

NEWS RELEASE

FOR: Microcosm, Inc.
401 Coral Circle
El Segundo, CA 90245
<http://www.smad.com>

CONTACT: Dr. Robert Conger
310-726-4100
rconger@smad.com

AIR FORCE ELIMINATES FUNDING FOR SCORPIUS, A SUCCESSFUL RESPONSIVE SPACE PROGRAM

For Immediate Release

EL SEGUNDO, CA September 12, 2006 — Scorpius[®], the program that began much of the current interest in Operationally Responsive Space (ORS), is about to die. Microcosm, Inc. of El Segundo, California, which initiated the Scorpius[®] program, must cease Scorpius[®] operations because the U.S. Air Force has ended funding. Microcosm will be forced to reduce personnel that have been working on this low-cost launch vehicle program at its El Segundo facility.

Interest in low-cost, responsive launch began in earnest in July/August of 2002, with a series of briefings by Microcosm personnel to then UnderSecretary of the Air Force Peter B. Teets. These briefings were in response to the December 2001 Mission Needs Statement of the USAF stating that our warfighters needed the new capability to launch satellites on demand, i.e., within days or even hours. Microcosm told Teets that its Scorpius[®] program could provide the launch capability by June of 2005 with \$84 million in development funding. Teets then appointed an independent review committee, headed by retired Lockheed-Martin executive Al Schaeffle (Lockheed Vice President and Chief Engineer for Titan I, II, III, IV Program and Technical Management), which concluded that Microcosm's Scorpius[®] launch vehicle had made good progress to date (the USAF had received "Significant value ... for modest investment") and that the next suborbital flight would prove all basic booster technologies. The government review further concluded that "a successful program development provides a drastic cost reduction in small launch vehicles [and] the potential for a major cost reduction in the medium launch vehicle class."

The contract mechanisms were in place for the USAF to proceed with Microcosm's proposal in 2002, but the USAF ultimately chose to go a more traditional route to procure this capability. This approach however has put our warfighters no closer to the capability than they were five years ago. As a recent RAND report on national security space launch needs concluded, the current USAF approach will not give our warfighters Operationally Responsive Space capabilities until after 2015.

In contrast, since 2002, all of the basic Scorpius[®] technologies have been successfully ground tested, including a major breakthrough in cryogenic composite tanks announced in July, 2006. The net result is that since the Teets/Schaeffle review, Scorpius[®] costs have remained the same, the technology has been validated, and the performance to orbit has increased by 50%, making the cost/lb. significantly less.

According to Microcosm President, Dr. James Wertz, "Scorpius[®] is the only existing, launch vehicle program that I am aware of which can put 1,000 lbs. into low Earth orbit for less than \$5 million for 1000 lbs. in realistic quantities. It can fly through 99.9% of winds aloft, lift off in 100 kt. winds, launch within 8 hours of an unanticipated demand and within 2 hours if on alert on the pad, and can be scaled directly to medium and heavy lift vehicles. Unlike most defense programs, the Scorpius[®] performance keeps getting better as the design matures while costs have remained the same or come down somewhat." Wertz further stated, "We strongly believe that the country needs dramatically lower cost, responsive launch vehicles for both military and civilian applications. Nonetheless, we are a small business and don't have the resources to develop a launch vehicle without the government."

"We are all sorry to see the Scorpius[®] program coming to an end. Operationally Responsive Space can be a major asset in supporting the War on Terror and unforeseen world events, such as the recent conflict in Lebanon. This capability, one that would reduce America's warfighters' casualties, could have been available to the American warfighter in 2005. With modest additional funding it could still be available to our combat commanders with 24 months, well ahead of the 2015 date that the just-released Rand Corp. report says the current USAF effort offers," Wertz concluded.

A fact sheet is available at www.smad.com/fs.pdf.

About Microcosm, Inc.

Microcosm is a small business specializing in space mission engineering and the development of technologies and methods to facilitate more responsive space missions at substantially reduced costs. Microcosm's primary business areas include the Scorpius[®] family of Responsive, Low-Cost Expendable Launch Vehicles; Mission Integration for Responsive Space Systems; Autonomous Guidance, Navigation and Control Systems; and Space Mission Engineering, Architecting, and Cost Modeling. The website is at www.smad.com

* * *



The Microcosm Sprite Launch Vehicle intended to put 1,050 pounds into low-Earth orbit for \$4.2 million and launch within 8 hours of arrival of a payload at the launch site. Work on the vehicle will be halted shortly.

[High resolution photos are available for download at <http://www.smad.com/images.html>]