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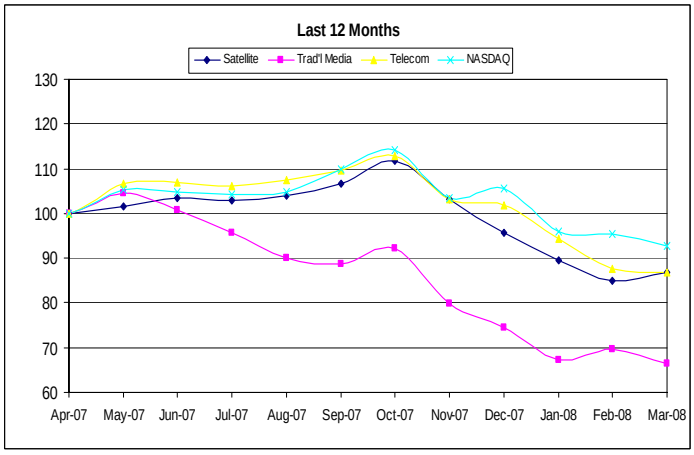
SPECIALISTS IN SATELLITE, MEDIA AND TELECOM INVESTMENT BANKING

FROM THE GROUND UP

March 2008

Inside this Issue:



See page 13 for details on index constituents.

THE WAY WE SEE IT…

Satellite:

In a competitive quest to expand HDTV offerings to their subscribers, **DIRECTV** experienced a successful launch of DIRECTV-11 whereas **DISH** and **SES** suffered a painful loss of AMC-14 (the Echostar-3 replacement at 61.5). In an encouraging sign of the strength of the satellite industry in these volatile times, **Gilat Satellite Network's** board approved a $475 million acquisition by Mivtach Shamir Holdings and Gores Group at a 38% premium to recent trading levels.

Media:

After more than twelve months of deliberations, the Department of Justice has approved the proposed combination of **XM Satellite Radio** and **Sirius Satellite Radio** (see related *From the Deal Side* column). Although the FCC has not yet opined, industry followers see the DOJ action as an important first step, and one that the FCC has not historically reversed. Maybe or maybe not coincidentally, the parties to the pending **Clear Channel Communications** going-private transaction the very next day signaled trouble in closing their deal. That situation has now entered a litigious phase in which private equity groups and the company are suing lenders in order to consummate the critical debt piece of the leveraged buyout. As of the time of this writing, CCU was trading more than 25% below the proposed buyout price, suggesting a less than confident market regarding the prospects of closure.

Telecom:

The FCC's auction to sell off newly freed 700 MHz spectrum has been completed with aggregate bids coming in at roughly $19.6 billion, of which amount approximately $16 billion was represented by the nation's two largest wireless carriers, **Verizon Wireless** and **AT&T**. Thus, after much anticipation and speculation that **Google** might buy up spectrum for a new nation-wide network strategy, it seems that existing competitors are instead adding to their capacity for increased utilization and new services. Other notable winners included the **Dish Network** and **Cox Communications**, although it is not yet clear how each would use these newly acquired assets.

Near Earth wishes the best of luck to former partner, Armand Musey, in his ascent of Mt. Everest. Please visit Armand's website, www.museyeverest.com, for additional information and updates about this monumental journey.

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What next for satellite radio?

After much waiting and anticipation, the proposed merger of XM Satellite Radio and Sirius Satellite Radio has at last made progress, as the Department of Justice has approved the combination. The FCC, reportedly still mulling things over, is expected to announce its decision within weeks, and observers point out that it would be highly unusual for the FCC to overturn the DOJ. Although there may be tweaks required for the post-merger entity's strategy and offerings, with the current FCC regime famously fond of à la carte services in consumer media (for example), general expectations are that the regulatory path will be cleared for the satellite radio operators to merge. This, for the two companies, is the good news. The bad news is that, despite highly publicized protests over the course of more than twelve months by well represented lobbying groups on behalf of the traditional radio sector, it was nevertheless concluded that the consumer audio market is so fragmented, rapidly changing, and ultra-competitive, that the merger of its only two satellite radio alternatives will not adversely impact consumer options by diminishing competition. And so, assuming that the merger does go through, and given the highly competitive state of the sector as noted, what's next for a satellite radio operator battling with wireless broadband, the popular iPod and other portable electronics, deep pocketed wireless carriers, the introduction of Internet access into Chrysler vehicles, and, still alive and almost moving, traditional radio? Here are a few musings and speculations about possibilities and strategies for the new entity:

…the proposed merger of XM Satellite Radio and Sirius Satellite Radio has at last made progress…

…what's next for an operator battling with wireless broadband, the iPod and other portable electronics, deep pocketed wireless carriers, the introduction of Internet access into Chrysler vehicles, and traditional radio?

