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Sikorsky loses out on \$13b contract

ROB VARNON rvarnon@ctpost.com
Connecticut Post Online

Article Launched: 11/10/2006 04:48:09 AM EST

Sikorsky Aircraft's S-92 helicopter was again passed over for a major U.S. Defense Department contract when the U.S. Air Force said Thursday Boeing's Chinook beat the Stratford company out of what could be a \$13 billion contract.

The decision was a bit of a surprise because several analysts said Italian-based AgustaWestland and partner Lockheed Martin of Maryland had the edge in the competition for 141 new search-and-rescue helicopters. Agusta and Lockheed entered the U.S. 101 in the competition, the same aircraft that beat Sikorsky's S-92 variant for the presidential helicopter contract in 2005.

"This will not cause any layoffs in our company," said Sikorsky President Jeffrey Pino. Sikorsky has hired more than 500 engineers in the last few months because it has so much work, including \$8 billion in backlog, Pino said.

He congratulated Boeing for its win and said the Air Force cited the Chinook's value as one reason Boeing won. He did not define whether that value was solely related to the cost of the helicopters.

The Chinook had the longest history of the helicopters in the competition and was basically "off-the-shelf technology," according to Pino. The first Chinook went into service in the early 1960s but it has gone through several upgrades. Agusta's helicopter has been flying for more than a decade; the S-92 took its first flight in 1998.

As for the future of the S-92, Pino said the company has more than 100 firm orders, including 28 for a Canadian military contract. He said Sikorsky plans to go after future international and U.S. contracts.

"We're disappointed with the decision, but we're not discouraged," Pino said. He thanked the Air Force for running a straight competition, free of politics.

Paul Nisbet, a principal of JSA Research Inc. of Rhode Island, said the decision won't hurt Sikorsky overall because it has so much work replacing Black Hawk helicopters that have seen heavy use in Afghanistan and Iraq. But he said this was a significant blow to the S-92 program, which has yet to win a U.S. military contract.

Nisbet said this showed how risky it is to develop a new helicopter.

Ray Jaworowski, an aerospace analyst with Newtown-based Forecast International, said the S-92 family is a good helicopter that has won international contracts but just can't seem to get that stamp of approval from the U.S. military. Like Nisbet, Jaworowski said this loss wouldn't hurt the Connecticut helicopter maker, because it still has plenty of work.

As for the win, Jaworowski said, "Boeing has done a very good job turning around the Chinook."

Jaworowski was one of the analysts who said Missouri-based Boeing was just as likely as Agusta or Sikorsky to win. He said the Chinook's large cabin and redesign, which recently won a U.S. Army contract, made the twin-rotor helicopter a formidable competitor.

The Chinook was by far the biggest helicopter vying for the Air Force contract. This, some analysts noted, was its best asset, because the Air Force wants the helicopter to accommodate more stretchers and larger rescue teams than the Sikorsky-made HH-60 Pave Hawk, which it uses now.

While the contract was thought to be worth \$13 billion, Boeing said it expects it to be worth \$10 billion. The Air Force granted Boeing a \$712 million award on Thursday with more coming later for additional aircraft and service-related costs.

Joseph LaMarca Jr., a Boeing spokesman, said the company will have to hire 200 engineers in the coming months. He said it is unclear what this will do to production jobs at Boeing's plant in Pennsylvania, where the Chinooks will be built. The rescue Chinooks are expected to go into service in 2012.

Pino noted that means Sikorsky "still has a lot of flying to do with the Air Force."