorandum on joint projects is intended as a means "to explore potential collaborations on other Sikorsky aircraft programs," Jackson said in an e-mail Monday. "You are reading way too much into that sentence," Jackson said in response to a question about whether a merger or acquisition might be in the offing.

Jaworowski agreed — to a point.

"At this time, I wouldn't interpret the Sikorsky-Lockheed Martin agreement as an early sign of a merger or acquisition," he said.

"Still, stranger things have happened. Should Lockheed Martin look to divest itself of its Mission Systems & Sensors unit in Owego, N.Y., UTC might well be interested," Jaworowski said.