» Internet radio expansion. The major drawbacks of satellite radio are (a) limited bandwidth, which limits the amount of content offered, (b) no communication return path, which means no consumer interactivity, (c) limited addressability, which limits the degree of targeted content, and (d) finite footprint, which limits the audience to North America. Internet radio addresses all these limitations, as a result of which exciting services such as Last.fm and Pandora have become possible, providing highly customized listening, social networking, and music discovery alternatives to many tens of millions world-wide. The new service Slacker also offers a slick wireless device in combination with its Internet-based product. Although both XM and Sirius already maintain an Internet radio presence, it may behoove the combined entity to plan for a much more extensive and sophisticated Internet platform, leveraging its existing subscriber base and brand recognition into a vehicle for growth that fills in the gaps of satellite radio technology.

» Premium content focus. One of satellite radio's notable strengths and a primary use of capital historically, has been its proprietary

premium content, such as Stern, Oprah, and exclusive sports packages. It may well be that satellite radio is alone positioned to package such content, due to its ability to reach, and amortize the content cost over, a large national subscriber base. If so, the long term differentiating factor of satellite radio, particularly in light of technical and practical constraints previously highlighted, could be an even greater focus on premium content, substantially expanding upon the existing portfolio of selections. A combined entity should have better financial wherewithal and greater ability to pay for such an expansion.

…[An] alliance between the two platforms (satellite and terrestrial)… could help to improve its offering and compete more effectively against the ubiquity and flexibility of Internet radio…

» Traditional radio alliance. The two major radio alternatives – satellite and terrestrial – each have certain deficiencies that the other addresses. The competitive disadvantage most regularly attributed to satellite radio by its terrestrial adversaries is its limited availability of local content. There is insufficient bandwidth for satellite radio, even combining the two entities, to offer good-quality local traffic and weather in every market. For that matter, the opportunity for any niche oriented content, some of which may be regional in nature, is also constrained by the imbalance of bandwidth availability and narrow market demand. From the opposite perspective, the proprietary, mass-market, and premium content offered by satellite radio (as discussed above), is an area in which terrestrial radio falls short. It stands to reason that some kind of alliance between the two platforms – putting aside historical animosity – could help each platform to improve its offering and, perhaps, compete more effectively against the ubiquity and flexibility of Internet radio (which is continuing to gain popularity (and mobility)).

…various forms of geospatial and telematics applications are areas that can be further developed…

» Development of complementary technologies. As there are several product areas, outside of music or for that matter entertainment entirely, for which satellite technology is ideally suited, the post-merger entity could dedicate additional resources to pursuing such offerings if these are complementary to the core business. For example, both XM and Sirius have already begun offering various forms of geospatial and telematics applications, which are areas that can be further developed. Likewise, a more expansive video offering than the four-channel package currently available from Sirius, bandwidth permitting, may not be an unprofitable use of development budget.

The extent to which the listed alternatives are suited better than others for near-term implementation is beyond the scope of a short article. It is very likely, however, that at least some of these strategies, (and undoubtedly others that we have not considered), have been vetted by the

management teams of both XM and Sirius. We think it a safe bet, moreover, that the resulting post-merger entity is unlikely to operate its business in the same manner "only bigger," especially in light of the rapid pace of change and highly competitive environment that caused DOJ approval to be granted in the first place. Near term shareholder value may well be created through cost savings and economies of scale, but long term value will have to be predicated on something more. And so, it would not surprise us either if, after the dust on the present deal has settled, we hear about additional merger or acquisition discussions involving satellite radio… combining with, who knows, satellite television, terrestrial radio, Internet media, diversified entertainment? At the current pace of industry evolution, so many potential combinations become less and less farfetched.

By Dan Ramsden
Near Earth LLC

In-Flight Internet: Are we there yet?

As our world grows ever more connected, and repeated cries arise about "closing the digital divide", one frontier remains shockingly unconnected. This "frontier" is the airline cabin. Despite having an excellent demographic of potential users with essentially no options, to date only one commercial service has arisen to fill the communications void: the ill fated Connexion by Boeing service. Launched in 2004, this service eventually reached an installed base of ~150 airliners, most notably with Lufthansa. Passengers paid a sliding rate depending on the duration of the flight, ranging from $29.95 for a flight greater than six hours to $9.95 for 30 minutes. The Connexion by Boeing service used modems provided by ViaSat, and a proprietary Boeing phased array antenna to provide backhaul over Ku band satellite. WiFi connections were used in the airline cabin. While the service was successful in terms of enthusiasm and popularity with consumers, due to substantial equipment, maintenance and bandwidth costs Boeing chose to shut it down in 2006. Following the collapse of Boeing's Connexion service, airline travelers have been bereft of broadband connectivity in the air.

