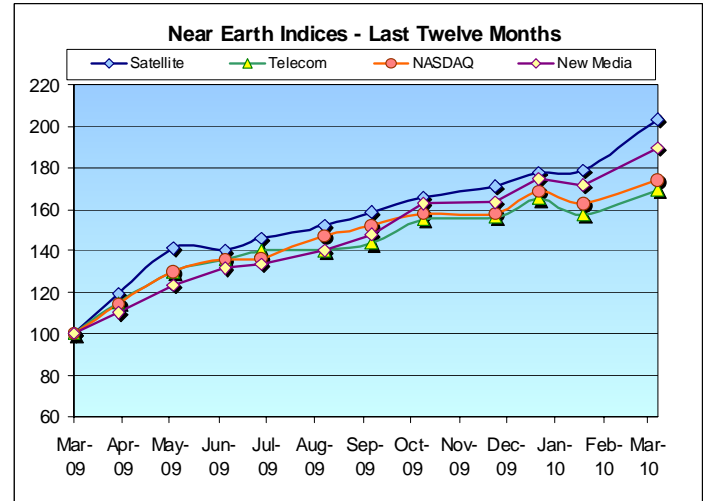


FROM THE GROUND UP

March 2010

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THE WAY WE SEE IT...

Satellite:

It's been busy! DBS powerhouse **DirectTV** tapped the debt markets for \$3 billion in 5, 10 and 30 year paper at roughly 200 bps over Treasuries, demonstrating that investors believe the company is a sound risk for the short and long haul. Not to be outdone, DirectTV's indirect competitor **Echostar** announced a deal to acquire a significant stake in **Satmex**, which recently suffered a life limiting failure on Satmex 5. With Satmex's three prime orbit slots on the one hand and Echostar's FSS business that desperately needs more scale, we think this deal makes a lot of sense for Echostar, if they can pull it off. Too bad for Satmex that they didn't get this deal done while Satmex 5 was healthy! Satellite broadband services provider **Tachyon Networks** transformed itself into satellite operator Tachyon Networks by acquiring **Intelsat's** IS-24 spacecraft, which it promptly moved to address mobile broadband needs in Southwest Asia demonstrating continued demand for inclined capacity in that market. Continuing its acquisitive ways, satellite systems integrator **Globecomm** acquired **Carrier to Carrier Telecom B.V.** and **Evolution Communications, LTD** for \$15 million. Finally, the U.S. Court of Appeals upheld **Tivo's** contempt finding against Echostar for infringing on its patents. The ruling means at least \$300 million in damages and notes that Echostar continues to infringe.

Telecom:

In a smaller version of the wireless carrier consolidation we predicted in our last issue, **Leap Wireless**, which is itself reputed to be exploring strategic alternatives, de facto acquired **Pocket Communications'** Texas operations, extending their coverage footprint. Interestingly, Pocket Communications also has a roaming agreement with Leap's oft mentioned acquirer **MetroPCS**... Capitalizing on its lead in 4G network rollout (thanks to its affiliate **Clearwire**), **Sprint** confirmed that its first 4G handset would be launched in the first half of 2010.

Aerospace:

Satellite and rocket manufacturers **Orbital Sciences** picked up **General Dynamics' Advanced Information Systems** unit for \$55 million. Advanced Information Systems was built from the old Spectrum Astro satellite manufacturer, which was acquired by GD in 2004. Satellite operations software firm **Integral Systems** scooped up government services firm **CVG-Avtec** for \$34 million, gaining scale and increasing their Federal sector exposure. Embattled launch services provider **Sea Launch**, currently mired in chapter 11 proceedings, secured an additional \$12 million DIP financing from **Space Launch Services, LLC**, an entity backed by **Excalibur Almaz** and **PlanetSpace**.

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Top 10 deals that SHOULD happen before Satellite 2011

As we head toward Satellite 2010 next week, we thought we would look into our cloudy crystal ball and then paint some pictures on it we thought should happen over the next 12 months. It always helps in predicting the future, if you first give it some good hints.

It always helps in predicting the future, if you first give it some good hints...

The ten transactions we list below our deals we think could happen, should happen and perhaps even would happen if the market stars and corporate stars can get in alignment. To be absolutely clear, none of these transaction ideas are based on non-public information, but are simply our extrapolations and conclusions based on publicly available information and our experience covering the industry.

Financings

1. **Iridium Financing:** We have been as skeptical as most regarding the likelihood of Iridium pulling together a \$2.7 billion financing package for its NEXT generation fleet. The company's stock performance in the last few months has certainly suggested significant doubt among investors. However, in light of improving equity markets and the very helpful \$586 million COFACE debt guarantee for Globalstar, it seems to us more than reasonable to expect at least a similar and most likely a much larger amount of debt support from one of the export credit agencies for Iridium. Iridium does after all have global coverage, far more subscribers and rapidly growing cash flow. Perhaps more importantly, its new fleet will represent a much larger construction contract for some nation to win. Whether Iridium chooses Lockheed Martin as its prime contractor with support from the Export Import Bank of the United States or Thales Alenia Space with support from COFACE, it seems a contract as juicy as this one should attract some serious export credit agency support, especially in a time when government coffers are being opened to "stimulate" the economy. So, if as part of the contractor selection an export credit agency deal can also be announced, we would expect Iridium's stock price to gain significant support from the promised low cost debt financing. This affordable leverage should also make a secondary equity offering achievable, if required, to close any financing gaps. A strengthened stock price would also improve the chances of having Iridium's 28.1 million stock options exercised in 2 years raising as much as another \$261 million.
2. **SpaceX IPO:** Well, despite recent challenges at the Falcon 9 launch pad, we are still very bullish on the prospects of SpaceX. If it can get two or three successful Falcon 9 launches under its belt in the next 12 months, its multi-billion dollar NASA backlog for COTS

...it seems a contract as juicy as [Iridium's] should attract some serious export credit agency support, especially in a time when government coffers are being opened to "stimulate" the economy

Top 10 deals (cont.)

