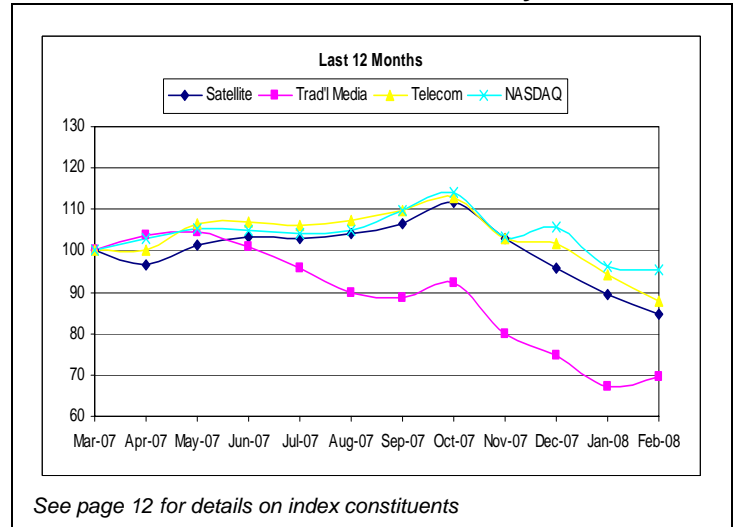


# FROM THE GROUND UP

**February 2008**
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**THE WAY WE SEE IT...**
**Satellite:**

MSS/ATC player **TerreStar** closed a \$300 million financing deal with strategic investor **Echostar** and financial investor **Harbinger Capital**. This deal, which also included substantial 1.4 GHz spectrum assets, serves to further differentiate TerreStar from its MSS brethren and may signal one approach EchoStar intends to use to counter cable TV's vaunted triple play.

**Media:**

As noted in the From the Deal Side column this month, there has been a whirlwind of activity on the new media front even as traditional media continues in its holding pattern, (see **Clear Channel Communications** and its most current deal litigation wrinkles by way of example). In the meantime, **Microsoft's** bid for **Yahoo!** quickly gave rise to rumors of competing alternatives for the target, and **Take-Two Interactive** has indicated that it is being approached by other potential bidders on the heels of **Electronic Arts'** offer to acquire the company. The pending merger of **XM Satellite Radio** and **Sirius**, however, remains stuck at the regulatory approval level, which may not be a good sign considering the length of time that has already passed in the review process. That said, it took **Liberty Media** 14 months to obtain necessary regulatory approvals to complete its **DirectTV** acquisition, which the deal has now finally closed.

**Telecom:**

While the **FCC** spectrum auction seems to be settling into a roughly \$20 billion range of aggregate bids, at the high end of pre-auction estimates and reflecting the continuing optimism that surrounds wireless applications and future demand for wireless services, wireless carrier **Sprint Nextel** continues to struggle. The company has now written off most of its acquisition price for Nextel, resulting in a nearly \$30 billion 4<sup>th</sup> quarter loss, and provided a less than upbeat subscriber growth outlook for 2009. We do not see this to be a reflection of the wireless sector overall, as previously noted, but particular to a merger that has had a tough time integrating two types of spectrum that are incompatible.

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# News From Near Earth:

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We are pleased to announce that 2007, and the period covering the first couple of months of 2008, have proven to be the busiest and most productive for Near Earth to date. Based on the current pipeline of activity and prospects, we believe that 2008 has the potential to be even stronger. Here is a selective sampling of our recently completed mandates.


## Transactional

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has acquired certain assets of  
DataLynx™ from  
**Honeywell**

Near Earth LLC acted as  
exclusive financial advisor to USN  
February 2008



\$13 million equity and  
\$5 million debt financing



**PISTOL CREEK**

Near Earth LLC acted as  
exclusive financial advisor to USN  
February 2008



Dominion Video Satellite Inc.

