



A shift of focus?

As Lockheed Martin announces the sale of its interests in Lockheed Khronichev Energia International, Inc. (LKEI) and ILS International Launch Services, Inc. (ILS), Giovanni Verlini, Editor of Satellite Evolution Asia, tries to investigate the wider picture.

On 7 September the US giant Lockheed Martin was announcing the proposed sale of its ownership interests in Lockheed Khronichev Energia International, Inc. (LKEI) and ILS International Launch Services, Inc. (ILS) to Space Transport Inc. As often happens in these cases, the terms of the transaction were not disclosed.

Following the sale, ILS, which will no longer be affiliated with Lockheed Martin, will continue to market the Khrunichev-built Proton and Angara launch vehicles to commercial clients and expects to provide all the same sales, contracting, licensing, mission management and customer support services. Lockheed Martin will retain all rights related to the commercial Atlas vehicle and will continue to offer commercial Atlas launch services through its subsidiary, Lockheed Martin Commercial Launch Services. In other words, the two companies are parting ways.

As one of the most successful satellite launch companies in the world, to date ILS has launched 37 commercial Protons and has a backlog for 11 additional launches. However, one recent Proton launch has encountered some problems. While a Proton Breeze M launch vehicle successfully placed Eutelsat's HOT BIRD 8 satellite into orbit on 5 August, signalling the fact that the launch vehicle is up for business, it was only in April that the Russian State Commission completed its investigation into the Proton M/Breeze M anomaly that left the Arabsat 4A satellite in the wrong orbit. The commission concluded that an anomaly in the oxidizer

supply system caused the Breeze M upper stage main engine to shut down prematurely. Based on telemetry data, the most probable cause of the oxidizer supply interruption was a foreign particle that blocked a nozzle of the booster hydraulic pump, the commission stated.

That episode might have contributed to the decision eventually announced on 7 September.

However, in the view of Lockheed Martin Commercial Space System's (LMCSS) decision to limit future activities in the commercial marketplace, it would be not unreasonable to formulate the hypothesis that this is part of a wider strategy of Lockheed Martin to re-focus its activity on the space and defence sector (in the next issue of Satellite Evolution Asia we will publish an interview with Marshall Byrd, the newly-appointed Chief Executive Officer of LMCSS).

A couple of questions still hang on this issue: will the sale go ahead? Will the Atlas

What's next?

Consummation of the proposed transaction remains subject to completion of regulatory review and other closing conditions. Completion of the transaction is expected to occur in the fourth quarter of 2006 and is not expected to have a material effect on Lockheed Martin's ongoing financial condition, results of operations or cash flow.

ILS is based in McLean, Va., a suburb of Washington, D.C., and is expected to continue operations from that location.

Who's who?

Lockheed Khronichev Energia International, Inc. (LKEI) was formed as a joint venture between Lockheed Martin and two Russian companies, Khronichev State Research and Production Space Center (Khronichev) and S.P. Korolev Rocket and Space Corporation Energia (Energia), to sell Proton launch services to commercial customers around the world.

Under the brand ILS, LKEI has been providing sales, marketing and mission management support for launches of both the Lockheed Martin-built Atlas and Khronichev-built Proton and Angara rockets to commercial customers.

V remain active in the commercial sector? Only time will tell. ■

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Photo courtesy of ILS.