It looks like an IPO window is starting to open and given the superior performance of FSS companies, we would expect shares of Intelsat to be very well received

- will be confirmed in investors' minds and additional commercial satellite operators should see SpaceX as a viable new supplier. With a strengthened and diversified manifest of launches, we would think SpaceX could go public on favorable terms. (see our previous article "SpaceX hits the big time", September 2009)
3. **Intelsat IPO:** While by no means certain in terms of timing, a relatively near term Intelsat IPO does make sense on several fronts. The first is to create a liquidity path for the company's private equity shareholders. It looks like an IPO window is starting to open and given the superior performance of FSS companies compared to the general market during the recession, we would expect shares of Intelsat to be very well received by public investors. While a majority of any IPO proceeds might go toward reducing the company's debt load, there could be an opportunity for a sizable secondary component to an Intelsat IPO. If not, at least shareholders have moved down the liquidity path and are closer to an exit. An IPO probably represents a closer exit opportunity than a strategic sale as most likely global telecom company acquirers are focused more on fighting terrestrial wireless wars or seeking to add video and broadband services versus satellite infrastructure. Another reason to go public sooner rather than later is to free up cash flow from debt servicing to support growth initiatives. Intelsat has been very creative and disciplined in its capital expenditures, but as the world emerges out of the recession there could be a heightened need for new investments to support government and consumer demand. Having a less leveraged balance sheet could be advisable in such an environment.

With a cleaner balance sheet, the reemergence of Sea Launch looks to be the thing to watch.

4. **Sea Launch Bankruptcy Exit Financing:** The world's only operator of a sea-going commercial launch platform, Sea Launch, has spent much of the last year in restructuring, struggling as it has from a mountain of debt and the aftermath of the 2007 launch failure of NSS-8. It entered Chapter 11 bankruptcy in the middle of last year and has since closed on two rounds of DIP financing for a total \$24.5 million. Most interestingly, the DIP was provided by Space Launch Services LLC, a consortium backed by PlanetSpace and Excalibur Almaz, both players in the formative NewSpace industry involved in human spaceflight.

While the motivations of Space Launch Services are not immediately clear, what has been immediately clear is that satellite operators are very interested in seeing Sea Launch get back in the game to increase competition and launch availability.

We think a financing event for Sea Launch is in the cards, if for no other reason than the customer base is demanding its existence

and that the backlog potential is still large. Even with the possible emergence of low cost SpaceX into the market, the large FSS operators, value the availability of multiple launch providers to ensure ready transport of their spacecraft. With a cleaner balance sheet, the reemergence of Sea Launch looks to be the thing to watch.

The greatest value creation now may come from consolidation of ATC spectrum versus operational performance.

Mergers & Acquisitions

5. **TerreStar / DBSD:** This one looks like a “no brainer” to us. If the ultimate game is a spectrum play for its major shareholders, Harbinger, Echostar & Highland, then what else can TerreStar do to entice a buyer? Management has superbly checked all of the boxes in its business plan: (i) launch and commence operations from world's largest communications satellite, (ii) get FCC approval of ATC spectrum license, (iii) roll-out GENUS hybrid phone with great form factor, (iv) sign roaming agreement with AT&T, (v) sign distribution agreement with AT&T, and (vi) commence next generation chipset production at Infineon and Qualcomm. The only major operational value creation it can achieve now is to add subscribers and that takes money for marketing and subscriber acquisition costs, money its shareholders may be understandably stingy to provide. The greatest value creation now may come from consolidation of ATC spectrum versus operational performance. Having 20 MHz of lower 48 spectrum is great, but having 40 MHz is a whole lot better, especially in the eyes of a prospective telecomm acquirer. DBSD has been given a stay of execution by its bankruptcy judge, keeping senior debt (e.g. Echostar) in place based on the hypothetical value of the company's spectrum, but converting junior debt into a majority of the company's equity. We suspect any hopes of raising appreciable amounts of new equity for DBSD must be slim given an already crowded MSS market and with Globalstar rescued, TerreStar launched and SkyTerra soon to be. DBSD's best bet is clearly to negotiate a merger with TerreStar. This seems to be a case of $1 + 1 = 3$. Whereas the two 1's on a standalone basis may, over time, become fractions.
6. **SkyTerra / Inmarsat:** And why should the S-band players have all the fun? An eventual merger of Inmarsat and SkyTerra also makes great sense for many of the same reasons and with Harbinger holding major stakes in both, perhaps an inevitability (assuming regulatory hurdles can be met). You also have Inmarsat coming off a very good 2009 with record revenues and strong cash flows, but facing an increasingly challenging maritime market with Ku-band and C-band VSAT type broadband services starting to penetrate major shipping fleets, plus Iridium nipping at their heels for many voice and data applications, especially near the poles.

Having 20 MHz of lower 48 spectrum is great, but having 40 MHz is a whole lot better ...

Top 10 deals (cont.)

there has always been the potential of a domino effect if one Teleco sought to buy up ATC spectrum thereby forcing others to shift their focus or forever lose it ...

7. **An ATC Exit:** While the exit of an ATC company to a major Telco has seemed like the elusive Holy Grail of the MSS industry for many years, the combinations mentioned above could hasten such an exit. Whether both transactions are likely to occur in a 12-month time frame is doubtful, but by no means impossible. To us, the acquisition of an ATC company has always lacked urgency among the likely buyers given serious competing uses of capital and the presence of other undeveloped spectrum holdings (see Spectrum... article herein). However, there has always been the potential of a domino effect if one Teleco sought to buy up ATC spectrum thereby forcing others to shift their focus or forever lose it. Seeing 40 MHz of 48-state coverage go to a competitor is not an event likely to go unchallenged. While there are several entities that might want such spectrum, we believe the most advantageous combination would be T-Mobile USA acquiring an S-band combination of TerreStar and DBSD. T-Mobile USA has far less spectrum in the 48 states than Verizon, AT&T or Sprint/Clearwire.

8. **Liberty Media / Sirius XM:** Although we like to claim Sirius XM as a satellite company, it is really a media company first and could benefit greatly from deeper pockets and far more patient equity to exploit its media content and technology across multiple delivery infrastructures and geographies. We are just not sure the public equity markets will provide substantial new capital to satellite radio given past volatility and a very cloudy competitive landscape driven by the increasing availability of mobile broadband services. Still, subscriber growth has been impressive despite declining car sales and profitability has improved. Perhaps this operational strength is sufficient to attract a major media company like Liberty Media to acquire the business and make some long term investments to take it to the next level.

the machine to machine (M2M) space is exploding. [and] a meaningful and rapidly growing amount require satellite connectivity ...

