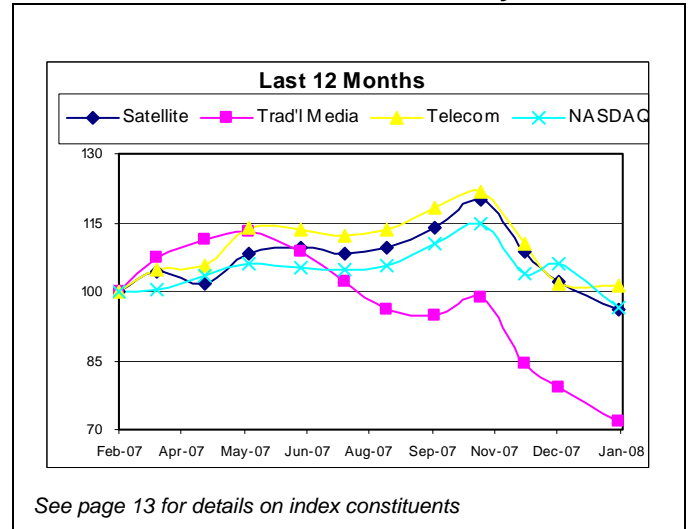


FROM THE GROUND UP

January 2008

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THE WAY WE SEE IT...
Satellite:

It has been an active few weeks on the transactional front, as **SES Global** makes an offer for **Spacecom** of Israel, **Hughes** acquires **Helius**, and **Globalstar** and **MSV** each secure financings of \$150 million to support their 2008 needs. Additionally, **MSV** and **Inmarsat** teamed on L-band spectrum (see article inside), while **Viasat** announced a contract for **Loral** to build Viasat-1, a super high bandwidth Ka-band spot beam satellite for North America. We believe this last deal is particularly noteworthy, as it represents a transition at Viasat from pure equipment provider to service provider as well – and also will place Viasat in competition against its customer **WildBlue**.

Media:

Among the bellwethers of traditional media, Sam Zell's acquisition of **Tribune Co.** has at last closed, although uncertainty continues to plague the **Clear Channel Communications** buyout. With deteriorating results in the radio sector and a soft credit market, the company's public shares are trading more than 20% below the target acquisition price, reflecting investor anxiety about the deal's prospects. On the new media front, **CBS** shook up the digital music and Internet radio world with a recent announcement of free streaming content on demand by its **Last.fm** subsidiary. With a 3-time limit per song, the feature can be made unlimited with payment of a \$5 per month subscription. On the heels of this news, the Internet start-up **Qtrax** also made waves with an announced free (advertising supported) music download service, although some of the music labels quickly denied agreeing to such an arrangement. Stay tuned.

Telecom:

According to published reports, **Sprint** and **ClearWire** are at it again – purportedly with help from ClearWire investor **Intel** and potentially **Google**. We think some kind of tie-up or even marriage makes sense to strengthen the offerings of both firms and put their wide swaths of 2.5GHz spectrum to use. **Verizon's** FiOS offering passed the 1 million subscriber threshold, making it the 10th largest "cable" company in the US. While 1 million is a drop in the proverbial bucket of video households, the strong rollout of FiOS and its IPTV brethren represents a gathering competitive storm for cable and DBS operators, though still on the distant horizon.

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Chaos, Liquidity, and Long Term Growth

... the Fed's substantial cuts that have now shaved 1.25% off the Fed Funds rate in roughly one week...

