

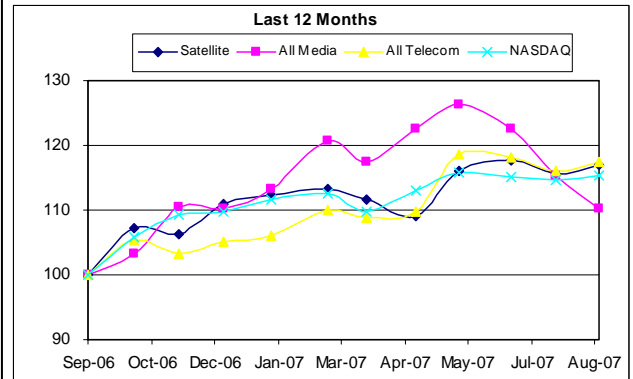
FROM THE GROUND UP

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August 2007

Near Earth Market Indices



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THE WAY WE SEE IT...

Satellite:

WildBlue suspended sales of its broadband over satellite service in three antenna beams effective September 1. The rapid reemergence of capacity constraints at WildBlue continues to validate strong consumer demand for broadband in rural areas. For more on this subject see also The Current Spot Beam column in this issue.

Media:

MTV's URGE online music subscription site announced its merger with the **Rhapsody** service of **RealNetworks**, creating a new Internet radio and music download service called Rhapsody America. An interesting second leg to this combination was the venture's exclusive deal with **Verizon Wireless** to provide mobile distribution. This marks the third strategic alliance by a wireless carrier with a major Internet music platform. Prior to Verizon's initiative, **Cingular** had announced its exclusive relationship with **Apple** for the iTunes-friendly iPhone product, and **Sprint** has recently entered into an alliance with Internet radio service **Pandora**. Should this trend continue, not only will satellite radio services **XM** and **Sirius** see heightened competition, but perhaps also the HD radio efforts of terrestrial radio providers.

Telecom:

Millions of **Skype** customers recently had to endure a two day service outage that was caused by software problems. We think this will give consumers pause as they consider migrating away from circuit-switched solutions, whether to migrate to Skype or VoIP.

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The way the dominos may fall: Causes and effects in the current markets

It is difficult to imagine that a seemingly marginal financial segment like “sub-prime mortgages” could single-handedly be responsible for turmoil of such enormity that global central banks would utilize any and all tools at their disposal to preemptively, after-the-fact, or in “real time” stabilize capital markets and, towards the longer term, global economies. It does, however, appear that there has been an almost unprecedented domino effect, as may be unavoidable when financial markets are propped up by perhaps unprecedented liquidity, and this underpinning is shaken. The consequence, as witnessed by many industry observers, is a blow to the system that has struck well beyond sub-prime mortgages – and this despite a relatively strong economy and record-low corporate default rates. Here is the string of instabilities and causalities we have seen, in order:

... an almost unprecedented domino effect, as may be unavoidable when financial markets are propped up by perhaps unprecedented liquidity...

1. Mortgage market disruption: Illiquidity in the sub-prime loan market, caused by and further aggravating a decline in property values, has led to substantial losses and erosion of capital for many banks, finance companies, and hedge funds. This capital erosion, through the multiplier effect of financial leverage that is common to financial institutions, has led to a vastly diminished ability for such organizations to extend new loans.

... mortgage market disruption...

2. Credit market pressures: While the direct impact of this sub-prime mortgage exposure has been limited to isolated patches of the financial sector, more general uncertainty about the problem’s extent has led to more general credit market instability. Consequences have included the following:

credit market pressures...

- CDOs, which depend on (a) continuing equity investments into their funds and (b) renewed access to warehouse lines from banks, in order to continue originating loans, have very substantially lost access to both. These CDOs and credit oriented hedge funds had until recently constituted not only the most aggressive but also the largest category of lenders in the leveraged loan market.
- With such a large pool of market capital effectively crippled, debt deals in process have struggled to get syndicated, while new deals have been difficult to price. For financing commitments already in place, therefore, banks and other institutions have been stuck holding paper well beyond their targets, and this has in turn diminished their appetite for new paper even further.

equity market volatility...

3. Equity market volatility: As a result of the above, new corporate debt issuance has been curtailed and the structures of new deals have become much more conservative and more costly for issuers. The impact of diminished access to low-cost credit capital has sent ripples through equity markets, where price volatility has reflected some of the underlying corporate finance risks:

- Uncertainty about commercial paper refinancings could cause near term working capital instability for some issuers, and further pressure the system of banks and other liquidity sources that would be called upon to backstop such disruptions.

From the Deal Side (cont.)

Many market observers seem cautiously optimistic that the fall of the dominos will right itself.

- Private equity funds that had played such a significant role in bidding up valuations in the M&A market of late, due to their access to attractive debt structures that leverage equity returns, are now seen turning more conservative and limited in their ability to drive equity values. (As this article is being written, Home Depot has announced a revised agreement with private equity firms seeking to acquire its wholesale supply unit, reflecting a 18% lower deal value.)
- Corporate capital investments for growth seem for the time being more likely to be financed with equity than debt, which comes with a potentially dilutive impact to existing shareholders.
- Existing debt structures that had previously cleared the market on the basis of future refinancing availability, may now be in jeopardy of default, which in turn could lead to bankruptcies or at the very minimum a need for dilutive equity infusions.
- The requirement of equity capital to fill the gap of debt – in some of the ways listed above, or merely to fund previous commitments left open – could diminish liquidity in the equity markets, and could become a long term issue as equity sources get tapped out.