9. **GE / ORBCOMM:** Full disclosure up front – we indirectly hold a small, approximately 10,000 share stake in ORBCOMM from an engagement many years ago, so perhaps this is just wishful thinking on our part. However, the merits of such an acquisition look very strong to us. First, the machine to machine (M2M) space is exploding. While the bulk of all services and revenues are generated terrestrially, a meaningful and rapidly growing amount require satellite connectivity. As the world becomes increasingly integrated and interconnected we would expect this trend to continue and maybe even accelerate. There are only four satellite companies providing satellite M2M connectivity on a global or near global basis: Iridium, Globalstar, Inmarsat and ORBCOMM. We doubt if Globalstar is in a financial position to acquire ORBCOMM or if it even desires to do so. Iridium recently announced a relationship with SkyBitz, so it may have chosen its partner already.

Top 10 deals (cont.)

a deep pocketed strategic acquirer with a global footprint would allow [ORBCOMM] to more rapidly penetrate ... international markets

AT&T needs scale in video to negotiate effectively with providers ...

ORBCOMM seems more than capable of surviving and growing on a stand-alone basis and has done an impressive job financing its next generation fleet, but we can not help but think a deep pocketed strategic acquirer with a global footprint would allow the company to more rapidly penetrate often challenging international markets (e.g. China, India, Brazil). Perhaps the biggest and most strategic of these would be General Electric, which is already an ORBCOMM shareholder and a major value-added reseller and customer through its construction equipment business and potentially its railcar leasing business.

10. **AT&T / DISH:** This transaction can be defined by three issues (from the AT&T perspective): Why bother with a deal, why DISH (vs. DirecTV), and why now? Let's consider them in turn. Considering the first issue, AT&T's U-verse service is limited by using copper for the last mile, and as such is harder and more expensive to deploy in rural areas – so to maximize its benefit from nationwide branding AT&T needs a rural solution. Furthermore, as highlighted by recent programming content disputes, AT&T needs scale in video to negotiate effectively with providers. So they benefit from doing a deal. Why DISH? Two reasons – with DISH you get only what you need – the video transmission business with key spectrum and satellite assets, leaving less critical infrastructure at EchoStar. And, you get it for less money – DISH is less than half the price of DTV despite having nearly as many subscribers. Finally, DISH is strongest in the same rural areas where AT&T is weakest. Of course all of these facts have been true for a while, so why this year? Partially because AT&T's switch from marketing the DISH service to DirecTV has reduced the valuation multiple of DISH versus DirecTV. As such, Ma Bell could have more leverage in negotiating a purchase with DISH versus paying a merger control premium on top of the already higher valued DirecTV stock. In addition, because DISH's affiliate Echostar has substantial non-DBS spectrum holdings that AT&T could use (see the article elsewhere in this issue) and that could be thrown into the deal. And finally, partially because DISH in recent years has transitioned from a rapidly growing company that uses cash into a mature cash cow, that wouldn't put any additional strain on AT&T's finances.

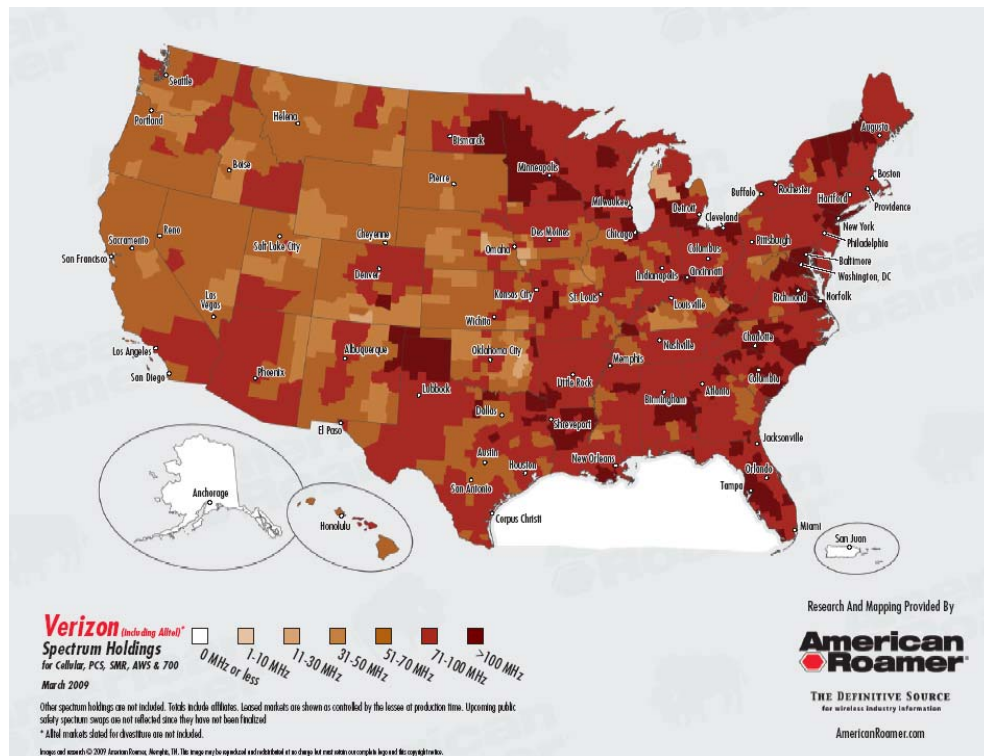
By Hoyt Davidson and Ian Fichtenbaum
Near Earth LLC

Spectrum, spectrum everywhere, but not a drop to drink?

