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SPECIALISTS IN SATELLITE, MEDIA AND TELECOM INVESTMENT BANKING

FROM THE GROUND UP

November 2006

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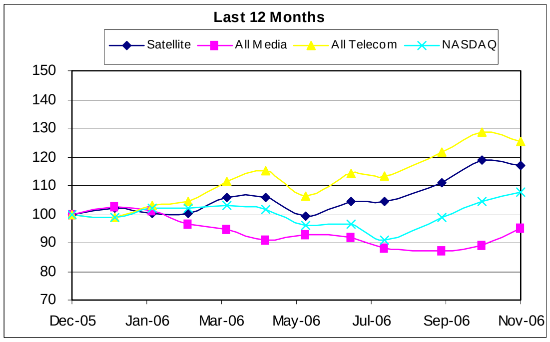
Near Earth Market Indices



See page 8 for details on index constituents.

THE WAY WE SEE IT…

Elections: Democratic party gains in the national elections may dim the prospects of regulatory approval of some of the announced and speculated media industry mergers, as well as of regulatory relief for communication companies as these expand into new areas.

Satellite: Globalstar (tkr: GSAT) priced its IPO on November 1, 2006, which has since fallen from its offering price of $17 to $14.39 currently. Meanwhile ORBCOMM (tkr: ORBC) priced its IPO on November 2, at $11 a share. It has since fallen and is now trading at $7.66. Were these offerings mispriced and/or taken to market too early?

Telcomm: Following analyst and press coverage, Sprint has risen over 20% in the last month on takeover speculation, (possibly by Comcast). We think that extending cable's triple play to include wireless, and that co-opting Sprint's WiMAX threat to cable's wireline broadband, makes a lot of strategic sense. Also, given the appreciation of cable stocks, their currency is certainly primed for action.

Media: Clear Channel accepts $18.7 billion LBO offer (plus assumption of $8 billion of debt). News sources indicate the company intends to sell 448 radio stations outside of the top 100 US markets as well as its group of 42 television stations, signaling a significant reshaping of the media landscape. See our "Spot-Beam" article analysis on page 2 of this newsletter.

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Clear Channel May Once Again Lead the Way for Others

Given the multitude of industry-wide repercussions of the recently announced Clear Channel buyout by Bain Capital and Thomas H. Lee, here are our initial thoughts (really by way of questions), leading to a preliminary conclusion below:

This will be only the first leg of a longer term multi-pronged repositioning of the company well beyond the traditional radio model.

- What do the private equity guys know that the hedge funds (some of the previous public investors) did not? Or, for that matter, the Mays family of executives at Clear Channel? Initial indications are that the transaction will be styled according to the traditional LBO model of very high leverage followed by cost reductions and asset sales to pay down debt. Could Clear Channel management and previous shareholders not have also pursued this strategy to create shareholder value in the past several years?

- According to an internal company email that has made its way into the press, Clear Channel intends to divest almost 450 radio properties (out of 1,150), all located outside of the top-100 markets. It will be interesting to see whether these assets will be acquired piecemeal by a variety of operators, or as a whole by one. In either case, the shuffling of deck chairs does raise the question of, why? If the premise is one of narrower market focus, then what has changed in this consolidating field to give rise to this new way of thinking?

- Word has it that low single-digit revenue growth is the base case assumption for the buyout group, which raises the question of how such growth, albeit modest, is justified on a sustainable basis in the declining-to-flat revenue environment of late?

Such future moves may indeed be easier to implement by a private company.

- Noting Clear Channel's historical position of leadership within the radio industry (for example, Clear Channel's role in the HD alliance and other sector initiatives), what will be the industry impact were Clear Channel to become more strictly focused on cutting costs, paying down debt, and honing in on core initiatives in order to optimize its overhead value?

- What will be the eventual exit strategy for the buyout group? Radio stocks have not been in favor, the IPO market has not been strong, and the buyout group would have to believe going into this deal that the eventual exit value could produce an attractive return. Is then an M&A exit the more likely assumption? There are only a handful of candidates – inside or outside of radio – that can absorb or reasonably combine with a Clear Channel.

- In light of significant underlying pressures on terrestrial radio – from satellite radio, Internet radio, iPods, and now cell phones, can the sole strategy for Clear Channel really be to spruce up its core radio business and bet on a successful exit?

