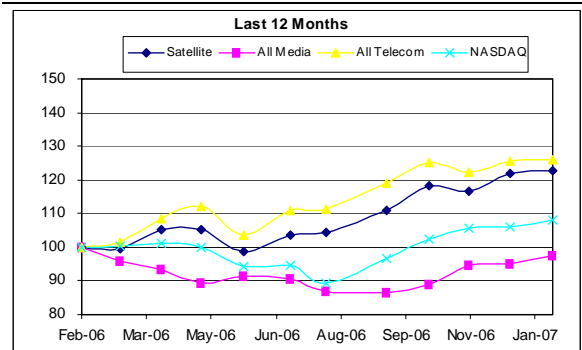


FROM THE GROUND UP

January 2007

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THE WAY WE SEE IT...

Telecom: AT&T, after obtaining FCC approval for its acquisition of Bell South just prior to the New Year, has closed this long awaited transaction and began 2007 with a number of high profile initiatives: commencing to re-brand the now wholly-owned Cingular Wireless operation under a consolidated AT&T brand; and striking an exclusive agreement with Apple for the new iPhone under AT&T (Cingular) wireless service. We would keep a close eye on AT&T's video strategy, as the company has already announced plans to roll out its Internet video service aggressively in former BellSouth territory, reaching 1.5 million homes by the end of 2007. So far, AT&T has launched the service in 11 markets, including Houston and Indianapolis. It plans to reach 19 million homes in its own 13-state region, mainly in the central and southwestern U.S., by the end of 2008.

Media: Apple unveiled its long awaited iPhone, creating the personal "triple play" of combining a phone, PDA and digital music player. While the trend toward consolidation of electronic devices seems inevitable, it is not clear if Apple's first attempt will require additional design iterations. For Apple, with decreasing market share in computer sales, and increased MP3 competition, there is clearly a lot at stake.

Satellite: XM and Sirius both saw their stock prices rise on speculation – fueled by their respective heads Parsons and Karmazin that a merger was in the best interest of shareholders – only to fall again once FCC Chairman Martin likened this to the failed DIRECTV/EchoStar merger. In that case, the FCC looked at reduction in competition on a market by market basis and concluded that for much of the U.S., satellite was the only competition. Until the US has nearly complete wireless broadband coverage, allowing ubiquitous Internet radio to be considered a competitor in all markets, the FCC will likely conclude the same about satellite radio.

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With traditional media at a crossroad, pending transactions are marked by uncertainty...

Three broadly advertised but still pending marquee transactions in the world of traditional media... all seem to be hitting pockets of confusion, resistance, or outright refusal.

Three broadly advertised but still pending marquee transactions in the world of traditional media – the Tribune Co. buyout, the Cablevision Systems going-private offer from its largest shareholder, and the Clear Channel Communications buyout by a group of private equity funds – all seem to be hitting pockets of confusion, resistance, or outright refusal.

As of the date of this article, while Tribune has reportedly received three “offers” in its auction of the newspaper and television broadcast company, each of the three seems something less than a true or complete acquisition offer. Proposal one, submitted by the Chandler family in combination with private equity partners, appears to still be missing half of the equity capital required to complete the deal. Proposal two, submitted by two large supermarket and real estate investors, is actually a leveraged recapitalization involving minimal equity and no change of control. Proposal three is described by the Wall Street Journal as “at least one” offer from a private equity firm interested in the company’s television stations only. Tribune’s spokesperson would only comment that a first-quarter announcement should be expected, and it is no surprise in light of the broad disparity of structures, the complexity of each, and the absence of any one fully adequate buyout bid, that the company and its constituents will need time to reflect.

Almost concurrently with the above, the Cablevision board rejected the Dolan family’s offer to take the cable and entertainment company private. While speculation of emerging higher bids from other cable companies, in particular Time Warner and Comcast, seems to be spreading, there is clearly a difference of opinion regarding the valuation of the asset. Cablevision’s view that the Dolan’s “best and final offer” was too low will presumably be shared by any other bidder to emerge with a more attractive proposal. Depending on the synergistic value of a strategic combination, a higher offer may indeed be justified. For now, we wait to see what might or might not emerge.

The ambiguity which characterizes these transactions may reflect broader uncertainty in the sector... but we expect that 2007 will be a year in which the dust will begin to settle.

Finally, a deal that was already considered good as done, the Clear Channel going private transaction, is reportedly now encountering shareholder resistance that could jeopardize the transaction’s eventual closing. Although the proposed buyout price for the radio company’s shares represents a 17% premium over the stock price prior to the company’s auction announcement, it is also a roughly two-thirds discount to the high the company hit in 2000. In consequence, major public shareholders remain undecided about their vote (67% required), and the long lead time to a closing – which could take as much as another twelve months, due to necessary regulatory approvals – adds further uncertainty to the eventual outcome.