Many market observers, however, seem cautiously optimistic at this time, that the fall of the dominos as described will right itself. Primarily, this perspective is supported by the continuing high level of general liquidity in the global markets which has been further supported by recent central bank actions. But even the most optimistic these days concede that the terms of new deals, after the dust settles, are likely to be a far cry from the aggressive structures of recent times (in terms of both leverage multiples and pricing).

...also a further possibility for private equity and related market repositioning, leading to opportunities for issuers that had been marginalized or overlooked...

There is also a further possibility we see, resulting from an extended domino effect, which could lead to a private equity and related market repositioning to spell new opportunity for many issuers. The cause and effect would be roughly as follows:

1. With a diminished market for large syndicated debt structures, many lenders may (and some have already started to) migrate to single-lender or “club” deals for smaller transactions and middle-market companies.
2. Because the number of large LBO transactions is likely to diminish for reasons noted, while the liquidity of private equity funds remains and needs to be put to work, we may soon begin to see private equity straddle into more venture capital oriented situations to generate target returns without the help of leverage.
3. In turn, venture capital funds that had recently deviated from their roots, behaving more and more like later-stage private equity (primarily because the opportunity presented itself), may be forced to come back home.

While we agree with others and don't see either equity or debt terms attaining the frothy levels of recently hyperactive capital markets, opportunities for issuers that had recently been marginalized or overlooked as a result of such hyperactivity could increase, should any or all of the foregoing materialize.

By Dan Ramsden
Near Earth LLC

The Current Spot Beam

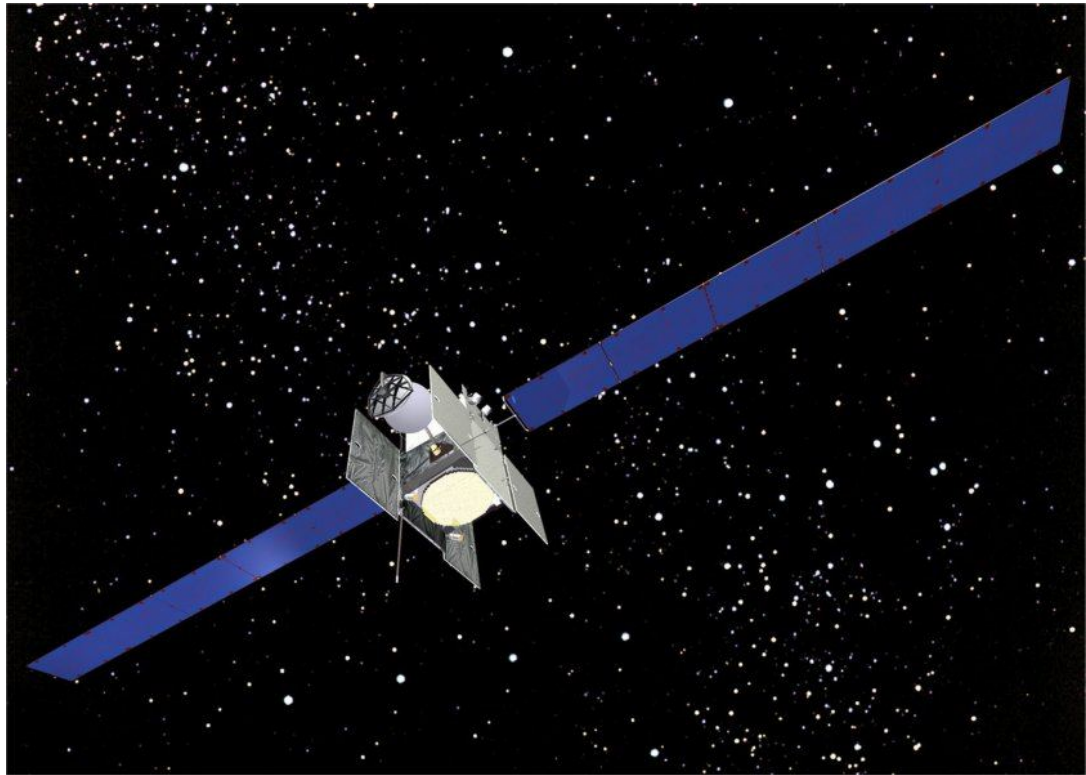
SPACEWAY 3 Takes Flight

On August 14th Hughes Network Systems' Boeing built SPACEWAY 3 satellite was successfully launched into orbit on an Ariane 5 launch vehicle. If the company has its way, the VSAT business may never be the same.

Today, Hughes is the largest VSAT company in the world and claims a 55% share of the installed base of satellite terminals. This substantial user base includes over 500,000 installed Ku band sites for enterprises, small business and residential users. In turn, these sites are used to provide broadband connectivity for private networks, mixed networks and connection to the public Internet.

The company's business model to date consists of leasing Ku band capacity from the usual suspects on a large scale, with an estimated 90+ transponder equivalents currently in use world wide. This capacity is then used to relay IP data/content to Hughes's own or its customers' network hubs, which allocate capacity and provide connectivity to the corporate or public network. Until now, that is...