Our preliminary conclusion: The announced buyout of Clear Channel, and the financial and strategic measures initially discussed, will be only the first leg of a longer term multi-pronged repositioning of the company well beyond the traditional radio model. A future deal with one of the satellite radio operators may not be out of the question. Sirius's Mel Karmazin knows something about the radio business, for example. Or perhaps some form of wireless alliance? Clear Channel owns quite a bit of spectrum (and in the top-100 markets), which may not be the greatest asset from a traditional wireless communication perspective, but the recent AWS auctions and continuing introductions of new wireless services and applications are showing that any spectrum may be welcome spectrum to some. In either case, and there is surely a host of other possibilities, such future moves may indeed be easier to implement by a private company. And Clear Channel may once again lead the way for others.

By Dan Ramsden

Near Earth LLC

FROM THE DEAL SIDE

FSS and Ground Services: Is private Equity the Matchmaker?

*This article is presented as it appears in this month's issue of *Satellite Finance* (www.satellitefinance.com)

Introduction

For several years, fixed satellite service (FSS) companies have gradually changed the FSS industry from a wholesale business leasing transponder capacity to one that also offers a suite of managed services. This has not been the first time a similar strategy has been attempted. During the telecom bubble, FSS operators such as SES Global's iBeam, PanAmSat's Net/36 service and Loral's CyberStar developed various multicasting services.

In a second, and perhaps more conservative and better reasoned attempt at a similar strategy, FSS companies have built or acquired hybrid networks that combine space and terrestrial infrastructure to offer end-to-end managed services. However, post-merger integration activities resulting from recent industry consolidation, high debt levels of leveraged buyouts, and the potential for shrinking margins, have slowed the implementation of this strategy. The ground segment industry, moreover, is highly fragmented and most ground-based satellite service providers lack economies of scale. As a result, some private equity firms are seeing this as an opportunity to consolidate smaller ground-based satellite service providers, with the idea of selling their bundles to the FSS companies at a later time.

Private equity firms see an opportunity to consolidate smaller ground-based satellite service providers, with the idea of selling their bundles to the FSS companies at a later time.

FSS strategy – "Moving down the value chain"

Only a few years ago, revenues for most FSS companies were almost entirely generated by transponder leasing, which produced EBITDA margins of approximately 80% for the large FSS operators. Today, competitive forces and technological innovations in the broadcasting and telecommunication industries have forced these companies to adapt their business models to a changing environment. Increasingly customers are requesting complete end-to-end solutions, not only a satellite link. Growth opportunities on the capacity leasing side, moreover, are becoming harder to find. As a competitive response the FSS companies have moved towards providing managed services that involve a combination of satellite capacity, terrestrial fiber capacity, ground equipment and network monitoring services. In essence, the FSS companies are trying to move down the value chain to support and enhance their strategy. However, due to lower profit margins on managed services, some investors have been skeptical about this strategy.

FSS companies have moved towards a combination of satellite capacity, terrestrial fiber capacity, ground equipment and network monitoring services.

Regardless of this skepticism, the second wave of this strategy is well underway – and some examples from the various industry segments are as follows:

In the broadcasting industry, FSS companies are adapting to dramatic changes in consumers' video consumption patterns as well as emergent technologies for video distribution. For example, SES Global launched their IP-PRIME™ service to target the emerging IPTV and mobile video markets. IP-PRIME™ is an end-to-end managed service that requires both space and terrestrial infrastructure. By offering a complete managed solution, SES plans to drive traffic through its satellites and create a managed service that adds value above and beyond mere transponder capacity. Intelsat has a similar offering called Ampiage.

In the telecommunication industry, fiber has decimated the long haul satellite market. As a result, FSS companies have responded with applications targeted to the carrier, enterprise and consumer markets. For example, SES purchased Verestar, a collection of teleports, in 2004. Also, voice over internet protocol (VoIP) and broadband applications are driving growth for satellite-based managed solutions for ISPs in developing countries. Intelsat has spent the last few years establishing a worldwide ground network to complement its satellite fleet to offer their GlobalConnex™ and VoIP managed services. SES's Satlynx unit also offers satellite-based managed services.

Government contracts are increasingly won by contractors that can provide turn-key and custom solutions to move any kind of content, anywhere, and anytime.

In the U.S. government market, demand for satellite communication services is strong and growing due to projects at the Department of Defense, Department of Homeland Security, and the intelligence agencies. Government contracts are increasingly won by contractors that can provide turn-key and custom solutions to move any kind of content, anywhere, and anytime. Therefore, FSS companies have created government focused business units that can offer managed services and systems integration capabilities. PanAmSat's G2 division was developed through a series of strategic acquisitions of government focused systems and service companies.

