



Investor Call – Fourth Quarter 2008 and Year-End Financial Results and Investor Update

**Held April 3, 2009 at 11:00am (EDT) and delivered from GeoEye’s
Headquarters in Dulles, Va.**

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"Ladies and Gentlemen: Thank you for standing by. Welcome to GeoEye’s Fourth Quarter 2008 and Year-End Financial Results Conference Call. At this time, all lines are in listen-only mode. After the prepared remarks, we will announce the opportunity to receive questions. Instructions for queuing those questions will be given at that time. If you should need any assistance during this call, please press ___ and someone will help you. At this time, I would like to turn the conference call over to Mr. William Warren, GeoEye’s Sr. Vice President and General Counsel.

WILLIAM WARREN ON LEGAL (Disclaimer on Forward looking information):

Good morning, this is William Warren. Thank you for joining us today as we discuss GeoEye’s Fourth Quarter 2008 and Year-End earnings.

Joining me today are:

Mr. Matthew O’Connell, Chief Executive Officer, President and Director

Mr. William Schuster, Chief Operating Officer

Steve Balthazor, Vice President Finance, and

Jeanine Montgomery, Vice President Controller

After our remarks, we’ll entertain questions. This call is being recorded.

Before we begin the business portion of this morning’s call, we would like to inform you that we expect to be making forward-looking statements during today’s call. Statements including words such as “believe” “anticipate” or “expect” and statements in the future tense are forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties and are based on management's current views and assumptions regarding future events and operating performance. A number of factors could cause our actual future results to differ materially from our current expectations. Examples of these factors include, but are not limited to:

- conditions in the remote sensing industry,
- the level of government spending,
- competitive pricing pressures,
- the level of new commercial imagery orders,
- production rates for advanced image processing,

- start-up costs or overruns on new contracts, and
- technology and product development risks and uncertainties.

Listeners are encouraged to read the Risk Factors in our Form 10-K on file with the Securities and Exchange Commission for a discussion of the various factors which could cause our actual performance to differ from our forward-looking statements. We assume no obligation to publicly update or revise our forward-looking statements.

A copy of the prepared script for today's call will be made available on our website in the Investor Relations area shortly after this call. We will replace that with a final transcript once it is available.

At this time, I would like to turn the call over to the Company's Chief Executive Officer, Matt O'Connell.

MATT O'CONNELL OVERVIEW

Thanks, Will. And thank you all for taking part in our call.

The main purpose of the call is to report our financial results for Fourth Quarter and for 2008, update you on GeoEye-1 and our Service Level Agreement with the National Geospatial-Intelligence Agency, talk a little about the restatement of our financial statements, discuss our progress in our international business and then tell you about other customers.

Our Vice President Finance, Steve Balthazor, will give you the details of our financial results. One thing I hope you'll notice as you review our 10-K is that we've tried to break out sub-parts of our information to make it easier for you to get insight into how our business works. We put a lot of effort into a complete re-write of our 10-K.

Our Chief Operating Officer, Bill Schuster, will update you on GeoEye-1. I'll talk at the end about the longer term view for our company, and then we'll take your questions.

CEO OVERVIEW

Now on the financial front. As Steve will tell you, our operating results for the fourth quarter and the full year were not as strong as in 2007. As we announced yesterday, total revenues for 2008 were \$147 million. In 2007, total revenues were \$183 million. That's a decrease of \$36 million.

The decline is mainly attributable to the delay in getting GeoEye-1 launched and fully commissioned. Although we tried to fill the revenue gap using IKONOS, our biggest customer, the National Geospatial-Intelligence Agency (or NGA), did not give us enough collection targets, so that we were unable to attain the revenue available in the contract. We believe this shortage of collection targets was mainly a result of NGA wanting to save the collection requirements for GeoEye-1, given its higher performance, and not because the US Government didn't need targets collected or didn't have funding. In addition, much of IKONOS' capacity was committed to our international partners, so we didn't have enough regional imaging capacity available to make up for the shortfall in some areas where NGA did have collection requirements. We also know that some commercial customers held off ordering imagery until GeoEye-1 was commissioned.