Sifting through the past week's global equities volatility, which seemingly began with concern over the U.S. economy... prompting overseas markets to plunge on a day that the U.S. markets were closed... leading to a plummeting of U.S. stock index futures in advance of an unsuspected and quite decisive rate cut by the Fed before market-open... which in turn stemmed the likely U.S. equity market collapse... although stock indices did fall rather precipitously nonetheless before rebounding later in the week... what a rollercoaster! And in an unprecedented sharp turn, just as we thought the ride was ending, there comes the revelation of massive fraud by an alleged rogue trader... which situation and related unwinding of positions not only resulted in more than \$7 billion in trading losses for his employer... but, even more amazingly, may have caused the global markets to plunge in the first place, leading to the Fed's substantial cut (that now together with its more recent action has shaved 1.25% off the Fed Funds rate in roughly one week)... which, incidentally, many economists had already been urging, for months in fact, in any case... A wild ride indeed! And perhaps it isn't over... But in the longer term, after the confusion is behind us, could this assortment of ups, downs, turns, and screaming choppiness, prove just a setting of the stage for a substantial and prolonged rebound?

Chaos:

... the next area of debt market concern may be consumer credit card receivables, which will further exacerbate financial and economic turmoil...

That one trader could have manipulated the systems and infrastructure of a major international financial institution to the tune of \$7 billion in losses is to say the least concerning, especially as a reflection of the broader financial sector that has recently suffered through quite a few bruises. Confusion regarding this incident still remains, as does some skepticism about what actually took place at Société Générale, and whether one individual (whose motives remain unclear) could indeed be the sole cause of such a fiasco. That this comes on the heels of countless write-off announcements, almost all of comparable multi-billion dollar magnitudes, by virtually every major bank worldwide (including Soc Gen), undoubtedly fuels the skepticism. It certainly does not add to any sense of stability that none of the said organizations are ready to pronounce their asset write-downs to be sufficient. In fact, we are now also reminded by the ratings agencies that the very critical bond insurers which provide many fixed income instruments with necessary strength, may be facing liquidity issues of their own, the potential ripple effects of which could lead to countless other issues and possibilities, none good.

It is no wonder then that some of the more nervous economists have called for strong and preemptive monetary policy intervention, (and lo but

... [substantial] liquidity still exists, and this is a key feature of our global economy that cannot be discounted when trying to make sense of the chaos previously described...

... although global markets have fallen in recent months, there is not a sense of capital being pulled out of hedge funds... and with recently completed fundraising, private equity will remain a source of liquidity for a while yet...

also fiscal activism at the Capitol is snapping to), while some even go so far as to suggest that such actions would no longer be preemptive per se, but rather to curtail a recession already underway. If these groups are correct, which is not at this time clear, then the next area of debt market concern will be consumer credit card receivables, which will further exacerbate financial and economic turmoil. With this in mind, therefore, the Fed's 0.75% easing last week, which took place between meetings as referred to above, may prove to have been proactive rather than reactive as advertised. In some respects, one cannot help but speculate whether the supposedly inadvertent global market sell-off that seems to have prompted the Fed's action, was not somehow a blessing of sorts, particularly in light of the central bank's much more timid rate reductions heretofore.

Liquidity:

All of which said, there is a significant flip-side to the economic risks and market bumpiness described. Having not long ago witnessed a major equities market correction and general economic decline that burst the bubble of what had been referred to as "irrational exuberance," it seems that the more recent bubble – that of loose credit – was not similarly due to any fleeting investor psychology, but rather a very real excess of liquidity that needed to find a place to call home. That liquidity still exists, and this is a key feature of our global economy that cannot be discounted when trying to make sense of the chaos previously described.

Hedge funds, private equity funds, even banks, to this day and despite all the issues mentioned, remain flush with cash, and this cash still needs to be put to work. Citigroup's write-offs notwithstanding, to use one example, the bank's equity market capitalization remains well in excess of \$100 billion, a very far cry from insolvency. Combined with normal bank leverage, including but certainly not limited to consumer deposits, there is a lot of money, even at the currently stumbling Citigroup, to invest. And although global markets have fallen considerably in recent months, there is not any sense of capital broadly being pulled out of hedge funds by limited partners. As private equity funds, moreover, had taken advantage of the more heady years to complete substantial fundraising, the multi-year partnerships that such funds entail virtually insure that private equity capital will remain a source of liquidity in the marketplace for quite a while yet.

