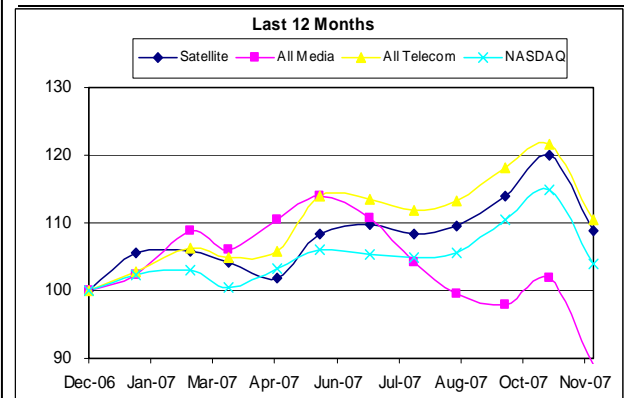


FROM THE GROUND UP

November 2007

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THE WAY WE SEE IT...

Satellite:

International **C-Band** satellite operators and users dodged a real bullet when the **International Telecommunications Union** ruled in favor of continued exclusive satellite use of the band, much to the disappointment of potential WiMAX users who had sought access to the band.

The closing of the **Loral/Telesat** combination was announced on October 31, despite turmoil in the credit markets and some doubts that had been circulating about the transaction as a result. This combination creates a world-class competitor for the likes of **Intelsat**, **Eutelsat**, and **SES**.

Media:

On the heels of several busted LBOs in recent months, **Providence Equity Partners** is considering backing out of its leveraged acquisition of **ClearChannel** television properties. If so, the action may have negative consequences on the eventual consummation of the radio operator's going-private transaction, currently still expected to close in the first quarter of 2008.

Telecom:

Verizon Wireless, in a surprising move given the company's prior stance on this issue, announced that it would open its network to any devices meeting technical requirements to access it. This may be a defensive move by the wireless operator against the likes of **Google**, which is planning on bidding aggressively in the forthcoming 700 MHz auction and using the spectrum for national open-network architectures.

Earthlink has announced that it would curtail investments in municipal WiFi, and that it would "explore strategic alternatives" for its WiFi unit. Coming on the heels of the **Sprint** and **Clearwire** breakup, it appears that wireless broadband will take a little longer to come to a town near you.

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The “equifying” of credit

The “easy credit” environment of the past several years has been akin to a redefinition of debt.

Much has been discussed and written recently in regard to the wide-spread turbulence in the credit markets, which had commenced with the sub-prime loan crisis before expanding to the syndicated loan and high yield markets, and is now plaguing the SIVs to which some of the world’s biggest banks maintain enormous direct or indirect exposure. The light at the end of the tunnel, which some market participants have gleamed from monumental write-offs taken by nearly all major financial institutions; the length of the tunnel (i.e., the timeframe necessary for credit markets to stabilize); and the economic implications of these factors in the near as well as longer term have all been the subject of extensive debate. What may be equally important, (although perhaps receiving less scrutiny), is the role played by changes in the very nature of the credit product, in leading to the underlying problem as well as the current attempts to resolve it. Here are a few observations:

Like equity, the notion of “maturity” was displaced by an “exit”, or a “market” to sell into, and the recourse was in essence transferred from the borrower to a third party.

- The “easy credit” environment of the past several years has in ways been more truly a redefinition of debt and its structure and risk profile. In the corporate market, for instance, elimination of covenants and even principal amortization was commonplace for senior credit structures. The underlying premise was that borrowers could always refinance, and lenders could always sell off positions, in an increasingly sophisticated and liquid market. Thus, broadly speaking, fundamental credit analysis was replaced by syndication capabilities and trading activity. By the same token, interest-only mortgage products and other similarly attractive instruments that flooded the consumer market were largely based on the same concept of deferment, refinancing, and lenders’ ability to trade out of positions in a highly liquid environment that seemed perpetual.
- While other such examples from fixed income capital markets can complete the picture in a similar vein, we observe that debt capital had increasingly come to resemble equity – in the sense that, like equity, the notion of “maturity” was displaced by an “exit”, or a “market” to sell into, which displacement in essence transfers the recourse from the original borrower to a to-be-determined third party.
- A few months forward, and we bare witness to a disruption in the system. The market which was to assume the burden of what used to be an old-fashioned obligor has for all intents and purposes stopped facilitating “exits”. But has it really? Here is the interesting part: an artificial new market is being created in its place, really by lack of choice, devised to prop up the structures built on refinancing rather than repayment, and to support the firms that were depending on a steady source of take-out finance, even if such support is artificial and temporary. Note the examples below.
 - Citigroup, Bank of America, and other financial groups are attempting to establish a vehicle, using their own capital, to acquire some of the same groups’ SIV assets. While this idea seemingly serves only to take from one pocket to put in another, such a vehicle would essentially play the role of a healthy refinancing environment, allowing financial institutions to operate

From the Deal Side (cont.)