Sale of DBS licenses to  
EchoStar Satellite Operating  
Corporation

Near Earth LLC acted as  
financial advisor to Dominion  
October 2007




Publisher of  
**WATCHES GRAND COMPLICATIONS**  
INTERNATIONAL

has been acquired by  
**MODERN LUXURY**  
MAGAZINES

Near Earth LLC acted as exclusive  
financial advisor to Tourbillon  
June 2007

## Advisory

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Barrett Xplore Inc.

Financial, Business and  
Market Analysis


Near Earth LLC acted as  
financial advisor to Barrett Xplore  
October 2007

**GUGGENHEIM**

Guggenheim Partners


Evaluation of International Media  
Firm and Related Assets

Near Earth LLC provided in-depth  
valuation and analysis  
April 2007



GE Commercial  
Finance

Valuation of Five Satellite Related  
Assets of SES Global



Near Earth LLC provided in-depth  
asset valuation and industry analysis  
January 2007



Luxmovera LLC  
d/b/a uplinkearth

Financial and Business Analysis,  
Planning and Valuation

Near Earth LLC acted as financial  
advisor to Luxmovera LLC  
December 2006

## What market slow-down?

Despite a precarious funding environment that, as widely reported, is not expected to improve in the near term, our view from the trenches is that the rapid evolution of new media and the technologies and infrastructure that support it have in no way slowed. Driven in part by growth of the Internet as a universal distribution and content platform, the evolution of hardware and software to facilitate information traffic, and the continuing financial and strategic interest in high-growth digital media and telecom projects even in a turbulent financial market environment, there appears to be an expanding division between “haves” and “have nots” in the form of new and traditional media respectively. Although there are winners and losers in each segment, our own observations can also be supported by more broadly publicized recent industry developments, including the following:

...the rapid evolution of new media and the technologies and infrastructure that support it have in no way slowed.

- *M&A/consolidation*: Several high profile announcements in new media point to increasing consolidation activity in the sector. The most substantial of these news items has been **Microsoft's** bid for **Yahoo!**, a potential deal that threatens to at last create a new media titan to rival **Google** on all cylinders; and more recently the bid by **Electronic Arts** for video-game publisher **Take-Two**, and the buyout of **Getty Images** by Hellman & Friedman. Of lesser profile, although highly indicative of the analog to digital migration that has been underway in the consumer marketplace, has been the announcement of **Amazon's** acquisition of **Audible**, the sector's largest retailer of digital audio-books and downloads. We note, by way of contrast, that the most visible M&A event in traditional media at this time, the **ClearChannel** going private transaction, remains uncertain and has even entered a complex litigation phase (never a good sign) to force certain components of the multi-pronged transaction to be completed.
- *Infrastructure expansion*: As reflected in the activity surrounding the current FCC spectrum auctions, with aggregate bidding having risen to approximately \$20 billion, as well as the lofty public valuations of wireless infrastructure platforms such as communications tower companies (e.g., **American Tower** and **Crown Castle** still trading close to all-time highs), a great deal of capital continues to make its way toward infrastructure that supports digital media and communication, including wireless broadband and other services (not necessarily limited to consumer offerings). We again note, in contrast, that the public market valuations of many traditional infrastructure companies, such as cable MSO's (e.g., **Comcast**, **Cablevision**) and wireline communications carriers (e.g., **AT&T**, **Level 3**), have performed very differently from the examples cited above. In many cases, these are now priced as much as 30-40% or more off their peaks.
- *Consumer audience share*: By way of example, although similar patterns can be found in numerous traditional media, we look at the radio sector.

...a great deal of capital continues to make its way toward infrastructure that supports digital media and communication, including wireless broadband and other services...

## ***From the Deal Side (cont.)***

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In the Fall of 2007, Arbitron reported that traditional radio listenership had declined to the lowest level since Arbitron began keeping statistics in Fall 1998. Radio usage dropped in every category except the 50-54 age group, and the steepest declines had continued to be among teenagers and young adults, as “their attention was increasingly diverted to other media.” Additionally, AccuStream iMedia Research recently reported that time spent listening to online music radio was up 26% in 2007, with the segment logging 4.85 billion listening hours. This undoubtedly included time spent listening to new digital music services such as **Pandora**, **LastFM**, **Rhapsody**, and **Slacker**.