Connexion proved that consumers, particularly on long haul flights, are willing to pay to stay connected in the air.

Its financial troubles notwithstanding, Connexion proved that consumers, particularly on long haul flights, are willing to pay to stay connected in the air. With the continued proliferation of portable consumer devices such as laptops and iPhones and WiFi connectivity, the potential market for such a service is even larger today. On the equipment side, new technological approaches have evolved that permit smaller, lighter equipment that allow faster installations (i.e. less downtime for aircraft). And thus, with improvements on both the demand side and the cost side, new players have emerged to fill the void. And, it looks like the ice is starting to break…

…three new players have announced deals with a total of four airlines – a trend we expect to spread rapidly…

To date, three new players have announced deals with a total of four airlines – a trend we expect to spread rapidly going forward as airlines use the availability of connectivity as a differentiator, much as Jet Blue successfully used in-flight television when they launched their airline.

Aircell is backed principally by Ripplewood Holdings and uses a terrestrial technology similar to a scaled up cellular network. Using 3 mHz of spectrum purchased (for $32 million) in a FCC auction and hardware based on a variant of Qualcomm's EV-DO (rev A) standard, Aircell's network of 500 "cells" provides nationwide coverage in the U.S. Each cell has a radius of approximately 350 miles. The company has announced recent deals for rollouts with Virgin America fleet wide, and for certain routes in the American Airlines system. Both deals are expected to enter service in the first half of 2008.

Row 44 is privately held and uses a satellite technology that relies on Ku band capacity much like Boeing's Connexion service did. Unlike Connexion, Row 44 uses Hughes Network Systems' technology and a simpler antenna. As a consequence, Row 44's system weighs considerably less (~150 lbs) and costs much, much less than Connexion (~$200k vs ~$1 million), allowing the firm to offer services at a more competitive price point. Row 44's service is currently undergoing a four plane trial with Alaska Airlines, and has announced a trial with Southwest Airlines as well.

LiveTv, a subsidiary of JetBlue Airways, launched an email and Instant Messaging application on JetBlue beginning in December 2007. While hardly broadband, LiveTv has indicated that it intends to expand the service to offer in-flight internet connectivity using the 1 MHz of domestic spectrum it won (for $7 million) at auction in 2006. Given this limited amount of spectrum, we expect that "broadband" services based on this system will be somewhat impaired compared to the previously mentioned services.

Given the conservative culture at most airlines, we expect that a strong early/first mover advantage will accrue to firms that successfully deploy their technology in actual airline fleets.

From a capacity perspective we note that Aircell's 500 towers, assuming full frequency reuse, have the same bandwidth as about 20 nationwide satellite transponders. Unlike Aircell, satellite based operators like Row 44 have the luxury of adding capacity (by leasing additional transponders) as needed rather than all at once. On the other hand, the latency inherent in satellite based solutions makes VOIP services less practical and affects gaming and other applications that require rapid response. Given the immediate thirst for broadband in the cabin, we expect that initially this will be acceptable to consumers, but note that over time they may become more sensitive.

Other potential providers include OnAir, which offers a L band satellite based solution (using capacity from Inmarsat) that has a higher cost per bit than the previously mentioned solutions. The U.S. MSS/ATC firms (i.e. Globalstar, ICO, MSV and Terrestar) are also planning on launching a great deal of additional L band and S band capacity that may be used for in flight broadband. While practical for narrowband voice applications, we believe that these potential systems may not be competitive for broadband applications unless the satellite providers are extremely aggressive in pricing their space segment.

Going forward, we expect additional airline deals with these players, and potentially new entrants (e.g. CloudLink) as well. Given the conservative culture at most airlines, we expect that a strong early/first mover advantage will accrue to firms that successfully deploy their technology in actual airline fleets.