In the current environment the financial burden remains in the realm of a “market”, and the notion of actual principal reduction remains remote.

on a “normalized” basis, without loss, and enabling these firms to avoid egregious markings to market. When the “real” market resumes normal operation, this new vehicle can wind down and would have acted as a bridge to that point.

- In the mortgage arena we hear about numerous lenders who, rather than facing the unattractive prospect of collecting on defaulted credit in forced liquidations, are extending repayment terms (and now possibly freezing interest rates) to give borrowers breathing room. In essence, this too can be thought of as a bridge to a normal market, in which the provider of bridge capital is the original lender, just as in the prior example above.
- In both of these examples we see what might be referred to as a continuing “equifying” of debt, for lack of a better term to describe the equity-like features of an instrument that in its origins was meant to be repaid (i.e., as opposed to refinanced or sold). In the current environment, just as in the frothy environment that has led to our current state, the financial burden remains in the realm of a “market”, even if this is artificial, and the notion of actual principal reduction – from the perspective of a borrower – remains remote. (We should also point out that covenant-lite packages that had been structured during more frothy times will also reduce the likelihood of borrower default or payment acceleration.)

The environment described, (as well as the continuing ease of monetary policy by the Fed), while reducing the risk and pain of financial write-offs, bankruptcies, and the results thereof on the overall economy, comes with potentially adverse consequences of its own. For starters, the high leverage of both businesses and individuals seems likely to go unabated. In turn, our national dependence on overseas capital is likely to continue. Although a cheap dollar in this context may actually be positive, one cannot assume that overseas funds will forever be available for bail-outs. Secondly, one has to question whether debt capital that in important ways behaves like equity, as has been shown, is being mispriced in relation to its risk profile.

One has to question whether debt capital that in important ways behaves like equity is being mispriced in relation to its risk profile.

More interestingly perhaps, we wonder at what point the described extensions of credit maturities and the concurrent lack of actual repayments, will result in unhealthy portfolio durations and asset-liability terms mismatches for financial institutions. Perhaps the recent announcement of a \$7.5 billion capital infusion at Citigroup in the form of convertible preferred equity, and the less than attractive terms under which the transaction was negotiated (11% dividend rate and conversion price close to the common stock’s 5-year low), is an indication that such pressures have already begun... and that maybe our point of reference for what constitutes adequate terms was based on a mispriced market perspective.

By Dan Ramsden
Near Earth LLC

Does AT&T need DISH Network?

Telephone, wireless and cable firms have all seized on the service bundle, spreading customer acquisition and maintenance costs across a larger revenue stream

As any discussion of these companies includes the full menu of VOD, IPTV, DBS, Broadband (fixed and wireless) and more that we consider our home turf, and with on again/off again rumors circulating about a potential business combination for these companies once again in the news, we couldn't resist weighing in with our view.

First, a little background on the players. AT&T is a wired and wireless phone company that has been experiencing the best of times and the worst of times, simultaneously. On the one hand, AT&T's wireless service has been growing nicely, fueled in no small part by data service revenues. On the other hand, at least partially through cannibalization, as well as competition from VOIP service from cable and standalone firms, voice revenues are in decline.

From an operational economics perspective, telephone, wireless and cable firms have all seized on the service bundle, which spreads customer acquisition and maintenance costs across a larger revenue stream for years – most notably through the “triple play” bundle of wireline voice, multichannel video and high speed data service. Initially offered by Cox and other cable operators, AT&T responded with a two pronged strategy: first bundling satellite television with its wireline services to complete the bundle, and then later with its own Fiber to the Node/IPTV based triple play offering.

Being able to offer a full bundle throughout AT&T's wireline footprint offers the company the advantage of using the video technology that makes sense where it makes sense.

