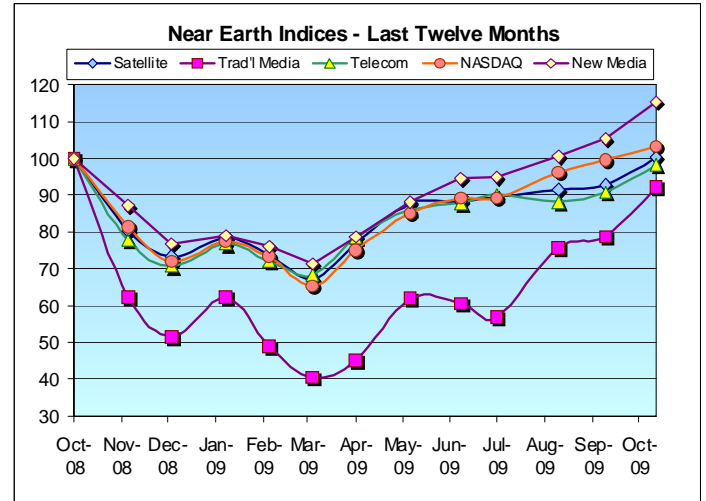


FROM THE GROUND UP

October 2009
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THE WAY WE SEE IT...
Satellite:

ViaSat announces its purchase of **WildBlue Communications** for \$568 million in what appears to be a win-win for both parties (see article inside). **Harbinger** acquires a 100% interest in **SkyTerra** showing continued strong belief in the long term value of the L-band MSS/ATC spectrum and perhaps making a merger with **Inmarsat** easier to execute. **GHL Acquisition Corp.** receives approval for its acquisition of **Iridium** and **Iridium** re-emerges as a publicly traded company (ticker: IRDM). **AT&T** and **TerreStar** announce the availability of a sleek new hybrid wireless/satellite phone. Is the MSS sector mounting a major comeback (see article inside)? **Astrotech** stock doubles on announcements of improved earnings and hiring of **Lazard** to explore strategic alternatives. **GeoEye** closes a \$400m offering of 9.625% Senior Secured Notes due 2015, tendering their Senior Secured Floating Rate Notes due 2012 in the process. Lastly, we congratulate **DigitalGlobe** on the successful launch of its **WorldView-2** satellite and look forward to viewing the high resolution imagery.

Telecom:

In a reversal from its prior policy, **AT&T** began allowing **Skype** VOIP traffic to use its 3G network in addition to WiFi. Given that this could cannibalize its voice traffic, the days of unlimited data usage plans on the AT&T network would appear to be numbered...

Arris acquired Paul Allen's **Digeo**, a maker of advanced digital video recorders for home use, for \$20 million. Given the amount of money (over \$100 million) that went into **Digeo**, we think **Arris** is getting a pretty good deal as it expands its presence in the home to include video.

Media:

New York based online video service provider **The Feedroom** was acquired by **KIT Digital** (formerly Roo) for \$10 million – a fraction of the over \$60 million that venture capitalists had plowed into the firm. **KIT** even got the sellers to pony up an additional \$4 million in **KIT** equity. Once again, profits are proving more elusive than traffic for online video...

Rumors circulated that **Comcast** is interested in buying **General Electric's** NBC Universal unit. Investors reacted negatively, pushing the stock down more than 10%. We think that **Comcast** may concur with our May 2009 article "Cable TV - These are the good old days", and want to own more content to offset increasing competition for distribution.

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ViaSat and WildBlue: a match made in [the] heaven[s]?

Earlier this month, ViaSat announced that it was acquiring WildBlue Communications for \$500 million, net of cash acquired. Given that ViaSat itself isn't really all that much bigger, with an enterprise value in the \$875 million ballpark, this is clear a big deal for them. But is it the right deal? And are there other winners and/or losers? Let's see...

... is it the right deal? And are there other winners and/or losers? ...

First, let's look at the numbers. With adjusted EBITDA of \$76 million, the deal comes in at a 6.6x multiple (not including tax effects) – significantly lower than the trading multiples for the big fixed satellite services firms. Of course, with EBITDA margins in the high 30s and growth rates of 20%+ annually, WildBlue is a pretty different animal, so some multiple compression is probably appropriate. But, (as we discuss below) we don't think that's the whole valuation story. For ViaSat, pricing the deal at this level allows it to be accretive to earnings from day one.