As you know, GeoEye-1 is now fully commissioned. The NGA notified us on February 20 that imagery from GeoEye-1 had met their tough requirements for quality, accuracy and resolution.

We thought it was important to put out a release that same day - even though the news came out very late on a Friday - because the good news started spreading fast and we had to disclose it publicly. The certification by NGA means imagery from GeoEye-1 is now flowing to NGA. It also means that in March we started ramping up our operations under the terms of the Service Level Agreement. That should even out the peaks and valleys of the government ordering process so that we have a more predictable order flow this year.

Several of you have asked about what happens when the Service Level Agreement ends at the end of November. Through normal NGA contracting channels, we were told -- just two days ago -- that NGA intends to execute a contract modification extending our Service Level Agreement through June 30, 2010, with options to extend further. The terms should remain the same through the end of this year, and then we'll have to negotiate new terms for the first half of next year.

Now on GeoEye-1, it was a long -- often frustrating -- road to GeoEye-1's launch and a longer than expected check out period. I want to thank all of our investors, especially our early ones, for patience and understanding over these years since GeoEye won the NGA NextView contract in 2004. Incidentally, as a result of the delay, no GeoEye officers -- no vice presidents or above - received any bonus in any form for their 2008 performance. Given all the attention on compensation and bonuses this year, I wanted to make sure you all knew that we only pay bonuses when we meet our goals. While all of senior management did not get bonuses, you may have seen some of us recently receive shares. These shares were part of the bonuses granted in 2006 that only vested after the check out of GeoEye-1. Those were not new awards. Some of the shares were withheld by the company in order to meet tax withholding obligations. Since the withholding was technically a sale, a couple investors were confused and thought that officers had actually sold shares last week.

GeoEye, General Dynamics and ITT built a world-class imaging system, launched GeoEye-1 within four years of contract award, and we delivered it a little under budget and without any cost overruns. That's good news and virtually unprecedented in the world of government contracting. According to a study a few years ago, of the Pentagon's eight biggest satellite programs, all were over budget from 20 percent to more than 200 percent of the original price. We were not. The NextView program should be considered a terrific success and a great example of a public-private partnership that works. It should serve as an example for future programs.

With our new satellite and the NextView satellite from our competitor, the commercial remote sensing industry can meet a large majority of our national requirements for global mapping and observation, and we can assure the U.S. Government, as well as our other domestic and international customers, that they'll have access to a continuous supply of high-resolution imagery well into the next decade.

LATE FILING AND RESTATEMENTS

As you know, we filed our 10-K two days late. One of the downsides of our rapid growth is that our finance and accounting systems didn't grow as fast as the rest of the company. So, last year, we had a series of restatements and a late filing for the second quarter. In the fourth quarter of 2008, we announced that we were going to look for a new CFO, that we had changed our audit firm from BDO Seidman to KPMG, and that we had changed tax advisors to one of the Big 4 accounting firms. Our 10-K was late because as we worked on it, we discovered more

discrepancies. We had to make sure that we started 2009 with the most accurate set of financials possible.

Another result of those discrepancies was that we had to restate earnings. None of the restatements has a material effect on the company's bottom line. They were about small accounting errors that accumulated over time.

We realize that we've got to do a better job with our financial filings and overall communicating with our investors. And we have a plan to do that. First we'll hire a CFO. We've been conducting a CFO search with the help of a leading recruiting firm, we've met many good prospects and we hope to complete the process shortly. We're also looking to expand our investor relations capability. Now that we've commissioned GeoEye-1, we have to make adjustments in our organization and the type of people we have onboard. In a way, we're moving from an emerging growth company to a slightly more mature one that's still growing strongly. This transition has resulted in some growing pains. But we will make up for our 'misspent youth' in the investor relations area.

