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**Reuters**

## **U.S. plans new government-owned satellites**

*By Andrea Shalal-Esa*

WASHINGTON, Apr. 7, 2009 (Reuters) — Defying congressional opposition, the U.S. government on Tuesday said it would buy expensive new spy satellites and order more imagery from two commercial providers to plug gaps in satellite coverage.

The plan, which analysts and former military officials estimate will cost around \$10 billion, was announced by Dennis Blair, the retired Navy admiral who serves as President Barack Obama's Director of National Intelligence.

The program will replace one that was initially awarded to Boeing Co, but was partially canceled three years ago when its costs soared billions of dollars over budget.

Blair said satellite imagery was a core component of U.S. national security, and the new satellites were needed to ensure the safety of U.S. troops and citizens.

"Our proposal is an integrated, sustainable approach based on cost, feasibility and timeliness that meets the needs of our country now and puts in place a system to ensure that we will not have imagery gaps in the future," he said in a statement.

Obama approved the plan, endorsed by Blair and Defense Secretary Robert Gates, on Monday, according to the statement.

Years in the making, the plan has drawn fire from lawmakers furious about billions of dollars of cost overruns in the earlier Future Imagery Architecture satellite program.

Sen. Christopher Bond, the top Republican on the Senate Select Committee on Intelligence, told Blair in a letter dated March 16 that the plan had "zero" chance of delivering satellites on schedule and would cost too much.

Blair said the government learned from earlier problems.

"We are living with the consequences of past mistakes in acquisition strategy, and we cannot afford to do so again. We've studied this issue, know the right course, and need to move forward now," he said.

One senior intelligence official, who asked not to be identified, said details of the acquisition plan for the government-owned satellites were still being worked out, but a contract should be signed "within months."

A former government official, who spoke anonymously given the classified nature of the program, said the contract would likely go to Lockheed Martin Corp, particularly given concerns about Boeing's work on the FIA program.

Lockheed built the huge, high-resolution satellites already in orbit.

The intelligence official gave no cost details, but said the new system was not intended to move "to another plateau of performance," and officials had not gone "off into the ether looking for magic."

He said imaging satellites were expensive, but they also provided critical capabilities to a wide range of government agencies. He would not say how many satellites would be built, but said there would be more than one.

Given support from the Pentagon, the White House and the intelligence community, intelligence officials said they expected Congress to ultimately approve the funding required for the program, which is due to be in place before 2020.

The intelligence official said the government-owned satellites would mark a prudent evolution of current imagery satellites, funded mostly by the intelligence community.

He said there was a concerted effort to avoid mistakes made on the FIA program, and new rules required independent cost estimates and tougher assessments of technological maturity.

The plan is good news for GeoEye Inc and DigitalGlobe Inc, the two companies that provide imagery from their own satellites under contract with the National Geospatial-Intelligence Agency.

Under the plan endorsed by the White House, the government will increase its use of imagery from the two companies, which already provide imagery with a resolution of half a meter.

Longer-term contractual agreements would give the companies a more stable business model, the official said. He said the government would not directly fund new commercial satellites, but the companies could opt to launch more capable satellites in the future.

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