

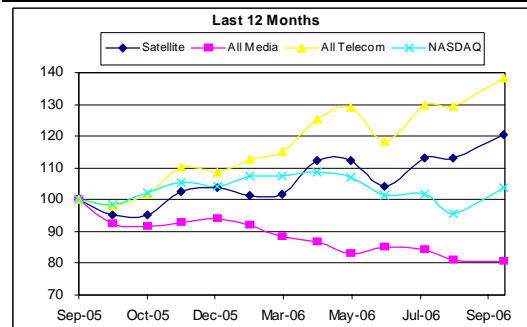
FROM THE GROUND UP

September 2006

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THE WAY WE SEE IT...

Satellite: WildBlue announced that it raised \$350 million in a debt-financing, led by Liberty Media Corp and Tennenbaum Capital Partners, for continued growth including the Q4 '06 launch of WildBlue I. This affirms that the service is doing well, (we understand they are adding over 10,000 subscribers a month).

Boeing Company announced that it discontinued its Connexion broadband service to commercial airlines, and will take up to a \$320mm charge to shut down the service. As an article in our July newsletter suggested, the economics of the business seemed quite challenging. This article can be read at: <http://www.nearearthllc.com/analysis/presentations/vol2.7.1.pdf>

NASA has awarded two contracts totaling \$500 million to Rocketplane Kistler and SpaceX to develop cargo delivery systems for the International Space Station. This represents an entirely new contracting paradigm for NASA and a sincere effort to support entrepreneurial space companies.

Video: ATT Broadband TV announced a deal with MobiTV to offer 20 channels of video for \$19.99 to broadband users. This is the beginning of another new platform that will compete with satellite TV and cable, leveraging AT&T's substantial national presence.

Apple's iTunes has initiated its widely anticipated movie download service. Given the market reach of iTunes and the IPOD technology, the new service could create significant competition for video rentals, cable pay-per-view services, and similar download offerings such as Amazon's.

WiMax: The AWS auction is over, raising approximately \$13.7 billion in bids, above pre-auction expectations but below estimates from a year ago. The winning bidders for the most valuable properties were largely wireless services companies with large existing spectrum holdings, suggesting that these companies plan to expand offerings in a spectrum-intensive manner. See our "Spot Beam" article on page 2 for additional discussion of this topic.

Media: The New York Times announced plans to auction off its Broadcast Media Group, which comprises 9 television stations, primarily in mid-size markets. This move may signal the company's increased focus on New Media, including its rapidly growing Internet-based efforts.

New Media: Spiral Frog, a new Internet service company, has announced plans to allow computer users to download digital songs for free (in conjunction with Universal Music Group). This will be an advertising-supported initiative that constitutes a new alternative to the traditional iTunes pay-per-download model.

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DISTRIBUTION OR CONTENT? REGARDLESS, CRITICAL MASS RULES

In the ongoing debate about the superior form of Media & Telecom – content or distribution – some noteworthy events have taken shape in the past month, providing interesting insights to the direction of this rapidly changing industry.

That the wireless carriers should pay up to increase their spectrum holdings, [with so many alternative uses of capital on the horizon] may speak to the importance of [distribution capacity]...

In the realm of telecom infrastructure (content distribution), it seems that bidding for wireless spectrum in the latest FCC auction, Advanced Wireless Services (AWS-1), has leveled off and may soon come to an end. On the date that this article is being written, only 3 new bids had been registered from 104 eligible bidders in auction round number 153. At current aggregate bids for all licenses offered, the average spectrum valuation seems to be settling at approximately \$0.50 per MHz-POP – which is toward the high end of pre-auction expectations (although lower than some historical comparables). Total net bids are now approximately \$13.7 billion nationwide, with the major incumbent wireless service providers emerging as the most aggressive acquirers. That the wireless carriers should pay up to increase their spectrum holdings, in the midst of aggressive marketing battles and with limited market-share growth prospects, may speak to the importance of increased spectrum holdings in their future strategy. Illustrations of the strategy can be seen in the following recent news from the wireless carrier community... Verizon's music-download offering through its new "Chocolate" device... Cingular's venture with ClearChannel Communications to broadcast the radio content of ClearChannel's Z-100 property... the launching of "Sprint Radio", a 50-channel digital music subscriber service... Alltel's alliance with XM Satellite Radio to deliver select XM content to Alltel's subscriber base. While all these examples underscore the migration of classic distribution companies into the field of content, the described offerings also represent enormous potential bandwidth drains and network pressure for the wireless groups. Thus, a one-time cost of \$0.50 per MHz-POP may be a necessary capital expenditure to increase throughput capacity, setting the stage for more content-driven marketing plans to come.

NewsCorp's reported swap with Liberty Media (of DIRECTV holdings and NewsCorp stock) may suggest a relative preference for content by NewsCorp...