Slowdown in strategy execution creates opportunities for other investors

Consolidation among the highly fragmented ground-based services industry has not occurred on a large scale.

Although FSS companies have made significant inroads with the development of new and innovative managed services, we believe that the pace of development has slowed in the past year. For example, we would have expected more M&A activity focused on the ground-based services and systems integration industry as FSS companies move down the value chain. However, consolidation among the highly fragmented ground-based services industry has not occurred on a large scale.

SES Global has probably been the most active in developing and acquiring new managed services. Not surprisingly, SES Global is the least levered among the large FSS companies (SES's net debt is about 2.8 times EBITDA), providing SES with greater financial flexibility than its competitors to direct resources towards vertical integration efforts. Conversely, the FSS companies with higher debt levels have been focused on maximizing near-term cash flow to service debt, and have shied away from developing new managed services that offer lower profit margins. Intelsat and Panamsat have additionally also suffered from a scarcity of management bandwidth from post-merger integration activities. As a consequence, a window has opened for private equity firms to buy ground-based satellite service providers with the idea of selling these to the FSS companies at a later time.

Private equity firms buy ground-based satellite services

With this opening, the private equity firms have acquired several ground-based satellite service providers. Apollo Management currently owns 66% of Hughes Communications, the parent company of Hughes Network Systems. Hughes Network Systems is a provider of managed services via broadband satellite. In February, ABRY Partners invested $200 million in CapRock Communications, a global satellite communications provider for the off-shore energy, maritime, construction and mining industries, and disaster relief and government applications. On October 25th, Apax Partners acquired Telenor Satellite Services, which offers mobile satellite and VSAT services around the world.

Since the ground-based satellite service providers generate low EBITDA and cash flow margins in comparison to the FSS companies, these ground-based satellite service providers are difficult to leverage with debt. We therefore expect that private equity firms would look to quickly sell these companies or add value through serial acquisitions to gain economies of scale. These companies simply don't generate enough cash to hold long term as they currently stand. We believe the most logical fit would be to sell such companies to the FSS operators once they have reduced debt and reorganized their management teams. For example, Apollo Management, which owns both Intelsat and Hughes Network Systems, could easily integrate the two companies to realize synergies. Similarly, Apax Partners which owns a part of Inmarsat, a mobile satellite services firm, could sell Telenor to Inmarsat.

We expect such satellite infrastructure companies, particularly in the FSS industry, will once again re-focus on developing their managed services.

Conclusion

We do not believe the satellite service sector activity among private equity firms, as described above, to be isolated events; we expect private equity firms to continue looking for acquisitions in the ground-based satellite service industry. Eutelsat and Inmarsat have been de-leveraging to a net debt ratio of approximately 3.0 times EBITDA. In the near to mid-term, therefore, we expect such satellite infrastructure companies, particularly in the FSS industry, will once again re-focus on developing their managed services. As this occurs, some FSS companies may look to the private equity firms for potential acquisition targets – quite probably at higher prices than prevail today.

By Armand Musey & Kuni Takahashi

Near Earth LLC

DBS: A Bundle of Questions

More than a year ago we began to hear murmurs that DIRECTV and EchoStar were taking steps to address The Bundle …we still don't have an answer.

DIRECTV posted impressive growth in revenue, operating profit and net income last week while EchoStar reported lower churn and an eye-popping 295,000 net subscriber additions. Having hit and exceeded critical mass, DBS is a great business even as it invests in new satellites and upgrading the subscriber base. There's a lot to like. So why do some people feel a little anxious? The Bundle Question.

More than a year ago we began to hear murmurs that DIRECTV and EchoStar were taking steps to address The Bundle and that we'd hear more soon. Both faced increasingly pointed questions about the potential risks and their plans for addressing it, and both seemed to concede that some competitive response would be at the very least prudent.

More than a year later we still don't have an answer. DIRECTV has painted the general outline: a sizeable investment in a wireless broadband service coupled with commercial agreements enabling one or both DBS providers to bundle fixed and mobile wireless broadband and other IP services with their still-superior core video services. That's an appealing plan if it closes. Large capex costs are shared, a new wireless platform gets to scale in a flash, the infinite granularity of terrestrial wireless gives DBS a whole new kitbag of tactical tools, and broadband becomes personal and mobile the way voice has already.