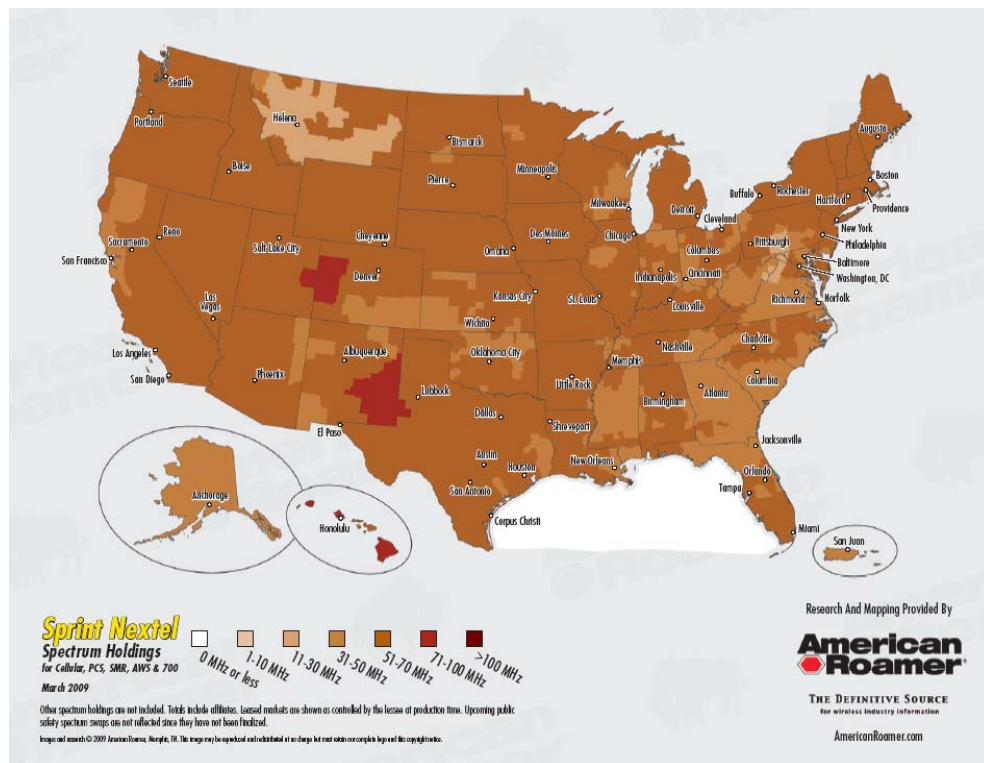
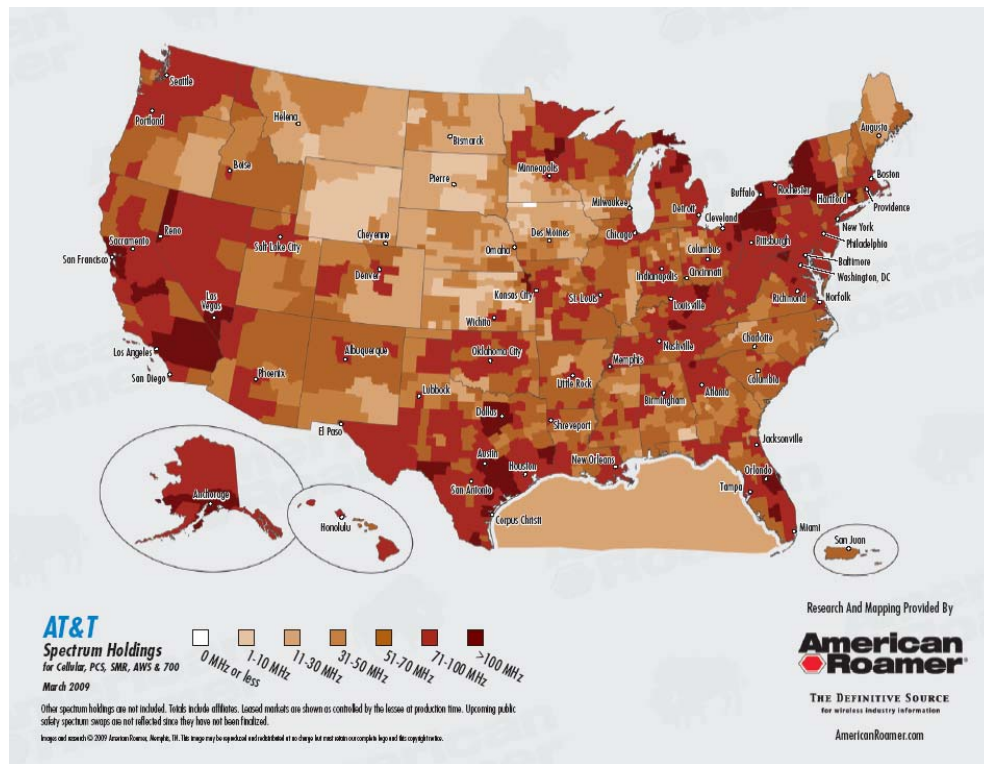
where would 500 MHz of spectrum come from, anyway? ...

The steady drumbeat of the wireless operators that “We need more spectrum” has started to gain traction. With the national broadband plan due out later this month, and with FCC Chairman Julius Genachowski calling for a whopping 500 MHz of spectrum, could the drought be over? Could the FCC, which up to now has been capping the amount of spectrum that licensees can hold suddenly do an about face? And, though 500 MHz is a veritable bounty of spectrum, the CTIA wants more, saying it needs 800 megahertz to stave off a “looming spectrum crisis.” And, finally, with the laws of physics being immutable, spectrum is a zero sum game – so where would 500 MHz of spectrum come from, anyway?

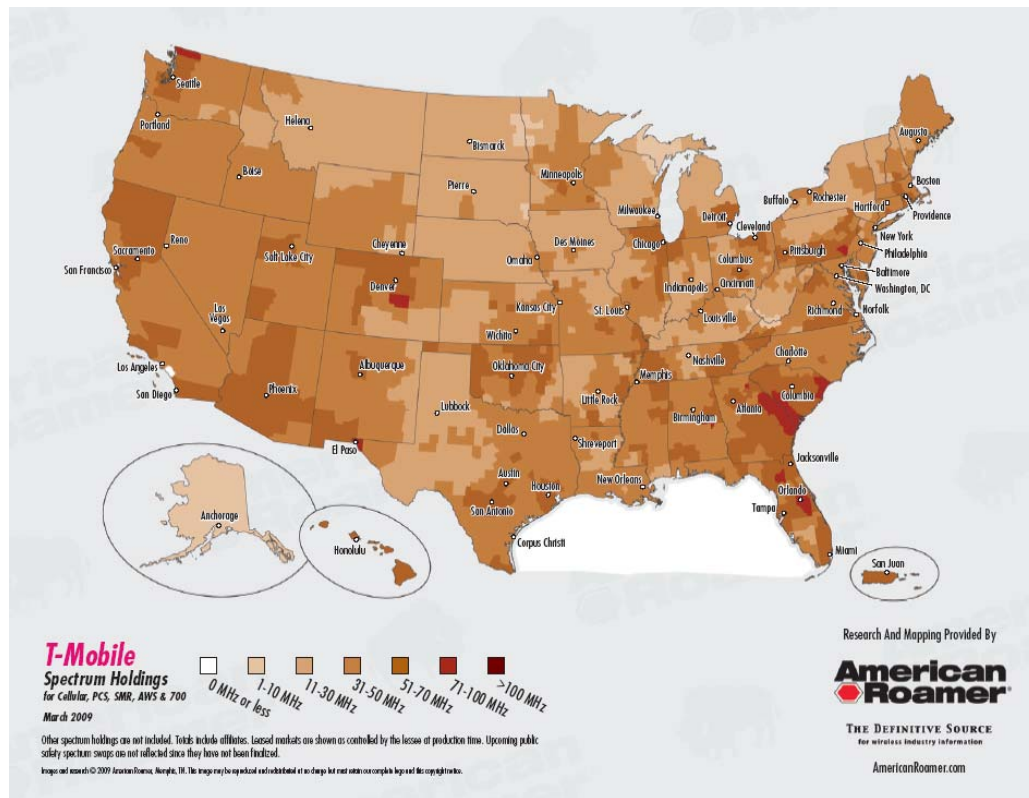
Let’s start with the facts: The bigger two of the big four wireless firms (i.e. Verizon and AT&T) boast spectrum portfolios of about 100 MHz nearly nationwide. Considered by itself, Sprint has significantly less (about 60 MHz though, with about half the customers of AT&T or Verizon, Sprint clearly needs less), but when you throw in Clearwire’s massive 120-140 MHz near national portfolio, Sprint vaults to the front of the spectrum derby. (For completeness, we should also acknowledge that AT&T has significant WCS spectrum holdings that, for reasons described later, are not included in these figures.) T-Mobile brings up the rear of the “big four”, with an average of about 50 MHz. These results are depicted in the four figures below, thanks to the tireless efforts of the folks at American Roamer.