Long term growth:

When stopping to consider these global forces of liquidity, and others (e.g., sovereign funds), that can act en masse, in addition to the combined

From the Deal Side (cont.)

... an environment of both strong liquidity and structural discipline, in combination, could lead to formidable economic results...

fiscal and monetary policy measures being taken to (re)vitalize the economy, it is not at all far fetched to anticipate major market and economic growth once the near term dust has settled. We already see signs of the liquidity described in action, almost chomping at the bit to get moving, in the market spikes and intraday swings that seem to be triggered by any trace of positive news, or by the perception that a bottom may have been hit. It is almost as if investors don't want to miss out and are using the smallest excuse to buy in.

And when further taking stock of the current financial sector turmoil, and seeing it as something like necessary housecleaning, as it were, enabling a fresh start with a more structurally disciplined approach going forward, one's sense of confidence may become even stronger. An environment of both strong liquidity and structural discipline, in combination, could in fact lead to formidable economic results.

The precise turning point, however, remains indeterminate, as is the case with any roller coaster worthy of its name.

By Dan Ramsden
Near Earth LLC

Mobile Satellite Ventures and Inmarsat Play Nice

...it was announced on December 21st...sending the shares of Inmarsat up 7% and the shares of Skyterra (MSV's public trading vehicle) up a whopping 24% that day.

While many of you were enjoying holiday parties and eggnog, things got very interesting in Mobile Satellite Services (MSS). In particular, Mobile Satellite Ventures (MSV) managed to pull off a very interesting deal with their sometimes competitor, Inmarsat, LTD. When it was announced on December 21st, the market clearly liked the deal, sending the shares of Inmarsat up 7% and the shares of Skyterra (MSV's public trading vehicle) up a whopping 24% that day. This begs the question: Should it have? Let's take a look...

To address this question, a little history lesson is in order. From the public filings of Skyterra, MSV and Inmarsat we can learn that these companies all share a portion of the spectrum known as the L-Band, (Mexico and Russia also have some use of the L-Band over North America). This sharing process is known as coordination, and through 1999 was governed through a process known as Spectrum Sharing Agreements, which were prepared annually. However, from 2000 through last year, no new Spectrum Sharing Agreements were reached, and interference complaint filings at the FCC were, to use a term, rancorous.

With no new agreements, MSV and Inmarsat remained bound by their last agreement, which was a product of its era in the sense that it did not anticipate the widespread adoption of WCDMA, UMTS and other 3G transmission formats that require large contiguous chunks of spectrum. (At the time, Inmarsat and MSV both operated earlier generation satellite systems that used narrowband channels.) Thus, while MSV did have nearly 20 MHz of contiguous spectrum, their remaining spectrum (approximately 10 MHz) was sliced into narrow intervals that had significantly less utility per unit of spectrum (and thus commercial value). Because these chunks were created by similar sliced portions of Inmarsat's spectrum, Inmarsat suffered a similar problem, albeit to a lesser extent. Thus, as technology evolved the 1999 agreement actually destroyed part of the spectrum value for MSV and Inmarsat.

Turning now to the agreement itself, it identifies several new spectrum plans (and associated payments) between the respective firms. While the timing and payments for the plans are explicitly specified in public filings, the actual spectrum plans themselves are not. To the extent that our conversations with MSV and the document allow, we also discuss what we believe to be the significance of each plan in the table below:

The Current Spot Beam (cont.)