DIRECTV and EchoStar assert DBS can succeed by offering the best video service and doesn't need to solve for a bundled offering.

Appealing as this approach is, the deals needed to enable a wireless broadband supplement to a DBS service are bewilderingly complex. Beyond the difficult tasks of allocating risk and reward the parties would have to agree on workable QOS standards, access to subscriber data, ownership of new subscribers, expansion zones, and other terms when the underlying business isn't tested or even fully invented. Perhaps DIRECTV and EchoStar underestimated the difficulty of closing the deals. Perhaps money is the real issue, either up front capital or projected returns. What I don't know is whether the industry overstated the need for a broadband component a year ago or got the assessment right but has been slower than projected to address it.

Last week DIRECTV and EchoStar seemed to assert the former – that DBS can succeed by offering the best video service and doesn't need to solve for a bundled offering. Chase Carey almost dissed the bundle in DTV's earnings call, but later, when talking about the new gaming platform and other advanced services he endorsed the value of bundling at least those services. EchoStar also downplayed the bundle in its call. I want to interpret all this as a sign one or both DBS players are closing in on some big plans that they aren't ready to announce, but if not, well, what is the long term story?

The decision tree starts with the first question: Will a bundled offering become a competitive necessity within the current planning horizon? I could make a good case for answering either "yes" or "no". Let's start with "no." Strong programming differentiation among platforms will only increase, and DBS has some inherent advantages in that sphere, especially reaching geographically dispersed sub-markets. Telco video rollout may be slower than most people expect and will have a far greater impact on cable than on DBS. DBS will have a lot of resiliency in markets dominated by the mid/smaller MSOs where a disproportionately high percentage of subs are basic-only and will remain the only game in town in rural areas. Local HD will help, as will normalization of programming costs, as smaller cable systems begin to pay cash to broadcasters for retransmission rights (which the DBS providers already pay). Cable won't necessarily be the beneficiary of growth in asynchronous distribution – DBS may be the winner.

DBS could flourish by adding differentiated programming and services and keeping the core video package two steps ahead

The bottom line: even with no bundle strategy it's a big country. While cable and telcos throw cash into a ten year battle over the high density pops DBS could flourish by adding differentiated programming and services and keeping the core video package two steps ahead.

Even people who think The Bundle will be a competitive necessity might disagree on the approach. We've been conditioned to expect investment by one or both DBS providers in a new or emerging wireless broadband service, an approach that does seem both pragmatic and elegant. But that's not the only possible approach to answering cable and telco bundles. DBS providers might extend the existing resale model beyond telcos to others who want to create their own bundles. Business tools can be developed to address the "margin silos" that characterize existing resale scenarios, narrowing the gap between "resale" bundles and "equity" bundles. For example, relatively rigid programming cost formulas will relax as the MVPDs differentiate themselves, and this could widen margins enough to compensate for bundled discounts. Perhaps DIRECTV or EchoStar will become a provider to a new national wireless platform (or even a next generation satellite broadband platform) instead of a customer of it.

This "resale" class of bundled subscribers might grow substantially in the near term, giving the DBS providers time to plan their next move.

In one sense this is the model we already have. DIRECTV reported roughly a quarter of gross adds from telco partnerships. We don't know the relative churn from the telco channel or what portion of telco gross adds reflects consumer demand for the bundle rather than strength of the telco sales channel. But to some degree DBS is already benefiting from The Bundle without offering its own branded voice and data services. This "resale" class of bundled subscribers might grow substantially in the near term, giving the DBS providers time to plan their next move. Satellite remains by far the most capital efficient way to provide multichannel video services and there are many ways to play that leverage.