Next, let's consider the fit. For ViaSat, vertically integrating with their principal customer for their DOCSIS satellite modem product helps secure a long term stream of business. In addition, ViaSat gains WildBlue's brand and marketing relationships that have enabled it to garner a subscriber base of over 400,000 – saving ViaSat tens of millions in startup marketing expense. And then, of course there's the subscribers themselves. From WildBlue's perspective, this deal addresses their long standing concern about how to secure financing for a follow on satellite – ViaSat-1 becomes that satellite. It also addresses the threat posed by ViaSat's pending entry into the market with a technically superior satellite – an entry that promised to make hard for WildBlue when it had to compete with its principal vendor and arch rival Hughes simultaneously. Finally, it addresses a capital structure where the lion's share of WildBlue's cash flow was going for debt service, leaving little excess cash to return to shareholders. For all of these reasons, we think ViaSat had a strong negotiating position in its talks with WildBlue, which in turn drove the valuation for the deal.

... we think ViaSat had a strong negotiating position in its talks with WildBlue, which in turn drove the valuation for the deal ...

Finally, let's consider how this affects other players. The first company that springs to mind is ViaSat and WildBlue's arch-competitor, Hughes Communications. Hughes is a vertically integrated provider of satellite broadband (like WildBlue) and a provider of hardware and turnkey satellite networks (like Viasat). Hughes operates its own satellite, like WildBlue, and has a new Ka-band satellite on order, like ViaSat. Clearly, the folks at Hughes would have liked to have gotten their hands on WildBlue, as much to deny it to ViaSat as to get it for themselves. While at first blush, the fit between Hughes and WildBlue would not appear to be as strong for as for ViaSat, over time, WildBlue's bent-pipe satellites could have had their customer bases gradually migrated to Hughes equipment. With all this said, Hughes' shareholders clearly didn't mind – the stock had no

ViaSat and WildBlue (cont.)

discernable reaction to the deal announcement. We think this indicates that the market views the downside from a strengthened ViaSat to be balanced by the neat competitive landscape of duopoly, as compared to a wild and wooly three way horse race.

How did WildBlue's investors do? With a total of \$453 million in equity plus \$350 million in debt, clearly not everyone is being made whole with ViaSat's \$568 million of cash and stock. However, if we note that earlier investors were crammed down during the December 2002 raise (\$247 million in prior investment became ~\$50 million in pre-money valuation), then the equity investors since then (\$206 million in all) probably got most of their money back, if a few years later then they put it in.

What about the future? Does this transaction portend future tie-ups? Considering that the ViaSat-1 satellite is a collaborative effort with Telesat (which also collaborated with WildBlue on their first satellite, by the way) and Loral, we think these companies are starting to get pretty chummy, and may just wake up at one point with a desire to get closer still. A move in that direction could then force Hughes to seek a suitor as well. We could also envision the trend of the modem manufacturers vertically integrating with the service providers and launching their own satellite capacity continuing globally – so the folks doing satellite broadband outside North America could become targets as well.

Hughes' shareholders clearly didn't mind ... the market views the downside from a strengthened ViaSat to be balanced by the neat competitive landscape of duopoly ...

By John Stone
Near Earth LLC

Mobile Satellite Services – On the edge of ... a Renaissance?

The sight of so many MSS companies, not only continuing to exist but actually getting stronger if not quite yet thriving, is very encouraging ...

Mobile Satellite Services, or MSS, that sometime pie-in-the-sky industry that has made so many promises (seamless communications anywhere!) has so often been on the edge – the edge of capability, the edge of coverage, the edge of innovation, the edge of inspiration and megalomania and too often at the edge of bankruptcy and rationality. Now, with so much subscriber and revenue growth and so many promising recent events in the industry – new constellations being built (Globalstar, ORBCOMM), new satellites launched (TerreStar, Inmarsat) or soon to be launched (SkyTerra), successful financial transactions closed (Iridium, GlobalStar) and high-profile agreements being struck (TerreStar with AT&T, Skyterra with Harbinger), and well over a million and a half subscribers in the industry - we dare say that MSS is now on the edge of a Renaissance.

The sight of so many MSS companies, not only continuing to exist but actually getting stronger if not quite yet thriving, is very encouraging to those that have endured the tumult the industry went through just ten years ago. Few thought they would ever see Iridium as a public company again; fewer still using the same satellites that the press reported would be de-orbited following their high-profile bankruptcy. Now, with the industry heating up, let's look at a couple of value drivers, value threats and rather unexpected new players that drive this most unusual industry.

The rise of the machines, MSS edition

As we discussed in last month's article ("The rise of the machines"), M2M or Machine-to-Machine networks are growing perhaps faster any other telecom sector. The MSS sector is an important part of M2M, indeed an enabler, central to its growth. If anywhere, all-the-time connectivity is to be achieved for the most mobile assets (shipping containers, marine vessels, tractor trailers), then satellite is going to have to a part of the solution. Already, M2M is the largest growth area for MSS, with Iridium experiencing an almost doubling of M2M subscribers from first quarter 2008 to 2009. ORBCOMM, which has a business model based almost exclusively on M2M, noted an increase in subscriber counts in the last year from 420k to 483k, a 15% increase, even in the midst of a global recession.

