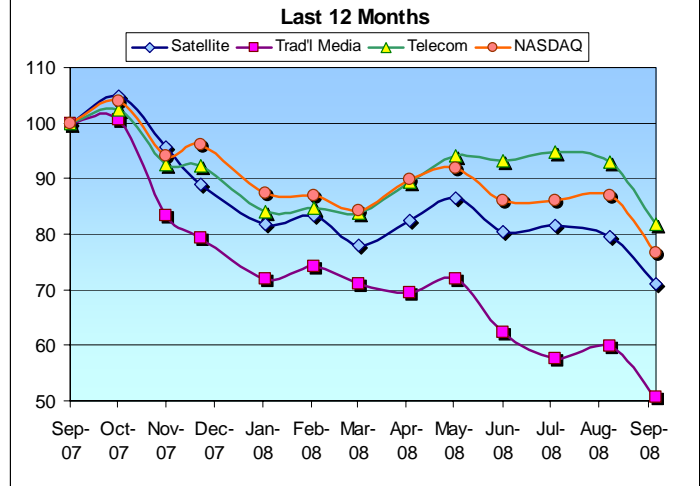


FROM THE GROUND UP

October 2008
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THE WAY WE SEE IT...
Satellite:

Skyterra, ICO Global and Qualcomm inked an agreement to develop integrated cellular/satellite handsets, potentially paving the way for wireless firms to use ATC spectrum for their service offerings. **O3b Networks** (the Other 3 Billion) announced its plan to provide inexpensive broadband over satellite, with backing from the likes of **Google, Liberty Global and HSBC**. O3b will need to raise a lot of money in a very difficult market. It will be interesting to see how they do with a program that could be easily dubbed "The Poor Man's Teledesic". **AT&T** shook up the DBS industry with a switch of marketing alliances from **DISH to DIRECTV**, perhaps signaling the triumph of superior content over low cost. Also in major satellite industry news, see our articles in this issue regarding **Iridium's** potential acquisition and **SpaceX's** successful Falcon 1 launch.

Media:

As we increasingly hear rumblings from the venture capital community about the need for new media platforms to focus on old-fashioned fundamentals (e.g., revenues), particularly in the face of an uncertain financing environment, we note a couple of recent developments in the sector: the **Pandora** music service added mobile advertising to its popular **iPhone** app, and **LinkedIn** launched its own ad network. Although too soon to gage the success of either, the trend is notable and we expect to see more along these lines from others soon. In the meantime, the digital music landscape has become more crowded with the introduction of **MySpace Music**, which like the hugely popular **Imeem** and **Last.fm** (owned by **CBS**), offers free streaming on-demand from a vast library of titles. It will be interesting to see how the competing pressures in new media – on the one hand revenue generation, and on the other free consumer stuff – will balance out in coming months. We expect advertising to play an increasingly important role in business models, and to that end will be curious to monitor the advertising environment in the current economic climate.

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Where's the Good News???

It is time to reinvent Wall Street and reform Washington and it is time to stop watching stock quotes and get back to work... less financial engineering and more actual engineering.

The good news is that the [the satellite, wireless telecom and new media industries] remain strong and vibrant in the U.S. and across the world.

Not since the Woolly Mammoths went extinct have so many giant and awesome creatures failed the Darwinian test of survival (i.e. Bear, Lehman, Merrill, AIG, Wamu, Freddie, Fannie, Wachovia....). Who's next? Where are the "safe" banks to stash the cash? Will I have a job next week? Will I have a retirement? Our political leaders, who can't quite figure out or agree on how they lead us here, tell us that if we don't back a \$700 billion rescue plan doom and a Depression will surely befall us. Credit has evaporated, mattresses are stuffed, yet our leaders still can't get their collective act together and truly communicate in clear terms the problem and the proposed solution. It's tough when you even fail at recovering from failure. Now there is growing concern that a Depression may come despite the rescue plan.