By John Stone
Near Earth LLC

Retailers Adopt Digital Signage for Branding and Communications

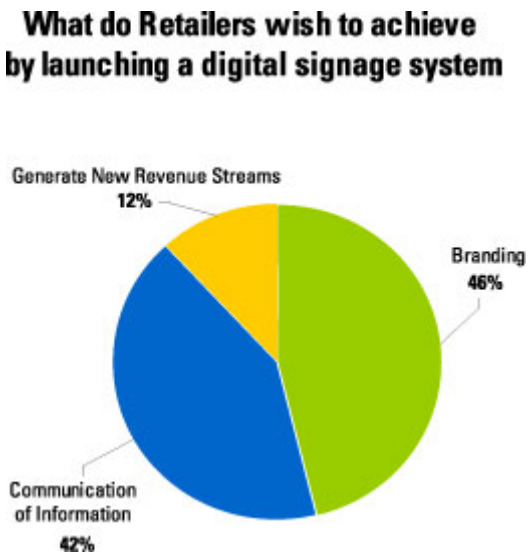
…Wegner has seen an increase in demand for digital signage solutions as a result of growing confidence and interest in creating dynamic multimedia environments.

At WEGENER, we have seen an increase in demand for digital signage solutions as a result of growing confidence and interest in creating dynamic multimedia environments. Over the last two years, prospective buyers have shifted from requesting limited pilot programs to embarking on full deployments across all of their retail sites.

We've also seen a dramatic shift in the way our retail customers expect to use digital signage systems and how they intend to defray the capital costs. Two years ago, most retailers envisioned that their digital signage systems would be advertiser supported and that those ad dollars would defray their capital investments and provide them with a new revenue stream.

The results of a "Digital Signage Industry Survey" conducted this past fall among retailers reveal that the primary objective of their digital signage deployment is branding.

But today, we're finding that they now view digital signage as an effective means of strengthening their own branding throughout the retail environment, as well as presenting up-to-the minute news and information to their customers. The results of a "Digital Signage Industry Survey" that we conducted this past fall among retailers reveal that the primary objective of their digital signage deployment is branding for 46 percent of the respondents, communication of information for 42 percent, while generating new revenue streams for only 12 percent of the retailers.



With those goals in mind, it is not surprising that the survey found 76 percent of respondents expected to fund their capital investment in digital signage technology by absorbing it into their company overhead. Only 21 percent expected to procure advertiser support, while less than five percent expected that subscriptions or government sources would cover the costs.

One of our recent sales serves as a good example of this shift toward retail branding and self promotion. Our customer is a prominent systems integrator that is deploying our digital signage technology at over 1,600 local branches of a major international bank.

According to Michael Smith, WEGENER's regional business development manager for the Americas, "These bank branches will display high-definition video that promotes the bank's services; informs customers about bank rates on loans and savings instruments; and offers recipes, community events information, and trivia to pass the time while waiting for a teller."

The bank doesn't plan to gain revenue from the sale of advertising to outside entities, and this initiative is being funded by the bank as part of its general operating budget.

Michael Smith explains further: "We won this business based upon our ability to solve their technical challenges and address their unique needs. Their primary requirement was that they wanted control over the content that would be presented at each of the individual branches. Our COMPEL™ control system, content management system and media players are unique in that they enable unprecedented levels of content management per site."

…70 percent of our survey respondents preferred to outsource the installation of their digital signage systems…

Also, while 70 percent of our survey respondents preferred to outsource the installation of their digital signage systems, we were surprised to find that over 75 percent indicated they wanted to manage their own day-to-day operations in-house. This means that user-friendliness and ease of use are critical factors for prospective buyers, since it will likely be non-technical employees controlling the digital signage deployments.

Respondents were evenly split as to whether they wanted to update their content on a monthly, weekly, or daily basis. With respect to the type of content they wanted to present and update, 91 percent wanted to change text; 76 percent wanted to update graphics; and 51 percent wanted to update video.

Retailers want control over their content so that it's always fresh, timely, and relevant to their customers, particularly with branding as a key objective for digital signage implementations. Also, while they are prepared to absorb the costs of digital signage as part of their company overhead; they are looking for ways to manage their installations and operations as cost-effectively and effortlessly as possible.

At WEGENER, we are seeing very strong sales in digital signage, and we consider digital signage for retail to be a dynamic and growing market sector.

By Kamy Merithew
Vice President of Marketing for Wegener Communications Inc., Duluth, GA

Kamy Merithew is Vice President of Marketing for WEGENER, a telecommunications equipment provider in Duluth, GA. She focuses on strategic product planning, involving everything from product placement and pricing to advertising and promotion. Prior to joining WEGENER, Merithew spent the previous nine years at Motorola in the Broadband Communications Division in San Diego (previously General Instrument Corporation). Her most recent role was as Product Line Marketing Manager for Motorola's line of satellite television receivers primarily for the cable programmer market. Merithew also held several engineering roles within the corporation, such as an embedded real-time software developer, system design engineer and applications engineer. Merithew earned her MBA from Goizueta Business School, Emory University, a Masters in Electrical Engineering from University of California, San Diego and a Bachelors in Engineering from Harvey Mudd College in Claremont, California.

