

Joint Hearing of the Finance Revenue and Bonding and Commerce Committees

**Testimony of Peter A. Gutermann, Vice President and General Counsel,
UTC Propulsion & Aerospace Systems**

in support of

HB5465 AN ACT CONCERNING THE CT AEROSPACE REINVESTMENT ACT

Senator Fonfara, Representative Widlitz, Senator LeBeau, Representative Perone, Senator Frantz, Representative Williams, Representative Lavielle, and members of the Finance and Commerce Committees, my name is Peter Gutermann, and I am the Vice President and General Counsel of United Technologies Propulsion and Aerospace Systems. Thank you for allowing me the opportunity to testify today in support of the Connecticut Aerospace Reinvestment Act. I am delighted to be here to talk about the future of United Technologies' aerospace business here in the state of Connecticut.

UTC in Connecticut

As Commissioner Smith has just outlined, the Connecticut Aerospace Reinvestment Act represents a historic, once-in-a-generation opportunity to make investments that will ensure long-term economic stability for Connecticut's aerospace industry. Aerospace is a strategic advantage for Connecticut and critical to the state economy. Connecticut ranks 6th in aerospace and defense employment in the United States and has the second highest concentration of aerospace workers in the country. At UTC, we are proud to be part of the state's aerospace hub and a major driver of that competitive edge.

Of the 41,000 aerospace and defense jobs in Connecticut, UTC provides more than half at approximately 22,000 employees. In addition, approximately 2,500 local businesses provide parts and services to UTC, employing tens of thousands more in the state. While we are a global company, our aerospace businesses are deeply rooted in our home state.

Connecticut is home to Pratt & Whitney's headquarters, engineering center, advanced manufacturing, jet engine assembly and test sites, and our global customer training facility.

Connecticut is home to UTC Aerospace Systems' engineering center, precision manufacturing, and 24/7 customer response center.

Sikorsky's world headquarters, research and development center, manufacturing facility, helicopter assembly and test operations, and customer service facility are all in Connecticut.

The United Technologies Research Center employs a world class team of over 500 people, including over 400 scientists and engineers with advanced degrees. More than 75% of these engineers and scientists have at least one PhD.

UTC Innovation and Partnership with Education

Clearly, Connecticut has an aerospace critical mass with a significant UTC presence, a solid supplier base, and world-class colleges and universities, like UCONN, nurturing the talent we need to innovate here.

And at UTC, innovation is what we do. We have been and continue to invest heavily in engineering and are developing leading-edge technologies right here in Connecticut. As a result, we have been very successful in winning new business with our game changing products and are positioned for significant growth in the years to come.

We believe that the future belongs to those willing to invest in innovation. The simple truth is that companies -- and states -- that invest in innovation and attract the highest skilled employees -- from scientists and engineers to technicians and skilled production workers -- will be winners in the global economy. That is what the CT Aerospace

Reinvestment Act represents -- an investment that positions UTC and Connecticut for future success.

UTC's strategy of continuously investing in technology development -- even during challenging economic times -- has served us well. The scale of our investment is truly impressive -- over the past two decades we have invested \$19B in research and development here in Connecticut.

Thanks to these investments, UTC is well positioned for the future -- with strong customer demand for products like Pratt & Whitney's revolutionary Pure Power Geared Turbofan Engine; UTC Aerospace Systems' advanced systems for the Boeing 787 and Airbus A350XWB; and Sikorsky's S-76D and S-92 helicopters. Looking to the future, we know we cannot be complacent. Continued investment will always be needed and part of that investment is the construction of world-class facilities and laboratories to attract and retain today's best engineering talent and Connecticut's next generation of innovators.

Many of this next generation will come from our state's colleges and universities, including the state's flagship university -- UCONN -- with which UTC has had a strong history of collaboration. We now look forward to an even more mutually beneficial relationship. To put the size of that relationship in context -- we have approximately 2,000 UCONN graduates working at UTC. We have made major investments in the UCONN School of Engineering in Storrs, including the creation of the Pratt & Whitney endowed chair for engineering faculty, and our research partnerships on aerospace technology and advanced manufacturing. With the investments we've committed to as part of the CT Aerospace Reinvestment Act we expect that number will continue to grow.

UTC Investments

Today, we are at a critical point where we need to make major strategic investment decisions to upgrade our facilities and create a state of the art aerospace infrastructure.

Our first permanent facility in the state was built in 1929. Pratt & Whitney's engineers work in a building that was constructed in 1962 -- the dawn of the jet age. While that building has served us well for more than half a century, it is time to invest in a new headquarters and engineering center. We need to invest in our infrastructure to modernize our facilities, to support our growing business, and to continue to attract world-class talent.

Another major investment will also take place at our global Research Center. Many people outside of UTC are unaware of the critical role the Research Center plays in leveraging technology development across all of our divisions. Our scientists and engineers have generated over 3,000 patents during the last 20 years. The investments we're making at the Research Center -- upgrading and expanding 100,000 square feet of engineering labs -- will ensure that Connecticut remains the hub of UTC's technology development.

While the new Pratt & Whitney Headquarters and Engineering Building and the new UTRC labs are key components of our \$500M in capital investments, our plan also includes upgrades and expansion at our research labs and manufacturing facilities around the state, including significant investments at:

- UTC Aerospace Systems in Windsor Locks,
- Sikorsky's facility in Stratford and
- Pratt & Whitney's facility in Middletown

While declining defense budgets will continue to create some short-term pressures – especially for Sikorsky – long-term there are tremendous growth opportunities in aerospace. In fact, we are at the very beginning of a historic ramp-up in commercial aerospace, spurred by increasing demand across emerging markets around the world. Today only about 20 percent of the world’s population has flown in an aircraft. This will change in the decades ahead as the world continues to urbanize, driving demand for air travel.

This growing demand presents a tremendous opportunity, not only for UTC, but for our thousands of suppliers here in Connecticut. At UTC, we recognize that now is the time to make the investments necessary to be able respond to that demand -- and we welcome the support from the State of Connecticut in allowing us to make those investments right here in our home state.

Working together, we have the opportunity to ensure that our state will remain at the leading edge of aerospace innovation while creating additional opportunities for our employees, our suppliers and the future graduates of the state’s colleges and universities.

We are grateful for the Governor’s vision and the hard work of his administration. It is our hope that the General Assembly will adopt this critical legislation to enable us to execute this agreement with the State of Connecticut so that our new world-class facilities will be built here in Connecticut – just across the river.

For these reasons, I respectfully request your support for the Connecticut Aerospace Reinvestment Act.

Thank you.