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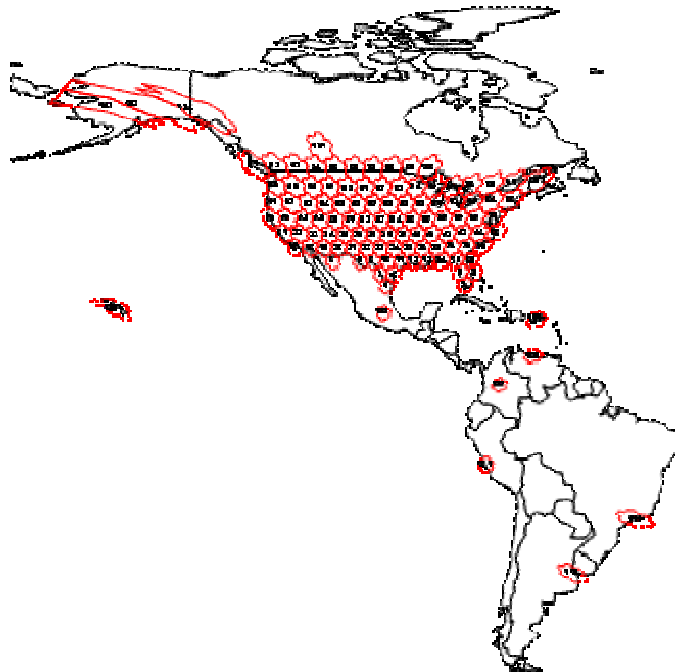
Artist's concept of SPACEWAY satellite on orbit

SPACEWAY 3 is a very different satellite, and is poised to supplant this model for many users. There are several breakthrough technical differences and a financial structure that, in turn, are going to drive new business models:

The Current Spot Beam (cont.)

- **Hughes owns SPACEWAY 3.** It thus is migrating away from its current outsourced space segment model to a vertically integrated model – a model largely driven by the specialized nature and concomitant cost of the satellite itself.
- **Large scale use of Ka band.** While WildBlue has been offering Ka capacity from its WildBlue-1 and -2 satellites, combined these two satellites offer approximately 10 kW of Ka capacity, spread over two satellites. In contrast, SPACEWAY 3 has 13 kW of power in one satellite – which by itself would allow greater capacity.
- **Record breaking use of spot beams.** SPACEWAY 3 sports 112 uplink antenna beams and a phenomenal 780 downlink antenna beams! (For comparison, WildBlue 2 has 35 spot beams and EchoStar 8 has 50 spot beams.) More spot beams allow greater frequency reuse, and thus greater capacity. Hughes claims a workable capacity of in excess of 10 gigabits per second, nearly an order of magnitude more than a conventional satellite, which in turn means a lower cost per bit. Combined with the more conventional benefit of vertical integration, this should allow higher financial returns if other factors (i.e. terminal costs, satellite loading, etc.) don't cancel out the benefit.
- **Onboard processing and switching.** Rather than simply relaying signals from users to the hub and vice versa, the SPACEWAY satellite converts the signals into actual IP packets of data. The satellite can then direct the data, on a packet by packet basis, to whatever downlink antenna beams (any or all) that should receive the data. For SPACEWAY users competing with other SPACEWAY users, this completely eliminates the hub from the process. This doubles capacity by reducing the two hops data must complete under today's technology to one. More importantly (at least for many applications), this reduced the latency of the network by more than 50%, which speeds data transfers and helps applications like videoconferencing and VOIP. (Before some readers jump on my case, I'm deliberately not including full mesh VSAT networks, which also eliminate the second hop, but at the cost of very inefficient transponder loading).

The Current Spot Beam (cont.)



Spaceway 3 Spot Beam Pattern

Of course, while the SPACEWAY satellite has taken flight, the SPACEWAY user terminals are as Bigfoot or the lost city of El Dorado, though hopefully not for long. With extra time from the delayed launch of their satellite and the benefits of last summer's test with SPACEWAY 2 (currently in use by DirecTV for traditional satellite broadcasting use), we expect a relatively smooth technical rollout when commercial service begins early next year.

As Hughes loads up SPACEWAY 3 with existing and new users, we expect it to have a marked effect on Ku band transponder usage over North America, and thus pricing.

As Hughes loads up SPACEWAY 3 with existing and new users, we expect it to have a marked effect on Ku band transponder usage over North America, and thus pricing. The faster SPACEWAY 3 loads up, the more pronounced we expect this effect will be. In their own shareholder presentations, the company has implied that it intends to migrate over 40 transponder equivalents of traffic to SPACEWAY 3 by the end of 2009, with more thereafter. We also note that Hughes has access to additional orbit licenses, and can replicate additional SPACEWAY satellites through its existing relationship with Boeing. Any potential competitor wishing to construct a similar system to SPACEWAY would need to replicate Hughes' substantial non recurring engineering for the terminals and Network Operations Center.

Of course, the extent that any of this happens will be driven by the willingness of Hughes customers to migrate to the as yet unproven platform. While much of the technical risk appears to be wrung out of the business case for SPACEWAY, cost risk for the new terminals and execution issues in real work applications still loom. Hughes' ability to tackle these issues will determine if SPACEWAY's full potential can be realized.

By John Stone
Near Earth LLC

700 MHz: The Ten Billion Dollar Questions

Almost 1100 licenses with reserve prices totaling more than \$10 billion will be auctioned starting January 16, 2008.