It's scary stuff and it's clearly not just the politicians' fault; Wall Street shares plenty of the blame as do we bloated over-leveraged, under-saving, over-consuming consumers. But whining about who is to blame does little good. In fact, didn't we all know this day was coming; wasn't it practically inevitable? So now it is finally here. The party is over, the house is in shambles and we just know the hangover is going to be a humdinger. These are indeed sad times for our Republic, but our nation has overcome far worse and nothing is solved by panic, gloom and despair. There is a mountain of debt to pay off and a whole lot of value that needs creating if our kids are going to visit us in our old age. So, it is time for some sleeve rolling and stiff upper lips. It is time to reinvent Wall Street and reform Washington and it is time to stop watching stock quotes and get back to work. It is time for less financial engineering and more actual engineering and it is time to stop thinking we can live off of the rest of the world's savings and swap away real risks. Your counter party's risk is still your risk and other people's savings are still their savings even if you borrow and spend them.

So where's the inspiration to motivate us for all of the pain and hard work ahead? Where's the good news? If you are reading this blog or newsletter, you are probably connected to the satellite, wireless telecom or new media industries. You spend your days in some way connected to the creation, processing, storage, transport or usage of digital bits of information. The good news is that these industries remain strong and vibrant in the U.S. and across the world. There is plenty of room left for innovation and lots of growth to come. These are also industries where America has led and can lead further in the future. If there is a deep hole to climb out of, these industries are good ropes and ladders.

Why am I so optimistic? It's been 43 years since Comsat launched Early Bird yet, even with hundreds of commercial satellites in orbit, the world demand for satellite bandwidth has not stagnated. It is growing with new

Where's the Good News??? (cont.)

applications like cellular backhaul and ever more HD video content to move. There are new frequencies and orbits to exploit, better modulation and compression standards to roll out, and more powerful spot beam antennas with massive frequency reuse to build and launch. We in the satellite industry can help.

There are new frequencies and orbits to exploit... new applications like geospatial content and mobile video to offer... richer content, new online communities and more powerful search capabilities...

It's been 35 years since Motorola offered the first practical mobile phone and 29 years since the Gladden-Pareman cellular technology patent yet, even with approximately four billion cell phones in use, the world demand for wireless services is not saturated. It is exploding with mobile email, text messaging and internet connectivity. There are WiFi, WiMax and 4G networks to build out, microwave and free space optics back haul to deploy and new applications like geospatial content and mobile video to offer. We in the wireless industry can help.

It's been 39 years since ARPANET was created, 25 years since the first TCP/IP network and 18 years since the World Wide Web first hit our screens yet, even with approximately 1.5 billion connected users, demand has not slowed. It is accelerating with richer content, new online communities and more powerful search capabilities. Web 2.0 is here, the GRID is coming, laptops are proliferating into the developing world and a whole generation is coming of age weaned from pre-K on connectivity and computers. We in the Internet and new media industries can help.

It's been 39 years since America landed on the Moon and a lot of people in a lot of countries want to go back and then on to Mars. The Shuttle may be dead and the International Space Station a bit of a turkey, but the dream of space is alive and well. An entrepreneur, Elon Musk at SpaceX, mostly financed with his own money, has just accomplished what only a few countries have done; launch a payload into orbit. China has just taken its first space walk and sent an unmanned vehicle around the Moon. The second Space Race has unofficially begun and this time there will be far more than two contestants. We will also need to protect ourselves and allies from an increasingly dangerous world and monitor our precious Earth and its climate far better. We, in the aerospace industry, can help.

For our industries of growth and innovation, the best days are clearly still ahead...

Politicians love to say our best days are still ahead. Well, for many industries like traditional media and wireline telecom that's just not the case. For other industries, like the oil industry, we hope that is not the case and for some industries, like the investment banking industry, it is highly unlikely to be the case. Financial services businesses in particular will need to evolve or in some ways go back to being services businesses (like Near Earth) focused on their clients and not on their proprietary trading and bonus pools. But for our industries of growth and innovation, the best days are clearly still ahead. There is more than just room for optimism, more than a sliver of silver lining in a dark and stormy economic cloud. For our 21st century industries, the sky is brilliant blue and the sun

Where's the Good News??? (cont.)

is blazing and glorious. Well OK, there are quite a few angry clouds, but they will eventually blow over. So where's the good news? The answer is we have to go make the good news and some of the most likely candidates to lead us out of this mess are the industries we all live and breathe.

By Hoyt Davidson
Near Earth LLC

Where the bulge bracket descends the boutique thrives

Some are speculating about what the new Wall Street model will be, and whether the days of the independent investment bank are truly done...

... not the beginning of a new trend but rather the continuation of an era that started long ago and that has forced investment banks with high overhead and a large-corporate focus to redefine their missions.