... advertisers are continuing to revise their spending habits, and increasing sums are being directed toward the Internet ...

- *Advertising receptivity*: Reflecting some of these audience trends, it does appear that advertisers are continuing to revise their spending habits, and that increasing sums are being directed toward the Internet and related new media at the expense of traditional media, such as radio and newspapers. According to TNS Media Intelligence, while 2008 will see an overall advertising expenditure increase of 4.2% over 2007, the Internet will post advertising growth of 14.4%, while radio will increase by a mere 0.7%, newspapers will diminish by 0.9%, and network television will increase by 2.7% (below the overall average, and in an election year!).

From our perspective as an investment banking and advisory boutique focused on the satellite, media, and telecommunications industries, we are therefore not surprised to continue seeing our pipeline of activity and opportunities swell, even in the current deal environment that is by all accounts challenged.

Having for a long time emphasized new media, emerging technologies, and wireless infrastructure as our core areas of focus, we continue to encounter exciting new platforms in a variety of non-traditional media fields. In the preceding “News From Near Earth” column in this newsletter, we provide an indicative sampling of our activity in the past twelve months. We look forward to reporting back in 2009 with an overview of the prior year’s new media and telecom successes.

By Dan Ramsden  
Near Earth LLC

### The Ins and Outs of Private Equity Letters of Intent

In 2008, private equity firms in the United States and abroad will continue to compete for new opportunities, with the highest volume of deals primarily in the \$1 billion-and-under middle market. In this highly competitive market for new deals, the hardest-working fund manager will get the brass ring. So, how can the fund manager and the target company (“Seller” or “Target”) expedite the deal process? The principals should agree on the “deal” terms prior to the lawyer’s drafting of definitive agreements, and then craft a letter of intent (“LOI”).

So, how can the fund manager and the target company expedite the deal process?

The purpose of an LOI is to establish a common understanding between the parties of the terms of an investment and how those terms should be reflected in the key legal documents that will memorialize the transaction. But is a LOI enforceable? That depends on whether, and what parts of it you want to be enforceable and how well you write it. It’s important to specify in your LOI, whether you intend it (or some part of it) to be legally binding and enforceable. To reduce the risk of a court deciding to enforce a provision in the LOI that was not intended or desired to be legally binding, it’s a good idea to disclaim contractual, binding effect as to all but a few specifically enumerated terms, including the disclaimer itself. The terms that an investor should consider giving binding effect to (regardless of whether the transaction closes) include: allocation of expenses; exclusivity period of negotiation; an investor’s access to the Target’s materials and information; governing law; and special remedies, such as injunctive relief.

It’s important to specify in your LOI, whether you intend it (or some part of it) to be legally binding and enforceable.

2007 was a Target’s market and Targets required deal terms such as the ability to terminate a deal without penalty and waivers of financing conditions in LOI’s. Many large Targets also required reverse termination fees if the deal was not consummated by a specified date. Funds then sought to limit their liability on reverse termination fees by trying to cap liability to either the reverse termination fee or a multiple thereof and also to require Targets to waive their right to specific performance (e.g., the right of the Target to compel the fund to close.) These issues were at the heart of the Sallie Mae, Home Depot and Acxiom cases last year. In the most infamous example, United Rentals sued investment firm Cerberus to force it to complete its \$4 billion buyout of the equipment-rental company. Cerberus claims it is not bound to complete the deal and “only” has to pay a \$100 million breakup fee to walk away. These cases highlight the need for careful drafting.

Here are 20 important legal and business issues that you should consider in an LOI for a private equity investment.