	Timing and Payments	Potential Significance
Phase 0 Plan	Immediate. Payment of \$31.25 million in stock (or cash if both parties agree) upon subsequent completion of MSV financing exceeding \$100 million.	MSV retains access to the same ~30 MHz of spectrum they previously claimed, but cleans up 1999 Spectrum Sharing Agreement to have both firms migrate their operations toward contiguous spectrum bands. We believe most (between 26 MHz and 30 MHz) of this spectrum becomes contiguous.
Phase 1 Plan	At MSV option, any time up until 9/1/2011. Initial payment of \$31.25 million in stock (or cash if both parties agree). \$250 million in additional payments over 24 months, plus a completion payment of \$56.25 million in stock (or cash if both parties agree).	The Phase 1 plan is an intermediate plan that probably provides MSV with accelerated access to the contiguous spectrum with much more favorable and flexible operating rules, but less aggregate spectrum than the 46 MHz of phase 2, by Inmarsat scaling back its expansion plans for BGAN service in the region MSV covers.
Phase 1A Plan	Same as Phase 1 except with 15 month timetable.	We believe the Phase 1A plan is very similar to the Phase 1 plan, but with slightly different implementation to reflect its further compressed timetable.
Phase 1 Alternative Plan	9/1/2011 if a Phase 1 option is not exercised by MSV by then. No additional payments.	We believe the Phase 1 Alternative Plan has greater contiguity than the Phase 0 Plan, but note that it provides for MSV to cede certain spectrum rights currently in dispute. As a consequence, we believe it preserves over 20 MHz of contiguous spectrum, but has somewhat less spectrum than Phase 0.
Phase 2 Plan	At MSV option, beginning 1/1/2010 through 1/1/2013. At Inmarsat option, beginning 1/1/2013 through 1/1/2015. \$115 million per year, with MSV retaining the right to terminate after 5 years.	Based on public documents, this plan provides MSV with ~46 MHz of contiguous spectrum. Given the magnitude of the payments involved, Inmarsat is probably deliberately ceding planned business in lieu of the magnitude of the payments.
Default Plan	Upon MSV default on its payment obligations following completion of transition to Phase 1.	We believe this plan is probably somewhat punitive to MSV, but that MSV would not have entered into the agreement if it did not preserve the 20 MHz of contiguous spectrum MSV currently controls.
Alternative Default Plan	Upon MSV default on its payment obligations prior to completion of transition to Phase 1.	We believe this plan is probably similar to the Default Spectrum Plan, but is closer to the Phase 0 plan since it is implemented prior to the completion of Phase 1.

The Current Spot Beam (cont.)

...we know that Phase 2 provides for MSV to gain access to an additional 16 MHz of spectrum...

Although there is substantial uncertainty regarding Phase 1, we know that Phase 2 provides for MSV to gain access to an additional 16 MHz of spectrum, and on a practical basis probably a bit more than that of valuable contiguous spectrum. If we compare that to the approximately \$1.25 billion present value of the payment MSV must make to secure this benefit, it comes to ~\$0.25 per MHz-POP. This is a modest premium to the valuation implied by the current trading price of Skyterra, MSV's public trading vehicle, as well as recent transactions in the WCS band. Additional details regarding spectrum valuations will be discussed further in the forthcoming Near Earth LLC white paper entitled "Spectrum: Invisible Real Estate", to be released shortly. For more details on the valuation case for MSS/ATC spectrum, as well as a full discussion of ATC in general, please visit www.nearearthllc.com to download our white paper "Mobile Satellite Service w/ Valuation of Ancillary Terrestrial Components (ATC)".

So, quite apparently the MSV team is bullish enough to at least want to secure the option to that spectrum, which provides an excellent segue to another feature of the agreement – its built in optionality. As written, the plan allows MSV wide latitude to "bolt on" spectrum in two chunks, using three different time scales (admittedly at considerable and probably escalating marginal expense) as it evaluates its business case. In the alternative, this agreement resolves existing issues regarding spectrum, and through the phase 1 alternative plan caps MSV's payments at \$31.25 million.

...we view the plan as a mild positive for both MSV and Inmarsat, but with substantial upside potential for both.