The ambiguity which characterizes all of the described situations – inadequate offers, less than offers, valuation expectations, and complex structures – involving a cross-section of the traditional media industry, may reflect broader uncertainty in the sector. Faced with investments and opportunities in companies that are at a crossroad – marked by new consumer tastes and demands, new

FROM THE DEAL SIDE (cont.)

technologies, and new competitive threats that seem never to slow down – it seems that investors too may feel as though at the same crossroad and equally puzzled.

The pace of change and the rapid emergence of new applications and media, has given investors little time to evaluate and operators little time to react. We expect, and are hopeful, that 2007 will be a year in which the dust will begin to settle, resulting in the successful closings of each of the three situations highlighted herein, and leading to numerous similar deal opportunities. As this occurs, we would also look for a broader transition among the more traditional media outlets to new media offerings, with the fuller support of capital markets and operating management.

By Dan Ramsden
Near Earth LLC

The Current Spot-Beam

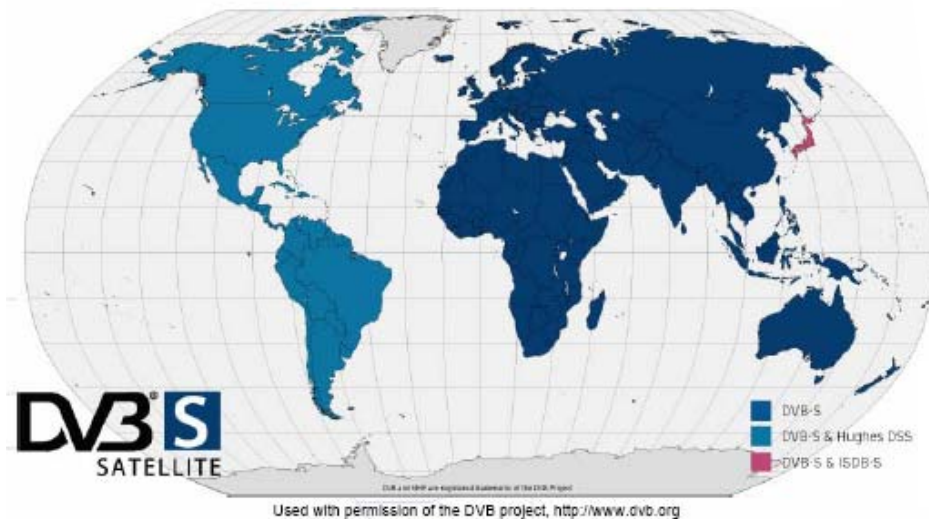
DVB-S2 – What it is, and why you should care...

What it is...

DVB-S2 is the second implementation of the Digital Video Broadcast via Satellite standard, and was approved by the DVB Project. The DVB project is a worldwide consortium of participants that developed and is implementing a variety of standards for transmission of video. Some of these standards include DVB-T (a terrestrial digital television standard), DVB-H (for handheld devices like cell phones), DVB-C (for cable TV) and others. The purpose of the standards is to allow for the production of interoperable equipment by a variety of manufacturers, spurring increased competition and reducing adoption risk to the benefit of end users.

DVB-S2 follows on the heels of DVB-S, which was originally specified in 1993. While DVB is a modulation standard that specifies the way transmissions are sent, but not the actual content, the original DVB-S standard exclusively uses MPEG-2 compression. It is compatible with both standard definition and high definition formats. DVB-S was adopted initially in Europe and has spread well beyond (see map below). It is currently employed in millions of satellite receivers for transmitting video direct to home as well as tens of thousands of receivers and modulators for distribution of network feeds to cable and broadcast head ends.

DVB-S2 is more spectrally efficient, and requires 30% less bandwidth than its predecessor for an identical transmission... when this is combined with more efficient compression such as MPEG-4, reductions of over 50% are possible



DVB-S2 is more flexible than DVB-S, and is compatible with all forms of video compression. Perhaps even more important, it is more spectrally efficient, and requires 30% less bandwidth than its predecessor for an identical transmission. When this is combined with more efficient compression such as MPEG-4, reductions of over 50% are possible.

The Current Spot-Beam (cont.)

Why you should care...

This process of migration represents a significant opportunity for equipment manufacturers and systems integrators that supply and build these networks.