INTERNATIONAL SALES

Now I want to update you on our International Business.

We've signed eight major contracts for either direct access or for rights to sell GeoEye-1 imagery within Asia, Europe and the Middle East. We've announced a few of those:

- Japan Space Imaging, a subsidiary of Mitsubishi Corporation, in Tokyo,
- Telespazio in Rome, who is our commercial regional affiliate throughout Europe and North Africa,
- The Centre for Remote Imaging, Sensing, and Processing in Singapore, and most recently
- INTA Spaceturk in Turkey.

We don't usually release announcements on our international Government contracts, in order to respect their confidentiality.

In addition to the contracts I just mentioned, Russia is a very promising and large market. We've started to build a network there of seven non-exclusive resellers, picking the best in the industry. Our sales in China also continue to grow, despite the economic issues there.

One important point with all of our overseas agreements is that we retain a significant amount of the imaging capacity over any given area. In areas where we've granted direct access rights to government affiliates, we retain a majority of the imaging capacity for GeoEye-1, slightly more on a global basis. That's different from the model that we inherited with our IKONOS satellite when we acquired it from Space Imaging. With IKONOS, we seldom have the opportunity to collect imagery over some areas because our international ground station customers have exclusive rights to most of the IKONOS access time in their region. Another change is that, for the most part, we now retain the rights to the actual images and can sell imagery worldwide, outside of territories where we've granted exclusive territorial sales rights to very qualified channel partners.

NORTH AMERICAN SALES

Now let's talk about our other North American sales to the channel customers and online customers. Last year, our channel sales team grew revenues from the North American channel by more than a third over the previous year. The energy sector, which includes oil and gas, is our second biggest vertical and our fastest growing commercial sector outside of the on-line mapping community.

Our highest profile North American customer is Google. You may recall their logo was on our rocket, so it's obvious we have an important and significant relationship with them. In early February, we made the first GeoEye-1 deliveries to Google. Although IKONOS imagery began appearing on Google Earth about a year ago, we expect GeoEye-1 imagery to start showing up there in increasing amounts over the coming months. Google will not be tasking the satellite directly but will order archive imagery. Some of you may have seen the promotional splash page Google put up showing about two dozen GeoEye-1 images. Google doesn't do this sort of thing with all their vendors, so it shows the strength of our relationship.

I mentioned in earlier calls that our products and services business is growing. That continues to be the case. We just expanded our St. Louis production facility by 50 percent. We have a large backlog at the St. Louis production center. While it's nice to have the backlog, it's larger than it needs to be. We also have a backlog for production in our Thornton facility. SO, we're tripling the production area in Thornton, to address the backlog and the continued growth in demand for our Airport Mapping Database product done there. That renovation will take a little longer. And, finally, we've beefed up our GeoEye-1 production in Dulles. Although the margin on our production work is lower than that on our pure imagery sales, the production work is good steady revenue and provides us a long-term competitive advantage. AND it's not capital intensive - the cap ex required for the St. Louis and Thornton expansions is not material.

INAUGURATION

Our brand got a big boost with the Inauguration. Millions of people around the world saw GeoEye-1 imagery in the news. The image was on CNN, Good Morning America, and the Today Show, it was in the Washington Post, the New York Times, and even on John Stewart's Daily Show. Our website had 100 times the traffic we normally get and almost a million downloads of the image. Having GeoEye-1 imagery and our name in the media in such a big way opened the door for other business. For example, within days the National Park Service asked for a briefing on GeoEye-1's capabilities.

Another boost to our visibility is that our imagery is appearing in a new video game called HAWX. The game was just released last month. The game was developed by Novelist Tom Clancy's company, Redstorm Entertainment, which is a part of Ubisoft, one of the world's biggest video game companies. The IKONOS imagery looks fabulous and adds realism and authenticity to the game – and it adds a little to our bottom line. The video game reviews have all been very positive. We expect to see more collaboration on future projects.