Each has its advantages, and disadvantages. Satellite provided an immediate bundle, and is obviously ubiquitous, but has required a somewhat clunky “marriage of convenience” with DISH Network. With the continued rollout of AT&T's U-Verse offering, the question arises, do they still need Echostar – and in the current climate of deal making, do they need them enough to buy them?

From a strategic point of view, being able to offer a full bundle throughout AT&T's wireline footprint offers the company the advantage of using the video technology that makes sense where it makes sense. While AT&T touts the ~\$300 cost to “pass” each home with the U-Verse infrastructure (as compared to cable and Verizon's FIOS offering), this number actually varies quite a bit based on the density of subscribers near each central office. Thus, there no doubt are many areas where DISH's space borne infrastructure is more efficient.

But, again, do you need to own it to use it? While the terms of AT&T's arrangements with DISH are private, as long as there are still two satellite providers AT&T can use the tension between them to make sure its satellite video comes at a reasonable cost. Consider alternatively a

The Current Spot Beam (cont.)

As AT&T lights up additional areas with U-verse, it would wind up competing with itself, since there would presumably already be DISH subscribers there.

In our view, with its fast broadband pipe, AT&T doesn't need Echostar's satellites.

combination of AT&T and EchoStar: under this scenario any premium AT&T pays for DISH (and we know Charlie Ergon isn't going to sell out cheap) can be amortized over their subscriber base. However, as AT&T lights up additional areas with U-verse, it winds up competing with itself, since there would presumably already be DISH subscribers there. Is this the best way to build value?

As you may have guessed, it all depends. At a rumored transaction value of \$30 billion, AT&T would acquire 13.5 million subscribers and an engine that acquires nearly 4 million new ones each year, (albeit mostly to replace churn, and at an annual cost exceeding two and a half billion dollars). While the synergies mentioned above are considerable, we note that they only apply in the AT&T geographic footprint – and elsewhere DISH is still going to face the full onslaught of telco and cable competition. And, at \$300 per address, that \$30 billion could fund the rollout of U-verse to 100 million households – nearly every home in America (of course, AT&T's infrastructure only passes a fraction of those, so in reality this is impossible). Given this alternate use of cash, we think this deal gets even harder to justify.

In our view, with its fast broadband pipe, AT&T doesn't need Echostar's satellites. Likewise, we note that no one is discussing combining satellite and cable firms, for example. We therefore think that, absent a significant price shift for the deal, combining DISH with a wireless ISP or a pure wireless carrier makes more sense, and that AT&T should keep to its knitting.

By John Stone
Near Earth LLC

Globalstar loses 3.1 MHz to Iridium

The FCC announced on November 9, 2007 that it had reduced the Globalstar (GSAT) L-band spectrum from 11.35 MHz to 7.775 MHz (plus 0.95 MHz to be shared with Iridium.)

Frankly speaking, Globalstar's loss of 3.1 MHz did not come as a surprise to those who have watched this regulatory proceeding closely. The FCC had originally divided up the spectrum with the assumption that there would be another service provider sharing the same spectrum with Globalstar. That competitor never materialized.

The decision is more than fair since Iridium only operates in L-band with its 7.775 MHz of spectrum. Globalstar, however, operates in L-band and S-band. GSAT subscribers transmit from Earth to the satellites in the spectrum from 1610 to 1617.75 MHz. Its satellites beam signals to subscribers in the S-band from 2483.5 to 2500 MHz. Therefore, Globalstar still has three times as much spectrum as Iridium, 7.775 MHz at L-band (plus a shared 0.95 MHz) and an additional 16.5 MHz at S-band for a total of 24.25 MHz (25.2 MHz with the shared portion). Do not be surprised if Iridium would like to have more of the Globalstar spectrum.

What are the implications of the reduced spectrum? Since two-way voice communications require pairs of bands, the reduction in bandwidth reduces the maximum number of subscribers that can be served. In short, the FCC ruling reduces the maximum potential revenues from two-way service by about 30%.

Today, many Globalstar satellites are not able to use the S-band because these satellites have defective transmitters. Consequently, GSAT is using the L-band for one-way return service. This ruling reduces the maximum number of simultaneous users by 30%.