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Survey Reveals Broader Scope for Dynamic Signage
Digital Systems for Branding, Not Just Sales Lift
Written by Kamy Merithew, WEGENER

The Little Difference that Could Spell Big Changes for the Commercial Satellite Market

Last year, a September press release from SES Astra received little notice in the industry. The subject appeared to be a rather mundane announcement from Germany's Tele 5. The company said it was increasing its leased capacity in order to "improve and optimise the picture quality in Standard Definition (SD) transmissions". As was noted in the release, the uptake of large, flat screen televisions among TV households have obliged broadcasters to begin to take more notice of how their content, even that broadcast in SD, appears to viewers on the screen.

…announcement could signal one of the most profound trends the commercial satellite industry will confront in the coming five to ten years…

NSR would contend that this announcement could in fact signal one of the most profound trends the commercial satellite industry will confront in the coming five to ten years and may even signal a period of enormous transponder demand growth that could dwarf what has been seen in recent years. To understand the impact of this issue, one has to look closely at one of the key trends of the commercial satellite age, that of moving to digital broadcasting, and investigate just how incredibly sensitive capacity demand growth is to small changes in the average size of TV channels broadcast.

Taking Western Europe as an example, NSR's recent "Global Assessment of Satellite Demand, 4th Edition" study shows that the number of SD channels carried for the Ku-band free-to-air, cable and DTH market has increased by about 975 between 2003 and 2006 and is forecast to grow by another 1,400 to 1,500 SD channels by 2012. HD channels have gone from zero in 2003 to about 50 in 2006 and another roughly 110 HD channels will be added in the coming six years. In the same time span, NSR can show that the average number of SD channels carried per leased 36 MHz transponder equivalent in the Western European market has gone from about 7.5 in 2003 to 9.4 in 2006. For HD channels, an average of 2.6 were carried on each leased 36 MHz transponder equivalent as of the end of 2006.

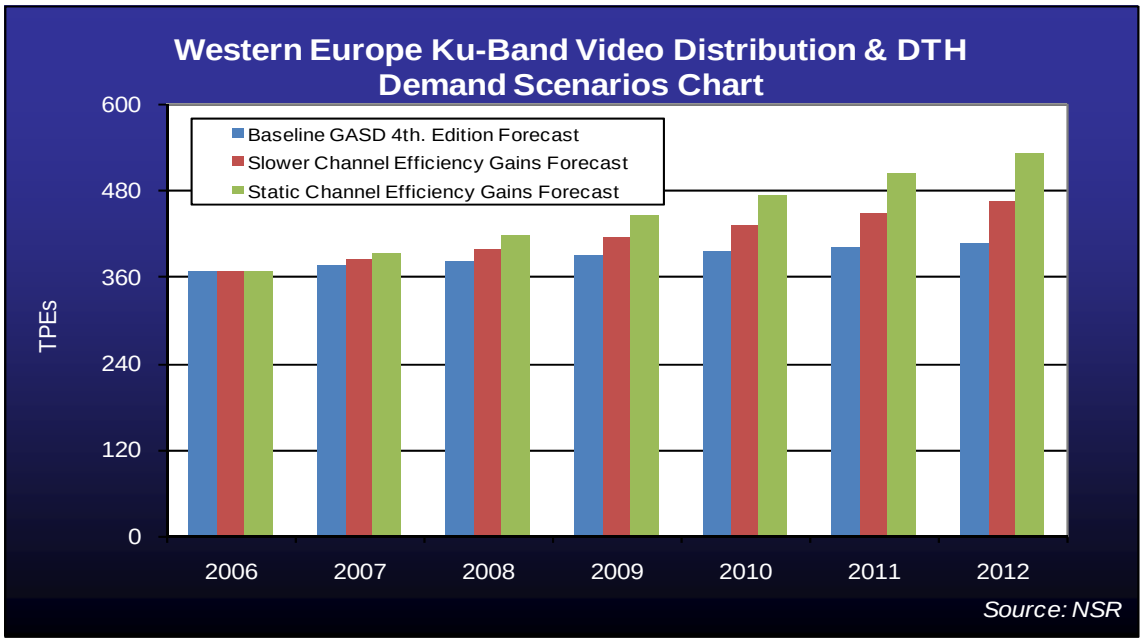
… the average number of SD channels carried per leased 36 MHz transponder equivalent in the Western European market has gone from about 7.5 in 2003 to 9.4 in 2006…