... M2M could be to trade and transport in the present era what containerization and inter-modal transport was in the 1950s and 60s – a game changer ...

Even with all this growth, it is clear that the market for machines is not even close to full penetration and promise. Between technology for cargo tracking, identification, monitoring and the deployment of comprehensive world-wide logistic networks, M2M could be to trade and transport in the present era what containerization and inter-modal transport was in the 1950s and 60s – a game changer. Within the next decade, it is likely that almost nothing will sail the high seas or cross continental expanses without satellite technology being an integral part of every stage of its transport and delivery.

The play in M2M is not limited to the globe-spanning satellite constellation operators. Regional operators can also support extensive M2M activities. With the successful launch of their high-power satellite, TerreStar has a chance to be a player in the M2M space too. Between their ATC spectrum holdings and their roaming agreement with AT&T, TerreStar is now well-positioned to provide affordable M2M connectivity to underserved areas and industry verticals in North America, such as along inland trade corridors and throughout remote and underserved regions.

... it is unclear what standard, if any, will become key and which company will end up holding that key

The question is not capability, it is about will and positioning. The rapid growth of M2M and the multiple players in the market belie the absence of dominant standards. With Inmarsat, Iridium, Orbcomm, Globalstar, Thuraya and Skyterra already offering different platforms alongside terrestrial GSM/CDMA networks, and against a backdrop of dozens of tags, terminals and other monitoring devices and software platforms, it is unclear what standard, if any, will become key and which company will end up holding that key. Some, such as Inmarsat through its investment in SkyWave Mobile, have tried to throw their weight and market position behind their own standards. We believe, however, that this industry is still in its infancy, and that new players with innovative solutions can enter, to the further benefit of all MSS players.

Where Fixed is Mobile - VSAT in play

While M2M growth picks up pace, MSS has been under threat in what has been its core market since the founding of industry grandfather, Inmarsat, that of maritime communications. With ever increasing data and ever increasing connectivity to every corner of the world, it is fast becoming unacceptable to not have broadband Internet access anywhere, even in the middle of the ocean. Although Inmarsat and Iridium have tried to keep up with demand with FleetBroadband and OpenPort, respectively, due to their limited spectrum and high cost structure, neither can truly compete on price and throughput with the promise of maritime VSAT and greater affordability of tracking-antenna technology. These sophisticated antennas track and pull down capacity from Ku-band and C-band transponders from now inaptly-named Fixed Satellites, accessing the same connectivity that stationary land-lovers have always enjoyed. Every couple of weeks, yet another maritime telecom reseller and channel partner is announcing new VSAT services and equipment as well as the upgrade of one fleet or another to VSAT systems. And, with new, even smaller antenna tracking technology such as that being developed by Thinkom and others, what is happening in maritime is likely to see extensive application to land based mobile users.

... due to their limited spectrum and high cost structure, neither can truly compete on price and throughput with the promise of maritime VSAT ...

The trade winds clearly seem to be blowing in a certain direction. The value proposition in maritime telecom may well be in those providers that can stitch together Fixed capacity into a seamless global network, such as that offered by SeaMobile's MTN service. For MSS channel partners, such

as Vizada and the plethora of smaller maritime telecom value-added resellers and service providers, their value to potential acquirers may likely be in leveraging their customer base to up-sell to VSAT systems. That said, it is certainly too early to count MSS out of maritime. It shall be interesting to see how Iridium, Inmarsat and regional player Thuraya will be able to counter the VSAT threat through competitive pricing as well through innovative and upgraded services.

... a few companies have become not so much operators of telecom networks, but retainers of spectrum holdings

...

Whither spectrum values?

What of the value of the spectrum, that invisible real estate that has been the subject of much interplay within the MSS industry within the last few years? The ancillary terrestrial networks (ATC) that these companies were supposed to build out have foundered on the extreme capital costs of building out a network, but the spectrum assets remain. Certainly, this has attracted the attention of at least one major financial player, Harbinger, through its large stakes in cash-poor but spectrum-rich MSS companies, such as SkyTerra. As a result, a few companies have become not so much operators of telecom networks, but retainers of spectrum holdings.

We here at Near Earth have often been favorable to the idea of spectrum as an investment thesis, driven by the belief that connectivity demand from business, government and the media-happy consuming public will drive the search (primarily by the large carriers) for more parts of the electromagnetic spectrum to pipe data. While the long-run thesis remains sound, it remains to be seen whether spectrum value is being realized in today's market. Amidst the recent ICO North America (now DBSD North America) bankruptcy proceedings, it has come to light that DISH bought senior debt, perhaps thinking it would get a majority equity stake in the restructuring but, because of DBSD's S-band spectrum value, the court said their debt was covered by collateral and had a good chance of getting par back in several years. DISH, however, disputes this assessment, and is now accusing DBSD of having no value and having no credible potential to create value commiserate with its large debt, spectrum value or not. While this may be courtroom maneuvering, it should at least be a reminder that not everyone is on the same page on spectrum value.