Implications for Ancillary Terrestrial Component (ATC)

The FCC has authorized Globalstar to operate terrestrial transmitters in 5.5 MHz of the L-band and 5.5 MHz of the S-band allocations for a total of 11 MHz. This license is subject to certain restrictions including having a minimum number of working satellites. Globalstar would like to increase the amount of ATC spectrum and the FCC has begun to study the issue.

The chief responsibility of the FCC is to avoid interference between communication systems. Since ATC would be a new service operating on the ground it could cause problems for other users of this spectrum. The FCC said it would "seek comment on power limits, technical standards and coordination requirements that would allow Globalstar to expand its ATC operations in the S-band."

"Several parties oppose granting Globalstar authority to operate ATC in the 2495-2500 MHz band... that Globalstar shares with the Broadband Radio Service/Educational Broadband Service (BRS/EBS)."

The decision is more than fair since Iridium only operates in L-band with its 7.775 MHz of spectrum and Globalstar operates in L-band and S-band.

The reduction in bandwidth reduces the maximum number of subscribers and reduces the maximum potential revenues from two-way service by about 30%.

Guest Corner (cont.)

Preliminary analysis by the FCC has led it to conclude “it is not feasible or in the public interest to authorize ATC in the portion of the S-band that Big LEO MSS shares with the fixed and mobile services, at 2495-2500 MHz.”

Globalstar may also face an ATC coordination hurdle in L-band. Radio astronomy could be an important ATC issue for Globalstar since it plans to provide ATC services within the radio astronomy band. The FCC noted that “These [National Radio Astronomy] agreements specify the maximum level of unwanted emissions that Iridium [or Globalstar] may emit into the 1610.6-1613.8 MHz radio astronomy band during specific time periods when radio astronomy observations are carried out at specific sites.”

Based on these observations it seems that the GSAT spectrum for ATC will be limited to no more than 7.775 MHz in L-band and 11.5 MHz in S-band. The most useful spectrum would be $7.775 \text{ MHz} \times 2 = 15.55 \text{ MHz}$. This is 41% more ATC spectrum than GSAT presently is authorized to use, but it might get less.

What is the real value of ATC spectrum?

It has long been obvious that ATC spectrum has no inherent value. It only has worth if someone can build a profitable business by use of the frequencies. Over the past few years none of the established wireless operators have bought satellite MSS companies or entered into strategic-investment partnerships with them. So far there is no terrestrial component in ATC. Satellites have been ordered, but procurement of the terrestrial infrastructure is miniscule.

There are many who choose to use cellular metrics to estimate the value of the MSS satellite companies. The key parameter is US\$ per MHz-POP. Over the last few years the value of this parameter has been falling in wireless auctions. In 2001 the PCS spectrum auctions were equivalent to almost US\$4 per MHz-POP. In August 2006, there was an AWS auction for 90MHz of spectrum that raised \$13 billion with an equivalent value of a little more than \$0.50 per MHz-POP. Recently, Norway held an auction for spectrum in the 2.6 GHz band and raised US\$0.041 to US\$0.053 per MHz-POP.

So the current values for this parameter have dropped by about a factor of 10 in the past year and a factor of 100 since 2001.

Bottom line

It is better to evaluate a company based on its business prospects rather than hypothetical metrics and the vagaries of regulatory policy.

Roger Rusch
President of TelAstra, Inc.

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ATC Spectrum
has no inherent
value. It only
has worth if
someone can
build a
profitable
business by
use of the
frequencies.

X PRIZE Cup Showcases Entrepreneurial Space Efforts

A dramatic finish to the Northrop Grumman Lunar Lander Challenge at the X PRIZE Cup left Armadillo Aerospace out of the money as an on-pad explosion dashed attempts to win part of the \$2 million prize purse. The X PRIZE Cup, held October 26-28 at Holloman Air Force Base in Alamogordo, New Mexico, featured the Northrop Grumman Lunar Lander Challenge and showcased the growing capabilities of the entrepreneurial and personal spaceflight communities.

The X PRIZE Cup is the only venue where real rockets compete in front of tens of thousands of spectators, and those spectators can meet the men and women working to create the future of personal spaceflight.

Despite the failure to give away prize money, the Cup was a tremendous success. Over 85,000 people attended the Cup, held jointly with the Holloman Air Force Base air show. In addition to the Northrop Grumman Lunar Lander Challenge and Holloman's introduction of the F-22 Raptor, the Cup offered over 5,250 students the opportunity to compete in rocket flyoffs and the EGGS Prize. The Cup also highlighted the first annual Pete Conrad Spirit of Innovation Award, a spaceflight design competition open to high school students from around the country. This year's Conrad Award, sponsored by NASA, granted \$9,000 in scholarships to three winning teams.