Much has been made of the disappearance of the independent Wall Street firm, resulting from the turmoil that has shaken up some of the perennial names in the sector: Bear Stearns, Lehman Brothers, Merrill Lynch. The two largest and most powerful, Morgan Stanley and Goldman Sachs, have even applied to become bank holding companies or merge with commercial banks. As this occurs, some are speculating about what the new Wall Street model will be, and whether the days of the independent investment bank are truly done or whether the recent shakeup will cause the purer advisory firm, such as Lazard and Evercore, to rise to greater prominence. In response to these musings, here are a couple of reminders from the past decade's experience:

- Large institutions such as Bear, Lehman, Goldman and others departed from the traditional investment banking model long ago, to focus on proprietary trading, hedge fund type activities, and private equity investments, while Citigroup and JP Morgan integrated investment banking with balance sheet activities at least a decade ago. These latter activities generated far greater profit than did traditional investment banking for Wall Street firms when times were good, and as Goldman was jokingly being referred to as a hedge fund with an investment bank attached. The reality was that traditional investment banking services provided by large institutional houses - with high overhead and multiple offices worldwide - had simply become insufficient to cover the "costs" related to such services (driven in significant measure by compensation).
- In addition, as consolidation in almost all industries occurred, and as institutional investors such as private equity, venture capital, and hedge funds also increased in magnitude and presence, the financial sophistication and internal capabilities of all these constituents escalated to a point where traditional advisory services became less and less necessary. M&A fees became increasingly a reward for providing cheap credit or for other uses of an investment bank's balance sheet. To add insult to injury, some private equity firms (like Blackstone) even encroached on investment banking turf by offering advisory services of their own.
- Lastly, the tremendous flow of institutional money into hedge funds and private equity funds, expanding these groups' global presence, extensive teams, and sophisticated capabilities, reduced the importance of even the intermediary role of investment banks in capital raising, and made the principal (rather than agency) role that much more critical.

Where the bulge bracket (cont.)

["Boutiques" on the other hand] are not only better equipped but also very interested to work with entrepreneurs, small- and mid-sized companies, and other institutions that do not have to pay "bulge-bracket" fees.

In short, the acquisitions of Merrill by Bank of America, Lehman by Barclays Bank, and Bear Stearns by JP Morgan, are not the beginning of a new trend but rather the continuation of an era that started long ago and that has forced investment banks with high overhead and a large-corporate focus to redefine their missions.

At the smaller end of the market, however, the end at which Near Earth and a number of other high-quality "boutiques" play, the environment and business profile has always been and remains vastly different from that described above. With relatively low overhead and highly targeted product or industry coverage, we and our peer group are not only better equipped but also very interested to work with entrepreneurs, small- and mid-sized companies, and other institutions that do not have to pay "bulge-bracket" fees in order to make our assignments "interesting," and that moreover find our expertise to be truly value-added. This is precisely what we and other investment banking boutiques have always taken pride in, and what we continue to offer with great interest.

Perhaps more importantly, as some of you will have undoubtedly noticed, the sectors in which we at Near Earth have been most active – digital media and related technologies and infrastructure – have in no way been slowed by the recent turbulence, and we see no indication that a strategic slowdown is on the horizon. We don't intend to slow down either.

By Dan Ramsden
Near Earth LLC

The Big Picture. Really Big.

The price of reaching the final frontier went down by ~75%... with the successful flight of Space Exploration Technologies (SpaceX) Falcon 1 launch vehicle.

Something important happened last month. Sure, there were some financial market dislocations (see related articles elsewhere in this issue), but, taking the long view, something else important happened: The price of reaching the final frontier went down by ~75%. If it seems like I'm being obscure in that statement, it's because I'm talking about a comparatively remote effect rather than its much more heralded proximate cause: The successful flight of Space Exploration Technologies (SpaceX) Falcon 1 launch vehicle.

Following three successive attempts that came heart-wrenchingly close to success, on September 28th SpaceX's Falcon 1 achieved orbit and met all technical objectives for the mission. Rocket science is hard stuff, as the bodies of American Rocket, Rotary Rocket, Kistler, Beal Aerospace and Pioneer Rocketplane and others prove. (Granted, in different hands, the technology from one of these companies may yet put a satellite in orbit...)