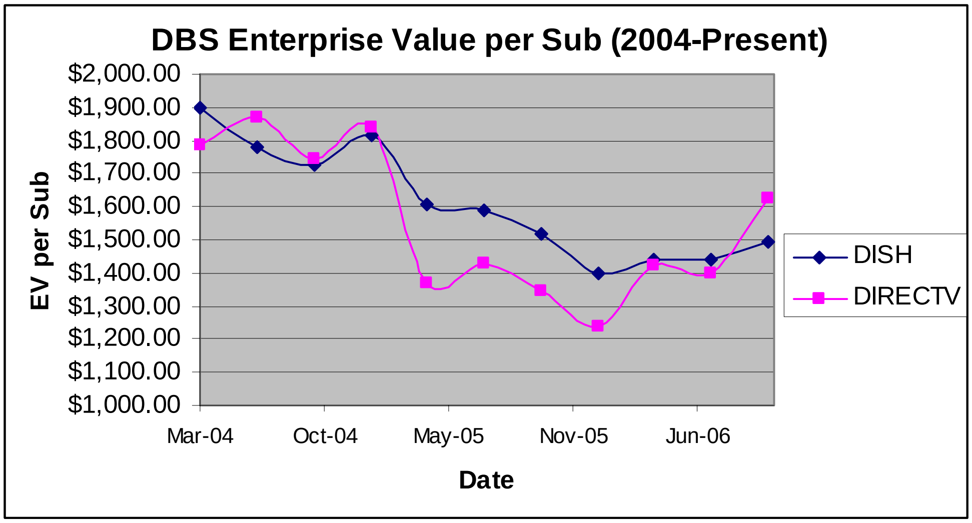
From my limited perspective I favor an introduction of a DBS-branded wireless broadband service in one or two test markets, but I also recognize that other good approaches exist. I personally think the bundle matters, but I could be convinced that doesn't. Either way, after a year of teasing I'm itching to find out what's being planned by the people with more data and more intellectual firepower than I can muster. Both platforms are saying bundle creep isn't an issue right now. Are they considering any of the no-bundle approaches suggested above or something altogether different? Cowboy Malone? Cowboy Whitacre?

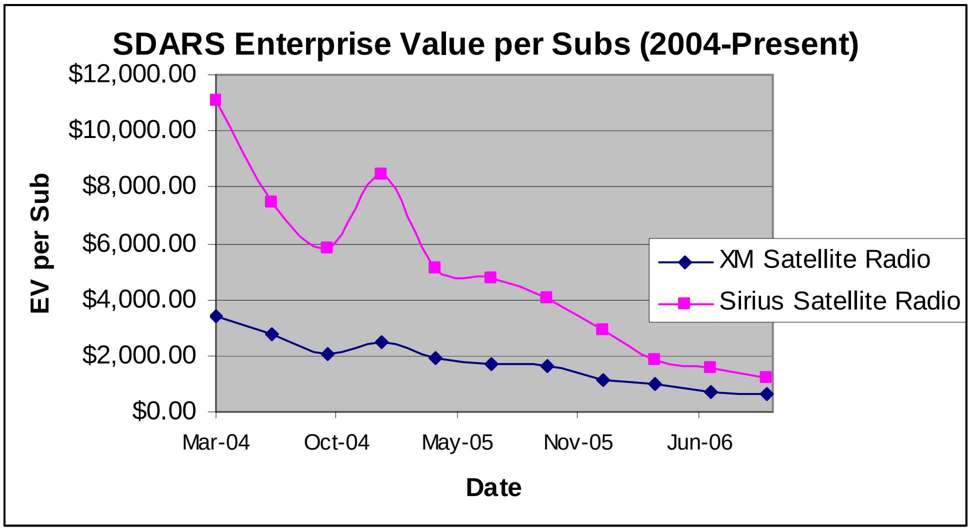
By John Hane
Pillsbury Winthrop Shaw Pittman LLP

A media and telecommunications executive and lawyer, John joined PWSP's Communications practice group in September 2006. His practice concentrates on existing and emerging platforms for electronic media distribution as well as satellite and wireless communications and extends to transactions and investments, complex regulatory and licensing matters, and policy advocacy. He can be reached at john.hane@pillsburylaw.com or 202.663.8116. The views expressed in this comment are those of the author and not necessarily those of PWSP or its clients.

INVESTMENT STATISTICS

In this new section of “From the Ground Up” we will be presenting what we view to be interesting investment statistics. In this issue we present the enterprise value per subscriber of DIRECTV, EchoStar, Sirius, and XM.