In August the FCC set rules for the auction and use of 62 MHz of spectrum in the 700 MHz band to be reclaimed when television broadcasters transition to digital service in 2009. Almost 1100 licenses with reserve prices totaling more than \$10 billion will be auctioned starting January 16, 2008. Superior propagation makes the 700 MHz band especially attractive because it reduces initial build-out costs and improves service quality inside buildings and in other challenging environments.

The rules are notable for two reasons. First, they attempt to address the inability of different public safety agencies to communicate with each other wirelessly, especially during emergencies, by creating a complex public/private partnership and allocating 20 MHz of prime spectrum for a hybrid public/private network. Second, this is expected to be the last major wireless spectrum auction for many years and therefore (along with MSS/ATC) one of the last opportunities for a new national wireless player to emerge.

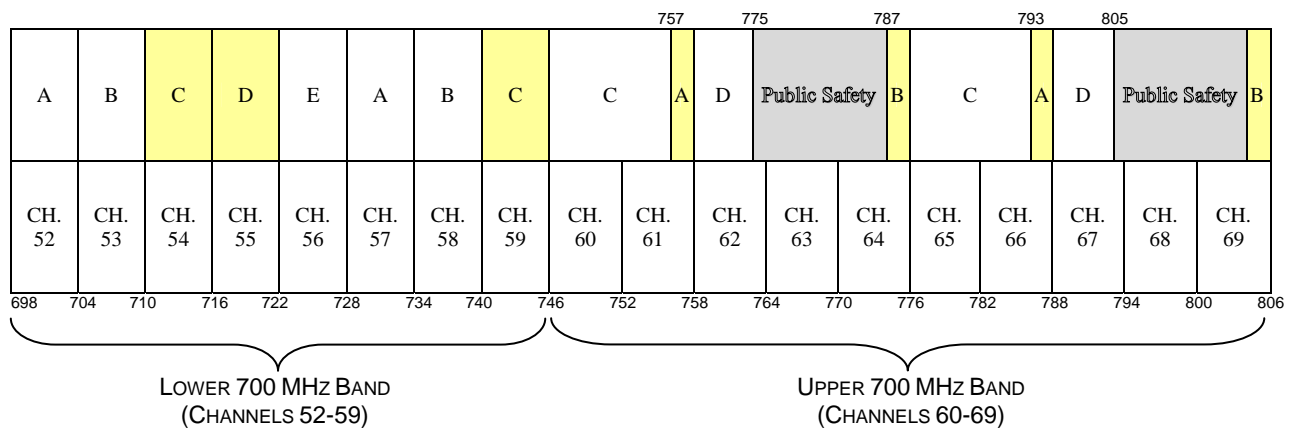
Behind the rules are two big questions that, in spite of ample hype and punditry, can only be answered by the results. Will the US get a new national wireless voice and data competitor or will incumbents steal the show? Will the FCC's ambitious plan for a new public safety network succeed?

Superior propagation makes the 700 MHz band especially attractive

The rules reflect intense lobbying. The incumbent national carriers and prospective new national entrants wanted (and received) spectrum blocks covering wide geographic areas to ease consolidation of a national footprint. Smaller carriers wanted (and received) more granularity, with three blocks divided into smaller geographic licenses. Public safety interests wanted (and got) spectrum for a nationwide, interoperable broadband service and incentives for a commercial operator to build the infrastructure. Others, especially Google, wanted very specific requirements that would force wireless networks to unlock the gate to the walled garden (allow use of any device or application) and even allow tenant farmers inside (wholesale access and interconnection). The FCC imposed some "open access" conditions, but probably not enough to affect the outcome of the auction.

Guest Corner (cont.)

NEW 700 MHz BAND PLAN



Block	Frequencies	Bandwidth	Pairing	Area Type	Licenses
A	698-704, 728-734	12 MHz	2 x 6 MHz	EA	176
B	704-710, 734-740	12 MHz	2 x 6 MHz	CMA	734
C	710-716, 740-746	12 MHz	2 x 6 MHz	CMA	734*
D	716-722	6 MHz	unpaired	EAG	6*
E	722-728	6 MHz	unpaired	EA	176
C	746-757, 776-787	22 MHz	2 x 11 MHz	REAG	12
D	758-763, 788-793	10 MHz	2 x 5 MHz	Nationwide	1**
A	757-758, 787-788	2 MHz	2 x 1 MHz	MEA	52***
B	775-776, 805-806	2 MHz	2 x 1 MHz	MEA	52***

*Blocks have been auctioned.

**Block is associated with the 700 MHz Public/Private Partnership.

***Guard Bands blocks have been auctioned, but are being relocated.

What will be auctioned:

- A 12 MHz “Lower A” block divided into 176 Economic Area (EA) licenses with an aggregate reserve price of \$1.8 billion;
- A 12 MHz “Lower B” block divided into 734 Cellular Market Area (CMAs) licenses with an aggregate reserve price of \$1.37 billion ;
- A 6 MHz (unpaired) “Lower E” block divided into 176 EA licenses with an aggregate reserve price of \$904 million. The Lower E Block will be able to use higher power limits that make this block more attractive for broadcast services like Qualcomm’s MediaFLO.
- A 22 MHz “Upper C” block divided into 12 Regional Economic Area Grouping (REAG) licenses with an aggregate reserve price of \$4.64 billion. The Upper C Block is subject to limited “open access” conditions. Package bidding will be allowed in this block, making it easier a single bidder will win most or all of the licenses.
- A 10 MHz “Upper D” block in a single nationwide license with an aggregate reserve price of \$1.33 billion. The Upper D licensee must be used as part of the 700 MHz Public/Private Partnership entered between the Upper D Block licensee and a new nonprofit entity that will hold a license to the adjacent 10 MHz block (the Public Safety Broadband Licensee).

