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## Reuters

### **GeoEye in financing deal with Cerberus; shares rise**

- \* Cerberus to provide up to \$215 million financing
- \* GeoEye expects EnhancedView contract around June
- \* Shares rise as much as 16 pct

March 11 (Reuters) - GeoEye Inc <GEOY.O> entered into a financing deal with Cerberus Capital Management [CBS.UL], in a move that would provide the satellite imagery company funds of up to \$215 million and also help it win a federal contract.

Shares of the company rose as much as 16 percent Thursday morning to touch a high of \$28.60. GeoEye said it recently submitted a bid for the U.S. government's EnhancedView contract that requires bidders, who want financial support from the government to build a satellite, to provide a letter of credit that would act as collateral.

Under the terms of the agreement, private equity firm Cerberus will purchase \$115 million in GeoEye's preferred stock and provide debt financing of up to \$100 million, drawable at the company's option.

The preferred stock to be bought by Cerberus would represent an ownership interest of about 15.4 percent, GeoEye, which expects an EnhancedView award around June, said in a regulatory filing.

EnhancedView is an U.S. government's initiative that calls for increased procurement of imagery from the two commercial providers - GeoEye and DigitalGlobe <DGL.N>, and contemplates construction of additional satellites.

If GeoEye gets an award without the letter of credit option, Cerberus will have the option to purchase 80,000 preferred shares for \$78 million.

"The Cerberus commitment gives us a fully financed proposal, including the new letter of credit requirement, which the company believes enhances our ability to win an EnhancedView contract," GeoEye's CEO Matt O'Connell said in a statement.

Proceeds from the financing deal with Cerberus, which manages about \$28 billion in assets, will be used for development and launch of the company's next satellite, GeoEye-2.

#### **Q4 PROFIT BEATS STREET**

GeoEye also reported fourth-quarter profit that beat analysts' expectations and provided 2010 outlook, late Wednesday.

On a conference call with analysts Thursday, GeoEye said the GeoEye-1 technical issue impact on 2010 revenue will be substantially less than 10 percent.

Last December, the company had discovered a technical problem with its GeoEye-1 satellite, which hurt its latest fourth-quarter revenue by \$6 million.

The company sees 2010 pro-forma earnings of \$1.40 to \$1.70 a share on revenue of \$300 million to \$320 million.

Analysts were expecting earnings of \$1.56 a share, on revenue of \$306.1 million, according to Thomson Reuters I/B/E/S.

The company also said it has selected Lockheed Martin <LMT.N> to build satellite bus and launch vehicle for GeoEye-2.

GeoEye shares were trading up \$3.77 at \$28.50 on Nasdaq.

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