This improvement in average carriage of SD channels per leased transponder is typical of the satellite industry and, as is well known, is one of the main drivers for growth in video markets. The less capacity it takes to carry each SD channel means that costs go down and more channels are produced and brought to TV households over satellite. No one doubts that this trend will continue with the gradual adoption of new technologies like MPEG-4 and DVB-S2. NSR is currently estimating in its GASD 4th. Edition study that the average number of SD channels to be carried on each 36 MHZ equivalent of leased transponder capacity in the Western European market will hit 12.2 by 2012. This is roughly a 4% annual improvement in carriage efficiency between 2006 and 2012. For HD

channels, NSR thinks that over 4 HD channels will be carried per 36 MHz transponder equivalent by 2012. Some analog channel conversion along with the just described improved carriage efficiency will offset new Ku-band transponder demand in the coming years, yet NSR is still projecting that about 40 new Ku-band 36 MHz transponder equivalents will be needed in Western Europe to carry all the new SD and HD channels projected to be launched in the coming six years.

SES Astra at the recent Satellite 2008 conference assessed that there will not be any major improvement, on average, in Western Europe for the number of channels carried per transponder.

Yet, what happens if more broadcasters imitate Tele 5 and add new capacity to improve the quality of their existing channels? As noted, MPEG-4 and DVB-S2 can offset the lease of new capacity, but adoption of these technologies is a gradual process. SES Astra representatives at the recent Satellite 2008 conference publicly stated that their current going in assessment is that there will not be any major improvement, on average, in Western Europe for the number of channels carried per transponder. NSR has gone back to its original forecasts in the GASD 4th. Edition study and reran its projections assuming that SD channel carriage only improve by 2% per year through 2012 to about 10.7 SD channels per leased 36 MHz transponder equivalent and HD channels only reach 3.3 per 36 MHz of leased capacity. In this case, new Ku-band capacity demand with the same assumptions for channel growth and analog conversion jumps to nearly 97 new 36 MHz transponder equivalents in Western Europe compared to the current forecast, or two and a half times as much new demand. Going with SES's assumption of no carriage efficiency improvement, Ku-band capacity demand is 425% greater than NSR's current forecasts!



So who is right in their market assessment? As with anything related to market forecasting, it is simply a matter of opinion today and no one will know the answer until the market forces have had their chance to play out. Still, the point of this illustrative example is that future capacity demand in the core video markets is incredibly sensitive to even small differences in average channel carriage per transponder simply because we are dealing with such a large and important part of the industry. On a global basis, the difference in projections for future capacity demand for video services could number well over a thousand of transponders over the next six years. This is many, many, times the size of any number of new and emerging niche markets that so many in the industry are focused on such as cell backhaul, maritime, business continuity, yet almost no attention within the industry is being given to such a key and core issue related to future demand growth. The impact of video carriage trends could literally have seismic impacts on our industry and will determine everything from how many new satellite will be needed in the future along with corresponding launches to just how much capacity will be available for all the other critical applications served by the satellite industry. NSR hopes that by highlighting these trends, the industry will become more cognizant of this apparently small issue that in fact has an outsized impact on our future.

By Patrick M. French
Senior Analyst & Head of NSR, LLC Singapore Office

Mr. French joined NSR, LLC. in September 2003 and has since authored numerous studies, the most recent being the Global Assessment of Satellite Demand, 4th. Edition and Broadband Satellite Markets 6th. Edition. He holds a Bachelors of Science in Aerospace Engineering from Boston University and attended the 1999 ISU Summer Session in Nakhon Ratchasima, Thailand.