## Guest Corner (Cont.)

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1. Form of transaction (e.g., asset or stock transaction, merger).
2. Purchase price.
  - a. Consider how purchase price will be paid, timing, interest rates, collateral, etc.
  - b. Requires a valuation of the Seller
  - c. Allocation of expenses
  - d. Assumption of specified liabilities
3. Investor rights as a stockholder
  - a. Voting rights, veto rights, super-majority provisions
  - b. Dividend payments
    - i. Cumulative vs. non-cumulative
    - ii. Frequency of payment
  - c. Liquidation rights
  - d. Conversion rights
  - e. Anti-dilution rights
    - i. Consider weighted average or full-ratchet anti-dilution
  - f. Redemption rights
    - i. Consider triggering event and price
  - g. Pre-emptive rights
4. Investor management rights
  - a. Member on board/management committee
  - b. Rights to appoint additional board member or manager
  - c. Rights to be set forth in shareholders' agreement or limited liability company agreement
  - d. Informational rights
  - e. Right to vote on "material" transactions
5. Escrow provisions
  - a. How much and how long will escrow be held?
  - b. Who will pay costs of escrow agent?
6. Indemnification
  - a. Will there be caps and/or baskets?
7. Term for survival of representations, warranties and agreements
8. Management compensation agreements
9. Brokers' and finders' fees payable
10. Registration rights
11. Treatment of outstanding options, warrants and convertible securities
12. Protective provisions such as holdback, escrow, guarantee and/or grant of security interest?
13. Restrictions on operations pending closing
14. Break-up fees
15. Binding vs. non-binding
  - a. A binding LOI may result in a lawsuit for the failure to perform the contract, breach of a duty of negotiate in good faith, unjust enrichment, promissory estoppel, or tortious interference with contract, among other possible claims.
  - b. An obligation to negotiate in good faith can be dangerous as this obligation may create a cause of action and liability for breach of the obligation. Various provisions in the LOI can be made binding irrespective of whether the transaction is culminated.

Consider how purchase price will be paid, timing, interest rates, collateral, etc.

An obligation to negotiate in good faith can be dangerous as this obligation may create a cause of action and liability for breach of obligation.

## Guest Corner (Cont.)

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...consider the need to comply with various laws... and whether there are any laws in the state of the Target's incorporation that may affect the investment transaction...

16. Choice of law/venue
17. Conditions of closing
  - a. Due diligence
  - b. Approvals of third parties (Landlords, vendors, employees, debt holders)
  - c. Also consider the need to comply with various laws, such as SEC Blue Sky laws, the need to file under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (which requires a filing with the U.S. Federal Trade Commission and U.S. Department of Justice), the Investment Company Act of 1940, the Investment Advisors Act of 1940 and the Small Business Investment Act.
  - d. Consider whether there are any laws in the state of incorporation of the Target that may affect the investment transaction (e.g., anti-takeover provisions, stockholder voting requirements, statutory pre-emptive rights, etc.).
  - e. In addition, the sale of stock or assets in a transaction involving United States licenses of satellites will require the pre-approval of the US Federal Communications Commission. The LOI should cover who will pay the FCC licensing fees.
  - f. Financing
  - g. Board and/or stockholder approval
  - h. "Drop dead" dates (term of LOI)
  - i. Minimum EBITDA of Target
  - j. No material adverse changes of Seller
18. Other issues
  - a. Publicity/Disclosure
    - i. If a public-company, if transaction is "material" public announcement should be made upon execution of LOI. If not "material," public announcement may be deferred. SRO's such as the NYSE require that once negotiations have broadened in scope to include persons other than top management, and accordingly, the risk of leak or the misuse of insider information cannot be discounted, an announcement of existence of negotiations should be made. Sellers generally do not want public disclosure because their employees, customers, and suppliers could react negatively to an announcement. In addition, competitors could seek to take advantage of the pending transaction in many ways.
    - ii. In addition, there can be a stigma if a deal is not consummated once it is made public.
19. No-shop provision (takes Seller out of play)
20. Break-up fee

This is only a general outline and you should consult with an attorney and your financial advisor before negotiating and finalizing any LOI.