Spectrum, spectrum (cont.)



Spectrum, spectrum (cont.)



Unlike network hardware, however, spectrum never needs to be replaced!

So now that we know who has it, why do they need it? With voice minutes of use having peaked (thanks to the expanded use of texting), and cellular penetration approaching 100%, it's not because of talk. Rather, exploding data use, especially by smart phone users, is the culprit. In particular, AT&T's network has experienced significant stress due to the wildly popular iPhone with its plethora of bandwidth hungry apps. Additional spectrum reduces the need for additional towers – leading to reduced capex. Thus to an extent, expenditures on spectrum can be traded against expenditures on network hardware. Unlike network hardware, however, spectrum never needs to be replaced!

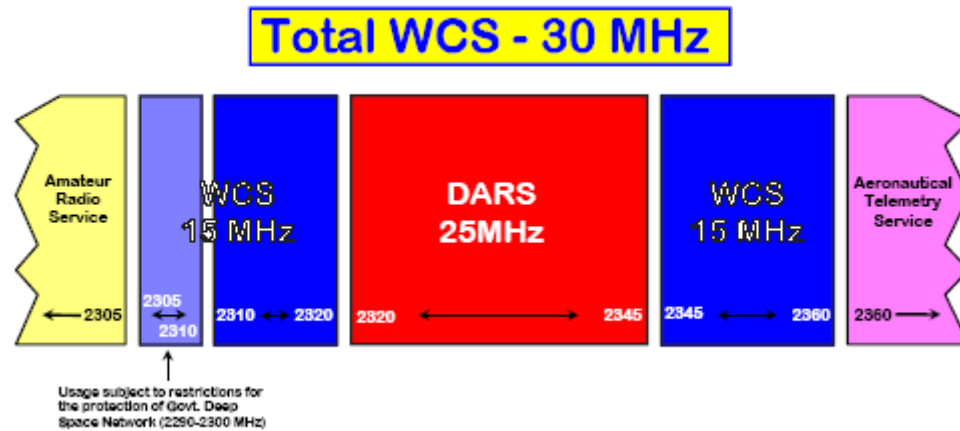
When considering spectrum holdings, it's important to also consider the value of contiguity (the amount of bandwidth in MHz of the dedicated spectrum blocks that are licensed). For 3G deployments using the WCDMA standard, spectrum chunks of at least 5 MHz in width are necessary for deployment, and while LTE (4G) supports chunks as small as 1.4 MHz, this comes at the cost of reduced spectral efficiency (i.e. capacity per MHz of spectrum). Finally, larger bands of spectrum support faster peak data rates. Given this flexibility, wider spectrum chunks are proportionately worth more than smaller ones, and the regulatory bodies and carriers include this fact in their deliberations.

So where might we dig up more spectrum for the carriers? First, there are significant blocks of spectrum that are already allocated, but underutilized or not utilized at all. One significant block is the WCS 2.3 GHz spectrum,

Spectrum, spectrum (cont.)

Due to the potential for co-interference ... and uncertainty regarding the rules to prevent this, the WCS band has remained largely unused.

30 MHz in total, which is directly adjacent to the Digital Audio Radio Service (DARS, or Satellite Radio) band as shown below. Due to the potential for co-interference between these bands and uncertainty regarding the rules to prevent this, the WCS band has remained largely unused. With this knowledge and a pending rulemaking, we expect the FCC to address this issue once and for all – freeing up a significant amount of spectrum resources (much to the joy of folks at AT&T and Nextwave Wireless, the principal holders of these licenses).



Another area of underutilized spectrum is the substantial holdings of the Mobile Satellite Service/Ancillary Terrestrial Component (MSS/ATC) operators. Between TerreStar, DBSD and Skyterra these operators control an additional 68 MHz of spectrum in the 2.0 and 1.6 GHz bands that is lightly used. Globalstar has another 23 MHz or so. In theory, the concept of ATC, which relies on terrestrial base stations (i.e. cell towers) to fill gaps in coverage and more effectively reuse spectrum, was intended to stimulate greater use of these spectrum resources. In practice, none of these operators has adequate financing in place to deploy the terrestrial component of their network and the spectrum remains largely unused. In a recent speech, FCC Chair Genachowski intimated that the forthcoming National Broadband Plan will seek to incent the development of these assets, perhaps by allowing incumbents to sell or lease the spectrum and share the proceeds with the government.

With 200 MHz of prime low frequency spectrum being used for TV broadcasting, rebanding all or a portion of this spectrum to wireless use makes a lot of sense...

With 200 MHz of prime low frequency (700 MHz and below) spectrum being used for TV broadcasting, rebanding all or a portion of this spectrum to wireless use makes a lot of sense. Consider that it's widely assumed that perhaps 10 million households still get their signals with "rabbit ears" and that the last 700 MHz auction netted the taxpayers a cool \$19.5 billion (or approximately \$2000 for each of these households) all while enhancing wireless services for the 250+ million wireless users. Sounds like a win-win to me to go back to this well for a redux – perhaps with some portion of the proceeds dedicated to subsidizing basic cable or DBS service for

Spectrum, spectrum (cont.)

those affected. As Genachowski noted, perhaps some of the proceeds could even be shared with the broadcasters relinquishing the spectrum to secure their blessing (though with guaranteed carriage on cable, fiber and satellite, it's not clear why such a payment is warranted).

reallocation and rebanding of government spectrum also offers the potential for making additional spectrum available for broadband ...