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	3/27/08	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2008E EPS (b)	2009E EPS (b)
	Satellite Television (DBS)								
BSY	British Sky Broadcasting (f)	$ 11.18	$20,030.2	$22,661.0	2.5x	11.3x	14.0x	5.0x	3.8x
DISH	EchoStar Communications	$ 29.74	$13,586.2	$16,069.9	1.4x	5.5x	10.2x	13.8x	11.8x
DTV	DirecTV Group Inc.	$ 24.84	$29,857.7	$32,170.7	1.9x	7.7x	12.9x	16.7x	13.5x
				Mean	1.9x	8.2x	12.4x	11.8x	9.7x
	Television								
TVL	LIN TV Corp.	$ 10.40	$524.9	$1,391.4	3.5x	8.3x	12.6x	15.1x	24.8x
SBGI	Sinclair Broadcast Group	$ 9.27	$806.6	$2,133.1	3.0x	6.7x	13.4x	9.3x	10.2x
YBTVA	Young Broadcasting Inc.	$ 0.83	$18.6	$818.1	5.3x	18.9x	40.9x	n/m	n/m
				Mean	3.9x	11.3x	22.3x	12.2x	17.5x
	Satellite Radio (DARS)								
SIRI	Sirius Satellite Radio	$ 2.83	$4,140.2	$5,015.3	5.4x	n/m	n/m	n/m	n/m
WRSP	Worldspace	$ 1.24	$49.1	$136.1	9.1x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	$ 11.85	$3,634.4	$2,517.7	2.2x	n/m	n/m	n/m	n/m
				Mean	5.6x				
	Radio								
CCU	Clear Channel	$ 29.60	$14,675.2	$21,541.6	3.2x	9.7x	13.1x	20.6x	20.7x
CMLS	Cumulus Media Inc.	$ 6.46	$279.0	$817.7	2.5x	9.7x	11.8x	29.4x	38.0x
CXR	Cox Radio Inc.	$ 12.27	$1,159.7	$1,477.7	3.3x	9.6x	10.4x	16.6x	17.5x
EMMS	Emmis Communications Corp.	$ 3.63	$133.9	$755.5	2.1x	11.8x	15.2x	7.4x	5.3x
ETM	Entercom Communications	$ 10.14	$387.6	$1,350.4	2.9x	9.5x	10.8x	8.2x	8.2x
ROIA	Radio One Inc.	$ 1.62	$159.9	$955.1	2.9x	8.7x	10.2x	14.7x	6.0x
				Mean	2.8x	9.9x	11.9x	16.1x	15.9x
	NewsPrint								
MNI	The McClatchy Company	$ 10.75	$881.9	$3,422.8	1.5x	6.0x	8.0x	9.4x	9.8x
NYT	New York Times	$ 19.07	$2,748.0	$3,430.6	1.1x	8.0x	14.4x	18.0x	17.3x
WPO	Washington Post	$ 650.00	$6,180.9	$6,361.3	1.5x	8.9x	13.3x	21.8x	18.7x
				Mean	1.4x	7.6x	11.9x	16.4x	15.3x

MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)

High	5.3x	18.9x	40.9x	29.4x	38.0x
Mean	2.1x	8.3x	12.4x	13.7x	14.7x
Low	1.1x	5.5x	8.0x	5.0x	3.8x

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	3/27/08	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	$ 24.41	$540.7	$760.1	0.9x	15.2x	n/m	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	$ 22.44	$9,962.5	$15,038.7	5.9x	8.7x	15.6x	15.6x	24.1x	23.7x
				Mean	3.4x	12.0x	15.6x	15.6x	24.1x	23.7x
	Satellite Equipment Manufacturers & Integrators									
SATS	Echostar	$ 29.74	$2,681.6	$2,162.2	1.4x	n/m	n/m	n/m	28.9x	27.8x
HUGH	Hughes	$ 51.63	$992.6	$1,544.4	1.6x	11.9x	18.5x	22.8x	29.7x	17.9x
ISYS	Integral Systems Inc.	$ 28.83	$270.5	$244.3	1.8x	25.6x	35.8x	n/m	27.5x	19.2x
GILT	Gilat Satellite Networks	$ 10.50	$436.5	$308.5	1.1x	8.8x	17.7x	19.6x	17.8x	16.9x
GCOM	Globecomm	$ 8.60	$170.2	$121.6	0.7x	7.4x	10.5x	13.7x	12.3x	14.3x
VSAT	ViaSat	$ 21.78	$703.7	$572.9	1.0x	7.4x	14.5x	21.6x	15.8x	13.8x
ORB	Orbital Sciences	$ 23.70	$1,445.9	$1,357.4	1.3x	13.1x	15.7x	25.5x	26.0x	22.1x
RADN	Radyne Comstream Inc.	$ 8.40	$159.8	$135.0	1.0x	7.5x	9.4x	15.5x	14.0x	12.9x
CMTL	Comtech Telecommunications	$ 39.26	$1,109.3	$873.4	1.7x	7.8x	8.7x	14.5x	15.0x	13.6x
CDV	COM DEV International (d)	$ 3.41	$232.2	$228.0	1.4x	20.9x	n/m	31.0x	13.9x	8.9x
				Mean	1.3x	12.3x	16.3x	20.5x	19.1x	15.5x
	Towers									
AMT	American Tower	$ 40.49	$17.3	$24,846.1	17.1x	27.6x	n/m	n/m	n/m	n/m
CCI	Crown Castle	$ 35.05	$9,811.8	$16,119.5	11.6x	22.1x	n/m	n/m	n/m	n/m
SBAC	SBA Communications	$ 31.27	$3,275.3	$5,110.0	12.5x	25.6x	n/m	n/m	n/m	n/m
				Mean	13.7x	25.1x				
	General Telecom									
T	AT&T	$ 37.66	$219,268.8	$281,413.8	2.4x	6.7x	13.8x	18.3x	11.2x	10.0x
VZ	Verizon Communications, Inc.	$ 35.96	$106,675.4	$168,967.4	1.8x	5.6x	10.8x	19.4x	13.8x	12.5x
S	Sprint Nextel Corporation	$ 6.49	$18,561.4	$38,251.4	1.0x	3.9x	46.7x	n/m	n/m	n/m
				Mean	1.7x	5.4x	23.8x	18.9x	12.5x	11.3x