The highlight of the Cup was the Northrop Grumman Lunar Lander Challenge in which \$2 million in prize money put up by NASA's Centennial Challenges program was up for grabs. Over two days, Armadillo Aerospace attempted four times to achieve the two flights necessary to win the \$350,000 Level I competition, coming within seven seconds of victory on their second attempt. Armadillo had been expected to compete in both the Level I and Level II competitions this weekend, worth \$1,350,000 in total first place prize purses.

Armadillo Aerospace was heartbreakingly close in four attempts to win the prize money, but ultimately unsuccessful. During two launch windows, Armadillo spectacularly completed the first of two required flights from one launch pad 50 meters up and over to land on another pad to rapt attention from the overflowing crowd. During their return flight attempts, however, they suffered disappointing failures, even losing control of the vehicle close to the pad where it crashed. Amazingly, Armadillo was able to dust off the vehicle, swap out the engine for a spare, and return to flight only two hours later. This time, though, the engine exploded on the launch pad, ending their attempt to win the Challenge. This is the second narrow miss for Armadillo, whose "Pixel" spacecraft was the only vehicle to fly at last year's Cup, but narrowly missed winning due to broken landing gear.

Armadillo Aerospace was heartbreakingly close in four attempts to win the prize money, but ultimately unsuccessful.

Conference Round-Up

Five other Lunar Lander Challenge teams participated in the Cup by bringing hardware and talking to the crowds about their efforts to compete in the Challenge.

Five other Lunar Lander Challenge teams participated in the Cup by bringing hardware and talking to the crowds about their efforts to compete in the Challenge. These teams, Masten Space Systems, Unreasonable Rocket, SpeedUp, Micro-Space, and BonNova, spent the weekend greeting space enthusiasts, showing off their work, and cheering on their competitor. While these teams certainly wished they were out there on the launch pad, they all had their fingers crossed that Armadillo would win this year. There is a true sense of camaraderie among the teams, and they all shared in the disappointment this year.

When not watching rockets and planes fly, the crowds on the flightline were treated to an outstanding showcase from more than two dozen entrepreneurial space companies. Orbital Outfitters introduced their new spacesuit to the public. The Rocket Racing League and Rocketplane used the Cup as a venue to announce exciting news about their ventures. Other companies brought interactive exhibits, hardware and activities to entertain and educate the public about spaceflight.

The X PRIZE Cup is a dynamic event showcasing the emerging commercial space sector, from personal spaceflight to lunar landers. There's a lot happening and we hope to see you there next year!

Bretton Alexander,
Executive Director for Space, X PRIZE Foundation



Bretton Alexander is Executive Director for Space Prizes and the X PRIZE Cup at the X PRIZE Foundation. Brett leads the recently announced Google Lunar X PRIZE and the X PRIZE Cup, a space exhibition and demonstration. Brett also serves as President of the Personal Spaceflight Federation, the industry association of businesses and organizations working to make commercial human spaceflight a reality. Brett is also Senior Advisor to Transformational Space Corporation (t/Space).

Formerly, Brett served as the Senior Policy Analyst for space issues in the White House Office of Science and Technology Policy where he served both Presidents Bush and Clinton. While at the White House, Brett played a central role in development of the Vision for Space Exploration, announced by President Bush in January 2004.