For satellite networks, maximizing use of existing transponder capacity is an imperative. As a result, we expect that in the coming years, satellite networks will migrate to these new standards. This process of migration represents a significant opportunity for equipment manufacturers and systems integrators that supply and build these networks. While initial DVB-S2 equipment is significantly more expensive and harder to find than DVB equipment, the immediate savings on bandwidth is already driving customers with new installations to specify the new standard. Examples of DVB-S2 rollouts include professional installations at PBS, as well as the consumer rollout of DIRECTV's HD channels using its new Spaceway satellites.

From the perspective of a network operator, it is increasingly becoming a financial trade, where we expect adoption to proceed as follows:

Tend to favor DVB-S2	Tend to favor DVB-S
"Greenfield" networks purchasing new equipment	Legacy networks with large installed base of equipment
Bandwidth intensive networks	Thin networks with less traffic
Smaller deployments (i.e. fewer receivers)	Larger deployments

We expect this flood to include not only the dominant share of new deployments, but also a one time bump as the installed base of DVB-S equipment is swapped...

Some operators will find themselves on both sides, of course. As an illustration of these issues, a recent Radyne COM stream analysis found that for newsgathering applications payback periods for greenfield installations were 1.9 years vs. 3.1 years for overhauling an existing installation. Similarly, they found that for HD premium sports (8 hours/week) video backhaul, green field installations had a payback period of 2.1 years vs. 5.1 years for overhaul and equipment replacement – somewhat less compelling. At the other end of the spectrum, 24 hour video backhaul had payback periods of less than a year for both greenfield and overhaul scenarios.

From the perspective of an equipment provider or systems integrator, as manufacturers move down the production learning curve, we expect that prices will rapidly drop, and these payback intervals will compress. As this occurs, the financial trade will become increasingly lopsided, and today's relative trickle of DVB-S2 equipment sales will increasingly turn into a flood. We expect this flood to include not only the dominant share of new deployments, but also a one time bump as the installed base of DVB-S equipment is swapped out for the new standard. Because this installed base represents over a decade of DVB-S installations, and is likely to be replaced over a much shorter time frame, this bulge in sales is likely to dominate the industry's economics in the coming years. How the equipment manufacturers split up this opportunity is likely to affect the satellite equipment manufacturing landscape for a long time to come.

The Current Spot-Beam (cont.)

...it is also going to make satellite applications more competitive than they would otherwise be, which is likely to lead to new demand.

From the perspective of a satellite operator, this is all a mixed bag. While the increased efficiency from these technologies is likely to reduce demand for capacity, it is also going to make satellite applications more competitive than they would otherwise be, which is likely to lead to new demand. Given the falling cost per bit for terrestrial applications, keeping satellite costs competitive is probably the best option for these providers.

Finally, from the perspective of investors, the introduction of this new technology offers prospective industry entrants a new lever to gain entry, and a marketing, production and technology race for many industry participants that can produce new winners and losers – and thus profitable investment opportunities.

By John Stone
Near Earth LLC

ATC Spectrum Considerations for Globalstar

By Tim Farrar
Telecom, Media and Finance Associates

.. the best option for Globalstar to develop any mass market ATC application would be to offer broadcast services using only its S-band downlink frequencies.

Globalstar is unique amongst the ATC proponents in that its spectrum allocation is not balanced between uplink and downlink frequencies. While Globalstar has access to 11.35MHz of spectrum on the uplink (1610-1621.35MHz), it is licensed for 16.5MHz of spectrum on the downlink (2483.5-2500MHz), although it has to date only been licensed to use 5.5MHz of spectrum in each direction for ATC. Now that Globalstar has applied to the FCC for permission to use its entire licensed spectrum allocation for ATC, it is appropriate to consider the implications of this unbalanced allocation for the uses to which Globalstar's spectrum might be put.

If Globalstar is granted the right to use any of its licensed spectrum for ATC, subject to non-interference with other systems, then how much spectrum will Globalstar have available in the uplink and downlink bands? On its uplink, Globalstar must avoid interference with Iridium between 1618.25MHz and 1621.35MHz, while at the lower end of the band it must respect separation distances of around 100 miles for radioastronomy sites in spectrum below 1613.8MHz (accounting for roughly 10% of the total US land area). In addition, Globalstar currently reserves 2.5MHz of spectrum for simplex data services and at least 1 or 2 of its 1.23MHz channels for voice services. In comparison, at S-band Globalstar will not be able to use the 2495-2500MHz band for ATC deployment once relocated BRS (i.e. terrestrial WiMAX) services begin to use this band, and Globalstar must also reserve 1 or 2 channels for voice services. However, BRS services will likely be deployed mainly in urban areas, and thus Globalstar may be able to continue using the 2495-2500MHz band for satellite services in rural areas.