Overall, at today's valuations, we view the plan as a mild positive for both MSV and Inmarsat, but with substantial upside potential for both. To begin with, the plan makes for more immediate efficiency gains in spectrum use for all parties – a "no brainer" as it were. However, if spectrum values for MSS/ATC spectrum rise over the next several years, this plan gives MSV a way to enhance appreciation for its owners by exercising options to increase its holdings – steps it is only likely to pursue if it gains enough to offset the Inmarsat payments. Likewise, from Inmarsat's perspective, it gains some stake in MSV's success – both through direct ownership in stock but also by very substantial cash payments that are likely to occur to the extent MSV exercises its options. And, Inmarsat itself gains some optionality to effectively "put" spectrum to MSV in the event MSV exercises its first option but not the Phase 2 option (i.e., Inmarsat gets the option to exercise if MSV exercises accelerated contiguity under Phase 1). In the end, Inmarsat, which has always wanted an ATC play, gets participation in one with very little downside indeed.

The Current Spot Beam (cont.)

Returning to our original question about the moves in stock prices, it all depends on what one thinks these options are worth. In any case, it's certainly good to see these companies cooperating to build value. So, while it may be premature to really celebrate at MSV and Inmarsat, this deal appears at least to be worth a few congratulatory toasts – with the real party to be deferred...

By John Stone
Near Earth LLC

In the near future, just in time for the ongoing 700 MHz auctions, Near Earth LLC will be releasing its new whitepaper, “Wireless Spectrum: Invisible Real Estate,” which provides an overview of the rationale and mechanics for licensing. As a preview, here is the executive summary page from that forthcoming release:

Executive Summary

All radio transmissions use spectrum, but have the potential pitfall of interfering with each other. As a consequence, a regulatory regime has emerged to control the use of spectrum to ensure that the public good is achieved. In some cases, this involves rules (e.g. power limitations, usage limits, etc.) that prevent interference. But in many cases, portions of the spectrum, in defined geographic areas have been set aside for the exclusive use of parties through a licensing process.

Although it is intangible, spectrum, or more correctly the licenses to use it, has very tangible value – sometimes in the billions of dollars. The reason is that when spectrum is combined with network hardware, service providers can provide a wealth of broadcasting and telecommunications services, with competition limited by the finite amount of licenses that are available.

Given this substantial valuation, in many cases regulatory bodies around the world have moved towards spectrum auctions, where exclusive use of public assets (i.e. spectrum) are sold to private companies. Regardless of how spectrum licenses are obtained, a lively secondary market has emerged for trading in this valuable asset, and valuations vary over time, location and service.

Some of the more notable (and thus valuable) uses of spectrum include cellular telephony, satellite TV, broadband wireless service and of course broadcasting. We include a more detailed summary of these and other services later in this paper.

Finally, we consider the growing pressure from some parties to not license spectrum at all, and some of the technical approaches in development.

...a regulatory regime has emerged to control the use of spectrum to ensure that the public good is achieved.

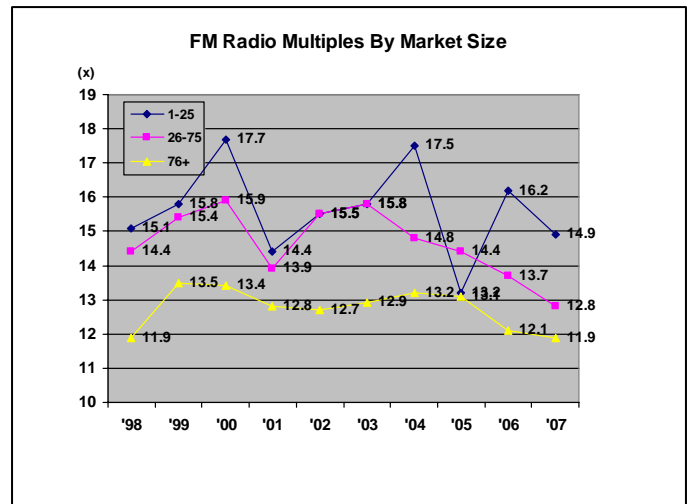
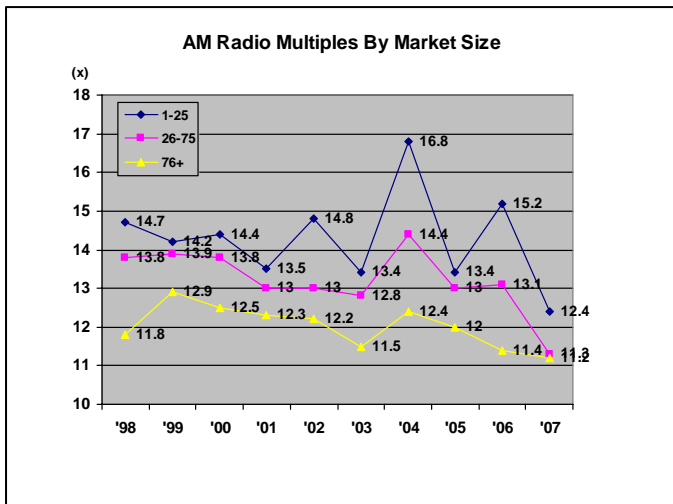
By John Stone
Near Earth LLC