In the process, it demonstrated that a privately funded company based more closely on the culture of a Silicon Valley startup than an aerospace contractor can deliver payloads to space. And, that it can do so manufacturing in America (more specifically, in California, which is not noted for its business friendly climate).

To achieve this success, SpaceX had to develop new components that were not just technically effective (as demonstrated by fact of the flight), but that were *cost effective*, as demonstrated by their rate card for missions (we also note that SpaceX is the only launch vendor that publicly lists their prices on their web site!). This greatly increased the technical challenge of their task – in contrast, most new satellites and launchers draw as much as possible from previously flight proven designs to minimize risk. But, while it did impose greater technical risk, it gave SpaceX the ability to control their production costs throughout the production chain.

... a corporate culture that insists "we're going to change the economics of space, and we're going to make ourselves rich doing it," the result is fanatical attention to costs on the part of every employee.

When this strategy is combined with a corporate culture that insists "we're going to change the economics of space, and we're going to make ourselves rich doing it," the result is fanatical attention to costs on the part of every employee. In turn, SpaceX's customers enjoy pricing that is a quarter of competing American-built rockets, and way below world market levels. While SpaceX doesn't release its financials, its ability to recently attract outside investment capital in the midst of trying economic times indicates that they aren't doing this just for fun, so that low pricing clearly leaves room for profit.

While the Falcon 1 rocket has modest capabilities for placing small payloads into orbit, most of the technology employed by SpaceX's much

The Big Picture. Really Big. (cont.)

... changing the economics of space is the real achievement from last month's launch...

larger Falcon 9 vehicle is drawn from its smaller stable mate. Thus, going forward, SpaceX is going to enjoy the same technology heritage advantages it lacked when developing Falcon 1. In other words, and at the risk of minimizing the still considerable work left to do, a lot of the heavy lifting is already done (sorry folks, I couldn't resist that one).

While I don't mean to minimize the technical accomplishment of reaching orbit (and all the smaller developments along the way), changing the economics of space is the real achievement from last month's launch. Because, with cheaper access to space, new business plans that didn't close last month now do. Because, with cheaper launch access and ever increasing satellite capabilities, new plans that have yet to be conceived are now possible. As a consequence, I suspect there was almost as much cheering from SpaceX's customers (they have 10 additional launches already sold) and prospective customers as from its own team.

Last month, thanks to the SpaceX team, the universe just got a little smaller.



Falcon 1 flight 4 liftoff, September 28, 2008.

By John Stone
Near Earth LLC

Iridium is being acquired by a SPAC

Our friend Andy Pasztor at the WSJ reported last week in his article, "Iridium, Greenhill Arm to Merge" that,

It will be interesting to see if this business combination will get the necessary shareholder votes to approve this merger.

"Satellite-phone provider Iridium Holdings LLC said it has agreed to a reverse merger with a listed affiliate of investment bank Greenhill & Co., intended to give it a roughly \$500 million cash infusion to help finance a new satellite system..."

Under the deal, which is subject to regulatory approvals, closely held Iridium, Bethesda, Md., will become part of GHL Acquisition Corp., New York, a separately traded affiliate of Greenhill. The mostly stock transaction values the satellite firm at about \$591 million. At the close of the transaction, Iridium's current shareholders will have received about \$100 million in cash and 36 million shares of the combined entity, with GHL envisioned to ultimately control about 55% of the new company..."

The overall deal is designed to make it easier to finance the construction and launch of a new satellite constellation projected to cost about \$2.7 billion. The GHL transaction is slated to close early next year."

...valuable time to wait for the equity markets to improve

It will be interesting to see if this business combination will get the necessary shareholder votes to approve this merger (70% threshold). We expect some of the challenges will be:

- GHL shareholders may want to receive their cash back (~\$10.05 per share) rather than Iridium stock given the current equity market conditions.
- At ~\$600 million, Iridium is still a small cap company which may present a challenge for some shareholders.
- Convincing the shareholders that Iridium will be able to raise the remainder of the \$2.7 billion needed for the new satellite fleet. We expect this to be a tough sell in light of Globalstar's recent stock performance and the shareholder dilution this may present.

...many strategies...to ensure a positive vote.