...such a spectrum position could potentially be attractive to partners such as XM and Sirius...

Given this situation, it seems likely that Globalstar will be unable to use much more than about 5MHz its uplink spectrum for ATC, whereas it could potentially devote at least 10MHz of downlink spectrum to ATC applications. Since the large frequency separation between Globalstar's uplink and downlink bands (over 800MHz compared to around 100-200MHz for other MSS allocations and roughly 400MHz for terrestrial AWS bands) and the relatively high frequency of its S-band allocation could also be considered potential disadvantages for deployment of cellular-type networks (since both are likely to lead to a higher terrestrial network deployment cost, other factors being equal), it seems very likely that the best option for Globalstar to develop any mass market ATC application would be to offer broadcast services using only its S-band downlink frequencies. One example of a 10MHz allocation to such services would be to deploy the terrestrial component at 2483.5-2488.5MHz and the satellite broadcast at 2495-2500MHz, with interference from BRS buildout being mitigated by deployment of terrestrial repeater networks in the same geographic area. This would have the advantage of leaving plenty of spectrum available for its existing MSS voice and simplex data offerings. However, other schemes for use of the spectrum could also be envisaged.

While such a spectrum position could potentially be attractive to partners such as XM and Sirius (who are expected to need additional capacity in the future so they can add video delivery and additional channels to their satellite radio services) the question arises as to what value should be attached to this spectrum. Clearly

ATC Spectrum Considerations for Globalstar (cont.)

...within the US, there are few plausible alternatives to the DARS operators as potential partners...

valuations based on cellular spectrum (e.g. AWS) would no longer be directly applicable, since spectrum for broadcast applications (whether for satellite radio or mobile TV networks) has traditionally attracted much lower valuations. As a benchmark, XM paid \$90M and Sirius paid \$83M for their allocations of 12.5MHz of spectrum each in 1997. While spectrum values have generally increased since that date, MediaFLO and Modeo were both able to acquire near-national spectrum for their mobile TV networks in recent years for very modest sums. In addition, at least within the US, there are few plausible alternatives to the DARS operators as potential partners, since at least three mobile TV providers (MediaFLO, Modeo and HiWire) are already attempting to compete in the video broadcast market.

...mobile broadcast spectrum is becoming very sought after in other regions of the world, such as Asia...

On the other hand, mobile broadcast spectrum is becoming very sought after in other regions of the world, such as Asia, where several players are looking to deploy S-band mobile TV networks. Although we believe that operators would strongly prefer allocations of 15MHz or more; the availability of relatively low cost spectrum, including a satellite component whose cost will essentially be covered by Globalstar's existing MSS customer base, could prove a deciding factor in several countries. For this reason we consider that Globalstar could conceivably strike deals in a number of markets, and it could derive as much value from its spectrum position in international markets as in the US.

Even with this upside, we consider that valuations based on cellular applications, applied across Globalstar's entire L-band and S-band spectrum holdings, would lead to a significant over-valuation of Globalstar's potential ATC spectrum opportunity, and we would therefore be cautious about placing any reliance upon analyses which take this approach. Instead, more appropriate valuation methodologies would consider benchmarks for other broadcast applications, discounted by the probability of such deals actually coming to fruition and would be likely to result in valuations in the low hundreds of millions of dollar or high tens of millions of dollar range, depending on one's view of the appropriate deal probability. Further details of this analysis are contained in our January 2007 research report, which provides projections for both Globalstar's core business and its associated spectrum opportunity.

By Tim Farrar
Telecom, Media and Finance Associates

Tim Farrar is President of Telecom, Media and Finance Associates, a consulting company based in Menlo Park, CA, which analyzes technical and financial issues in the satellite sector, and specializes particularly in Mobile Satellite Services (MSS) and Ancillary Terrestrial Component (ATC) issues. Contact him by phone on (650) 839 0376 or by email at tim.farrar@tmfassociates.com. This article is extracted from our January 2007 research report and market forecasts for Globalstar. To find out more about our MSS research, visit www.tmfassociates.com/reports.

Boom Times for the Satellite Industry

**By Roger Rusch
President, TelAstra, Inc**

The satellite industry is surging ahead with numerous satellite construction contracts.

Once again the satellite industry is surging ahead with numerous satellite construction contracts. 2006 was an excellent year for the space manufacturing companies. Orders were placed for 25 to 29 satellites (depending on which orders are included in the tally). Several were powerful satellites with a large number of transponders on each satellite. More than 630 transponders were ordered for C and Ku-band Fixed Satellite Service (FSS) and Direct Broadcasting Satellite (DBS) operators. In addition, 80 Ka-band transponders were procured.