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:			
		11/26/07	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	\$ 33.92	\$742.2	\$961.7	1.1x	19.2x	n/m	n/m	n/m	n/m	
SESG.PA	SES Global S.A. (c)	\$ 23.62	\$10,418.0	\$14,851.2	6.1x	9.2x	16.6x	17.2x	22.1x	19.2x	
Mean					4.9x	13.4x	23.7x	17.2x	22.1x	19.2x	
Satellite Equipment Manufacturers & Integrators											
GILT	Gilat Satellite Networks	\$ 10.51	\$438.0	\$326.3	1.2x	8.8x	18.9x	21.1x	20.6x	18.8x	
GCOM	Globecomm	\$ 11.03	\$183.9	\$174.2	1.2x	16.3x	23.6x	22.1x	15.3x	14.7x	
VSAT	ViaSat	\$ 31.12	\$1,003.0	\$876.4	1.6x	12.5x	26.3x	32.0x	21.0x	17.7x	
ORB	Orbital Sciences	\$ 24.12	\$1,468.3	\$1,379.8	1.4x	14.0x	16.7x	24.9x	26.5x	24.1x	
RADN	Radyne Comstream Inc.	\$ 8.76	\$168.3	\$148.4	1.1x	7.6x	9.3x	14.4x	13.7x	n/a	
CMTL	Comtech Telecommunications	\$ 45.80	\$1,264.2	\$1,026.3	2.3x	10.8x	12.1x	19.4x	15.2x	13.3x	
CDV	COM DEV International (d)	\$ 3.46	\$233.2	\$225.1	1.4x	11.3x	17.6x	n/m	n/m	n/m	
Mean					1.4x	11.6x	17.8x	22.3x	18.7x	17.7x	
Towers											
AMT	American Tower	\$ 43.85	\$18,329.8	\$22,272.2	15.7x	25.3x	n/m	n/m	n/m	n/m	
CCI	Crown Castle	\$ 40.86	\$11,546.1	\$17,729.9	14.5x	31.8x	n/m	n/m	n/m	n/m	
SBAC	SBA Communications	\$ 34.69	\$3,614.3	\$5,475.9	13.8x	28.6x	n/m	n/m	n/m	n/m	
Mean					14.7x	28.6x					
General Telecom											
AT	Alltel	\$ 71.46	\$25,689.9	\$27,460.3	3.2x	9.4x	17.9x	41.5x	24.6x	21.7x	
T	AT&T	\$ 36.35	\$222,789.2	\$280,686.2	2.7x	7.3x	14.4x	20.7x	13.1x	11.5x	
VZ	Verizon Communications, Inc.	\$ 41.23	\$119,154.7	\$151,288.1	1.6x	5.0x	9.7x	25.0x	17.4x	15.2x	
S	Sprint Nextel Corporation	\$ 14.66	\$41,927.6	\$61,836.6	1.5x	5.9x	48.2x	n/m	17.5x	17.2x	
Mean					2.3x	6.9x	22.5x	29.1x	18.1x	16.4x	
					High	7.5x	19.2x	48.2x	41.5x	26.5x	24.1x
					Mean	2.1x	10.8x	23.8x	21.7x	18.8x	15.8x
					Low	1.1x	5.0x	9.3x	14.4x	13.1x	11.5x

TELECOM SERVICES INDEX (excludes Towers stocks)