Please email the author, **Ted D. Rosen, Esq.** at [trosen@herrick.com](mailto:trosen@herrick.com) with any questions about this article, or call: (212) 592-1593. Please visit: [www.herrick.com](http://www.herrick.com) to learn more about the Corporate Practice Group of Herrick, Feinstein LLP.

## Satellite 2008 – Washington D.C. February 25-28, 2008

The pace of satellite industry consolidation through mergers and acquisitions in fact seems to be accelerating ... we have never seen institutional investor interest so high.

Satellite 2008 showcased a vibrant industry moving forward enthusiastically, but understandably cautiously, against a scary backdrop of an uncertain U.S. and global economic environment. This was perhaps best illustrated during the opening financial sessions of the conference, where despite updates of the massive credit crunch sweeping the globe, public equity markets in decline or at best stalled and severely diminished private equity deal closures, the satellite industry continues to enjoy special interest and above average treatment from investors. For instance, public satellite industry stocks have on average beat broader market indices, the landmark Intelsat acquisition managed to get done despite a FSS record 9.5x leverage and the Loral / Telesat deal went forward despite a very robust EBITDA acquisition multiple. The pace of satellite industry consolidation through mergers and acquisitions in fact seems to be accelerating and from our own perspective, we have never seen institutional investor interest so high. This interest is not just for the traditional favorites like FSS and DTH, but increasingly for sectors previously ignored like MSS, satellite broadband and geo-spatial applications.

An interesting question is how fast this historically insular satellite industry can adopt a new mindset and adapt to changing competitive dynamics...

Another interesting theme permeating the conference, sometimes explicitly and sometimes subliminally, was that the 50 year old satellite industry needs to evolve from a small and largely independent niche to a critical and integrated part of the broader digital telecom and media industry. This is a view especially held by many of the younger and newer entrants to the industry who are used to thinking about the larger whole and the broader technology and user trends. End users, whether enterprises or consumers, increasingly just want their connectivity, content and applications anywhere and anytime, the what, when and where, and do not care so much about the who and how. Our ability to prove our relevance and importance to the broader telecom and media industry should therefore increasingly impact the satellite sector's future growth prospects and its ability to capture a "fair" slice of the overall pie. An interesting question is how fast this historically insular satellite industry can adopt a new mind set and adapt to changing competitive dynamics. Will a Satellite 2018 even make sense or will future conferences be organized around different themes than the location of the infrastructure, in example video broadcasting, broadband connectivity and mobile communications versus satellite, cable and wireless. Being a satellite "lifer" myself, I may miss the uniqueness and excitement of our focus on space and the special bonds enjoyed in this community, but an increasingly integrated digital world has a way of bringing space down to a flattening Earth.

## Conference Round-Up (Cont.)

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Additional comments and thoughts:

- Steve Dorfman, a legend in the satellite industry and current Chairman of Protostar, gave a luncheon keynote address where he reminded us that almost all of the satellite businesses now enjoying success had pioneering predecessors that experienced severe and costly failures. Even Protostar had predecessors whose earlier mistakes and efforts helped blaze the way for a hopefully successful pan-Asian DTH platform. Being first to market in this industry has rarely guaranteed success. Over the last 50 years, this has been an industry financed largely by either government mandates/subsidies, visionary strategic initiatives from large corporations (e.g. DIRECTV coming out of Hughes) or the sometimes irrational enthusiasm of individual and public investors. There will always be a need for visionaries and angels in this industry to do the important missionary work for new businesses (e.g. space tourism), but the industry has matured and joined the main stream in many regards. Interest and participation from the institutional investment community has steadily improved. They have made real money and are back to place more bets. But, the business models must be sound.
- Dr. Hamadoun Toure, Secretary General of ITU, gave an interesting forward looking talk at the Washington Space Business Roundtable lunch entitled “Not Business as Usual – the Next Fifty Years in Space.” Dr. Toure has led an effort focused first on Africa to open up emerging markets to investments in telecommunications. The failed models of the last half century relied primarily on grants and foreign aide as opposed to strategic international partnerships to build profitable and sustainable businesses. The result is growth approaching and in some cases exceeding triple digits. Let’s all hope this philosophy of market based solutions eventually brings another 3 billion people into the digital age.
- Satellite broadband had a much larger presence at the conference this year due in large part to the initial successes of Wildblue, Hughes and Telesat in the North American market. The key market and investor question is still how many subscribers can the satellite industry attract and retain against a relentless onslaught of fiber, cable and wireless solutions. This author’s opinion is that (a) the industry has now proven, with Ka-band spot beam technology, that it can deliver acceptable broadband value to the terrestrial “gaps,” (b) broadband is increasingly a must have for all, not a luxury for the few, (c) some gaps in terrestrial coverage are unlikely to ever be filled, and (d) the number of potential subscribers in these long