Many of these satellites are being built for anticipated growth or to replace older birds that have reached their end of life. Insurance companies tell us that the average satellite lifetime is 12 years. Although satellites are typically designed to last for 15 years, some have failed prematurely. Consequently, 300 to 400 transponders are leaving service each year.

Many of us have expected that the introduction of High Definition Television (HDTV) would significantly increase transponder demand since each HDTV signal needs at least twice as much transponder bandwidth. To date HDTV has had the most impact in North America. Although there has been growth in demand the growth rate has been a relatively modest 4% to 5% per year. Considering that there are only about 5,000 transponders that produce revenue today, a realistic estimate of the demand growth is 200 to 250 transponders per year.

It is clear that the demand for satellite transponders has not been increasing nearly as fast as the prospective expansion in capacity.

It is clear that the demand for satellite transponders has not been increasing nearly as fast as the prospective expansion in capacity. Most estimates suggest that 35% to 50% of the transponders in orbit (3,500 to as many as 5,000 transponders) are not producing revenue. It could be argued that the only satellites that can be justified are those that support tangible growth situations. Neither of the US DBS companies has ordered a satellite in the past two years. It is notable that the largest FSS operator, INTELSAT, has acquired PanAmSat, but the merged company did not order any satellites in 2006. The second largest FSS operator, SES acquired New Skies Satellites and ordered only three satellites. Eutelsat ordered five satellites.

Clearly economic conditions have provided the funding to increase new and more speculative space infrastructure. Several of the 2006 satellites are intended for new services. MSV ordered four satellites for mobile satellite service (MSS) with the ancillary terrestrial component (ATC). Another four satellites were ordered for television broadcasting directly to home and mobile terminals outside of the US. Failed companies like Globalstar and Orbcomm have emerged from bankruptcy and are planning to replace satellites.

What does this tell us about the satellite industry?

- The US DBS operators have decided how to deal with HDTV, Local-into-local service, and broadband. The strategy does not appear to require buying or investing in more satellites.

Boom Times for the Satellite Industry (cont.)

Most of the space companies will perform well over the next few years.

- INTELSAT is assimilating PanAmSat and coping with a mountain of debt acquired in the process. It is wisely focused on developing new markets and using its existing assets effectively.
- Eutelsat is following an aggressive growth strategy.
- Space is a glamour industry. A new crop of entrepreneurial companies has emerged that are prepared to seize an opportunity. Capital markets that are overflowing with cash and fresh investors are willing to look at more speculative ventures again.
- Strong economic conditions support investments in infrastructure. If the capacity is excessive, economic forces will depress profits and capital spending will be reduced. It is a process with a time constant of several years.

We have observed expansion and decline cycles in the space industry for the past 40 years. Based on those patterns, this cycle has several strong years ahead and there is no imminent cause for alarm. Most of the space companies will perform well over the next few years. Low interest rates and easy money have been the salvation of several speculative enterprises. Nonetheless, business fundamentals will prevail in the long run. Those companies that have taken a high-risk position are likely to run into problems when the cheap money dries up. But, why worry, that is far in the future.

By Roger Rusch
President, TelAstra, Inc

Mr. Rusch is a pioneer in the satellite communications industry with 40 years of contributions to space technology. He has been responsible for the management of all aspects of satellite manufacturing including design, systems engineering, production, testing, and business development. He has held senior positions at Hughes Space and Communications Group, Space Systems / Loral (then Ford Aerospace), and TRW. He can be contacted at RogerRusch@TelAstra.com.

The DBS Soap Opera, Circa January 2007

By Jimmy Schaeffler
The Carmel Group

(Or As The Seductive DirecTV Leaves The Confused Mr. Murdoch for The Romantic Dr. Malone)

Malone still squares up today, like he did back then, against his neighbor and rival in Denver, CO, Charlie Ergen.

Looking back over the past twelve and a half years, to the time on June 17, 1994, when Lemoyne Martin in Jackson, MS became the first subscriber nationwide to sign up for a Direct Broadcast Satellite (DBS) service, this reviewer harks back repeatedly to the idea of a TV soap opera. That is because the idea of a regular story attended by remarkable developments and huge drama swings fits the story of DBS in America as well as it does any "Days of Our Lives" epic.