However, there are some positive things going for this deal:

- The SPAC has until 2/14/2010 to consummate a business combination. This gives them valuable time to wait for the equity markets to improve. Iridium's current fleet is expected to last until 2013-2014.
- There are many strategies that a SPAC sponsor and its underwriters can do to ensure a positive vote. These include renegotiating deal terms, giving up sponsor shares, buying "yes"

Iridium is being acquired by a SPAC (cont.)

votes (however, this option may be limited since cash will be needed for the new fleet), etc. We note that some of these strategies have already been implemented such as their tender offer to buy up to 30% of the stock and the cancellation of some founder shares & warrants.

By Kuni Takahashi
Near Earth LLC

Satellites – going bigger or smaller? Yes

On September 6th, the GeoEye-1 was launched out of California's Vandenberg Air Force Base... only a week earlier, the RapidEye constellation of five satellites blasted off... Each of the RapidEye sats is less than a tenth of the size (by mass) of the GeoEye system.

The idea of building low-cost satellite systems on rapid schedules is economically attractive... On the other hand, commercial space systems have been less likely to trend towards smaller.

Go big or go small? Rarely have we had such an opportunity to witness the contrast in evolution of the size and scale of satellite systems in such a short time span. Nearly a month ago, and coincidentally merely a week apart from each other, saw the launch of two new ways to see the world and, indeed, two ways to see the future of satellites. On September 6th, a powerful new geospatial imaging system, the GeoEye-1, was launched out of California's Vandenberg Air Force Base. It had good company to join. Only a week earlier, on August 29th, the RapidEye constellation of five satellites blasted off from Baikonur, Kazakhstan to form the newest entry into the commercial multispectral remote sensing market. Contrasts were striking indeed. Each of the RapidEye sats is less than a tenth of the size (by mass) of the GeoEye system – only 150 kg each. As in the electronics industry, is smaller the future?

It is always a pleasure to see a successful launch of new space-based services, and we offer our congratulations to all players involved. One particularly proud player in all of this should be Surrey Satellite Technology Limited (SSTL), the UK-based organization that built the highly compact buses for the RapidEye constellation. Having grown out of a university project in the early 80s, SSTL has been a force in the development of small satellites for the last two decades, pushing the limits in satellite size and capability in dozens of systems. Along the way they have been joined by many fellow travelers – enthusiasm for building satellites as small as a single kilo has exploded among academic institutions, scientific missions and even in military circles. A small satellite can now be built for as low as a few million dollars apiece – compare that to the standard quarter-billion dollar telecom sat. The idea of building low-cost satellite systems assembled on rapid schedules appears to be an economically attractive one.

On the other hand, commercial space systems have been less likely to trend towards smaller and, in fact, have been going distinctly the other way. Commercial telecom satellites have been growing ever larger, under increased demands for ever larger and more powerful antennas, more transponders and spot beams and more power from larger arrays of solar panels. Telecom satellites routinely weigh in at over 5 metric tons and some now weigh over 6 metric tons. Soon-to-be-launched mobile services satellite Terrestar-1, with a record 20 meter deployable antenna, will weigh in at about 6700 kg – more than almost any other commercial satellite ever launched. If there is an economic argument for going small, the commercial market has other ideas.

Some of this is the inevitable result of engineering requirements emanating from market demand. Telecom satellites are getting bigger



Satellites – going bigger or smaller? (cont.)

because consumers demand smaller handsets and more bandwidth. Physical constraints demand that nothing less than bigger satellites to satisfy that requirement. Remote sensing sats, like GeoEye-1, are also getting bigger because higher resolutions demand larger aperture sizes.

The argument can go the other way... trade resolution for faster revisit times and greater coverage... positioning for more dynamic demand.




The argument can go the other way. RapidEye, for instance, trades resolution for faster revisit times and greater coverage, positioning itself for more dynamic demand, such as for weather events, natural disasters and seasonal land use surveying. Another small satellite system, Orbcomm, focuses exclusively on low data-rate machine to machine communication – a market that argues for the low capital cost of deploying small satellites.

How do small and large satellite systems measure up economically for their sponsoring businesses? So far, direct comparisons between small satellites and their larger brethren are hard to come by in direct commercial markets. The chart below compares the most recent example. Both the RapidEye constellation and GeoEye-1 had roughly equivalent costs, with both having a degree of government participation. Are the five sats of RapidEye the rough equivalent of one GeoEye-1? The market will tell the story.