A merger of TerreStar and ICO for S-band and a merger of SkyTerra and Inmarsat for L-band are looking to be increasingly likely eventualities

...

Moreover, some consolidation activity may need to occur for MSS spectrum allocations to realize their value. A merger of TerreStar and ICO for S-band and a merger of SkyTerra and Inmarsat for L-band are looking to be increasingly likely eventualities, foreshadowed by Harbinger's SkyTerra take-private transaction and their moves to acquire large stakes in Inmarsat. In the latter case of Inmarsat/SkyTerra, it is a question of a merger of a company with extensive operations and profitability (Inmarsat) with a company with more minimal operations but great spectrum resources (SkyTerra). As for TerreStar however, the announcement of the marketing by AT&T of a TerreStar-enabled hybrid satellite/terrestrial phone heightens speculation that maybe, just maybe, there is something to TerreStar beyond its mere spectrum holdings.

Mobile Satellite Services (cont.)

Enter Export Credit

The past year has seen export credit enter the MSS industry in a major way, in particular with the French export credit agency Coface, providing guarantees for a \$574m facility designed to allow the manufacture of the next generation Globalstar constellation of 48 satellites. Given the deterioration of Globalstar's position in the previous year – failing satellites, a fleeing customer base, severely constrained credit markets – the Coface deal was like manna from heaven, and a shock to competitors who had just as well assumed that Globalstar was about to exit stage left.

... the Coface deal was like manna from heaven, and a shock to competitors ...

This was not the only time Coface stepped in to a satellite financing – in the beginning of September; it again stepped in to provide financing for the developing-world satellite broadband constellation, O3b. Whatever the economic merits of each of deal, clearly there are ancillary benefits to France's satellite manufacturing capability, through both companies' prime contractor, Thales Alenia. Moreover, Thales as well as Lockheed Martin, the two competitors for Iridium's 66 satellite NEXT constellation, are said to be actively seeking export credit guarantees through Coface and the US Export-Import Bank (EXIM) for that project too. It remains to be seen whether Coface would assist the financing of a direct competitor (Iridium) to a project and company (Globalstar) it which it already has a large financial participation, in the face of potential overcapacity. It also remains to be seen whether Coface is willing to put up money prior to the expenditure of substantial privately funded amounts, as was the case in both previous examples. However, the prospect of supporting the development of an assembly-line of medium-sized satellites may end up being the type of thing that the US DoD, American export credit and both their various interests and associates may be prepared to support.

... the financing and manufacturing of so many low earth orbit satellites...ought to be a boon for those interested in finding new uses for cheaper, standardized satellite buses ...

On the bright side for space enthusiasts, the financing and manufacturing of so many low earth orbit satellites, in assembly-line fashion at that, ought to be a boon for those interested in finding new uses for cheaper, standardized satellite buses. A spare ORBCOMM bus of the previous generation's constellation was, in one instance, repurposed for the US Air Force's Operationally Responsive Space initiative, creating the TacSat-1 low-cost demonstration satellite. Likewise, the O3b constellation is said to be based on the Globalstar bus developed by Thales Alenia. With so many ideas percolating in academic or NewSpace circles, the availability of these lower cost buses should spur all the more interesting uses, whether for platforms for scientific study, education or even as a transportation structure to bring, for profit, instruments and payloads to farther reaches of the Solar System. Indeed, wouldn't that truly signal the start of a new Renaissance?

By Ian Fichtenbaum
Near Earth LLC

The seventh in a continuing series of Space Investment Summits was held in Boston on September 30, 2009. The theme of SIS7 was New Investment Opportunities in Space-Enabled Markets. The summit was hosted by a broad coalition, featuring The Boeing Company, EADS Astrium, Ecliptic Enterprises, and the law firm Posternak, Blankstein & Lund LLP. A record 130 plus professionals attended representing entrepreneurs from early stage “space-enabled” companies, senior space company executives, investors, and a variety of service providers.

... With the recent discovery of widespread water on the Moon, demand to send robotic missions to the surface ...appears to be increasing significantly ...

My three favorite new company presentations were:

Next Giant Leap

Michael Joyce, founder & CEO of Next Giant Leap (NGL), discussed the company’s plan to provide a Mobile Universal Lunar Exploration Service (MULES) to customers seeking commercial transport services to the Moon, replicating the business model of serving the gold rush prospectors rather than doing the digging themselves. NGL’s partners are Sierra Nevada Corp., MIT Space Systems Laboratory, The Charles Stark Draper Laboratory, and Aurora Flight Sciences Corp. NGL is considered one of more serious contenders out of a field of roughly 20 contestants for the Google Lunar X PRIZE. With the recent discovery of widespread water on the Moon, demand to send robotic missions to the surface for scientific study and preparation for future manned exploration appears to be increasing significantly. We expect this market will prove to be one of the more real and earlier “New Space” sectors to attract investor interest.

