

## Lockheed source: Sikorsky to stay in Stratford

By Alexander Soule

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A U.S. Marine Corps CH-53E Super Stallion on a helipad in front of the Sikorsky Aircraft plant in Stratford.  
Photo: Ned Gerard / Hearst Connecticut Media

Sikorsky Aircraft, the largest corporate employer in southwestern Connecticut, will remain in its Stratford headquarters after Lockheed Martin takes over the helicopter maker, a company official said Monday.

Whether Sikorsky — which Lockheed agreed to buy from United Technologies in a deal worth \$9 billion — will maintain its staffing levels is another question.

In acquiring Sikorsky, Lockheed said it expects to save \$150 million a year from the deal, part of which will come from a “rationalization” of employee counts and facilities.

The Bethesda, Md.-based contractor, a longtime supplier of systems for use on Sikorsky helicopters, hasn't specified any impact on jobs in Stratford, but a Lockheed spokesman said Sikorsky will keep its Stratford headquarters facility and Sikorsky identity.

Shares of Lockheed Martin (NYSE: LMT) were up nearly 2 percent Monday afternoon to \$204.80, while those of Sikorsky's Hartford-based parent United Technologies (NYSE: UTX) were off less than a percentage point to about \$110.

The \$150 million in annual cost savings will be the result of "the combination of all the things you would think would happen in this sort of transaction," Lockheed Chief Financial Officer Bruce Tanner said in a Monday conference call with analysts and investors. Those would possibly include jobs, facility consolidation and the elimination of overlapping procurement costs, he said.

The company did not immediately respond to a Hearst query on whether those cost cuts would fall entirely on Sikorsky, or Lockheed Martin's existing operations could be impacted as well.

In a Monday interview with the Connecticut Post, U.S. Sen. Richard Blumenthal, D-Conn., said he plans to be in touch with both Lockheed Martin and UTC, as well as the U.S. Department of Defense with respect to Sikorsky's Connecticut operations.

"The Pentagon has to drill down here to make sure that this company never puts profits and the bottom line ahead of our national security," Blumenthal said. "I'm going to press the Pentagon for (an) answer to assure me ... that no Lockheed Martin cuts will imperil or diminish the (efficacy) of that Stratford plant."

U.S. Rep. Rosa DeLauro, D-Conn., said she has spoken with Bob LeDuc, who was named president of Sikorsky earlier this year by UTC as the company explored its options to divest the maker of Black Hawk helicopters used by the U.S. and other governments.

"We wanted to to make sure that work being done in Stratford stays in Stratford," DeLauro said. "That was the danger but that's not the case ... What we know so far is positive, and that's what's critically important."

Sikorsky employees are likewise "cautiously optimistic" about the prospect of joining Lockheed Martin, according to Rocco Calo, business agent for Teamsters Local 1150 in Stratford. The union has been operating under the oversight of a trustee since last year when allegations surfaced that that Local 1150's former president misappropriated funds.

Sikorsky and Teamsters 1150 reached a new contract in December that runs through February 2018, with Calo anticipating negotiations will not open on a new deal until months before the

expiration date of the current contract. He added Sikorsky's deal is in the same ballpark for compensation and benefits as contracts Lockheed Martin has with its own labor unions.

UTC announced plans in March to explore the spinoff of Sikorsky as an independent, publicly traded company. Rumors began circulating immediately of UTC receiving offers from other companies, with Chicago-based Boeing (NYSE: BA) and Providence, R.I.-based Textron (NYSE: TXT) floated as possible buyers in addition to Lockheed Martin, with Textron's Bell Helicopter subsidiary a major helicopter manufacturer in its own right.

Either Lockheed Martin or Bell would make a good business fit for Sikorsky, according to Ray Jaworowski, senior aerospace analyst with Forecast International, a Newtown firm that analyzes markets for aerospace and defense systems. He said Bell's fleet has little overlap with Sikorsky's larger helicopters, while noting Lockheed Martin's long familiarity with Sikorsky.

"Even though they don't cut metal, they are heavily involved in helicopter systems," Jaworowski said of Lockheed Martin. "I think certainly for now and some time to come they'll likely keep Sikorsky in Stratford; the reason being that there is a ready-made, existing facility in Connecticut with a workforce in place."

Any extended period of uncertainty creates some concern for employees, and Stratford has been no exception over the past several months, according to Calo.

"Lockheed has no rotor-wing business at all, so to pick us up and move us to another facility I don't think would be realistic," Calo said. "I was concerned about Textron."

Sikorsky has 8,050 employees in the Stratford area — making it Fairfield County's largest employer — and 15,300 employees globally. The company announced plans last month to cut 1,400 jobs globally, while closing a facility in Bridgeport.

Outside the public eye, Calo said, Sikorsky has been hiring hundreds of engineers the past several months as it gets ready to design a new fleet of helicopters for the White House and the U.S. Air Force, for combat rescue operations in the latter instance. Calo said the hiring of engineering talent is typically the precursor to additions to the production line workforce as designs progress from blueprints to prototype parts, systems and eventually aircraft.

Unofficial sources peg the average annual wages for Sikorsky's Connecticut operations at about \$84,000, which would result in payroll taxes to Connecticut of more than \$37 million annually, with an additional ripple effect from local employees and their families spending money that generates sales taxes. Last year, Sikorsky contributed about \$4.1 million in property taxes to Stratford, or nearly 2 percent of the town's annual budget of \$207 million.

Lockheed Martin CEO Marillyn Hewson called Sikorsky a “natural fit” for her company and emphasized the appeal for Lockheed Martin’s in being able to reap \$1.9 billion in tax benefits by adding Sikorsky. Lockheed Martin aims to complete its purchase of Sikorsky by early 2016 at the latest, pending regulatory approval.

“We have similar cultures,” Hewson said. “I am confident that Sikorsky will be an excellent fit ... and a strong contributor to (Lockheed Martin).”

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