NEAR EARTH ANALYSIS: MARKET COMPARABLES

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

($ in millions, except per share data)		Stock Price:			Enterprise Value as a Multiple of:			Price as a Multiple of:		
	Company	11/15/06	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2006E EPS (b)	2007E EPS (b)
	Satellite Capacity Leasing (FSS)									
LORL	Loral Space & Comm (new)	$ 29.19	$583.8	$723.4	0.9x	11.3x	n/m	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	$ 16.22	$11,146.6	$15,130.5	7.7x	11.2x	19.9x	18.9x	16.9x	14.7x
				Mean	5.4x	11.4x	25.4x			
	Satellite Equipment Manufacturers & Integrators									
GILT	Gilat Satellite Networks	$ 8.73	$205.8	$145.2	0.6x	4.6x	12.9x	27.9x	23.6x	19.0x
GCOM	Globecomm	$ 9.12	$144.4	$118.6	1.0x	18.4x	34.7x	33.2x	19.4x	14.7x
VSAT	ViaSat	$ 28.50	$869.8	$823.3	1.7x	14.3x	25.4x	35.7x	23.4x	19.1x
ORB	Orbital Sciences	$ 19.21	$1,146.8	$1,040.3	1.3x	13.7x	16.9x	32.8x	32.6x	27.1x
RADN	Radyne Comstream Inc.	$ 10.29	$194.7	$169.9	1.3x	7.9x	9.4x	15.5x	15.8x	12.9x
CDV	COM DEV International (d)	$ 5.46	$329.4	$316.6	2.5x	14.5x	20.3x	n/m	n/m	n/m
				Mean	1.4x	12.2x	19.9x	29.0x	22.9x	18.5x
	Towers									
AMT	American Tower	$ 37.78	$16,200.1	$19,734.0	20.9x	35.6x	n/m	n/m	n/m	n/m
CCI	Crown Castle	$ 33.35	$6,983.7	$6,986.9	9.2x	18.8x	n/m	n/m	n/m	n/m
SBAC	SBA Communications	$ 24.60	$2,551.8	$4,016.4	12.3x	30.4x	n/m	n/m	n/m	n/m
GSL	Global Signal	$ 53.83	$3,751.1	$5,472.0	11.1x	25.5x	n/m	n/m	n/m	n/m
				Mean	13.4x	27.6x				
	General Telecom									
AT	Alltel	$ 56.58	$21,896.5	$21,745.0	2.1x	5.6x	9.8x	15.7x	19.1x	20.1x
T	AT&T (new)	$ 32.46	$125,944.8	$151,852.8	2.5x	7.5x	14.3x	17.9x	14.1x	12.6x
VZ	Verizon Communications, Inc.	$ 36.09	$106,285.1	$172,056.1	1.9x	5.6x	11.0x	14.7x	14.1x	13.9x
S	Sprint Nextel Corporation	$ 19.99	$59,359.2	$79,212.2	1.7x	5.5x	20.6x	33.3x	15.9x	15.0x
				Mean	2.1x	6.1x	13.9x	20.4x	15.8x	15.4x

TELECOM SERVICES INDEX (excludes Towers stocks)

	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2006E EPS (b)	2007E EPS (b)
High	7.7x	18.4x	34.7x	35.7x	32.6x	27.1x
Mean	2.0x	10.1x	20.5x	22.3x	17.7x	15.4x
Low	0.6x	4.6x	9.4x	14.7x	14.1x	12.6x