With over 500 MHz of dedicated spectrum below 3 GHz, reallocation and rebanding of government spectrum also offers the potential for making additional spectrum available for broadband. Much as the ongoing Nextel spectrum rebanding effort has increased the amount of contiguous spectrum available to Nextel while increasing efficiency so an intelligent rebanding of underutilized old services offer the potential to free up this irreplaceable resource while improving new services.

Of course, being investment bankers here at Near Earth, we'd be remiss if we failed to mention the other way to free up spectrum: consolidation! Just as it makes no sense for there to be four rail lines to every town, four (or more) duplicated sets of infrastructure is inherently wasteful – which implies that potential consumer benefits from added competition are squandered on hardware, all the while the public asset is inefficiently used. Not the way to run a railroad... Consolidation to a smaller group of carriers helps alleviate this waste – and can still preserve competition if done intelligently. For example, by allowing T-Mobile and Sprint to merge, and allowing the remaining “big three” to buy up their smaller brethren like MetroPCS, Leap and U.S. Cellular (which have their own underutilized spectrum portfolios) we are left with plenty of competition amongst carriers with enough spectrum to really provide next generation services. Some potential other targets for consolidation include Spectrumco, the joint venture between Comcast, Time Warner Cable and Brighthouse Networks that controls 30 MHz of 1.7 GHz spectrum.

Consolidation to a smaller group of carriers helps alleviate this waste – and can still preserve competition if done intelligently. ...

Now some would argue that the current administration in Washington is against consolidation – and perhaps so. But with the right benefits and incentives, we think even the current administration might allow additional consolidation. Consider that with some additional engineering work, and the pending rollout of a unified technology standard (i.e. LTE), dynamic roaming offers the potential for additional benefits. Is your iPhone running slow on AT&T's network? – then roam over to Verizon's where they can hear you now. Not by switching your carrier, but by switching the network infrastructure on a call by call, or even packet by packet basis. Now that's a way to supercharge competition!

In conclusion, we have offered a number of ways to address the ever increasing need for spectrum in the United States. We don't know if these ideas or others will show up in the FCC's pending plan, but we think all of them deserve consideration.

By John Stone
Near Earth LLC

Near Earth's new addition: Rich Pournelle

Rich Pournelle has over 15 years experience with fund raising and business development for technology companies. He joins Near Earth LLC providing a Washington, DC presence and contacts with industry executives and angel investors. He can be reached at rich@nearearthllc.com or (301) 328-7828.

Before joining Near Earth, Rich provided business consulting for small business clients. He advised ICON Aircraft, a maker of an amphibious Light Sport Aircraft. In this role, he provided government business development including briefing Congressional leaders and introducing the company to federal agencies including the U.S. Coast Guard and U.S. Navy. He also advised Talon Aerospace of Birmingham, Alabama on business plan preparation and due diligence preparation. Talon recently received a \$1.5 million investment from The Jensen Fund.

Prior to that, Rich was Director of Business Development at XCOR Aerospace where he helped the company raise over \$8 million in angel investment. While at XCOR, Rich helped manage an industry coalition that pushed for the successful passage of HR 5382, The Commercial Space Launch Amendments Act. XCOR holds numerous world records for the operation of manned rocket-powered airplanes.

Prior to XCOR Aerospace, Rich helped start WarrantyNow a company that built web applications for product warranty programs and online channels. Rich raised \$1 million in seed capital and assisted in raising over \$18 million in venture capital. He served as Vice-President of Marketing and coordinated media placement in the New York Times, at NBC, and for trade publications. Before WarrantyNow, Rich worked as product manager for Banta Corporation (now RR Donnelley NYSE: RRD) where he led European sales and later sales for the bay area, generating over \$10 million in annual sales of custom software to clients such as Microsoft, Hewlett-Packard, Intel, and Houghton Mifflin.

Rich began his career as a staff assistant to Congressman Bill Thomas (R-CA). He was promoted to Professional Staff for the Committee on House Administration where he had oversight of internet, telecommunications, and information technology. Rich was instrumental in the development of the Library of Congress THOMAS legislative information service and managed the first Congressional hearing on the effect of the internet on elections.

Rich has a degree in Political Science from University of California, Los Angeles (UCLA) where he was part of the two-time national championship debate team.