	 RapidEye	 GeoEye
Size	5 satellites	1 satellite
Mass per sat	150 kg	1955 kg
System costs	€160 million	\$209 million

... comparisons between small satellites and their larger brethren are hard to come by in direct commercial markets.

A possible comparison would be the various competing mobile satellite systems deployed in the mid-90s. The chart below compares the first generation Orbcomm and Iridium systems with the Inmarsat-3 satellite system, all launched within a few years of each other. Subscribers are based on the most recently available data. Revenues and EBITDA are annualized for 2008 based on most recently available information. Readers should note that Inmarsat financial numbers reflect the operation of the newer Inmarsat-4 system.

	 ORBCOMM	 iridium	 inmarsat
System	Orbcomm	Iridium	Inmarsat-3
Size	28 satellites	66 satellites	5 satellites
Mass per sat	45kg	689kg	2068kg
System costs	\$330 million	Approx. \$6 billion	Approx. \$1 billion
Subscribers	420,000	305,000	235,400
Revenues (m)	27.2	312.0	623.2
ARPU	\$64.76	\$1022.95	\$2647.41
EBITDA (m)	(2.5)	107.0	435.4

Satellites – going bigger or smaller? (cont.)

The biggest thing to watch will be not so much the size of the satellite but the functions that they will serve and the potential for new markets to be opened up.

Of the three, Orbcomm was certainly the cheapest to build out, but its limitations to low data rate communications has meant that it must overcome much lower average revenue per user (ARPU) than its competitors. Iridium and Inmarsat were much more expensive systems, yet garner far more revenues on account of their increased capabilities in voice and high data rate communications. They also have positive EBITDA, an indicator of maturing companies. On the other hand, Iridium can boast a model few businesses can – after the original company went bust on low subscriber growth buried under huge capital costs, private investors bought the whole system for \$25 million. When you can get that kind of a deal, who needs small satellites?

Where do we go from here? Will new technologies allow small satellite systems to gain the capabilities of larger systems? Will the business case to go smaller be compelling? The biggest thing to watch will be not so much the size of the satellite but the functions that they will serve and the potential for new markets to be opened up. What systems will be used to finally bring mobile satellite communications to regular handsets, or to deliver high-resolution real-time earth imaging around the globe, or to provide robust technology demonstration services? Will they be big or small? Yes.