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

		Stock Price:			Enterprise Value as a Multiple of:			Price as a Multiple of:		
Ticker	Company	11/26/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2007E EPS (b)	2008E EPS (b)	
Satellite Television (DBS)										
BSY	British Sky Broadcasting (f)	\$ 10.70	\$18,931.5	\$18,431.0	2.0x	8.8x	10.9x	16.4x	15.1x	
DISH	EchoStar Communications	\$ 42.18	\$19,257.0	\$23,064.7	2.1x	7.9x	14.2x	24.1x	17.9x	
DTV	DirecTV Group Inc.	\$ 23.41	\$27,857.9	\$30,060.9	1.8x	7.5x	12.0x	19.5x	16.3x	
Mean					2.0x	8.1x	12.4x	20.0x	16.4x	
Television										
TVL	LIN TV Corp.	\$ 10.15	\$520.0	\$1,424.0	3.4x	9.3x	15.5x	39.0x	11.9x	
SBGI	Sinclair Broadcast Group	\$ 9.93	\$866.2	\$2,211.4	3.1x	7.4x	18.2x	21.1x	12.6x	
YBTV	Young Broadcasting Inc.	\$ 1.25	\$28.3	\$832.7	3.9x	13.1x	37.2x	n/m	n/m	
Mean					3.5x	9.9x	23.6x	30.1x	12.3x	
Satellite Radio (DARS)										
SIRI	Sirius Satellite Radio	\$ 3.50	\$5,124.5	\$6,077.5	7.0x	n/m	n/m	n/m	n/m	
WRSP	Worldspace	\$ 4.17	\$168.7	\$255.7	17.0x	n/m	n/m	n/m	n/m	
XMSR	XM Satellite Radio	\$ 13.96	\$4,284.8	\$5,606.8	5.2x	n/m	n/m	n/m	n/m	
Mean					9.7x					
Radio										
CCU	Clear Channel	\$ 34.14	\$16,919.1	\$17,907.7	2.5x	7.6x	10.4x	22.0x	21.9x	
CMLS	Cumulus Media Inc.	\$ 8.44	\$365.1	\$923.7	2.8x	n/m	n/m	n/m	n/m	
CXR	Cox Radio Inc.	\$ 11.81	\$1,108.9	\$1,435.3	3.2x	9.2x	10.0x	15.7x	15.3x	
EMMS	Emmis Communications Corp.	\$ 3.93	\$147.5	\$820.4	2.3x	12.2x	15.3x	n/m	n/m	
ETM	Entercom Communications	\$ 16.18	\$609.3	\$1,333.8	2.9x	15.6x	19.2x	14.7x	13.3x	
ROIA	Radio One Inc.	\$ 1.88	\$185.6	\$1,003.6	2.8x	17.2x	24.1x	17.1x	7.0x	
Mean					2.7x	12.4x	15.8x	17.4x	14.4x	
NewsPrint										
DJ	Dow Jones	\$ 59.85	\$5,216.5	\$5,568.9	2.8x	19.7x	32.9x	38.6x	31.5x	
MNI	The McClatchy Company	\$ 13.92	\$1,142.0	\$1,119.6	0.5x	n/m	n/m	9.7x	10.2x	
NYT	New York Times	\$ 17.18	\$2,475.6	\$3,156.3	1.0x	6.5x	11.1x	16.2x	14.3x	
TRB	Tribune	\$ 28.60	\$6,406.4	\$15,049.1	2.8x	13.0x	16.2x	16.8x	20.9x	
WPO	Washington Post	\$ 786.61	\$7,479.9	\$7,566.9	1.8x	10.1x	14.6x	26.5x	22.8x	
Mean					1.8x	12.3x	18.7x	21.6x	19.9x	
					High	3.9x	19.7x	37.2x	39.0x	31.5x
					Mean	2.3x	9.7x	15.4x	19.8x	16.5x
					Low	0.5x	6.5x	10.0x	9.7x	7.0x

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

(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 1.4817 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 1.003 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 2.0682 US \$ per British Pound.

n/m Not Meaningful.

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: M&A TRANSACTIONS

Selected Satellite, Telecom & Media Transactions

(US\$ in millions)

Date Announced	Acquiror	Target	Equity Value (a)	Transaction Value (b)	Transaction Value/		
					LTM Sales	LTM EBITDA	
Satellite Operators							
04/21/04	KKR	PanAmSat Corporation	\$3,532.0	\$4,300.0	5.2x	7.7x	
06/06/04	Blackstone Group	New Skies Satellites NV	956.0	956.0	4.5x	7.7x	
08/17/04	Zeus Holdings	Intelsat Ltd.	3,100.0	5,000.0	5.2x	7.6x	
08/29/05	Intelsat Ltd.	PanAmSat Holding Corporation	3,065.0	6,271.1	7.5x	9.7x	
12/14/05	SES Global	New Skies Satellites NV	760.0	1,160.0	5.0x	8.0x	
12/05/06	Abertis Telecom	EutelSat (32% share)	1,000.0	1,838.0	7.3x	9.7x	
12/18/06	Telesat (new)	Telesat (old)	2,800.0	2,940.0	7.1x	12.0x	
12/18/06	Telesat (new)	Loral Skynet	691.0	1,050.0	7.1x	19.6x	
				Mean	6.1x	10.3x	
Ground Equipment							
12/06/04	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	\$110.0	\$415.0	0.8x	n/d	
03/03/05	Radyne Comstream	Xicom Technology	41.0	46.0	1.1x	n/d	
08/15/05	Stratos	Xantic	191.0	191.0	1.1x	n/d	
11/11/05	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d	
11/21/05	Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d	
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d	
				Mean	1.0x	n/d	
System Integrators							
05/03/07	Globecom	GlobalSat	18.4	18.4	0.9x	n/d	
				Mean	0.9x	n/d	
Video Distribution Equipment							
09/29/05	International Datacasting	Proflin (c)	4.5	3.9	1.1x	n/d	
11/18/05	Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x	
02/08/06	Tandberg Television	Skystream	80.0	80.0	2.6x	n/d	
07/25/06	Motorola	Broadbus Technologies	181.0	181.0	n/d	n/d	
08/21/06	Cisco	Arroyo Video Solutions, Inc	92.0	92.0	n/d	n/d	
08/22/06	Harmonic	Entone Tech.	45.0	45.0	n/d	n/d	
12/21/06	Motorola	Tut Systems	39.0	39.0	1.0x	n/d	
				Mean	1.9x	13.2x	
Towers							
07/04/04	Global Signal	Lattice Communications	\$115.0	\$115.0	9.4x	n/d	
05/04/05	American Tower	Spectrasite	3,100.0	3,800.0	10.2x	17.0x	
03/17/06	Crown Castle	Trintel Communications	145.0	145.0	10.1x	n/d	
03/17/06	SBA Communications Corp	AAT Communications Corp	1,002.0	1,002.0	12.0x	17.9x	
05/08/06	Crown Castle	Mountain Union Telecom LLC		309.0	11.9x	n/d	
10/06/06	Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x	
				Mean	10.9x	20.5x	
General Telecom (Wireless)							
02/17/04	Cingular	AT&T Wireless	\$40,770.0	\$47,105.0	2.8x	10.7x	
12/15/04	Sprint Corp	Nextel Communications Inc	28,449.0	36,200.0	2.7x	7.1x	
01/05/05	Alltel	Western Wireless	4,300.0	6,181.0	3.2x	10.7x	
07/01/05	Sprint Nextel Corporation	US Unwired, Inc.	1,000.0	1,266.0	2.9x	13.2x	
03/06/06	AT&T (new)	Bell South	67,000.0	89,000.0	4.3x	10.7x	
				Mean	3.2x	10.5x	
Television							
03/31/05	Lin TV Corp.	WNDY-TV, WWHO-TV	\$85.0	\$85.0	4.3x	12.9x	
05/10/05	Various Acquirors (d)	Emmis Comm TV Portfolio	1,350.0	1,350.0	5.2x	14.6x	
06/30/05	Univision Communications	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