Celestis

Charles Chafer, CEO of Space Services Inc., the parent company of Celestis Inc., gave a very persuasive presentation on the growing market for cremation memorial spaceflights, including very effective video clips of happy/sad friends and family of the company’s ultimate customers. With cremation rates approaching 50% in Western countries and the price of Celestis memorial flights becoming competitive with other cremation memorial options and funerals, the market opportunity looks promising. The key appears to be expanding marketing presence within the funeral industry on a worldwide basis.

Franklin Chang Diaz ...discussed his experience moving from NASA to the commercial world and the joys and challenges of being an entrepreneur

Ad Astra Rocket Company

Franklin Chang Diaz, Founder and President of Ad Astra and former Astronaut, discussed his experience moving from NASA to the commercial world and the joys and challenges of being an entrepreneur. His company is developing a new propulsion technology called Variable Specific Impulse Magnetoplasma Rocket (VASIMR®) that originated at NASA, but has been significantly enhanced to technology readiness 6 under his

Conference Round-up (cont.)

direction and is planned to fly on the International Space Station in 2013. For those not familiar with Ad Astra, check out their website at www.adastrarocket.com. There is little doubt this propulsion technology will play a major role in the future, given its high levels of efficiency, but there is a long road to success.

There were also several very informative keynote addresses. My favorite two were:

... Sierra Nevada is now one of the top manufacturers of small satellites in the world having recently acquired both Space Dev Inc. and MicroSat Systems, Inc ...

Mark Sirangelo, Executive Vice President of Sierra Nevada Corporation – Mr. Sirangelo discussed the growing national security and commercial importance of smallsats and even nano-sats. Sierra Nevada is now one of the top manufacturers of small satellites in the world having recently acquired both Space Dev Inc. and MicroSat Systems, Inc. Sierra Nevada also recently won the contract to build ORBCOMM's next generation fleet and has set up an assembly line manufacturing approach to increase cost and schedule efficiencies. To us at Near Earth, this smells like the future: low cost, mass produced satellites with diverse and increasingly powerful capabilities.

Jeff Greason, Co-founder and CEO of XCOR Aerospace - Mr. Greason was chosen to represent the "New Space" industry on the Augustine Commission. He gave an overview of the Commission's deliberations and findings and the challenges they faced in finding a reasonable mission for NASA within the stated budget parameters. He also expressed how he was both surprised and delighted with the Commission's broadly shared consensus that the ultimate justification for NASA's budget, even in these weak economic times, was the critical importance to humanity of space exploration. Mr. Greason went on to explain numerically and convincingly how a manned mission to Mars was way out of the question anytime soon. That left the Commission two options for its recommendation: (1) a manned return to the Moon or (2) a focus on non-lunar destinations such as moons of Mars or asteroids (the Flexible Path). Doing both at the same time was also way out of budget parameters.

Given the reality of NASA's approx. level annual budget, the Commission members gravitated toward recommending a Flexible Path before a manned return to the Moon. ...

Given the reality of NASA's approximately level annual budget, the Commission members gravitated toward recommending a Flexible Path before a manned return to the Moon. In essence, if the U.S. focused first on a manned return to the Moon it would require a higher up front expenditure to develop not only the launch systems required to get large space systems out of the Earth's gravity but also the manned lunar lander and return systems. On the other hand, a focus first on the Flexible Path would avoid the expense of the manned lander and return systems as all destinations would avoid deep gravity wells. The result of doing the Flexible Path first followed by a manned return to the Moon would be more

Conference Round-up (cont.)

... the Commission found a strong need for increased participation by the commercial sector

evenly divided annual expenditures which would better match NASA's budget profile. Makes sense to us. Mr. Greason also found that he was not the only cheerleader for commercial space, as the Commission found a strong need for increased participation by the commercial sector and a return by NASA to its technology development roots.