Open Access

Through the summer Google and others pressed the FCC to impose aggressive “open access” conditions. With the consent of some incumbents the FCC ultimately adopted watered-down open access requirements. Upper C Block licensees must allow customers, device manufacturers, third-party application developers, and others to use

devices and applications of their choice, subject to certain conditions. How much real world effect these conditions will have depends on who wins the licenses and how future FCCs interpret the rules.

...the FCC ultimately adopted watered-down open access requirements.

Guard Bands

The guard band licenses, which were auctioned years ago but never found a good business plan, have been “re-packed” into two, 1 MHz blocks between the Upper C and Upper D blocks and made subject to the same technical rules. These licenses are now ripe for consolidation with either of the adjacent blocks.

The Public/Private Partnership

The Upper D Block comes with the obligation to build a seamless national network using the adjacent 10 MHz block, which will be made available to public safety agencies nationwide. The Upper D Block licensee is allowed to use spare capacity in the public safety band, but must give public safety agencies priority access to the D Block spectrum in the event of an emergency.

On paper this appears to be a good solution to the vexing problem of interoperability for public safety agencies. Thousands of state and local agencies operate independent and often incompatible systems. The FCC’s “Public/Private Partnership” would provide a national, interoperable “overlay” broadband network financed by a commercial operator. Existing public safety narrowband services would be undisturbed. Phones with integrated satellite capability would be made available so agencies can have backup to terrestrial systems.

The FCC’s “Public/Private Partnership” would provide a national, interoperable “overlay” broadband network financed by a commercial operator.

In theory this structure may create an opening for a new entrant to acquire spectrum at a discount. But the details of build-out and operations are left to FCC-supervised negotiations between the public safety broadband licensee and the winner of the Upper D Block auction. Failure to reach agreement with the public safety licensee on technology platform, equipment, sharing terms, build-out schedule, costs, or anything else could result in a substantial default payment and loss of the license. A new entrant without an existing wireless business would be under great financial pressure to conclude negotiations and start construction. Other unusual D Block conditions could complicate efforts to finance construction and operation.

The \$10 Billion Question: New Competitor?

The wildcards and potential game-changers in this auction are the 22 MHz Upper C Block and the 10 MHz Upper D Block, either of which could actually lead to construction of a new network and launch of a new competitor rather than more capacity for incumbents. The other blocks are divided into small geographic areas that will be all but impossible to aggregate into a national footprint, although new regional players could emerge. It may be difficult for any new

Guest Corner (cont.)

entrant (including well-financed contenders like Google and the DBS players) to outbid an incumbent who decides to make an aggressive play for the Upper C Block. And it could be difficult or simply unattractive to finance D Block build-out if negotiations with the public safety licensee don't go smoothly regardless of the size of the presumed MHz/pop discount.

The 700 MHz auction will begin on January 16 and continue for weeks or perhaps months. Whether it builds the spectrum reserves of incumbents or spawns a couple of billion dollar babies, the auction will be among the most closely watched wireless industry developments of 2008.

By John K. Hane
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NEAR EARTH ANALYSIS: MARKET COMPARABLES

Public Market Valuation Analysis of Selected Companies in the NEAR EARTH TELECOM INDEX

(\$ in millions, except per share data)		Stock Price:		Enterprise Value as a Multiple of:			Price as a Multiple of:		
Company	8/24/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2007E EPS (b)	2008E EPS (b)
Satellite Capacity Leasing (FSS)									
LORL	Loral Space & Comm	\$ 41.20	\$825.7	\$965.7	1.1x	10.8x	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	\$ 20.88	\$13,933.0	\$18,140.7	8.3x	12.4x	22.1x	23.6x	20.5x
				Mean	5.7x	11.7x	26.5x		
Satellite Equipment Manufacturers & Integrators									
GILT	Gilat Satellite Networks	\$ 9.60	\$390.7	\$287.6	1.2x	8.4x	21.4x	37.3x	20.0x
GCOM	Globecomm	\$ 13.46	\$221.7	\$192.0	1.4x	23.7x	37.3x	35.1x	28.6x
VSAT	ViaSat	\$ 31.03	\$944.0	\$868.2	1.7x	14.7x	26.6x	34.3x	20.7x
ORB	Orbital Sciences	\$ 22.19	\$1,352.4	\$1,289.5	1.5x	15.2x	18.6x	28.2x	25.5x
RADN	Radyne Comstream Inc.	\$ 10.37	\$195.5	\$166.0	1.3x	8.5x	10.4x	17.2x	15.7x
CMTL	Comtech Telecommunications	\$ 42.39	\$1,163.2	\$1,002.0	2.5x	12.2x	15.0x	23.5x	17.4x
CDV	COM DEV International (d)	\$ 5.22	\$366.5	\$353.0	2.3x	12.3x	16.3x	n/m	n/m
				Mean	1.7x	13.6x	20.8x	29.3x	21.3x
Towers									
AMT	American Tower	\$ 39.64	\$17,424.0	\$20,938.0	15.5x	25.1x	n/m	n/m	n/m
CCI	Crown Castle	\$ 37.21	\$10,175.3	\$16,387.6	17.8x	35.2x	n/m	n/m	n/m
SBCA	SBA Communications	\$ 32.59	\$3,443.7	\$5,129.2	13.6x	29.4x	n/m	n/m	n/m
				Mean	15.6x	29.9x			
General Telecom									
AT	Alltel	\$ 68.05	\$24,484.4	\$26,644.5	3.3x	9.8x	18.8x	32.4x	24.6x
T	AT&T	\$ 40.36	\$252,895.8	\$257,706.2	3.4x	9.3x	17.4x	28.9x	14.7x
VZ	Verizon Communications, Inc.	\$ 42.64	\$124,125.0	\$184,589.0	2.1x	6.5x	13.2x	23.2x	18.1x
S	Sprint Nextel Corporation	\$ 18.95	\$54,936.1	\$74,753.1	1.8x	6.5x	37.4x	n/m	21.8x
				Mean	2.6x	8.0x	21.7x	28.2x	19.8x
TELECOM SERVICES INDEX (excludes Towers stocks)									
High				8.3x	23.7x	37.4x	37.3x	28.6x	22.6x
Mean				2.6x	12.6x	25.9x	25.8x	20.7x	16.5x
Low				1.1x	6.5x	10.4x	17.2x	14.7x	12.9x

