

# The Washington Post

## GeoEye Hopes for Clear Skies Ahead

Satellite Imaging Firm Depends on Successful Launch for Rebound, Chief Says

By Frank Ahrens  
Washington Post Staff Writer  
Monday, September 1, 2008; E11

On Thursday at 11:50 a.m. Pacific Daylight Time, GeoEye chief executive Matthew O'Connell plans to be at Vandenberg Air Force Base, watching a Boeing Delta II rocket roar into the California sky, carrying GeoEye's new imaging satellite -- and the hopes of his company's future. If all goes well, he'll hand out cigars.

From its orbiting height of 425 miles, GeoEye-1 will have fine enough resolution to pick out home plate at Nationals Stadium. It will sell photographs to its biggest customer, the National Geospatial-Intelligence Agency, and commercial customers including Google Maps.

The new satellite joins GeoEye birds already in orbit: Ikonos, OrbView-2 and a satellite whose camera stopped working shortly after launch and is used for training exercises. The company has plans to launch another in 2011 or 2012.

The Dulles company has a lot riding on Thursday's mission. It has postponed the launch twice. And earlier this summer, the company announced it would restate accounting from 2005 to 2007.

O'Connell said he sees the launch as the cure to recent ails.

"A week from now," O'Connell said Thursday, "we'll feel a lot better about the world."

O'Connell, 55, came to GeoEye in 2001, taking over a troubled company at the behest of investors. A Wall Street lawyer and banker, O'Connell has worked for Cablevision, Sony and Crest Advisors, a New York investment bank.

The following Q&A is condensed from two interviews with O'Connell over the summer, the most recent on Thursday.

*Q The satellite business is an expensive one, as XM, Sirius and DirecTV all know. How much does your new bird cost?*

The total project cost is \$502 million. That includes the cost of the 4,300-pound satellite built by General Dynamics, the Delta II launch, the insurance policy, financing and four ground stations, including one in the Antarctic. There has not been one change to the original cost or any cost overrun since we started building GeoEye-1 in partnership with the National Geospatial-Intelligence Agency in 2004.

*And how will it make money?*

We sell imagery and geospatial products to the U.S. and foreign governments, oil and gas companies, mining companies, mapping search engines, insurance and real estate companies, and to state and local governments so they can update maps, do urban planning, monitor crops, help with disaster relief and the many other things for which they absolutely need accurate imagery.

*Because of the high cost, the long time between launches and all the things that can go wrong, a satellite launch is kind of a Hail Mary for a company -- make or break. What happens if Thursday's launch fails?*

That's a great analogy. We have kind of lessened the Hail Mary aspect of it this time. We have spent a considerable amount more on this program than on previous ones. I said, "If we're going to go with this program, then I want to make sure we have the best partners so we can mitigate the risk." We'll spend a lot more money but buy down risk. We've got General Dynamics, who has a 100 percent success rate with this kind of launch; Kodak, with a 100 percent success rate building the camera for us; and the Boeing Delta II rocket -- they have a 98.5 percent mission-success rate.

Having said that, we went out and got insurance to pay back the bondholder. If the unforeseen does occur, we take the insurance money to pay off the bond; we've got a lot of cash, we've got Ikonos and OrbView-2 working. We'll have a business continuing, if not the business we hoped.

*If the launch fails, will GeoEye have to contract?*

It would require us to stop growing, but I don't think there'd be massive layoffs. There's a lot of specialized people we'd need. You don't go out to Monster.com and get a PhD in space cameras. Right now, we have 40 open positions; we're hiring like crazy.

*Did you play with model rockets as a boy?*

No, I was always playing with musical instruments. I played music after college for a few years, but then I grew up and became an attorney, cable TV executive and Wall Street deal guy. I'm not mechanically inclined, which is why I have a staff of top-notch aerospace engineers, mission planners and geospatial experts.