By Rich Pournelle
Near Earth LLC

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:			
		3/10/10	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	Trailing EPS (b)	Forward EPS (b)
Satellite Broadcast (DBS and DARS)										
BSY.L	British Sky Broadcasting (f)	£ 5.65	\$14,827.33	\$17,725.43	2.2x	10.5x	14.2x	24.2x	28.2x	22.6x
DISH	Dish Network Corp	\$ 21.80	\$9,740.24	\$14,097.95	1.2x	5.2x	8.1x	11.3x	11.4x	10.0x
DTV	DirecTV Group Inc.	\$ 35.05	\$33,537.94	\$39,342.94	1.8x	7.3x	14.5x	27.2x	15.9x	12.3x
SIRI	Sirius XM Radio	\$ 0.93	\$3,590.82	\$6,701.74	2.8x	14.7x	n/m	n/m	n/m	n/m
	Mean				2.0x	9.5x	12.3x	20.9x	18.5x	15.0x
Cable Television										
CMCSA	Comcast Corporation	\$ 17.53	\$49,742.60	\$78,373.60	2.2x	5.7x	10.9x	13.6x	14.1x	12.7x
MCCC	Mediacom Communications Corp.	\$ 5.79	\$391.52	\$3,675.60	2.5x	6.9x	12.3x	0.5x	7.4x	5.5x
TWC	Time Warner Cable Inc.	\$ 48.98	\$17,265.45	\$38,852.45	2.2x	6.0x	11.4x	15.2x	14.1x	12.4x
CVC	Cablevision Systems Corp	\$ 24.00	\$7,248.48	\$18,156.49	2.3x	7.2x	12.7x	22.0x	15.4x	13.0x
	Mean				2.3x	6.5x	11.8x	12.8x	12.8x	10.9x
Television										
TVL	LIN TV Corp.	\$ 5.73	\$294.41	\$963.47	2.8x	8.8x	17.7x	n/m	n/m	7.7x
SBGI	Sinclair Broadcast Group	\$ 5.51	\$440.25	\$1,699.52	2.6x	6.2x	12.7x	38.3x	8.6x	11.2x
FSCI	Fisher Communications Inc	\$ 15.50	\$137.33	\$209.88	1.5x	9.9x	n/m	n/m	n/m	n/m
	Mean				2.3x	8.3x	15.2x	38.3x	n/m	9.5x
Radio										
CMLS	Cumulus Media Inc.	\$ 3.33	\$138.63	\$761.88	2.9x	10.9x	13.1x	n/m	n/m	n/a
ETM	Entercom Communications	\$ 11.49	\$435.01	\$1,231.55	3.2x	12.3x	14.8x	n/m	9.7x	9.0x
	Mean				3.1x	11.6x	13.9x	n/m	9.7x	9.0x
NewsPrint										
MNI	The McClatchy Company	\$ 5.18	\$435.48	\$2,363.89	1.6x	6.6x	11.0x	6.5x	15.7x	n/a
NYT	New York Times	\$ 11.69	\$1,689.32	\$2,425.18	1.0x	7.6x	13.0x	32.4x	18.3x	16.0x
WPO	Washington Post	\$ 453.49	\$4,203.85	\$3,747.86	0.8x	6.8x	16.5x	37.4x	17.1x	n/a
	Mean				1.1x	7.0x	13.5x	n/m	17.0x	16.0x
New Media										
MSFT	Microsoft Corporation	\$ 28.97	\$257,833.00	\$227,101.00	4.0x	10.5x	11.8x	18.5x	14.4x	13.1x
AAPL	Apple Inc.	\$ 224.84	\$203,768.00	\$178,972.00	4.4x	17.9x	19.3x	29.8x	19.4x	16.8x
YHOO	Yahoo! Inc.	\$ 16.79	\$23,608.08	\$20,342.31	3.1x	16.2x	39.6x	34.9x	35.0x	27.1x
GOOG	Google Inc.	\$ 576.45	\$182,890.29	\$158,405.51	6.7x	16.1x	19.1x	28.0x	21.0x	18.3x
IACI	Interactive Corporation	\$ 23.92	\$3,156.24	\$1,513.03	1.1x	18.4x	n/m	13.4x	31.5x	23.7x
ERTS	Electronic Arts Inc.	\$ 17.89	\$5,814.25	\$3,802.25	1.0x	n/m	n/m	n/m	n/m	29.3x
	Mean				3.4x	15.8x	22.4x	24.9x	24.3x	21.4x
Satellite Imagery										
GEOY	GeoEye	\$ 24.73	\$459.98	\$660.08	3.4x	9.6x	16.6x	12.4x	19.3x	15.9x
DGI	DigitalGlobe Inc.	\$ 23.91	\$1,077.86	\$1,335.66	4.7x	8.2x	15.2x	20.3x	n/m	19.9x
	Mean				4.1x	8.9x	15.9x	16.3x	19.3x	17.9x

MEDIA SERVICES INDEX

High	6.7x	18.4x	39.6x	38.3x	35.0x	29.3x
Mean	2.3x	8.8x	13.2x	21.4x	15.8x	13.5x
Low	0.8x	5.2x	8.1x	0.5x	7.4x	5.5x

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

n/m Not Meaningful.

(c) Converted to US \$ from Euro at an exchange rate of 1.3657 US \$ per Euro.

n/a Not Available

(d) Converted to US \$ from C\$ at an exchange rate of 0.9744 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.4985 US \$ per British Pound.

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: MARKET COMPARABLES

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

		Stock Price:		Enterprise Value as a Multiple of:			Price as a Multiple of:			
		3/10/10	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	Trailing EPS (b)	Forward EPS (b)
Fixed Satellite Services (FSS)										
ETL.PA	Eutelsat Communications (c)	€ 24.65	\$7,394.07	\$10,776.71	8.4x	10.3x	16.7x	21.9x	30.6x	28.1x
SESG.PA	SES Global S.A. (c)	€ 17.76	\$9,691.79	\$14,695.72	6.4x	9.3x	16.4x	17.8x	21.3x	19.9x
	Mean				7.4x	9.8x	16.6x	19.9x	25.9x	24.0x
Mobile Satellite Services (MSS)										
ISAT.L	Inmarsat (f)	£ 7.61	\$5,236.96	\$6,654.86	6.5x	11.9x	17.9x	14.1x	33.3x	24.5x
IRDM	Iridium Communications Inc.	\$ 8.60	\$586.95	\$467.04	1.4x	5.1x	6.0x	15.5x	7.7x	8.1x
ORBC	ORBCOMM Inc.	\$ 2.43	\$103.18	\$54.14	1.7x	6.7x	n/m	n/m	n/m	n/m
GSAT	Globalstar Inc.	\$ 1.28	\$195.28	\$527.31	7.9x	n/m	n/m	n/m	n/a	n/a
	Mean				4.4x	7.9x	11.9x	14.8x	20.5x	16.3x
Satellite Ground Segment										
CMTL	Comtech Telecommunications	\$ 29.95	\$843.99	\$558.14	1.0x	5.4x	6.7x	15.1x	15.4x	13.6x
GCOM	Globecom Systems Inc.	\$ 7.85	\$163.83	\$114.08	0.7x	10.7x	26.4x	n/m	23.8x	17.4x
GILT	Gilat Satellite Networks	\$ 5.80	\$232.75	\$132.71	0.5x	10.7x	n/m	n/m	n/m	n/a
HUGH	Hughes Communications, Inc.	\$ 28.18	\$609.53	\$1,031.83	1.0x	6.2x	16.4x	n/m	31.0x	13.4x
ISYS	Integral Systems Inc.	\$ 9.89	\$171.69	\$163.38	1.0x	30.1x	n/m	n/m	24.7x	18.0x
VSAT	ViaSat Inc.	\$ 33.65	\$1,227.22	\$1,571.78	2.5x	23.0x	39.9x	37.4x	21.6x	17.5x
	Mean				1.1x	14.4x	22.3x	26.3x	23.3x	16.0x
Satellite Space Segment										
ORB	Orbital Sciences	\$ 18.97	\$1,079.01	\$826.29	0.7x	11.6x	15.8x	27.9x	24.3x	15.8x
CDV.TO	COM DEV International (d)	\$ 3.61	\$267.69	\$266.80	1.1x	9.3x	15.0x	17.9x	n/a	n/a
MDA.TO	McDonald Dettwiler and Associates (d)	\$ 41.40	\$1,676.70	\$2,028.59	2.0x	12.1x	15.4x	17.4x	n/a	n/a
OHB.DE	OHB Technologies (c)	€ 17.01	\$404.21	\$360.13	1.0x	11.9x	15.3x	39.3x	31.8x	29.8x
	Mean				1.2x	11.2x	15.4x	25.6x	28.1x	22.8x
Towers										
AMT	American Tower	\$ 43.11	\$17,062.94	\$21,020.49	12.2x	19.4x	30.7x	n/m	n/m	n/m
CCI	Crown Castle	\$ 39.46	\$11,551.13	\$17,679.62	10.5x	18.0x	39.0x	n/m	n/m	n/m
SBAC	SBA Communications	\$ 36.67	\$4,293.32	\$6,615.70	11.9x	20.6x	n/m	n/m	n/m	n/m
	Mean				11.5x	19.3x	34.9x	n/m	n/m	n/m
General Telecom										
S	Sprint Nextel Corporation	\$ 3.65	\$10,497.40	\$27,634.40	0.9x	4.3x	n/m	n/m	n/m	n/m
T	AT&T	\$ 25.52	\$150,617.25	\$219,303.25	1.8x	5.3x	10.2x	12.0x	11.7x	10.8x
VZ	Verizon Communications, Inc.	\$ 29.75	\$84,361.18	\$186,879.18	1.7x	5.2x	9.6x	9.9x	12.7x	11.9x
	Mean				1.5x	4.9x	9.9x	11.0x	12.2x	11.3x
TELECOM SERVICES INDEX (excludes Towers stocks)										
	High	8.4x	30.1x	39.9x	39.3x	33.3x	29.8x			
	Mean	2.5x	11.1x	15.2x	20.5x	26.3x	17.6x			
	Low	0.5x	4.3x	6.0x	9.9x	7.7x	8.1x			