Public Market Valuation Analysis of Selected Companies in the NEAR EARTH MEDIA INDEX

(\$ in millions, except per share data)		Stock Price:		Enterprise Value as a Multiple of:			Price as a Multiple of:		
Ticker	Company	8/24/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2007E EPS (b)	2008E EPS (b)
Satellite Television (DBS)									
BSY	British Sky Broadcasting (f)	\$ 10.74	\$18,927.61	\$22,316.36	2.6x	9.3x	12.8x	17.0x	15.6x
DISH	EchoStar Communications	\$ 42.45	\$19,323.6	\$23,113.1	2.3x	8.9x	16.3x	23.8x	16.7x
DTV	DirecTV Group Inc.	\$ 23.12	\$26,665.8	\$27,691.3	1.8x	7.4x	10.8x	18.0x	14.7x
				Mean	2.2x	8.5x	13.3x	19.6x	15.7x
Television									
TVL	LIN TV Corp.	\$ 14.43	\$707.3	\$1,556.1	3.6x	10.2x	17.2x	n/m	20.3x
SBGI	Sinclair Broadcast Group	\$ 12.78	\$1,095.2	\$2,442.1	3.4x	11.9x	15.3x	31.2x	15.6x
YBTVA	Young Broadcasting Inc.	\$ 1.98	\$43.7	\$94.6	3.6x	11.1x	28.9x	n/m	n/m
				Mean	3.5x	11.0x	20.5x	31.2x	18.0x
Satellite Radio (DARS)									
SIRI	Sirius Satellite Radio	\$ 2.84	\$4,137.9	\$4,941.4	6.9x	n/m	n/m	n/m	n/m
WRSP	Worldspace	\$ 4.49	\$175.2	\$220.8	14.6x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	\$ 11.51	\$3,520.7	\$4,754.0	4.8x	n/m	n/m	n/m	n/m
				Mean	8.8x				
Radio									
CCU	Clear Channel	\$ 36.80	\$18,211.1	\$25,891.1	3.6x	11.0x	15.1x	24.9x	22.7x
CMLS	Cumulus Media Inc.	\$ 10.32	\$524.5	\$1,093.1	3.3x	13.9x	17.9x	n/m	41.3x
CXR	Cox Radio Inc.	\$ 13.40	\$1,280.6	\$1,622.7	3.7x	10.1x	10.9x	17.9x	16.8x
EMMS	Emmis Communications Corp.	\$ 6.13	\$228.2	\$903.9	2.5x	12.4x	15.1x	n/m	n/m
ETM	Entercom Communications	\$ 20.84	\$820.8	\$1,505.3	3.3x	11.0x	12.5x	17.4x	14.5x
ROIA	Radio One Inc.	\$ 3.79	\$374.1	\$1,332.5	3.6x	9.4x	10.8x	n/m	n/m
				Mean	3.3x	11.3x	13.7x	20.0x	23.8x
NewsPrint									
DJ	Dow Jones	\$ 59.00	\$4,930.7	\$5,209.6	2.8x	19.2x	32.4x	39.9x	33.1x
MNI	The McClatchy Company	\$ 22.61	\$1,853.6	\$4,691.9	2.3x	8.8x	11.6x	14.4x	13.4x
NYT	New York Times	\$ 22.45	\$3,263.4	\$4,606.6	1.4x	9.9x	16.0x	21.4x	18.9x
TRB	Tribune	\$ 28.75	\$6,957.5	\$11,119.5	2.0x	8.7x	10.6x	17.3x	18.3x
WPO	Washington Post	\$ 792.67	\$7,614.4	\$7,739.2	2.0x	10.8x	15.9x	25.9x	22.4x
				Mean	2.1x	11.5x	17.3x	23.8x	21.2x
MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)									
High				3.7x	19.2x	32.4x	39.9x	41.3x	
Mean				2.7x	10.8x	15.9x	17.9x	20.3x	
Low				1.4x	7.4x	10.6x	14.4x	13.4x	

(a) Calculated as Market Value of Equity plus total debt, minority interest and preferred stock, less cash & equivalents

(b) EPS estimates from Thompson First Call. Near Earth does not estimate EPS and does not condone or validate these estimates.