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	11/15/06	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2006E EPS (b)	2007E EPS (b)
	Satellite Television (DBS)								
BSY	British Sky Broadcasting (f)	$ 7.73	$13,841.68	$14,833.72	1.8x	6.7x	9.2x	13.0x	11.9x
DISH	EchoStar Communications	$ 36.60	$16,338.1	$20,808.3	2.2x	8.4x	14.5x	26.7x	18.9x
DTV	DirecTV Group Inc.	$ 21.59	$26,510.4	$27,856.5	2.0x	9.8x	14.5x	20.2x	16.6x
				Mean	2.0x	8.3x	12.8x	20.0x	15.8x
	Television								
TVL	LIN TV Corp.	$ 8.74	$427.8	$1,385.3	3.1x	10.3x	22.8x	n/m	38.0x
SBGI	Sinclair Broadcast Group	$ 9.83	$974.6	$2,350.6	3.4x	11.1x	14.3x	15.9x	33.9x
UVN	Univision Communications	$ 35.31	$11,941.8	$13,088.4	6.1x	18.0x	20.7x	33.6x	28.7x
YBTVA	Young Broadcasting Inc.	$ 2.60	$56.6	$794.1	3.7x	n/m	n/m	n/m	n/m
				Mean	4.1x	13.2x	19.3x	24.7x	33.5x
	Satellite Radio (DARS)								
SIRI	Sirius Satellite Radio	$ 4.13	$5,803.8	$6,535.4	12.5x	n/m	n/m	n/m	n/m
WRSP	Worldspace	$ 3.75	$140.9	$145.4	9.7x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	$ 14.85	$3,983.7	$5,055.7	5.9x	n/m	n/m	n/m	n/m
				Mean	9.4x				
	Radio								
CCU	Clear Channel	$ 34.12	$16,811.4	$18,112.2	2.6x	8.0x	11.2x	25.5x	22.3x
CMLS	Cumulus Media Inc.	$ 11.55	$505.0	$1,069.3	3.2x	12.8x	16.4x	77.0x	64.2x
CXR	Cox Radio Inc.	$ 17.39	$1,660.5	$2,066.5	4.7x	13.0x	13.9x	20.7x	21.7x
EMMS	Emmis Communications Corp.	$ 12.77	$474.8	$1,002.2	2.6x	13.3x	16.9x	n/m	n/m
ETM	Entercom Communications	$ 29.93	$1,340.9	$1,987.9	4.7x	12.4x	13.8x	21.7x	19.2x
ROIA	Radio One Inc.	$ 7.14	$704.8	$1,663.2	4.5x	11.7x	13.5x	n/m	n/m
				Mean	3.7x	11.9x	14.3x	36.2x	31.8x
	NewsPrint								
DJ	Dow Jones	$ 35.88	$3,006.0	$3,659.9	2.0x	16.0x	28.9x	33.8x	24.1x
MNI	The McClatchy Company	$ 43.40	$3,523.7	$5,993.1	3.8x	14.5x	18.4x	14.0x	15.7x
NYT	New York Times	$ 24.66	$3,565.0	$4,431.1	1.3x	9.1x	13.0x	17.4x	19.4x
TRB	Tribune	$ 32.10	$9,610.7	$12,950.2	2.3x	9.3x	11.2x	16.5x	15.5x
WPO	Washington Post	$ 729.90	$7,015.8	$7,113.6	1.9x	9.5x	13.3x	20.0x	19.0x
				Mean	2.3x	11.7x	17.0x	20.3x	18.7x

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

	LTM Sales	LTM EBITDA	LTM EBIT	2006E EPS (b)	2007E EPS (b)
High	6.1x	18.0x	28.9x	77.0x	64.2x
Mean	3.1x	11.4x	15.7x	23.7x	26.4x
Low	1.3x	6.7x	9.2x	13.0x	11.9x

(a) Calculated as Market Value of Equity plus total debt, minority interest and preferred stock, less cash & equivalents

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

(c) Converted to US $ from Euro at an exchange rate of 1.2828 US $ per Euro

(d) Converted to US $ from C$ at an exchange rate of 0.8786 US $ per C$

(f) Converted to US $ from British Pound at an exchange rate of 1.8896 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)

					Transaction Value/	
Date Announced	Acquiror	Target	Equity Value (a)	Transaction Value (b)	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
				Mean	5.5x	8.1x
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
09/29/05	International Datacasting	Profline (c)	4.5	3.9	1.1x	n/d
11/11/05	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d
11/18/05	Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x
11/21/05	Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d
02/08/06	Tandberg Television	Skystream	80.0	80.0	2.6x	n/d
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d
				Mean	1.4x	
Towers						
07/04/04	Global Signal	Lattice Communications	$115.0	$115.0	9.4x	n/d
05/04/05	American Tower	Spectrasite	3,100.0	3,800.0	10.2x	17.0x
03/17/06	Crown Castle	Trintel Communications	145.0	145.0	10.1x	n/d
03/17/06	SBA Communications Corp	AAT Communications Corp	1,002.0	1,002.0	12.0x	17.9x
05/08/06	Crown Castle	Mountain Union Telecom LLC		309.0	11.9x	n/d
10/06/06	Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x
				Mean	10.9x	20.5x
General Telecom (Wireless)						
02/17/04	Cingular	AT&T Wireless	$40,770.0	$47,105.0	2.8x	10.7x
12/15/04	Sprint Corp	Nextel Communications Inc	28,449.0	36,200.0	2.7x	7.1x
01/05/05	Alltel	Western Wireless	4,300.0	6,181.0	3.2x	10.7x
07/01/05	Sprint Nextel Corporation	US Unwired, Inc.	1,000.0	1,266.0	2.9x	13.2x
03/06/06	AT&T (new)	Bell South	67,000.0	89,000.0	4.3x	10.7x
				Mean	3.2x	10.5x
Television						
03/31/05	Lin TV Corp.	WNDY-TV, WWHO-TV	$85.0	$85.0	4.3x	12.9x
05/10/05	Various Acquirors (d)	Emmis Comm TV Portfolio	1,350.0	1,350.0	5.2x	14.6x
06/30/05	Univision Communications	WLII (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x
				Mean	4.5x	14.7x
Radio						
09/29/04	Capital Radio	GWR Group	$611.0	$728.0	3.1x	13.4x
06/21/05	Emap PLC	Scottish Radio Holdings	713.0	793.0	4.5x	17.7x
11/01/05	Cumulus Media Inc.	Susquehanna Radio	1,200.0	1,200.0	n/d	15.0x
02/07/06	Citadel Broadcasting	Disney (ABC Radio)	1,500.0	2,700.0	4.7x	13.5x
				Mean	4.1x	14.9x
New Media						
11/14/04	Dow Jones	Market Watch Inc.	$519.0	$463.0	5.7x	38.6x
02/17/05	New York Times	About, Inc	410.0	410.0	10.0x	30.0x
03/21/05	IAC	AskJeeves	1,850.0	1,850.0	5.8x	19.0x
06/06/05	E.W.Scripps Co.	Shopzilla Inc.	525.0	525.0	4.0x	15.9x
07/18/05	News Corp.	Intermix (MySpace.com)	580.0	571.0	6.4x	n/m
3/6/2006	NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x
9/12/2006	RealNetworks	WiderThan	350.0	240.0	2.0x	9.5x
				Mean	5.7x	24.2x