By Ian Fichtenbaum
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:			
Ticker	Company	10/1/08	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2008E EPS (b)	2009E EPS (b)
Satellite Television (DBS)										
BSY	British Sky Broadcasting (f)	\$ 7.32	\$12,788.4	\$14,865.9	1.7x	8.7x	11.7x	17.4x	13.4x	10.4x
DISH	Dish Network Corp	\$ 20.69	\$9,531.5	\$14,126.6	1.3x	5.2x	11.5x	17.4x	8.4x	7.7x
DTV	DirectTV Group Inc.	\$ 25.82	\$29,667.2	\$31,733.2	1.7x	6.8x	12.0x	19.6x	17.6x	13.2x
Mean					1.6x	6.9x	11.7x	18.1x	13.1x	10.5x
Cable Television										
CHTR	Charter Communications Inc.	\$ 0.69	\$255.9	\$20,812.9	3.3x	9.3x	22.7x	n/m	n/m	n/m
CMCSA	Comcast Corporation	\$ 19.35	\$56,283.9	\$85,610.9	2.6x	6.7x	13.1x	21.2x	21.7x	17.6x
MCCC	Mediacom Communications Corp.	\$ 5.81	\$560.0	\$3,725.6	2.8x	7.6x	15.3x	n/m	n/m	n/m
TWC	Time Warner Cable Inc.	\$ 23.84	\$23,306.0	\$33,847.0	2.0x	5.5x	11.1x	18.0x	20.6x	19.4x
Mean					2.7x	7.3x	15.6x	19.6x	21.1x	18.5x
Television										
TVL	LIN TV Corp.	\$ 5.09	\$262.7	\$1,109.9	2.8x	6.6x	9.8x	7.6x	n/m	17.0x
SBGI	Sinclair Broadcast Group	\$ 5.27	\$495.7	\$1,889.9	2.5x	5.8x	11.0x	8.4x	7.4x	10.8x
YBTV	Young Broadcasting Inc.	\$ 0.05	\$1.2	\$811.4	5.3x	19.0x	n/m	n/m	n/m	n/m
Mean					3.5x	10.5x	10.4x	8.0x	7.4x	13.9x
Satellite Radio (DARS)										
SIRI	Sirius XM Radio	\$ 0.65	\$1,929.4	\$2,988.7	1.4x	n/m	n/m	n/m	n/m	n/m
WRSP	Worldspace	\$ 1.20	\$50.8	\$162.2	12.1x	n/m	n/m	n/m	n/m	n/m
Mean					6.7x					
Radio										
CMLS	Cumulus Media Inc.	\$ 4.24	\$182.6	\$701.4	2.1x	8.1x	9.5x	11.8x	9.2x	18.4x
CXR	Cox Radio Inc.	\$ 10.59	\$917.8	\$1,271.2	2.9x	8.4x	9.1x	7.5x	13.2x	14.3x
EMMS	Emmis Communications Corp.	\$ 0.98	\$36.1	\$647.8	1.8x	8.7x	10.7x	0.3x	n/m	n/m
ETM	Entercom Communications	\$ 5.20	\$196.2	\$1,110.2	2.4x	n/m	n/m	n/m	n/m	4.6x
ROIA	Radio One Inc.	\$ 1.42	\$140.0	\$875.7	2.7x	9.5x	11.6x	n/m	15.8x	10.1x
Mean					2.4x	8.7x	10.2x	6.5x	12.7x	11.9x
NewsPrint										
MNI	The McClatchy Company	\$ 4.41	\$362.8	\$2,549.5	1.2x	6.6x	10.5x	10.8x	6.0x	6.7x
NYT	New York Times	\$ 14.82	\$2,134.8	\$2,823.4	0.9x	7.9x	15.5x	22.4x	19.5x	21.2x
WPO	Washington Post	\$ 540.78	\$5,141.7	\$5,456.7	1.3x	9.3x	16.5x	26.9x	21.1x	20.1x
Mean					1.1x	7.9x	14.2x	20.0x	15.5x	16.0x
MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)										
High					5.3x	19.0x	22.7x	26.9x	21.7x	21.2x
Mean					2.3x	8.2x	12.6x	14.6x	14.5x	13.7x
Low					0.9x	5.2x	9.1x	0.3x	6.0x	4.6x

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		10/1/08	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2008E EPS (b)	2009E EPS (b)
Satellite Capacity Leasing (FSS)										
ETL.PA	Eutelsat Communications	\$ 25.56	\$5,526.1	\$8,954.2	7.4x	9.6x	17.2x	21.9x	20.6x	18.9x
LORL	Loral Space & Comm. Inc.	\$ 14.97	\$301.8	\$486.3	0.6x	8.4x	n/m	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	\$ 20.66	\$10,464.4	\$15,313.2	6.9x	10.2x	19.1x	20.3x	14.7x	13.0x
Mean					5.0x	9.4x	18.1x	21.1x	17.7x	16.0x
Satellite Equipment Manufacturers & Integrators										
CDV	COM DEV International (d)	\$ 3.12	\$247.2	\$264.0	1.3x	15.0x	35.4x	19.4x	13.4x	8.6x
CMTL	Comtech Telecommunications	\$ 50.23	\$1,378.3	\$1,122.2	2.1x	9.9x	11.0x	18.5x	13.0x	10.7x
GCOM	Globecom Systems Inc.	\$ 8.80	\$171.4	\$120.0	0.6x	6.3x	9.0x	6.3x	18.0x	14.4x
GILT	Gilat Satellite Networks	\$ 5.79	\$244.9	\$141.7	0.5x	5.1x	10.2x	13.9x	17.0x	12.1x
HUGH	Hughes Communications, Inc.	\$ 34.79	\$670.5	\$1,076.5	1.1x	7.9x	14.0x	22.2x	n/m	15.1x
ISYS	Integral Systems Inc.	\$ 20.37	\$348.7	\$340.8	2.1x	11.8x	12.7x	16.8x	18.9x	17.0x
ORB	Orbital Sciences	\$ 24.09	\$1,415.4	\$1,255.6	1.1x	11.2x	13.3x	21.6x	24.8x	23.2x
SATS	EchoStar Corp.	\$ 23.67	\$2,276.0	\$1,587.0	0.9x	n/m	n/m	n/m	n/m	n/m
VSAT	ViaSat Inc.	\$ 23.29	\$710.7	\$603.7	1.0x	10.6x	21.4x	n/m	14.9x	12.9x
Mean					1.2x	9.0x	13.1x	16.6x	17.8x	15.1x
Towers										
AMT	American Tower	\$ 35.83	\$14,114.9	\$18,386.8	12.1x	19.2x	36.9x	n/m	n/m	n/m
CCI	Crown Castle	\$ 28.27	\$8,088.5	\$14,446.8	9.8x	18.1x	n/m	n/m	n/m	n/m
SBAC	SBA Communications	\$ 24.91	\$2,641.2	\$4,888.9	11.3x	22.1x	n/m	n/m	n/m	n/m
Mean					11.0x	19.8x				
General Telecom										
S	Sprint Nextel Corporation	\$ 6.54	\$18,652.1	\$38,135.1	1.0x	4.4x	n/m	n/m	n/m	n/m
T	AT&T	\$ 28.09	\$167,472.6	\$245,988.6	2.0x	5.6x	10.5x	12.5x	9.5x	8.6x
VZ	Verizon Communications, Inc.	\$ 31.41	\$93,212.6	\$170,372.6	1.8x	5.5x	10.3x	15.9x	12.0x	11.0x
Mean					1.6x	5.2x	10.4x	14.2x	10.7x	9.8x
TELECOM SERVICES INDEX (excludes Towers stocks)										
High					7.4x	15.0x	35.4x	22.2x	24.8x	23.2x
Mean					1.9x	8.1x	14.2x	13.5x	13.6x	12.7x
Low					0.5x	4.4x	9.0x	6.3x	9.5x	8.6x