(c) Converted to US \$ from Euro at an exchange rate of 1.36 US \$ per Euro

(d) Converted to US \$ from C\$ at an exchange rate of 0.95 US \$ per C\$

(f) Converted to US \$ from British Pound at an exchange rate of 2.00 US \$ per British Pound

n/m Not Meaningful

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: M&A TRANSACTIONS

Selected Satellite, Telecom & Media Transactions (US\$ in millions)

Date	Announced	Acquiror	Target	Equity Value (a)	Transaction Value (b)	Transaction Value/	
						LTM Sales	LTM EBITDA
Satellite Operators							
04/21/04		KKR	PanAmSat Corporation	\$3,532.0	\$4,300.0	5.2x	7.7x
06/06/04		Blackstone Group	New Skies Satellites NV	956.0	956.0	4.5x	7.7x
08/17/04		Zeus Holdings	Intelsat Ltd.	3,100.0	5,000.0	5.2x	7.6x
08/29/05		Intelsat Ltd.	PanAmSat Holding Corporation	3,065.0	6,271.1	7.5x	9.7x
12/14/05		SES Global	New Skies Satellites NV	760.0	1,160.0	5.0x	8.0x
12/05/06		Abertis Telecom	EutelSat (32% share)	1,000.0	1,838.0	7.3x	9.7x
12/18/06		Telesat (new)	Telesat (old)	2,800.0	2,940.0	7.1x	12.0x
12/18/06		Telesat (new)	Loral Skynet	691.0	1,050.0	7.1x	19.6x
					Mean	6.1x	10.3x
Ground Equipment							
12/06/04		SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	\$110.0	\$415.0	0.8x	n/d
03/03/05		Radyne Comstream	Xicom Technology	41.0	46.0	1.1x	n/d
08/15/05		Stratos	Xantic	191.0	191.0	1.1x	n/d
11/11/05		SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d
11/21/05		Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d
08/03/06		Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d
					Mean	1.0x	n/d
System Integrators							
05/03/07		Globecomm	GlobalSat	18.4	18.4	0.9x	n/d
					Mean	0.9x	n/d
Video Distribution Equipment							
09/29/05		International Datacasting	Proflin (c)	4.5	3.9	1.1x	n/d
11/18/05		Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x
02/08/06		Tandberg Television	Skystream	80.0	80.0	2.6x	n/d
07/25/06		Motorola	Broadbus Technologies	181.0	181.0	n/d	n/d
08/21/06		Cisco	Arroyo Video Solutions, Inc	92.0	92.0	n/d	n/d
08/22/06		Harmonic	Entone Tech.	45.0	45.0	n/d	n/d
12/21/06		Motorola	Tut Systems	39.0	39.0	1.0x	n/d
					Mean	1.9x	13.2x
Towers							
07/04/04		Global Signal	Lattice Communications	\$115.0	\$115.0	9.4x	n/d
05/04/05		American Tower	Spectrasite	3,100.0	3,800.0	10.2x	17.0x
03/17/06		Crown Castle	Trintell Communications	145.0	145.0	10.1x	n/d
03/17/06		SBA Communications Corp	AAT Communications Corp	1,002.0	1,002.0	12.0x	17.9x
05/08/06		Crown Castle	Mountain Union Telecom LLC		309.0	11.9x	n/d
10/06/06		Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x
					Mean	10.9x	20.5x
General Telecom (Wireless)							
02/17/04		Cingular	AT&T Wireless	\$40,770.0	\$47,105.0	2.8x	10.7x
12/15/04		Sprint Corp	Nextel Communications Inc	28,449.0	36,200.0	2.7x	7.1x
01/05/05		Alltel	Western Wireless	4,300.0	6,181.0	3.2x	10.7x
07/01/05		Sprint Nextel Corporation	US Unwired, Inc.	1,000.0	1,266.0	2.9x	13.2x
03/06/06		AT&T (new)	Bell South	67,000.0	89,000.0	4.3x	10.7x
					Mean	3.2x	10.5x
Television							
03/31/05		Lin TV Corp.	WNDY-TV, WWHO-TV	\$85.0	\$85.0	4.3x	12.9x
05/10/05		Various Acquirors (d)	Emmis Comm TV Portfolio	1,350.0	1,350.0	5.2x	14.6x
06/30/05		Univision Communications	WLII (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x
03/29/07		Umbrella Holdings LLC	Univision Communications	12,300.0	13,700.0	6.3x	18.1x
					Mean	4.9x	15.6x
Radio							
09/29/04		Capital Radio	GWR Group	\$611.0	\$728.0	3.1x	13.4x
06/21/05		Emap PLC	Scottish Radio Holdings	713.0	793.0	4.5x	17.7x
11/01/05		Cumulus Media Inc.	Susquehanna Radio	1,200.0	1,200.0	n/d	15.0x
02/07/06		Citadel Broadcasting	Disney (ABC Radio)	1,500.0	2,700.0	4.7x	13.5x
					Mean	4.1x	14.9x
New Media							
02/17/05		New York Times	About, Inc	410.0	410.0	10.0x	30.0x
03/21/05		IAC	AskJeeves	1,850.0	1,850.0	5.8x	19.0x
06/06/05		E.W.Scripps Co.	Shopzilla Inc.	525.0	525.0	4.0x	15.9x
07/18/05		News Corp.	Intermix (MySpace.com)	580.0	571.0	6.4x	n/m
3/6/2006		NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x
3/15/2007		Cisco	WebEx	2,900.0	2,900.0	7.6	29.3
					Mean	6.0x	22.7x