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

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

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

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

n/d Not Disclosed

n/m Not Meaningful

NEAR EARTH ANNOUNCEMENTS

Near Earth LLC recently announced the appointment of Bruce Haymes to its advisory board. Mr. Haymes is currently President, Coleytown Media Advisors, providing strategic, investment and M&A advice to developing telecom and media businesses, private equity firms and other corporations, including business plan development, fundraising, research and M&A due diligence.

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

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

Near Earth LLC professionals will be at the following conferences. If you would like to schedule a meeting during one of these events, please email John Stone at John@nearearthllc.com

November 28th	ISCe Satellite Investment Symposium, New York
November 29-30	SATCON, New York

Near Earth LLC runs an investment club called The Near Earth Investment Club and serves as the Club administrator/organizer as well as the primary sourcer and screener of investment opportunities. The Club periodically offers participations in primarily media, telecom and satellite industry-related, often uniquely structured, investments to its members. It is designed to provide active accredited investors with significant deal flow and issuers with access to "smart" and relatively "fast" capital.

- Diverse pool of Satellite, Media and Telecom-related investment opportunities from seed capital rounds to late stage capital and from restructurings and distressed opportunities to private investments in public companies. Club investment opportunities come from a variety of sources including transactions Near Earth LLC is engaged to complete and opportunities Near Earth or Club members find through their extensive industry contacts.
- Investments are screened by Near Earth LLC professionals and sometimes by Advisory Board or Club members with highly relevant backgrounds, before being presented to the full Club for investment consideration.
- Low minimum investment amounts (typically $25,000 - $50,000).
- Each member makes his or her own independent investment decisions on each investment opportunity and holds and votes their own shares.
- Near Earth charges no fund management fees and does not take any percentage of the investment upside. However, Near Earth may charge a 2% sourcing fee in certain cases where it receives no other compensation from the transaction. In no cases, will investors be charged a fee without notification in advance of making an investment decision.

If you would like to be considered for membership in this fund, please contact Dan Ramsden at dan@nearearthllc.com.

ABOUT NEAR EARTH LLC

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

Near Earth provides a full range of capital raising, advisory and consulting services to companies and their Boards. To enhance its own capabilities, Near Earth is allied with Thomas Weisel Partners and serves as their exclusive satellite industry investment banking partner. We also work with Thomas Weisel on medium to larger transactions in our other industries of focus. This alliance gives our clients the benefits of Near Earth's unmatched industry expertise, along with the strong execution capabilities of Thomas Weisel Partners for public market transactions, large private placements and M&A deals. We also provide financial advisory services, valuation, structuring, and due diligence support to private equity, hedge and distressed debt funds. Please contact us if you would like our assistance with a contemplated satellite, telecom or media investment or portfolio divestment.

Featured transaction

LINKSTORM

Series C Convertible Participating
Preferred Stock

The Near Earth Investment Club
financed a portion of the round

For more information about our current transactions or about Near Earth LLC, please visit our website at www.nearearthllc.com or contact us at our location below:

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