(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 1.3780 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 0.9280 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.7576 US \$ per British Pound.

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	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	
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) (Pending)	199.0	199.0	5.8x	7.9x	
				Mean	6.3x	10.4x	
Ground Equipment & Systems Integrators							
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	
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	
				Mean	1.1x	16.0x	
Aerospace and Defense							
04/23/07	Kratos	SYS Technologies	49.3	49.3	0.6x	n/m	
05/03/07	Globecom	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	
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	1.4x	12.1x	
				Mean	1.0x	8.7x	
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	Nexel 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	WLLI (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	
07/30/08	Bain Capital	Clear Channel	17,923.8	23,724.1	3.5x	10.8x	
				Mean	4.0x	14.1x	
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	
03/06/06	NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x	
03/15/07	Cisco	WebEx	2,900.0	2,900.0	7.6	29.3	
01/31/08	Amazon.com	Audible	280.7	257.0	2.4x	n/m	
02/11/08	Microsoft	Danger	-	500.0	8.9x	n/m	
03/04/08	Demand Media	Pluck	-	75.0	7.5x	n/d	
05/28/08	comScore	M:Metrics	-	44.3	4.0x	n/d	
05/15/08	CBS	CNET	1,800.0	1,800.0	4.4x	n/m	
				Mean	5.8x	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

Conference announcements



Wither the Satellite Industry after Wall Street Crisis?

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- **Hoyt Davidson**, Managing Partner, Near Earth LLC
- **Todd Mitchell**, Vice President, Equity Research, Cable & Satellite, Interactive Entertainment, Kaufmann Brothers, L.P.
- **Craig Moffett**, Managing Director, Sanford Bernstein
- **James Ratcliffe**, Vice President, Barclays Capital
- **Richard F. Valera**, Managing Director and Senior Equity Analyst, Needham & Company
- **Tom Watts**, Managing Director, Telecom and Satellite Analyst, Cowen and Company

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- Pure vs. Hybrid Satellites: Forecasting New Apps and Economic Models
- Satellites and The Analog-to-Digital Transition: Show Me the Money
- Sports and News By Satellite: The Red and Black of Content Contribution and Distribution
- From Satellite Radio Merger to EchoStar-DIRECTV? The Financial Report

Confirmed Keynote Speakers Include:

- **David Meltzer**, Esq., Senior Vice President, American Red Cross International Services
Presentation Title: "Satellite Communications & Disasters: Meeting the Needs of Responders and Victims via Targeted Technologies"
- **Mark Dankberg**, Chairman and Chief Executive Officer, ViaSat

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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.

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

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