By Hoyt Davidson
Near Earth LLC

NEAR EARTH ANALYSIS: MARKET COMPARABLES

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:			
		10/12/09	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	Trailing EPS (b)	Forward EPS (b)
Satellite Broadcast (DBS and DARS)										
BSY.L	British Sky Broadcasting (f)	£ 5.84	\$16,159.96	\$19,215.68	2.3x	11.1x	15.0x	27.8x	29.2x	24.5x
DISH	Dish Network Corp	\$ 19.58	\$8,748.34	\$12,554.08	1.1x	4.3x	6.4x	8.6x	10.8x	9.4x
DTV	DirectTV Group Inc.	\$ 26.92	\$26,800.21	\$30,640.21	1.5x	6.1x	13.0x	20.7x	19.2x	12.5x
SIRI	Sirius XM Radio	\$ 0.56	\$2,159.07	\$5,177.70	2.3x	16.6x	n/m	n/m	n/m	n/m
Mean					1.8x	9.5x	11.4x	19.0x	19.7x	15.4x
Cable Television										
CMCSA	Comcast Corporation	\$ 15.28	\$44,016.18	\$73,250.18	2.1x	5.2x	9.8x	13.9x	13.8x	12.8x
MCCC	Mediacom Communications Corp.	\$ 5.47	\$369.01	\$3,687.52	2.6x	7.1x	12.4x	n/m	7.5x	8.5x
TWC	Time Warner Cable Inc.	\$ 41.30	\$14,554.12	\$36,917.12	2.1x	5.8x	11.1x	6.4x	13.8x	11.8x
CVC	Cablevision Systems Corp	\$ 23.75	\$7,153.26	\$18,504.37	2.4x	9.5x	22.0x	n/m	24.5x	16.3x
Mean					2.3x	6.9x	13.8x	10.1x	14.9x	12.4x
Television										
TVL	LIN TV Corp.	\$ 4.55	\$234.01	\$906.40	2.5x	7.5x	13.7x	n/m	n/m	16.3x
SBGI	Sinclair Broadcast Group	\$ 3.73	\$296.91	\$1,611.67	2.3x	5.9x	12.9x	22.7x	n/m	12.0x
FSCI	Fisher Communications Inc	\$ 18.90	\$165.38	\$228.96	1.5x	8.0x	n/m	6.6x	n/m	n/m
Mean					2.1x	7.1x	13.3x	14.7x	n/m	14.1x
Radio										
CMLS	Cumulus Media Inc.	\$ 2.73	\$113.90	\$745.61	2.7x	10.0x	11.9x	n/m	n/m	n/a
ETM	Entercom Communications	\$ 7.63	\$288.87	\$1,087.60	2.7x	9.9x	11.8x	n/m	8.8x	7.9x
Mean					2.7x	10.0x	11.8x	n/m	8.8x	7.9x
NewsPrint										
MNI	The McClatchy Company	\$ 3.36	\$281.06	\$2,242.98	1.4x	6.9x	13.9x	n/m	5.8x	12.0x
NYT	New York Times	\$ 8.39	\$1,208.08	\$2,183.55	0.8x	9.3x	23.6x	n/m	n/m	n/m
WPO	Washington Post	\$ 474.85	\$4,463.59	\$4,156.08	0.9x	7.0x	16.0x	n/m	36.0x	na
Mean					1.0x	7.8x	17.9x	n/m	20.9x	12.0x
New Media										
MSFT	Microsoft Corporation	\$ 25.72	\$229,113.76	\$203,411.76	3.5x	8.9x	9.8x	15.5x	15.3x	13.4x
AAPL	Apple Inc.	\$ 190.81	\$170,916.15	\$146,694.15	4.2x	19.3x	21.2x	33.3x	32.6x	27.3x
YHOO	Yahoo! Inc.	\$ 16.75	\$23,377.14	\$19,519.64	2.9x	13.8x	31.7x	n/m	n/m	n/m
GOOG	Google Inc.	\$ 524.04	\$165,816.74	\$146,472.73	6.6x	19.0x	23.7x	38.1x	24.0x	21.0x
IACI	Interactive Corporation	\$ 19.03	\$2,872.01	\$1,133.06	0.8x	21.5x	n/m	10.5x	n/m	29.3x
ERTS	Electronic Arts Inc.	\$ 20.58	\$6,648.37	\$4,369.37	1.1x	n/m	n/m	n/m	22.6x	17.2x
Mean					3.2x	16.5x	21.6x	24.3x	23.6x	21.6x
Satellite Imagery										
GEOY	GeoEye	\$ 26.84	\$499.22	\$699.32	3.6x	10.1x	17.6x	13.4x	21.3x	16.2x
DGI	DigitalGlobe Inc.	\$ 23.43	\$1,050.84	\$1,260.34	4.6x	7.4x	14.6x	21.3x	25.2x	26.6x
Mean					4.1x	8.8x	16.1x	17.4x	23.2x	21.4x

MEDIA SERVICES INDEX

High	6.6x	21.5x	31.7x	38.1x	36.0x	29.3x
Mean	2.2x	8.9x	13.6x	13.3x	15.5x	13.4x
Low	0.8x	4.3x	6.4x	6.4x	5.8x	7.9x

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

(c) Converted to US \$ from Euro at an exchange rate of 1.4775 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 0.9663 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.5800 US \$ per British Pound.

n/m Not Meaningful.