Yet at this stage in the drama, there's a quirkiness to the repetitiveness of the story line. For instance, back in 1997, Rupert Murdoch, Charlie Ergen and Dr. John Malone were the key threesome that fought over the future of DBS, in the form of Malone trying to keep Murdoch from buying Charlie Ergen's *DISH Network*. Flash forward almost a decade and the three are grappling yet again. This time, however, Murdoch leaves DBS stage left, and the one-time cable magnate and DBS-Hater, Dr. John Malone, re-enters stage right, but this time as a DBS-Magnate. Nonetheless, this remains constant: Malone still squares up today, like he did back then, against his neighbor and rival in Denver, CO, Charlie Ergen.

Turning to the individual players in this performance, the audience wonders what will happen to DirecTV (DTV) now that it has a new CO-based controlling ownership. In order to retain the appearance of a calm transition, especially for shareholders and would-be investors, new owners typically champion the concept of maintaining the status quo. Yet not only does Chase Carey know little if anything about the deals and culture of his new boss, Liberty, more important, he has been a News Corp. guy for a decade and a half. His views of financial, marketing, technical and legal realities are markedly different than any he could ever have at his new employer. That said, Dr. Malone will undoubtedly replace Carey and his existing top-level management within the next six to twelve months. Based only on the performance of DirecTV's stock up until the first rumors of the sale to Malone occurred, one hopes that the new stars of the "DTV DBS Show" will have more success explaining and implementing the story line than did their predecessors.

Malone will undoubtedly replace Carey and his existing top-level management within the next six to twelve months.

Once those new stars have learned their lines, a first plan of business will follow two key themes: One will be finding ways to speed up the ultimate merger of DirecTV and EchoStar, and the second will be that of finding a bundle that DirecTV controls.

Having worked on numerous multichannel projects and studies during the past fifteen years, this consultant finds it truly a question of *when, not if*, a DBS merger will occur in North America. Focused merely on the duplication of resources within the EchoStar and DirecTV systems, and two sets of the same personnel and infrastructure used to carry the same premium, basic, Pay Per View and other content, all of that could be brought onto one single stage via a merger. In fact, the only significant content today that is not available for duplicative carriage on DTV and DISH is DTV's *NFL Sunday Ticket*. By opening

The DBS Soap Opera, Circa January 2007 (cont.)

The day is clearly visible when DBS becomes the dominant video force, while cabled and telco'd America fight it out over prime bundles of 2-way Internet and voice services...

up at least half the satellite bandwidth to additional programming and other content, a single DBS entity could completely dominate the digital video scene in post-merger America. The day is clearly visible when DBS becomes the dominant video force, while cabled and telco'd America fight it out over prime bundles of 2-way Internet and voice services, supplemented by cost-effective (yet inferior) video services of their own. Moreover, the day is also clearly visible when the majority of merger critics in Washington, DC accept the idea of this achieved efficiency, on the conditions that 1) the telcos become a dominant third competitor in the majority of U.S. telecom markets, and 2) rural subscribers are protected in the form of fair prices and ample products and services.

As for the "controlled" bundle, it remains a laudable goal, yet this writer would argue that with a merger, it becomes much less a necessity. If the DBS video store is that much superior to that of cable and telco, DBS may not so badly need its own competitive bundle.

In short, DBS and multichannel pay TV in America just got a new set of writers and actors, yet the show was easily renewed and will be for many, many more seasons. After all, where else in corporate America can serious observers relish this kind of swirling intrigue, mystery and pure audience satisfaction?

By Jimmy Schaeffler
The Carmel Group

Jimmy Schaeffler is chief service officer and senior analyst at The Carmel Group, a publisher and consultancy based in Carmel-by-the-Sea, CA. The company covers telco, satellite, cable, wireless and related services, as well as computers and the media. Schaeffler can be reached at jimmy@carmelgroup.com; or, (831) 643 2222.

