Kelly Aviation Center Plans Changes To Streamline Engine Services To The U.S. Military

The Kelly Aviation Center, L.P. (KAC), a joint venture of Lockheed Martin, GE -- Aviation, and Rolls-Royce (RR.L) will consolidate one of its major subcontracts under KAC management beginning in February 2007 to streamline operations and reduce costs for military engine work performed under an existing U.S. Air Force contract. The work is currently being performed by Standard Aero, a subcontractor to KAC, inside the Kelly Aviation Center facility in San Antonio.

The consolidation will affect about 650 Standard Aero employees who work on the T56 engine line, but the expectation is that KAC will have positions available for nearly all of these employees in February 2007. The T56 engine is used on the C-130 Hercules, P-3 Orion, and C-2 Greyhound aircraft.

"Our goal is that the same talented people who currently work on the T56 line will continue their work," says Marillyn Hewson, president of Kelly Aviation Center, L.P. "We expect to be able to offer jobs to the vast majority of the current T56 Standard Aero employees if they desire to come to KAC."

The prime reason KAC is implementing this consolidation is based on a declining workload of T56 engines and a similar decline in another engine overhauled at the facility, the TF39, used on C-5 Galaxy cargo planes. Fewer aircraft in military inventories, fewer flying hours, and more time between overhauls have led to unprecedented spare engine inventory levels.

Once consolidation is complete, Kelly management estimates the Air Force will be able to avoid spending more than $120 million over the remainder of the contract.

A major benefit of consolidation for employees working on the T56 engine line will be the cross-training opportunities that will become available. Cross-training will enable KAC to use its workforce more efficiently on the fluctuating engine workloads at the facility, in addition to providing KAC employees new opportunities for professional growth and development.

"This is good for our military customers because this move will consolidate work, reduce costs, increase efficiency and give employees the opportunity to be part of a flexible, growing company," Hewson said.

Work on the T56 engine is managed under the Propulsion Business Area (PBA) contract, awarded in 1999 to Lockheed Martin and the U.S. Air Force's Oklahoma City Air Logistics Center. Under that contract, the Kelly Aviation Center has responsibility for overhaul and maintenance for the TF39 and T56 engines that power the C-5, C-130, C-2, and P-3 aircraft for the U.S. Air Force, U.S. Navy and U.S. Coast Guard.

Kelly Aviation Center, L.P., located in San Antonio, Texas, is a joint venture between Lockheed Martin, GE -- Aviation and Rolls-Royce. Combining OEM expertise with systems integration and support experience, Kelly is a center of excellence for military aircraft engine maintenance, repair and overhaul. Including its on-site subcontractors, the center employs about 1,500 people, and provides services for engines that power the C-2 Greyhound, C-5 Galaxy, C-130 Hercules, P-3 Orion, F-16 Fighting Falcon, U-2S Dragon Lady, F-15K Eagle, E-4B National Airborne Operations Center, and the KC-10 aerial tanker.

SOURCE: Kelly Aviation Center, L.P.

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