(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 1.3657 US \$ per Euro.

(d) Converted to US \$ from CS \$ at an exchange rate of 0.9744 US \$ per CS \$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.4985 US \$ per British Pound.

n/m Not Meaningful.

n/a Not Available

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							
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/Skynet Combined	3,491.0	3,990.0	7.1x	13.4x	
06/19/07	BC Partners	Intelsat	5,000.0	16,400.0	7.7x	11.3x	
08/02/07	Abertis Telecom	Hispasat (28.4% share)	199.0	199.0	5.8x	7.9x	
09/23/09	GHL Acquisition Corp	Iridium Satellite LLC	500.0	517.3	1.6x	5.6x	
10/01/09	ViaSat, Inc	WildBlue Coimunications, Inc.	568.0	500.0	2.4x	6.6x	
				Mean	5.5x	9.0x	
Ground Equipment & Systems Integrators							
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d	
03/19/07	CIP Canada Investment Inc.	Stratos Global Corporation	293.3	621.5	1.2x	2.9x	
05/12/08	Comtech	Radyne	201.9	223.6	1.5x	16.0x	
07/10/08	Nokia	Navteq	7,719.0	8,100.0	8.8x	29.5x	
05/09/09	Rockwell Collins	Datapath	130.0	130.0	0.5x	n/d	
06/01/09	Globecomm Systems	Telaurus Communications LLC	7.6	7.6	0.6x	n/d	
11/23/09	Inmarsat plc	Segovia, Inc.	110.0	110.0	1.6x	n/d	
03/08/10	Globecomm Systems Inc.	Carrier to Carrier Telecom BV	15.0	15.0	0.8x	n/d	
				Mean	2.3x	16.1x	
Aerospace and Defense							
04/23/07	Kratos	SYS Technologies	49.3	49.3	0.6x	n/m	
05/03/07	Globecomm	GlobalSat	18.4	18.4	0.9x	n/d	
07/31/07	LMI Aerospace, Inc.	D3 Technologies, Inc.	65.0	65.0	1.0x	7.2x	
11/29/07	Finmeccanica SPA	VEGA Group PLC	59.2	56.2	0.9x	9.6x	
05/12/08	Finmeccanica SPA	DRS Technologies Inc	3,358.0	4,930.0	1.4x	11.0x	
05/13/08	Cobham plc	M/A-COM	425.0	425.0	0.9x	6.8x	
06/04/08	Cobham plc	Sparta Inc	416.0	416.0	1.4x	12.1x	
12/16/08	Sierra Nevada Corporation	SpaceDev, Inc.	31.7	26.6	0.7x	23.3x	
03/05/10	Integral Systems	CVG-Avtec	34.7	34.7	1.0x	n/d	
03/05/10	Orbital Sciences Corp.	GD Advanced Information Systems	55.0	55.0	1.1x	n/d	
				Mean	1.0x	11.7x	
Video Distribution							
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	
12/21/06	Motorola	Tut Systems	39.0	39.0	1.0x	n/d	
04/23/07	Motorola	Terayon Communication Systems Inc.	139.7	127.2	1.9x	n/m	
12/07/07	Macrovision Corp	Gemstar-TV Guide Intl Inc	2,842.1	2,325.1	3.7x	21.9x	
03/12/09	Harmonic	Scopus Video Networks	78.3	47.6	0.8x	n/m	
				Mean	2.1x	17.6x	
Towers							
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	309.0	11.9x	n/d	
10/06/06	Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x	
07/21/08	SBA Communications Corp	Optasite Towers	253.2	428.2	14.8x	n/m	
				Mean	11.8x	20.5x	
General Telecom (Wireless)							
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	
08/07/08	Verizon Wireless	Rural Cellular Corp	728.0	2,757.0	4.1x	9.7x	
01/10/09	Verizon Wireless	Alltel	5,900.0	28,100.0	2.9x	8.3x	
12/24/09	Sprint Nextel Corp.	Virgin Mobile USA	348.0	509.0	0.4x	4.4x	
				Mean	3.5x	11.5x	
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	
01/18/07	Citadel Investment Group LLC	ION Media Networks Inc	98.8	1,654.3	7.1x	16.9x	
03/29/07	Umbrella Holdings LLC	Univision Communications	12,300.0	13,700.0	6.3x	18.1x	
				Mean	5.4x	15.8x	
Radio							
07/29/08	Sirius Satellite Radio Inc.	XM Satellite Radio Holdings Inc.	2,301.7	3,957.7	3.4x	n/m	
07/30/08	Bain Capital	Clear Channel	17,923.8	23,724.1	3.5x	10.8x	
05/29/09	Cox Enterprises, Inc	Cox Radio	381.5	704.3	1.8x	6.2x	
				Mean	2.9x	8.5x	

(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

n/d Not Disclosed

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

n/m Not Meaningful

It also includes estimated transaction value of \$410M for the final sale of 3 TV stations.

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

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

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