The Year of Seller Financing....or is it a whole new era?

... for many it seems that relationships with banks are changing...

From our perspective in the broadcast media M&A arena, this could be the year of seller paper or alternative financing (such as LMAs, as will be discussed) in broadcast acquisition transactions, and we may also see this characteristic extend to other segments of the media and telecom industry. Why? The sub-prime meltdown and resulting tightening of credit reigns by banks, in combination with declining valuations for broadcast properties (see table below), are making traditional financing packages less attractive for borrowers and more difficult to obtain ...even for qualified buyers with existing banking relationships.

Additionally, for many of our clients it seems that relationships with banks are changing; while banks for some of these companies used to behave more like partners, this often now seems to no longer be the case, and in some situations the relationships have even turned adversarial. How much of this is due to the sub-prime market meltdown? According to John Zitzmann of Morgan Stanley, "the sub-prime meltdown has sent shockwaves not just in the housing and consumer finance markets but in all markets around the globe. It's going to take several years for this to be re-assimilated into the financial communities worldwide and it is going to make the lending process more arduous even where existing relationships have had wide lane 'bridges of lending'."



Source: Kagan data provided by Media Services Group

So how will leveraged transactions actually get done? To begin with, seller financing will bridge the gap on cash-flow multiples between conservative banks and equity providers wanting to maximize returns. For example, a broadcast property that would normally be trading at 12x cash-flow, at this

Guest Corner (cont.)

time last year one could likely have secured a debt facility at say 6x cash-flow, or half of the capital structure. That same lender might now only consider a loan package at 4x cash-flow, and if the equity source is interested in providing the same 6x cash-flow component (which in the current environment is not a given), there is now a gap of at least another 2x, assuming the same 12x cash flow valuation target. As a seller, moreover, you need to seriously consider this type of structure, or otherwise risk losing the transaction altogether.

...seller financing will bridge the gap on cash-flow multiples between conservative banks and equity providers...

With this said, as a seller you are probably going to see a minimum 3-year term on your paper, while the buyer has the opportunity to increase cash flow to a level that would either facilitate a refinancing or an increase of the existing credit facility to allow the seller note to be repaid. As a buyer, therefore, it would be prudent to secure a sufficiently flexible credit facility going into the transaction, to enable you to repay the seller note when the time comes without having to scramble later (and in a potentially still uncertain environment).

Another possible alternative in achieving alternative financing for broadcast buyers is to create a LMA (Local Marketing Agreement) with the intended seller for a period of time that allows the buyer, as a potentially better operator with a different strategy, to increase the cash flow of the target property to a level that can be more easily financed at a pre-agreed valuation (i.e., agreed at the time of the original transaction).. An example to illustrate this alternative may be as follows: Say there is an asking price of \$10 million on a property with \$1 million in cash flow (i.e., at the current time this would be a 10x CF deal). As the LMA/buyer takes over and then increases the property's cash flow to \$1.3 million over 18 months, the total debt financing and equity required to fund the same \$10 million purchase price would in actuality make the cash-flow multiple roughly 7.5x. The seller is happy having received a 'mental-multiple' of 10x on the property's original financial profile, and the buyer is happy having in actuality paid 7.5x and financed a more conservative structure. The bank, by the same token, will have funded a more conservative transaction and, depending on the level of cash flow achieved by the time of acquisition, the equity requirement could actually have diminished.