na Not Available

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: MARKET COMPARABLES

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

		Stock Price:		Enterprise Value as a Multiple of:			Price as a Multiple of:				
				LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	Trailing EPS (b)	Forward EPS (b)		
		10/12/09	Market Value of Equity	Enterprise Value (a)							
Fixed Satellite Services (FSS)											
ETL.PA	Eutelsat Communications (c)	€	21.54	\$6,990.12	\$10,649.67	7.7x	9.4x	15.3x	19.1x	30.6x	28.2x
SESG.PA	SES Global S.A. (c)	€	15.88	\$9,372.32	\$14,520.23	5.9x	8.7x	15.2x	16.3x	20.4x	19.2x
				Mean		6.8x	9.0x	15.2x	17.7x	25.5x	23.7x
Mobile Satellite Services (MSS)											
ISAT.L	Inmarsat (f)	£	5.39	\$3,909.90	\$5,327.80	5.2x	9.6x	14.3x	10.5x	15.8x	12.5x
IRDM	Iridium Communications Inc.	\$	8.61	\$587.29	\$539.42	1.7x	5.9x	6.9x	16.3x	13.9x	7.8x
ORBC	ORBCOMM Inc.	\$	3.09	\$131.08	\$71.03	2.3x	n/m	n/m	n/m	n/m	n/m
GSAT	Globalstar Inc.	\$	0.75	\$105.89	\$240.85	3.4x	n/m	n/m	n/m	n/a	n/a
				Mean		3.1x	7.7x	10.6x	13.4x	14.9x	10.1x
Satellite Ground Segment											
CMTL	Comtech Telecommunications	\$	31.93	\$899.79	\$613.94	1.0x	5.9x	7.4x	16.1x	14.9x	13.8x
GCOM	Globecom Systems Inc.	\$	7.06	\$144.78	\$100.75	0.6x	10.1x	25.5x	n/m	22.1x	18.1x
GILT	Gilat Satellite Networks	\$	4.35	\$174.57	\$74.53	0.3x	6.0x	n/m	n/m	n/m	n/a
HUGH	Hughes Communications, Inc.	\$	29.34	\$633.74	\$1,054.80	1.0x	7.8x	17.2x	n/m	n/m	17.0x
ISYS	Integral Systems Inc.	\$	7.55	\$130.62	\$134.89	0.8x	10.3x	14.5x	18.4x	n/m	25.2x
VSAT	ViaSat Inc.	\$	30.06	\$930.36	\$910.16	1.4x	12.4x	19.6x	23.1x	18.0x	15.9x
				Mean		0.9x	8.8x	16.8x	19.2x	18.3x	18.0x
Satellite Space Segment											
ORB	Orbital Sciences	\$	14.60	\$823.73	\$601.22	0.5x	7.4x	9.7x	17.7x	24.3x	15.2x
CDV.TO	COM DEV International (d)	\$	3.19	\$234.58	\$237.18	1.0x	7.2x	10.9x	12.6x	n/a	n/a
MDA.TO	McDonald Dettwiler and Associates (d)	\$	33.35	\$1,349.67	\$1,731.59	1.7x	10.6x	13.2x	19.9x	n/a	n/a
OHB.DE	OHB Technologies (c)	€	8.60	\$188.82	\$137.06	0.4x	4.2x	5.5x	17.7x	17.4x	15.9x
				Mean		0.9x	7.4x	9.8x	17.0x	20.9x	15.5x
Towers											
AMT	American Tower	\$	37.73	\$14,933.53	\$19,048.42	11.5x	18.2x	30.0x	n/m	n/m	n/m
CCI	Crown Castle	\$	31.95	\$9,216.30	\$15,469.84	9.7x	17.2x	n/m	n/m	n/m	n/m
SBAC	SBA Communications	\$	28.50	\$3,324.24	\$5,537.05	10.6x	18.7x	n/m	n/m	n/m	n/m
				Mean		10.6x	18.0x	30.0x	n/m	n/m	n/m
General Telecom											
S	Sprint Nextel Corporation	\$	3.58	\$10,281.76	\$26,680.76	0.8x	3.8x	n/m	n/m	n/m	n/m
T	AT&T	\$	25.60	\$151,040.00	\$220,815.00	1.8x	5.2x	9.9x	12.3x	12.4x	11.5x
VZ	Verizon Communications, Inc.	\$	29.00	\$82,377.69	\$186,255.69	1.8x	5.4x	10.7x	13.9x	11.7x	11.4x
				Mean		1.5x	4.8x	10.3x	13.1x	12.1x	11.4x
TELECOM SERVICES INDEX (excludes Towers stocks)											
				High		7.7x	12.4x	25.5x	23.1x	30.6x	28.2x
				Mean		2.1x	7.6x	13.0x	17.8x	18.3x	16.3x
				Low		0.3x	3.8x	5.5x	10.5x	11.7x	7.8x

(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 1.4775 US \$ per Euro.

(d) Converted to US \$ from C\$ at an exchange rate of 0.9663 US \$ per C\$.