There will always be a need for visionaries and angels in this industry to do the important missionary work for new businesses... but the industry has matured and joined the main stream in many regards.

## Conference Round-Up (Cont.)

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...an even more interesting question is whether or not satellite broadband can compete for an even larger slice of the broadband pie.

term gaps make for a sizable international market for a moderate number of satellite broadband competitors and satellites. Although the answers above point to a real market, an even more interesting question is whether or not satellite broadband can compete for an even larger slice of the broadband pie. The current terrestrial gaps are so large that were they to stay open the market opportunity would be truly impressive and require numerous satellites to fulfill. Most investors and consultants we know believe these terrestrial coverage gaps will gradually close over the next decade, but what affect will a Viasat-1, for instance, have on the rate of gap closure? Can technology that delivers 10x the capacity, thereby greatly reducing the cost per bit to consumers, hold off the terrestrial competition in denser rural and even suburban markets? Mark Dankberg, CEO of Viasat, certainly hopes so and even reminds us there is no reason to believe Viasat-1 will be the last major advance in costs per bit capability. Perhaps, in the future, another order of magnitude can be achieved by clever engineers. As Roger Rusch of TelAstra points out, such capacity improvements may be demanded by end users as his data shows an order of magnitude increase in bandwidth usage by consumers every 5 – 7 years. Satellite bandwidth usage does not necessarily need to match terrestrial usage, but how much it can lag and stay viable is a real question.

- The presence of MSS related panels, conversations and companies was also substantially increased this year. There was much to talk about, including the sector attracting new capital from private equity investors (in some cases the same investor, Harbinger Capital) and finally a strategic source (Echostar) and the win-win deal between Inmarsat and MSV to rationalize L-band spectrum utilization. Interest in the timing of future consolidation is still strong as is the so far unfruitful courtship of the wireless/cellular industry. Now that the 700 MHz auction is nearing completion, we suspect ATC could become the next spectrum block to fight over. In any event, with satellite launches scheduled and mounting common shareholder ownership by a handful of investors, we look forward to an extremely interesting year for MSS.
- A related, but more government/military focused sector of MSS called Comms-on-the-Move was also a major factor at this year's conference. It seemed the exhibit hall was overflowing with new mobile antenna systems chasing this lucrative and growing market. Our only cause for concern, is if there will be enough unique applications and customers to support all of these antenna systems. We suspect the real winners will be those that can deliver the hardware and software that works with the antenna systems to

## ***Conference Round-Up (Cont.)***

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drive the spectrum efficiency and quality of service these customers will demand.

