



VIRGINIA NEWS

Space Imaging to be acquired by rival for \$58.5 million

09/16/2005

By SANDY SHORE / Associated Press

Space Imaging LLC said Friday it is being acquired by rival Orbimage Holdings Inc. in a \$58.5 million cash deal expected to create the largest satellite imagery company in the United States.

The combined company will have a key government contract, two satellites and 14 affiliates and ground stations around the world. The deal is expected to close at the end of the year pending regulatory approval.

"What it really does is jump-start our penetration into the international community," Orbimage Chief Executive Officer Matthew O'Connell said in a telephone interview. "I think it's going to be very good for us and I think it's also good for the remote sensing industry."

Space Imaging Chief Executive Officer Robert Dalal said the combined company will create growth opportunities. "This match is a winner for all of our customers and employees," he said in a statement.

Industry analyst Edward Jurkevics of Chesapeake Analytics in Arlington, Va., said the deal will be good for the industry because it consolidates three U.S. companies into two strong competitors. "I think this is a really good marriage," he said.

The combined company will have at least 50 percent and probably closer to 60 percent of the market, Jurkevics said. "I think it's going to give them a leading market share position for the next few years which I think they should be able to sustain," he said.

The other leading player in the fledgling industry is Longmont-based DigitalGlobe.

Orbimage and Space Imaging produce satellite images for mapping and intelligence gathering by the U.S. government, foreign governments and some commercial operations.

Headquartered in suburban Thornton, Space Imaging launched the world's first commercial high-resolution imaging satellite in 1999 but suffered a setback when the National Geospatial-Intelligence Agency awarded \$500 million contracts each to Orbimage and DigitalGlobe.

Space Imaging's owners, Lockheed Martin Corp. and Raytheon Co., put it up for sale earlier this year.

If the sale is approved, Orbimage will keep Space Imaging operations open in Thornton. No decision has been made on layoffs but O'Connell said one of the primary reasons they decided to buy the company was its pool of employees who have expertise in specialty areas and classified clearances.

He said the purchase price will be adjusted based on payments Space Imaging makes on its existing debt prior to closing.

Space Imaging spokesman Mark Brender said the two companies will remain independent pending approval by the Federal Trade Commission, the Federal Communications Commission, the State Department and the National Oceanic and Atmospheric Administration. The company has about 160 employees.

Based in Dulles, Va., Orbimage, which is traded on the OTC Bulletin Board, had \$30 million in revenue in 2004 and \$17 million in the first six months of this fiscal year.

On the Net:

Space Imaging: <http://www.spaceimaging.com>

Orbimage Holdings Inc.: <http://www.orbimage.com>