NEAR EARTH ANNOUNCEMENTS

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


February 26-28 Satellite 2008, Washington D.C.

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. We also provide financial advisory services, valuation, structuring, and due diligence support to private equity, hedge and distressed debt funds. Please contact us if you would like our assistance with a contemplated satellite, telecom or media investment or portfolio divestment.

Recent Transactions

 Dominion Video Satellite Inc. Sale of DBS licenses to EchoStar Satellite Operating Corporation Near Earth LLC acted as financial advisor to Dominion	 Publisher of WATCHES AND COMPLICATIONS has been acquired by MODERN LUXURY MAGAZINES Near Earth LLC acted as exclusive financial advisor to Tourbillon International	 Valuation of Five Satellite Related Assets of SES Global  Near Earth LLC provided in-depth asset valuation and industry analysis	 Guggenheim Partners Valuation of international media firm and related assets Near Earth LLC provided in-depth valuation and analysis
 Series C Convertible Participating Preferred Stock The Near Earth Investment Club financed a portion of the round	Undisclosed Major Asset Management Firm Valuation and Strategic Analysis of Loral Space & Communications  Near Earth LLC completed in-depth analysis	 Luxmovera LLC d/b/a uplinkearth Financial and Business Analysis, Planning and Valuation Near Earth LLC acted as financial advisor to Luxmovera LLC	 Murray Capital Management Valuation of three telecom portfolio holdings Near Earth LLC provided in-depth valuation and industry analysis
 Hughes Network Systems Valuation of spectrum related assets Near Earth LLC provided in-depth valuation and analysis	 Intelsat, Ltd. Private sale of minority block of shares Near Earth LLC acted as advisor to investor group	\$110,000,000  served as the lead investor in  Series B Redeemable Convertible Preferred Stock Near Earth LLC acted as Financial Advisor to PCG	\$5,400,000  Series A Convertible Preferred Stock The Near Earth Investment Club financed a portion of the round
 International Datacasting, Corp. Acquisition of PROLine B.V. Near Earth LLC acted as strategic advisor to the acquirer	 XM Satellite Radio, Inc. Creation of Canadian joint venture Near Earth LLC acted as financial advisor to both parties	 XM Satellite Radio, Inc. \$435 million private placement Near Earth LLC acted as financial advisor to the issuer	 SES AMERICOM Valuation of orbital slot Near Earth LLC valued assets for expert witness testimony

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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