By Hoyt Davidson  
Near Earth LLC

# NEAR EARTH ANALYSIS: MARKET COMPARABLES

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

Ticker	Company	2/27/08	Market Value of Equity	Enterprise Value (a)	Enterprise Value as a Multiple of:			Price as a Multiple of:		
					LTM Sales	LTM EBITDA	LTM EBIT	2007E EPS (b)	2008E EPS (b)	
<b>Satellite Television (DBS)</b>										
BSY	British Sky Broadcasting (f)	\$ 11.72	\$20,992.5	\$23,623.3	2.6x	11.8x	14.6x	18.7x	17.2x	
DISH	EchoStar Communications	\$ 29.18	\$13,321.9	\$17,129.7	1.6x	5.9x	10.6x	16.8x	13.1x	
DTV	DirecTV Group Inc.	\$ 26.29	\$31,285.1	\$33,488.1	2.0x	8.3x	13.4x	17.6x	14.4x	
				Mean	2.1x	8.7x	12.8x	17.7x	14.9x	
<b>Television</b>										
TVL	LIN TV Corp.	\$ 11.68	\$598.4	\$1,502.4	3.6x	9.8x	16.3x	n/m	18.0x	
SBGI	Sinclair Broadcast Group	\$ 9.88	\$861.8	\$2,207.1	3.0x	7.4x	18.2x	10.7x	13.5x	
YBTV	Young Broadcasting Inc.	\$ 0.81	\$18.4	\$822.7	3.9x	12.9x	36.7x	n/m	n/m	
				Mean	3.5x	10.0x	23.7x	10.7x	15.8x	
<b>Satellite Radio (DARS)</b>										
SIRI	Sirius Satellite Radio	\$ 3.05	\$4,465.6	\$5,418.6	6.3x	n/m	n/m	n/m	n/m	
WRSP	Worldspace	\$ 1.24	\$50.2	\$137.1	9.1x	n/m	n/m	n/m	n/m	
XMSR	XM Satellite Radio	\$ 13.13	\$4,030.0	\$5,352.1	4.9x	n/m	n/m	n/m	n/m	
				Mean	6.8x					
<b>Radio</b>										
CCU	Clear Channel	\$ 33.80	\$16,750.6	\$17,739.2	2.5x	7.5x	10.3x	21.8x	20.5x	
CMLS	Cumulus Media Inc.	\$ 5.86	\$253.5	\$812.1	2.4x	10.3x	12.7x	n/m	45.1x	
CXR	Cox Radio Inc.	\$ 11.71	\$1,099.5	\$1,425.9	3.2x	9.2x	9.9x	15.6x	15.2x	
EMMS	Emmis Communications Corp.	\$ 3.02	\$113.3	\$786.3	2.2x	11.7x	14.7x	n/m	n/m	
ETM	Entercom Communications	\$ 12.80	\$482.0	\$1,206.5	2.6x	14.1x	17.4x	11.6x	10.2x	
ROIA	Radio One Inc.	\$ 1.48	\$146.1	\$964.1	2.7x	16.5x	23.1x	13.5x	5.5x	
				Mean	2.6x	11.6x	14.7x	15.6x	19.3x	
<b>NewsPrint</b>										
MNI	The McClatchy Company	\$ 10.37	\$850.8	\$828.3	0.4x	1.4x	1.8x	8.3x	8.4x	
NYT	New York Times	\$ 19.15	\$2,759.5	\$3,440.2	1.1x	7.0x	12.1x	17.9x	18.1x	
WPO	Washington Post	\$ 726.00	\$6,903.5	\$6,990.5	1.7x	9.3x	13.5x	24.4x	20.9x	
				Mean	1.0x	5.9x	9.2x	16.9x	15.8x	
					MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)					
					High	3.9x	16.5x	36.7x	24.4x	45.1x
					Mean	2.0x	8.4x	13.3x	11.8x	15.7x
					Low	0.4x	1.4x	1.8x	8.3x	5.5x