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	1/16/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2006E EPS (b)	2007E EPS (b)
Satellite Capacity Leasing (FSS)									
LORL	Loral Space & Comm (new)	\$ 40.86	\$817.2	\$838.8	1.1x	13.1x	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	\$ 17.25	\$11,859.5	\$15,875.9	8.0x	11.7x	20.7x	20.0x	17.8x
Mean				5.5x	12.2x	25.8x			
Satellite Equipment Manufacturers & Integrators									
GILT	Gilat Satellite Networks	\$ 8.66	\$347.7	\$274.6	1.1x	8.7x	24.3x	47.1x	23.4x
GCOM	Globecomm	\$ 9.53	\$150.9	\$125.1	1.0x	19.5x	36.7x	34.7x	20.3x
VSAT	ViaSat	\$ 30.55	\$932.4	\$885.9	1.8x	15.4x	27.3x	38.2x	25.0x
ORB	Orbital Sciences	\$ 17.71	\$1,057.3	\$950.7	1.2x	12.5x	15.4x	30.3x	30.0x
RADN	Radyne Comstream Inc.	\$ 11.02	\$208.5	\$183.7	1.4x	8.5x	10.2x	16.6x	17.0x
CMTL	Comtech Telecommunications	\$ 37.29	\$1,034.6	\$894.3	2.3x	11.5x	14.4x	23.2x	20.4x
CDV	COM DEV International (d)	\$ 5.56	\$335.1	\$322.7	2.7x	15.2x	21.2x	n/m	n/m
Mean				1.7x	13.0x	21.4x	31.7x	22.7x	18.7x
Towers									
AMT	American Tower	\$ 39.75	\$17,044.8	\$20,404.6	15.8x	26.1x	n/m	n/m	n/m
CCI	Crown Castle	\$ 34.17	\$7,155.4	\$10,392.0	13.7x	28.0x	n/m	n/m	n/m
SBAC	SBA Communications	\$ 28.61	\$2,967.8	\$4,432.4	13.6x	33.5x	n/m	n/m	n/m
Mean				14.4x	29.2x				
General Telecom									
AT	Alltel	\$ 62.05	\$24,013.4	\$23,861.9	2.3x	6.1x	10.8x	17.2x	21.0x
T	AT&T (new)	\$ 34.63	\$134,364.4	\$164,625.4	2.7x	8.1x	15.5x	19.1x	15.0x
VZ	Verizon Communications, Inc.	\$ 37.16	\$109,436.2	\$175,205.6	2.0x	5.8x	11.2x	15.1x	14.5x
S	Sprint Nextel Corporation	\$ 17.15	\$50,918.4	\$70,771.4	1.5x	4.9x	18.4x	28.6x	13.6x
Mean				2.1x	6.2x	14.0x	20.0x	16.0x	15.7x
TELECOM SERVICES INDEX (excludes Towers stocks)									
High				8.0x	19.5x	36.7x	47.1x	30.0x	24.9x
Mean				2.3x	11.6x	23.4x	26.4x	19.8x	17.3x
Low				1.0x	4.9x	10.2x	15.1x	13.6x	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	1/16/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2006E EPS (b)	2007E EPS (b)
Satellite Television (DBS)									
BSY	British Sky Broadcasting (f)	\$ 8.61	\$15,425.97	\$16,456.00	2.0x	7.2x	9.8x	13.9x	12.8x
DISH	EchoStar Communications	\$ 40.91	\$18,262.1	\$22,732.3	2.4x	9.2x	15.9x	29.9x	21.1x
DTV	DirecTV Group Inc.	\$ 24.17	\$26,510.4	\$27,856.5	2.0x	9.8x	14.5x	20.2x	16.6x
Mean				2.1x	8.7x	13.4x	21.3x	16.8x	
Television									
TVL	LIN TV Corp.	\$ 10.57	\$517.3	\$1,474.8	3.3x	11.0x	24.3x	n/m	46.0x
SBGI	Sinclair Broadcast Group	\$ 11.35	\$1,125.3	\$2,501.3	3.6x	11.8x	15.2x	18.3x	39.1x
UVN	Univision Communications	\$ 35.79	\$12,104.2	\$13,250.7	6.2x	18.3x	20.9x	34.1x	29.1x
YBTVA	Young Broadcasting Inc.	\$ 2.67	\$58.1	\$795.6	3.7x	19.2x	n/m	n/m	n/m
Mean				4.2x	15.1x	20.1x	26.2x	38.1x	
Satellite Radio (DARS)									
SIRI	Sirius Satellite Radio	\$ 4.15	\$5,831.9	\$6,563.5	12.5x	n/m	n/m	n/m	n/m
WRSP	Worldspace	\$ 3.88	\$145.8	\$150.3	10.0x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	\$ 17.14	\$4,598.0	\$5,670.0	6.6x	n/m	n/m	n/m	n/m
Mean				9.7x					
Radio									
CCU	Clear Channel	\$ 36.23	\$17,851.0	\$26,197.4	3.8x	11.6x	16.2x	27.0x	23.7x
CMLS	Cumulus Media Inc.	\$ 10.64	\$465.2	\$1,029.5	3.1x	12.3x	15.8x	70.9x	59.1x
CXR	Cox Radio Inc.	\$ 15.54	\$1,483.8	\$1,889.8	4.3x	11.9x	12.7x	18.5x	19.4x
EMMS	Emmis Communications Corp.	\$ 8.65	\$321.6	\$849.0	2.2x	11.3x	14.3x	n/m	n/m
ETM	Entercom Communications	\$ 28.03	\$1,255.7	\$1,902.8	4.5x	11.8x	13.2x	20.3x	18.0x
ROIA	Radio One Inc.	\$ 7.14	\$704.8	\$1,663.2	4.5x	11.7x	13.5x	n/m	n/m
Mean				3.7x	11.8x	14.3x	34.2x	30.0x	
NewsPrint									
DJ	Dow Jones	\$ 38.36	\$3,213.8	\$3,867.7	2.1x	16.9x	30.6x	36.2x	25.7x
MNI	The McClatchy Company	\$ 41.55	\$3,373.5	\$5,842.9	3.7x	14.2x	18.0x	13.4x	15.1x
NYT	New York Times	\$ 23.82	\$3,443.6	\$4,876.3	1.4x	10.0x	14.4x	16.8x	18.8x
TRB	Tribune	\$ 30.52	\$7,715.5	\$12,751.9	2.3x	9.1x	11.0x	15.7x	14.7x
WPO	Washington Post	\$ 769.00	\$7,391.6	\$7,489.4	2.0x	10.0x	14.0x	21.1x	20.0x
Mean				2.3x	12.0x	17.6x	20.6x	18.9x	
MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)									
High				6.2x	19.2x	30.6x	70.9x	59.1x	
Mean				3.2x	12.8x	16.1x	23.8x	27.1x	
Low				1.4x	7.2x	9.8x	13.4x	12.8x	