(a) When Equity Value was not disclosed, Transaction Value was used

(b) Calculated as Value of Equity plus interest bearing liabilities and preferred stock, less cash & equivalents

(c) Values reflect closing figures. Converted at 1.1757 C\$ per US\$

(d) Transaction includes the divestiture of Emmis' TV portfolio to: Lin TV (\$260M), Journal Comm (\$235M), Gray (\$186M), Blackstone (\$259M)

It also includes estimated transaction value of \$410M for the final sale of 3 TV stations. This is predicted to occur sometime in 2005.

n/d Not Disclosed

n/m Not Meaningful

NEAR EARTH ANNOUNCEMENTS

Near Earth LLC professionals will be at the following conferences. If you would like to schedule a meeting during one of these events, please email John Stone at John@nearearthllc.com

October 9 ISCe Satellite Investment Symposium NYC '07, New York, NY
October 10-11 SATCON 2007, New York, NY

Near Earth LLC runs an investment club called The Near Earth Investment Club and serves as the Club administrator/organizer as well as the primary sourcer and screener of investment opportunities. The Club periodically offers participations in primarily media, telecom and satellite industry-related, often uniquely structured, investments to its members. It is designed to provide active accredited investors with significant deal flow and issuers with access to "smart" and relatively "fast" capital.

- Diverse pool of Satellite, Media and Telecom-related investment opportunities from seed capital rounds to late stage capital and from restructurings and distressed opportunities to private investments in public companies. Club investment opportunities come from a variety of sources including transactions Near Earth LLC is engaged to complete and opportunities Near Earth or Club members find through their extensive industry contacts.
- Investments are screened by Near Earth LLC professionals and sometimes by Advisory Board or Club members with highly relevant backgrounds, before being presented to the full Club for investment consideration.
- Low minimum investment amounts (typically \$25,000 - \$50,000).
- Each member makes his or her own independent investment decisions on each investment opportunity and holds and votes their own shares.
- Near Earth charges no fund management fees and does not take any percentage of the investment upside. However, Near Earth may charge a 2% sourcing fee in certain cases where it receives no other compensation from the transaction. In no cases, will investors be charged a fee without notification in advance of making an investment decision.

If you would like to be considered for membership in this fund, please contact Dan Ramsden at dan@nearearthllc.com.

ABOUT NEAR EARTH LLC

Near Earth is a specialized Investment Bank which brings the highest quality senior level attention to companies in the greater commercial satellite/space, telecom, media, entertainment, and technology industries.

Near Earth provides a full range of capital raising, advisory and consulting services to companies and their Boards. We also provide financial advisory services, valuation, structuring, and due diligence support to private equity, hedge and distressed debt funds. Please contact us if you would like our assistance with a contemplated satellite, telecom or media investment or portfolio divestment.

Recent Transactions

 <p>Publisher of WATCHES GRAND COMPLICATIONS INTERNATIONAL</p> <p>has been acquired by MODERN LUXURY MAGAZINES</p> <p>Near Earth LLC acted as exclusive financial advisor to Tourbillon International</p>	 <p>GE Commercial Finance</p> <p>Valuation of Five Satellite Related Assets of SES Global</p>  <p>Near Earth LLC provided in-depth asset valuation and industry analysis</p>	 <p>LINKSTORM</p> <p>Series C Convertible Participating Preferred Stock</p> <p>The Near Earth Investment Club financed a portion of the round</p>	<p>Undisclosed Major Asset Management Firm</p> <p>Valuation and Strategic Analysis of Loral Space & Communications</p>  <p>Near Earth LLC completed in-depth analysis</p>
 <p>Luxmovera LLC d/b/a uplinkearth</p> <p>Financial and Business Analysis, Planning and Valuation</p> <p>Near Earth LLC acted as financial advisor to Luxmovera LLC</p>	 <p>Murray Capital Management</p> <p>Valuation of three telecom portfolio holdings</p> <p>Near Earth LLC provided in-depth valuation and industry analysis</p>	 <p>Hughes Network Systems</p> <p>Valuation of spectrum related assets</p> <p>Near Earth LLC provided in-depth valuation and analysis</p>	 <p>Intelsat, Ltd.</p> <p>Private sale of minority block of shares</p> <p>Near Earth LLC acted as advisor to investor group</p>
<p>\$110,000,000</p>  <p>served as the lead investor in</p>  <p>Series B Redeemable Convertible Preferred Stock</p> <p>Near Earth LLC acted as Financial Advisor to PCG</p>	<p>\$5,400,000</p>  <p>Series A Convertible Preferred Stock</p> <p>The Near Earth Investment Club financed a portion of the round</p>	 <p>SES AMERICOM</p> <p>Valuation of orbital slot</p> <p>Near Earth LLC valued assets for expert witness testimony</p>	 <p>International Datacasting, Corp.</p> <p>Acquisition of PROFile B.V.</p> <p>Near Earth LLC acted as strategic advisor to the acquirer</p>
 <p>XM Satellite Radio, Inc.</p> <p>Creation of Canadian joint venture</p> <p>Near Earth LLC acted as financial advisor to both parties</p>	 <p>XM Satellite Radio, Inc.</p> <p>\$435 million private placement</p> <p>Near Earth LLC acted as financial advisor to the issuer</p>		

For more information about our current transactions or about Near Earth LLC, please visit our website at www.nearearthllc.com or contact us at our location below:

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