INFRASTRUCTURE

Now some of you have asked about the impact of the stimulus package on our industry. Our geospatial technology helps enable the location-based information business and is very well suited for Infrastructure management. We already do some through our satellites and the airplanes owned by the MJ Harden division. Every infrastructure project has a reference to a physical

location on the surface of the globe, so we think that our technologies can help the stimulus effort.

MJ HARDEN

As I mentioned, our aerial subsidiary, MJ Harden, had a good year – its revenues grew by 46 percent over the preceding year. We recently bought a new aircraft along with our second advanced Digital Mapping Camera. It'll be fully operational within a week. The folks at MJ Harden had to turn away work last year. The new airplane and camera will help them collect more so we can take on more work.

Now, I'll turn the call over to our Vice President Finance, Steve Balthazor, so Steve can talk about our Fourth Quarter and Full Year 2008 financial results, the restatements and other important matters. After Steve is done, you'll hear from Bill Schuster, our COO.

BALTHAZOR ON FINANCIALS

Thanks Matt.

As Matt mentioned, our revenues, income from operations, and net earnings declined from prior periods. This resulted primarily from the National Geospatial-Intelligence Agency reducing its orders until GeoEye-1 became operational. This issue should be resolved with the signing of the Service Level Agreement last year and the commissioning of GeoEye-1 in February. We expect that there will be a greater level of predictability in our revenues for 2009 than there was for 2008.

Our revenues for the fourth quarter of 2008 were \$40.7 million compared to \$43.6 million for the fourth quarter of 2007. The \$2.9 million decrease is due primarily to a decline in NGA revenue offset by an increase of \$7.2 million in ground station revenues. Full year 2008 revenues were \$146.7 million, compared to \$183.0 million in 2007. Again, the primary reason for the revenue decrease is a shortfall in orders from NGA. Positive factors affecting 2008 revenue include a year-over-year increase in production orders of \$4.9 million and an increase in MJ Harden revenues of \$4.1 million. We think this highlights the competitive advantages of our value-added services.

Our earnings from operations in the fourth quarter of 2008 were \$3.7 million compared to \$16.0 million in 2007. This \$12.3 million quarter-to-quarter decrease can be attributed to a \$2.9-million revenue decrease, a \$2.2-million increase in direct costs, and a \$7.5-million increase in SG&A. Our costs have increased due to hiring additional staff to support the ramp up of GeoEye-1 and to professional fees for accounting and tax services related to the restatement of our financial statements during 2008. Included in direct expenses were costs of \$6.2 million associated with ground station upgrades.

For the full year 2008, earnings from operations were \$22.8 million, compared to \$79.2 million in 2007. This \$56.4 million year over year decline was due primarily to the previously discussed revenue shortfall, an increase in direct costs and increased SG&A due to additional staff to support the ramp-up of GeoEye-1, as well as professional fees for accounting and tax services related to the 2008 restatement.

Our adjusted EBITDA represents our Company's net earnings adjusted to exclude depreciation and amortization expense, net interest income or expense, income tax expense (benefit), non-cash

loss on inventory and investment impairments and non-cash stock compensation expense. Our adjusted EBITDA for 2008 was \$39.7 million compared to \$100.7 million for 2007. This \$61.0 million decrease resulted primarily from the already discussed decrease in revenues of \$36.4 million, increases in direct costs of \$11.6 million, increases in SG&A of \$8.9 million, and other nonrecurring losses of \$4.1 million.

Our net loss for the fourth quarter 2008 was \$3.6 million compared to net earnings of \$7.0 million for the fourth quarter 2007 due to the factors previously discussed.

Net earnings for 2008 were \$26.6 million, compared to \$28.5 million for 2007. Net earnings for 2008 include a net \$25.5-million income-tax benefit resulting from the reversal of charges recorded in 2007. This tax benefit results from the reversal of the accrued tax penalties and interest for the cost-share payments under the NextView program with NGA.