(f) Converted to US \$ from British Pound at an exchange rate of 1.5800 US \$ per British Pound.

n/m Not Meaningful.

n/a Not Available

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: M&A TRANSACTIONS

Selected Satellite, Telecom & Media Transactions

(US\$ in millions)

Date Announced	Acquirer	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/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	Hispatat (28.4% share)	199.0	199.0	5.8x	7.9x	
09/23/09	GHL Acquisition Corp	Iridium Satellite LLC	500.0	517.3	1.6x	5.6x	
10/01/09	ViaSat, Inc	WildBlue Coimunications, Inc.	568.0	500.0	2.4x	6.6x	
				Mean	5.4x	8.7x	
Ground Equipment & Systems Integrators							
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d	
03/19/07	CIP Canada Investment Inc.	Stratos Global Corporation	293.3	621.5	1.2x	2.9x	
05/12/08	Comtech	Radynne	201.9	223.6	1.5x	16.0x	
07/10/08	Nokia	Navteq	7,719.0	8,100.0	8.8x	29.5x	
05/09/09	Rockwell Collins	Datapath	130.0	130.0	0.5x	n/d	
06/01/09	Globecomm Systems	Telaurus Communications LLC	6.5	6.5	0.5x	n/d	
				Mean	2.3x	16.1x	
Aerospace and Defense							
04/23/07	Kratos	SYS Technologies	49.3	49.3	0.6x	n/m	
05/03/07	Globecomm	GlobalSat	18.4	18.4	0.9x	n/d	
07/31/07	LMI Aerospace, Inc.	D3 Technologies, Inc.	65.0	65.0	1.0x	7.2x	
11/29/07	Finmeccanica SPA	VEGA Group PLC	59.2	56.2	0.9x	9.6x	
05/12/08	Finmeccanica SPA	DRS Technologies Inc	3,358.0	4,930.0	1.4x	11.0x	
05/13/08	Cobham plc	M/A-COM	425.0	425.0	0.9x	6.8x	
06/04/08	Cobham plc	Sparta Inc	416.0	416.0	1.4x	12.1x	
12/16/08	Sierra Nevada Corporation	SpaceDev, Inc.	31.7	26.6	0.7x	23.3x	
				Mean	1.0x	11.7x	
Video Distribution							
11/18/05	Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x	
02/08/06	Tandberg Television	Skystream	80.0	80.0	2.6x	n/d	
12/21/06	Motorola	Tut Systems	39.0	39.0	1.0x	n/d	
04/23/07	Motorola	Terayon Communication Systems Inc.	139.7	127.2	1.9x	n/m	
12/07/07	Macrovision Corp	Gemstar-TV Guide Intl Inc	2,842.1	2,325.1	3.7x	21.9x	
03/12/09	Harmonic	Scopus Video Networks	78.3	47.6	0.8x	n/m	
				Mean	2.1x	17.6x	
Towers							
05/04/05	American Tower	Spectrasite	3,100.0	3,800.0	10.2x	17.0x	
03/17/06	Crown Castle	Trintel Communications	145.0	145.0	10.1x	n/d	
03/17/06	SBA Communications Corp	AAT Communications Corp	1,002.0	1,002.0	12.0x	17.9x	
05/08/06	Crown Castle	Mountain Union Telecom LLC	309.0	309.0	11.9x	n/d	
10/06/06	Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x	
07/21/08	SBA Communications Corp	Optasite Towers	253.2	428.2	14.8x	n/m	
				Mean	11.8x	20.5x	
General Telecom (Wireless)							
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	WLLI (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x	
01/18/07	Citadel Investment Group LLC	ION Media Networks Inc	98.8	1,654.3	7.1x	16.9x	
03/29/07	Umbrella Holdings LLC	Univision Communications	12,300.0	13,700.0	6.3x	18.1x	
				Mean	5.4x	15.8x	
Radio							
07/29/08	Sirius Satellite Radio Inc.	XM Satellite Radio Holdings Inc.	2,301.7	3,957.7	3.4x	n/m	
07/30/08	Bain Capital	Clear Channel	17,923.8	23,724.1	3.5x	10.8x	
05/29/09	Cox Enterprises, Inc	Cox Radio	381.5	704.3	1.8x	6.2x	
				Mean	2.9x	8.5x	
New Media							
03/15/07	Cisco	WebEx	2,900.0	2,900.0	7.6x	29.3	
01/31/08	Amazon.com	Audible	280.7	257.0	2.4x	n/m	
03/11/08	Google	DoubleClick	3,100.0	3,100.0	10.3x	62.0x	
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	
07/02/08	Hellman & Friedman LLC	Getty Images Inc.	2,028.1	1,977.1	2.3x	7.0x	
03/05/09	Barnes and Noble	Fictionwise	15.7	15.7	8.7x	n/d	
				Mean	5.2x	27.0x	

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

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

n/d Not Disclosed

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

n/m Not Meaningful

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

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