(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 1.293 US \$ per Euro

(d) Converted to US \$ from CS \$ at an exchange rate of 0.855 US \$ per CS

(f) Converted to US \$ from British Pound at an exchange rate of 1.96197 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
Video Distribution Equipment						
09/29/05	International Datacasting	Proflite (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
01/16/07	ARRIS Group, Inc	Tandberg Television	1,200.0	1,200.0	3.2x	15.8x
				Mean	2.1x	14.5x
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	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
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
				Mean	4.5x	14.7x
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						
11/14/04	Dow Jones	Market Watch Inc.	\$519.0	\$463.0	5.7x	38.6x
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
9/12/2006	RealNetworks	WiderThan	350.0	240.0	2.0x	9.5x
				Mean	5.7x	24.2x

(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.

NEAR EARTH ANNOUNCEMENTS

Near Earth LLC has added three new members to its Advisory Board: **Ted Bolton, PhD**, President of Bolton Research Corporation; **Gary Hatch**, President and Chief Executive Officer of ATCi; and **Stuart Jacob**, founding executive and Senior Vice President of SignStorey, Inc.

To view our entire advisory board and their full biographies please visit:

<http://www.nearearthllc.com/advisoryboard/default.asp>

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

February 19-22	Satellite 2007, Washington D.C.
April 9-12	National Space Symposium, Colorado Springs, CO

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. To enhance its own capabilities, Near Earth is allied with [Thomas Weisel Partners](#) and serves as their exclusive satellite industry investment banking partner. We also work with Thomas Weisel on medium to larger transactions in our other industries of focus. This alliance gives our clients the benefits of Near Earth's unmatched industry expertise, along with the strong execution capabilities of Thomas Weisel Partners for public market transactions, large private placements and M&A deals. 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

 Hughes Network Systems Near Earth LLC provided in-depth valuation and analysis	 Murray Capital Management Valuation of three telecom portfolio holdings Near Earth LLC provided in-depth valuation and industry analysis	 Series C Convertible Participating Preferred Stock The Near Earth Investment Club financed a portion of the round	
 International Datacasting, Corp. Acquisition of PROLine B.V. Near Earth LLC acted as strategic advisor to the acquirer	\$5,400,000  Series A Convertible Preferred Stock The Near Earth Investment Club financed a portion of the round	 SES AMERICOM Valuation of orbital slot Near Earth LLC valued assets for expert witness testimony	\$110,000,000  served as the lead investor in  Series B Redeemable Convertible Preferred Stock Near Earth LLC acted as Financial Advisor to PCG
 Intelsat. Ltd. Private sale of minority block of shares Near Earth LLC acted as advisor to investor group	 Madison Dearborn Partners Bid to acquire \$450 million minority stake in Inmarsat Near Earth LLC acted as financial advisor to the bidder	 XM Satellite Radio, Inc. Creation of Canadian joint venture Near Earth LLC acted as financial advisor to both parties	 XM Satellite Radio, Inc. \$435 million private placement Near Earth LLC acted as financial advisor to the issuer

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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