... LMA's with the intended seller for a time that allows the buyer to increase the cash flow of the target property to a level that can be financed at a pre-agreed valuation...

Numerous other industry/commercial buyers and sellers, beyond those in the real estate sector who have been working in this fashion for a long time, seem to be looking at and utilizing these approaches. For those of you who remember the late 1970's and early 1980's, and the record interest rates nearing 20% during the Carter administration, alternative and creative financings were extremely popular, as was seller paper. Such structures became a necessity to survival and to making transactions happen.

Guest Corner (cont.)

Although for different reasons this time, are we entering a similar era of seller and alternative financing? Time will tell.

By Courtney R. Thompson
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NEAR EARTH ANALYSIS: MARKET COMPARABLES

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	1/29/08	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)	\$ 10.69	\$19,139.2	\$21,769.9	2.4x	10.9x	13.4x	17.0x	15.6x	
DISH	EchoStar Communications	\$ 28.94	\$13,212.4	\$17,020.1	1.6x	5.8x	10.5x	16.5x	12.8x	
DTV	DirecTV Group Inc.	\$ 22.86	\$27,203.4	\$29,406.4	1.8x	7.3x	11.7x	19.2x	16.0x	
				Mean	1.9x	8.0x	11.9x	17.6x	14.8x	
Television										
TVL	LIN TV Corp.	\$ 12.10	\$619.9	\$1,523.9	3.6x	10.0x	16.5x	n/m	18.3x	
SBGI	Sinclair Broadcast Group	\$ 9.61	\$838.3	\$2,183.5	3.0x	7.3x	18.0x	19.2x	12.2x	
YBTV	Young Broadcasting Inc.	\$ 0.77	\$17.4	\$821.8	3.9x	12.9x	36.7x	n/m	n/m	
				Mean	3.5x	10.1x	23.7x	19.2x	15.2x	
Satellite Radio (DARS)										
SIRI	Sirius Satellite Radio	\$ 3.10	\$4,538.9	\$5,491.8	6.3x	n/m	n/m	n/m	n/m	
WRSP	Worldspace	\$ 2.08	\$84.2	\$171.1	11.4x	n/m	n/m	n/m	n/m	
XMSR	XM Satellite Radio	\$ 11.40	\$3,499.0	\$4,821.1	4.4x	n/m	n/m	n/m	n/m	
				Mean	7.4x					
Radio										
CCU	Clear Channel	\$ 29.17	\$14,456.1	\$15,444.6	2.2x	6.6x	9.0x	18.7x	18.3x	
CMLS	Cumulus Media Inc.	\$ 6.00	\$259.6	\$818.1	2.5x	n/m	n/m	n/m	37.5x	
CXR	Cox Radio Inc.	\$ 11.51	\$1,080.7	\$1,407.2	3.2x	9.1x	9.8x	15.3x	14.9x	
EMMS	Emmis Communications Corp.	\$ 2.75	\$103.2	\$776.2	2.2x	11.5x	14.5x	n/m	n/m	
ETM	Entercom Communications	\$ 12.33	\$464.3	\$1,188.8	2.5x	13.9x	17.1x	11.2x	10.4x	
ROIA	Radio One Inc.	\$ 1.57	\$155.0	\$972.9	2.7x	16.7x	23.3x	14.3x	5.8x	
				Mean	2.5x	11.5x	14.7x	14.9x	17.4x	
NewsPrint										
MNI	The McClatchy Company	\$ 10.58	\$868.0	\$845.6	0.4x	n/m	n/m	7.4x	8.2x	
NYT	New York Times	\$ 16.06	\$2,314.2	\$2,994.9	0.9x	6.1x	10.6x	15.0x	13.5x	
TRB	Tribune	\$ 33.31	\$4,197.1	\$12,335.6	2.3x	10.6x	13.3x	19.7x	24.5x	
WPO	Washington Post	\$ 746.60	\$7,099.4	\$7,186.4	1.8x	9.6x	13.9x	25.1x	21.5x	
				Mean	1.3x	8.8x	12.6x	16.8x	16.9x	
					MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)					
					High	3.9x	16.7x	36.7x	25.1x	37.5x
					Mean	2.0x	8.1x	12.8x	13.2x	16.4x
					Low	0.4x	5.8x	9.0x	7.4x	5.8x