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

Company	2/27/08	Market Value of Equity	Enterprise Value (a)	Enterprise Value as a Multiple of:			Price as a Multiple of:			
				LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2007E EPS (b)	2008E EPS (b)	
<b>Satellite Capacity Leasing (FSS)</b>										
LORL	Loral Space & Comm	\$ 24.71	\$540.7	\$760.1	0.9x	15.2x	n/m	n/m	n/m	
SESG.PA	SES Global S.A. (c)	\$ 23.01	\$10,147.1	\$14,580.3	6.0x	9.0x	16.3x	16.8x	21.5x	
				Mean	3.4x	12.1x	16.3x	16.8x	21.5x	
<b>Satellite Equipment Manufacturers &amp; Integrators</b>										
HUGH	Hughes	\$ 48.95	\$941.3	\$1,459.0	1.6x	11.3x	19.6x	28.9x	24.7x	
GILT	Gilat Satellite Networks	\$ 10.84	\$451.7	\$340.0	1.2x	9.1x	19.7x	21.7x	18.7x	
GCOM	Globecom	\$ 9.33	\$155.5	\$145.9	1.0x	13.6x	19.8x	18.7x	13.3x	
VSAT	ViaSat	\$ 21.49	\$692.6	\$566.1	1.1x	8.1x	17.0x	22.1x	15.6x	
ORB	Orbital Sciences	\$ 23.41	\$1,425.1	\$1,336.6	1.3x	13.5x	16.2x	24.2x	25.4x	
RADN	Radyn Comstream Inc.	\$ 9.72	\$186.7	\$166.8	1.2x	8.5x	10.4x	15.9x	16.2x	
CMTL	Comtech Telecommunications	\$ 43.66	\$1,205.1	\$967.2	2.2x	10.2x	11.4x	18.5x	15.0x	
CDV	COM DEV International (d)	\$ 3.46	\$233.2	\$225.1	1.4x	11.3x	17.6x	n/m	n/m	
				Mean	1.4x	10.7x	16.5x	21.4x	18.4x	
<b>Towers</b>										
AMT	American Tower	\$ 41.10	\$17,180.3	\$21,122.7	14.9x	24.0x	n/m	n/m	n/m	
CCI	Crown Castle	\$ 37.91	\$10,712.5	\$16,896.3	13.8x	30.3x	n/m	n/m	n/m	
SBAC	SBA Communications	\$ 33.22	\$3,461.1	\$5,322.8	13.4x	27.8x	n/m	n/m	n/m	
				Mean	14.1x	27.4x				
<b>General Telecom</b>										
T	AT&T	\$ 35.57	\$218,008.5	\$275,905.5	2.6x	7.2x	14.1x	20.3x	12.8x	
VZ	Verizon Communications, Inc.	\$ 36.81	\$106,380.9	\$138,514.3	1.5x	4.6x	8.9x	22.3x	13.8x	
S	Sprint Nextel Corporation	\$ 9.29	\$26,569.4	\$46,478.4	1.1x	4.4x	36.2x	n/m	11.1x	
				Mean	1.8x	5.4x	19.7x	21.3x	12.6x	
					TELECOM SERVICES INDEX (excludes Towers stocks)					
					High	6.0x	15.2x	36.2x	28.9x	25.4x
					Mean	1.7x	8.3x	17.1x	16.4x	14.9x
					Low	0.9x	4.4x	8.9x	15.9x	11.2x

(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 1.51291 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 1.02004 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.99297 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	
<b>Satellite Operators</b>							
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	
<b>Ground Equipment</b>							
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	
<b>System Integrators</b>							
05/03/07	Globecomm	GlobalSat	18.4	18.4	0.9x	n/d	
				Mean	0.9x	n/d	
<b>Video Distribution Equipment</b>							
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	
<b>Towers</b>							
07/04/04	Global Signal	Latice 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	Trintel 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	
<b>General Telecom (Wireless)</b>							
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	
<b>Television</b>							
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	
<b>Radio</b>							
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	
<b>New Media</b>							
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

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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.

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UNIVERSAL  
SPACE NETWORK  
MISSION-CRITICAL SOLUTIONS

has acquired certain assets of  
DataLynx™ from



**Honeywell**

Near Earth LLC acted as  
exclusive financial advisor to USN  
February 2008



UNIVERSAL  
SPACE NETWORK  
MISSION-CRITICAL SOLUTIONS

\$13 million equity and  
\$5 million debt financing



**WARBURG PINCUS**



Swedish Space Corporation Comerica

**PISTOL CREEK**

Near Earth LLC acted as  
exclusive financial advisor to USN  
February 2008

For more information about our current assignments or about Near Earth LLC, please visit our website at [www.nearearthllc.com](http://www.nearearthllc.com) or contact us at our location below:

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