TELECOM SERVICES INDEX (excludes Towers stocks)

High	5.9x	25.6x	46.7x	31.0x	29.7x	27.8x
Mean	1.6x	8.2x	14.9x	17.7x	14.9x	13.5x
Low	0.7x	3.9x	8.7x	13.7x	11.2x	8.9x

(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 1.57679 US $ per Euro.

(d) Converted to US $ from C$ at an exchange rate of 0.981527 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

Selected Satellite, Telecom & Media Transactions

(US$ in millions)

Date Announced	Acquiror	Target	Equity Value (a)	Transaction Value (b)	Transaction Value/ LTM Sales	Transaction Value/ LTM EBITDA
Satellite Operators						
04/21/04	KKR	PanAmSat Corporation	$3,532.0	$4,300.0	5.2x	7.7x
06/06/04	Blackstone Group	New Skies Satellites NV	956.0	956.0	4.5x	7.7x
08/17/04	Zeus Holdings	Intelsat Ltd.	3,100.0	5,000.0	5.2x	7.6x
08/29/05	Intelsat Ltd.	PanAmSat Holding Corporation	3,065.0	6,271.1	7.5x	9.7x
12/14/05	SES Global	New Skies Satellites NV	760.0	1,160.0	5.0x	8.0x
12/05/06	Abertis Telecom	EutelSat (32% share)	1,000.0	1,838.0	7.3x	9.7x
12/18/06	Telesat (new)	Telesat (old)	2,800.0	2,940.0	7.1x	12.0x
12/18/06	Telesat (new)	Loral Skynet	691.0	1,050.0	7.1x	19.6x
				Mean	6.1x	10.3x
Ground Equipment						
12/06/04	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	$110.0	$415.0	0.8x	n/d
03/03/05	Radyne Comstream	Xicom Technology	41.0	46.0	1.1x	n/d
08/15/05	Stratos	Xantic	191.0	191.0	1.1x	n/d
11/11/05	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d
11/21/05	Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d
				Mean	1.0x	n/d
System Integrators						
05/03/07	Globecomm	GlobalSat	18.4	18.4	0.9x	n/d
				Mean	0.9x	n/d
Video Distribution Equipment						
09/29/05	International Datacasting	Profline (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	WLII (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x
03/29/07	Umbrella Holdings LLC	Univision Communications	12,300.0	13,700.0	6.3x	18.1x
				Mean	4.9x	15.6x
Radio						
09/29/04	Capital Radio	GWR Group	$611.0	$728.0	3.1x	13.4x
06/21/05	Emap PLC	Scottish Radio Holdings	713.0	793.0	4.5x	17.7x
11/01/05	Cumulus Media Inc.	Susquehanna Radio	1,200.0	1,200.0	n/d	15.0x
02/07/06	Citadel Broadcasting	Disney (ABC Radio)	1,500.0	2,700.0	4.7x	13.5x
				Mean	4.1x	14.9x
New Media						
02/17/05	New York Times	About, Inc	410.0	410.0	10.0x	30.0x
03/21/05	IAC	AskJeeves	1,850.0	1,850.0	5.8x	19.0x
06/06/05	E.W.Scripps Co.	Shopzilla Inc.	525.0	525.0	4.0x	15.9x
07/18/05	News Corp.	Intermix (MySpace.com)	580.0	571.0	6.4x	n/m
3/6/2006	NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x
3/15/2007	Cisco	WebEx	2,900.0	2,900.0	7.6	29.3
				Mean	6.0x	22.7x

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

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

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

(d) Transaction includes the divestiture of Emmis' TV portfolio to: Lin TV ($260M), Journal Comm ($235M), Gray ($186M), Blackstone ($259M)
It also includes estimated transaction value of $410M for the final sale of 3 TV stations. This is predicted to occur sometime in 2005.

n/d Not Disclosed

n/m Not Meaningful

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Featured Transaction

PLAINFIELD ASSET MANAGEMENT LLC

Financial, Business and
Market Analysis of an
International Media Firm

Near Earth LLC acted as
a financial advisor
January 2008

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