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	1/29/08	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	\$ 26.05	\$570.0	\$789.5	0.9x	15.8x	n/m	n/m	n/m	
SESG.PA	SES Global S.A. (c)	\$ 23.52	\$10,373.9	\$14,807.1	6.1x	9.2x	16.6x	17.2x	22.0x	
				Mean	3.5x	12.5x	16.6x	17.2x	22.0x	
Satellite Equipment Manufacturers & Integrators										
HUGH	Hughes	\$ 50.29	\$967.1	\$1,484.7	1.6x	11.5x	19.9x	29.7x	25.4x	
GILT	Gilat Satellite Networks	\$ 10.64	\$443.4	\$331.7	1.2x	8.9x	19.2x	21.3x	20.1x	
GCOM	Globecom	\$ 9.65	\$160.9	\$151.2	1.0x	14.1x	20.5x	19.3x	13.6x	
VSAT	ViaSat	\$ 20.52	\$661.4	\$534.8	1.0x	7.6x	16.1x	21.1x	14.5x	
ORB	Orbital Sciences	\$ 23.54	\$1,433.0	\$1,344.5	1.3x	13.6x	16.3x	24.3x	25.9x	
RADN	Radyne Comstream Inc.	\$ 8.86	\$170.2	\$150.3	1.1x	7.7x	9.4x	14.5x	13.8x	
CMTL	Comtech Telecommunications	\$ 44.89	\$1,239.1	\$1,001.2	2.2x	10.5x	11.8x	19.0x	15.0x	
CDV	COM DEV International (d)	\$ 3.46	\$233.2	\$225.1	1.4x	11.3x	17.6x	n/m	n/m	
				Mean	1.3x	10.5x	15.8x	19.9x	17.1x	
Towers										
AMT	American Tower	\$ 38.81	\$16,223.0	\$20,165.4	14.2x	22.9x	n/m	n/m	n/m	
CCI	Crown Castle	\$ 35.81	\$10,119.1	\$16,302.8	13.4x	29.2x	n/m	n/m	n/m	
SBAC	SBA Communications	\$ 29.22	\$3,044.4	\$4,906.0	12.4x	25.7x	n/m	n/m	n/m	
				Mean	13.3x	25.9x				
General Telecom										
T	AT&T	\$ 37.89	\$232,227.8	\$290,124.8	2.8x	7.6x	14.9x	21.6x	13.7x	
VZ	Verizon Communications, Inc.	\$ 38.71	\$111,871.9	\$144,005.3	1.6x	4.8x	9.2x	23.5x	14.3x	
S	Sprint Nextel Corporation	\$ 10.80	\$30,888.0	\$50,797.0	1.2x	4.8x	39.6x	n/m	12.9x	
				Mean	1.9x	5.7x	21.2x	22.6x	13.6x	
					TELECOM SERVICES INDEX (excludes Towers stocks)					
					High	6.1x	15.8x	39.6x	29.7x	25.9x
					Mean	1.7x	8.4x	17.4x	16.5x	15.1x
					Low	0.9x	4.8x	9.2x	14.5x	12.9x

(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 1.47876 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 1.00382 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.98662 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	Globecom	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	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	WLIH (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

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