Our cash and short-term investments balance was \$110.5 million at December 31, 2008 compared to \$234.4 million at December 31, 2007. The decrease from the 2007 cash balance reflects payments for our GeoEye-1 program and income tax payments. We expect to spend approximately \$35 million more on the GeoEye-1 program in 2009. This includes \$27.7 million for final contractor costs that were accrued but not yet paid at year-end 2008.

Obviously, our cash balance will be affected by the pace with which we proceed with GeoEye-2. The timing of our GeoEye-2 program will depend on our perception of the market potential, especially the potential interest from the U.S. Government. In addition, given the significant capital required to build GeoEye-2 and the current state of the financial markets, the timing will depend on our ability to raise the necessary capital on terms which we deem acceptable. As of December 31, 2008, total capitalized costs for GeoEye-2 were \$29.9 million.

The Company's policy is to avoid giving guidance on revenues; however, the following section outlines costs and expenses that will increase as a result of GeoEye-1 commencing operations and the continued growth in our business.

We expect costs relating to labor to increase. First, the labor costs associated with approximately forty (40) existing employees and external contractors, which were previously capitalized will, post-checkout, be expensed in the period in which they are incurred. We will also add approximately one hundred new operational staff, the cost of which will also be reflected in direct costs. These positions will provide for an expansion of our rapidly growing production services, and provide support for operating and information systems and maintenance of all of our operations. Additionally, during the course of the year, we anticipate adding up to twenty new employees in other functions within SG&A, including, sales and marketing, accounting, and business development.

The increase in direct cost will be slightly offset by a reduction in cost of goods sold because we do not expect to purchase as much imagery from our regional affiliates as we have in the past. We have adopted a new business model for GeoEye-1 that is different from IKONOS. Under the IKONOS model, most regional affiliates owned the exclusive right to collect imagery over their region and they owned the imagery. GeoEye-1 has more capacity to begin with, and we were able to retain significantly more capacity over the affiliates' territories. In addition, we retain the right to sell the imagery outside of the affiliates' sales territories. This means we can collect imagery over such territories for our US Government clients without having to purchase imagery from affiliates.

Several of our international affiliates have signed agreements to receive imagery from GeoEye-1, often in addition to IKONOS. In order to deliver GeoEye-1 imagery to those affiliates, we must sell the affiliates upgrades to their IKONOS ground stations to enable them to receive the GeoEye-1 imagery. We will have non-recurring revenues and expenses associated with the sale of such ground station upgrades. Ground station upgrade sales are included in the imagery revenues on our financial statements, while the cost of the ground station upgrade software and installation is included in direct costs of revenue. We anticipate the portion of the total revenues related to international ground stations recognized in 2009 to be between \$15 and \$20 million. The sales from the upgrades do not generate significant gross profit.

Depreciation will increase significantly due to GeoEye-1 being placed in service in February 2009. For financial statement reporting purposes, the satellite will be depreciated on a straight line basis over a seven-year useful life, resulting in increased expenses of approximately \$70 million per year. For tax purposes, we expect to depreciate GeoEye-1 over 5 years.

Additionally, now that GeoEye-1 is operational, interest expense will increase because the interest on our \$250 million outstanding debt related to the GeoEye-1 program will no longer be capitalized.

Now, I'll turn the call back to Matt.

MATTHEW O'CONNELL

Thanks, Steve. Now, I'll turn the call over to our COO, Bill Schuster, so he can report on the status of GeoEye-1.

BILL SCHUSTER

Thanks, Matt.

I want to start by saying we have a great satellite. As Matt said, NGA validated our imagery as meeting their stringent accuracy and image-quality specifications. They certified our ground resolution at 41 cm, and our mapping accuracy is even better than expected. So GeoEye-1 really is the highest resolution, highest accuracy commercial imagery satellite in the world.

