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1 April 1965

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MEMORANDUM FOR THE RECORD

SUBJECT: Lockheed's Systems Integration (SI) and Improved Stellar Index (ISI) Contracts

1. As the record will show, there has been a moderate controversy between the Air Force and CIA as to which organization should hold the SI and ISI contracts with LMSC. Although the Air Force had offered LMSC a contract to cover both of these activities, the Lockheed organization has refrained from signing the Air Force contract until, as CIA put it, the question of CORONA management could be resolved.

2. As time wore on, the Agency as well as LMSC showed growing concern over the fact that Lockheed was spending its own money on behalf of the Government to cover the expenses incurred in the SI and ISI activities. This amount now totals over [redacted]. Last weekend Mr. Eugene Root, President of LMSC, and Mr. [redacted], Vice President in charge of Lockheed's Missile and Space Division, traveled to Washington in search of a resolution. In a meeting with Dr. Wheelon it was related to the Lockheed officials that the Agency intends to contract for these activities and that General Carter had so notified the DOD. Following their conversation, however, Mr. Root asked if they could discuss the issue with Dr. McMillan, and Dr. Wheelon indicated that he would interpose no objection.

3. Subsequent to the Wheelon/Root/[redacted] discussion, the Agency pressed LMSC to sign Agency SI and ISI contracts. On 31 March Mr. James Plummer, Assistant General Manager of Space Systems Division, sought out

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Mr. [REDACTED] and Mr. [REDACTED] who were visiting the AP Facility in Palo Alto, and advised them that the Lockheed Corporation will refrain from contracting with either the Air Force or CIA on these two activities, but instead will continue to use Lockheed corporate funds to carry on the activities. Mr. Plummer indicated that Lockheed was desirous of doing business with both the Air Force and CIA and did not wish to join in any contract to the detriment of the other, and until such time as the Government could present to Lockheed a coordinated and agreed-upon approach that LMSC would elect to financially support the SI and ISI efforts.

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**JOHN H. McMANON  
SPE/DBSAT**

Distribution:

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