Although checkout took longer than we wanted, we're pleased with the progress we have made ramping up GeoEye-1 operations. As with any new system – especially one of this complexity and one that produces data at such volumes – we've had the normal kinds of kinks in production and delivery. But we are working through them. Both we and our customers are very happy with the quality of the imagery GeoEye-1 is producing.

As I said on the Nov. 11 Investor Call, we had several software issues, almost exclusively related to the attitude control system. These issues were not readily discoverable in testing on the ground before we launched.

All the problems were correctable by software and will not adversely impact the life or operations of GeoEye-1. We successfully worked our way through all of the issues and got the level of accuracy we needed in order to be certified by NGA. I am grateful for the understanding of all of our stakeholders and the perseverance of our technical team. GeoEye-1 is an awesome satellite which will serve our customers' needs for many years to come.

Now despite our excitement about GeoEye-1, we can't forget IKONOS. It continues to operate well and continues to have a lot of demand. Although demand may ease as some of our customers shift their attention to GeoEye-1, a lot of our international and commercial customers still want IKONOS, and in fact, we have already signed renewals for many of our IKONOS international affiliates.

Now, I'll turn the call over to Matt for some final thoughts.

MATT O'CONNELL

Thanks Bill.

As you've heard, last year wasn't as good as we planned, but our new satellite is operating well; we're operating under the service level agreement with our largest customer, the National Geospatial-Intelligence Agency, so we'll have more revenue and it should be more predictable; and our international customers and domestic commercial customers are buying imagery from both IKONOS and GeoEye-1.

Obviously, the financial markets are still in turmoil. Fortunately, our industry is not as affected by the general economic malaise as other industries, in part because we provide crucial information to the defense and intelligence agencies around the world. Arguably, given the instability in the world, there has never been a greater need for the products and services that we offer.

It's an incredibly exciting time to be in our industry. As I've said before, besides Business to Government, we're focused on the Business to Business market. Our long-term goal is not only providing high-quality imagery and solutions, but also providing products, tools and services that help our customers convert that imagery into useful and actionable information. By doing this, we move up the value chain, we create closer ties to our customers and we learn how they use our imagery and products, which helps us make better business decisions.

We're proud of the growth in our production areas. As we look into the future, we think it's critical that we continue to expand our processing capability. It's a competitive advantage – no other satellite operator also has a production capability like our St. Louis division, that can process imagery not only from our satellites, but also from third party satellites. It's truly source agnostic – and we believe that will be increasingly valuable to our customers in the future.

Work continues on the imaging system for GeoEye-2 at ITT. The pace with which we proceed on the satellite will be determined by financial market conditions and the direction our government and other customers take in satisfying their imagery requirements for area collection.

You've probably read that there are discussions at the Department of Defense and in the Intelligence Community about the future imagery collection capacity of the US Government. We presented an overview of our capabilities to a group the press has referred to as the "Kaminski Panel" in February. The issue is obviously sensitive, and we can't say more than that at this time. We're looking at new technologies and strategic partnerships that will drive expansion in both government and business services. As you know, we hired a Chief Technology Officer, Brian O'Toole, last year. He's been instrumental in helping us drive toward a web services platform. We think it is going to play an increasingly important role in delivering solutions that combine geography and location-based information. It's much more than just delivering imagery. There's an increasing convergence of all types of geospatial and location-based technologies, and we're working to be positioned well for it.

We know that some of you have expressed interest in asking questions and we'll take those questions now, understanding that some questions may involve proprietary, commercially sensitive information and that may limit our ability to respond.
Thanks again for joining the call.

CALL IS RETURNED TO THE SHAREHOLDER.COM OPERATOR:

"Thank you sir."

At this time, if you would like to ask a question please press the * followed by the digit one on your touchtone phone to signal for a question. One moment please wait while we assemble our roster."

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