And the existing content providers in the meantime? Are they feeling the need to acquire distribution of their own, for fear of being squeezed out of the market by limited bandwidth availability, and/or proprietary content offered by the traditional distribution channels? If recent news from NewsCorp is any indication, such concerns appear to be muted at best. In particular, reported discussions with Liberty to swap NewsCorp's stake in DIRECTV for Liberty's NewsCorp stock, would suggest that Rupert Murdoch is less interested in owning a piece of the nation's most substantial satellite television operator (distribution) than shares in one of the most dominant content providers (his own company) – with tentacles in all parts of the mass media, from the Fox Television Network to MySpace. On the other side of the table, of course, Liberty's bet is pointing to the opposite view – as the company would with the proposed transaction trade its holdings in the omnipresent content of NewsCorp for a consolidated stake in the distribution prowess of DIRECTV.

THE CURRENT SPOT-BEAM (cont.)

...whether focused on content or distribution, the primary objective appears to be to achieve and sustain industry-leading critical mass and a dominant market presence.

While the outcome of the debate – distribution or content – does not seem near to being settled yet, there is at least one common aspect to all these developments, which may point to something of a consensus in the Media & Telecom sectors. In the addition of 90 MHz of new spectrum to the already significant bandwidth of wireless carriers, in the content aggregation of NewsCorp (that now also includes the world's most popular social networking site with an estimated 60 million page views per month), in the consolidation of DIRECTV's ownership as it continues to grow past the 15 million subscriber mark – in all these cases, whether the enterprise is focused on content or distribution – the primary objective appears clear and consistent: to achieve and sustain industry-leading critical mass and a dominant market presence.

The rationale for this goal, moreover, is well-founded, (especially since the distribution/content dynamic referred to above may not be settled for some time): From a negotiation perspective, a distributor will be easier to bargain with if the content sold is generating “buzz” and “market pull”; and the content provider will prefer to sell this product through a distributor who has maximum market reach. While neither side is comfortably in the driver's seat (and perhaps even because of this), each must continue to keep up with the other in demonstrating its increasing strength. So, with this in mind, it is also a noteworthy news item and one that supports our thesis, that a primary reason for recent management shakeups at Viacom (according to published reports) was the inability of this content company to establish a meaningful presence in New Media, to keep up with the likes of MySpace.

By Dan Ramsden

Near Earth LLC

Motient/MSV/SkyTerra/TerraStar Transaction Overview

*The following information is based on analysis of publicly available information including that of the companies involved, which we believe to be correct. However, we cannot guarantee the accuracy or completeness. This article is not meant as a recommendation to buy or sell any security. Please see our full disclosure on page 15.

We are often asked about the intricate series of relationships between Motient, MSV, SkyTerra, TerreStar and Hughes. It must be among the most complicated inter-corporate structures in the US involving public companies and confuses a lot of people. However, it is undergoing a series of transactions, pending the approval of the FCC, which may help to clarify the role of each company. We are hoping this article will explain the transactions and provide some clarity to the situation.

Purpose of Transactions:

The purpose of these transactions is to consolidate MSV and TerreStar under separate companies with Motient taking control of TerreStar and SkyTerra taking control of MSV. By doing so, both firms hope to capitalize on strategic opportunities and relationships by building separate hybrid satellite and terrestrial based networks using different frequency bands. Another objective of separating MSV and TerreStar is to allow each subsidiary to be controlled by one publicly traded company instead of a consortium of public and private firms which makes investing in both MSV and TerreStar more easily available to the general public. The basic overview of the transaction is as follows, assuming all options are exercised.

MSV:

- Motient exchanges its 43.4% MSV interest for SkyTerra shares or rights to exchange into SkyTerra shares (“the SkyTerra Put”) representing 50.0% of SkyTerra on a pro forma basis.
- Motient will immediately exchange 60.6% of its interest in MSV (26.5% of MSV) for 29.1mm SkyTerra shares, and intends immediately, or as soon as practicable, to distribute 25.5mm of these SkyTerra shares to its shareholders.
- 39.4% of Motient’s interest in MSV (17.1% of MSV) will be retained. These retained MSV units will be subject to Motient’s exchange rights in the form of the SkyTerra Put, for 18.9mm SkyTerra shares after the initial exchange. Motient will also retain 3.5mm shares not distributed to shareholders above, for a total of 22.5 mm shares.
- MSV interests retained by Motient are to satisfy obligations upon potential Preferred conversion and 2006 tax liabilities and for future general and corporate purposes.
- Other MSV unit holders exchange MSV units for SkyTerra ownership.
- SkyTerra acquires, in aggregate 63.5% of MSV (up from 16.5% and assuming all shareholders including management tag along excluding TMI’s 19.4% stake) upon initial exchange and 80.6% of MSV assuming Motient exercises its SkyTerra Put, and possibly up to 100% if TMI exercises its tag along rights.

The purpose of these transactions is to consolidate MSV and TerreStar under separate companies with Motient taking control of TerreStar and SkyTerra taking control of MSV.

SkyTerra acquires... 80.6% of MSV assuming Motient exercises its SkyTerra Put, and possibly up to 100% if TMI exercises its tag along rights.

FROM THE DEAL SIDE (cont.)

Motient acquires, in aggregate 88% of Terrestar (up from 54.3%) with the potential for 100% ownership if SkyTerra exercises its tag along.

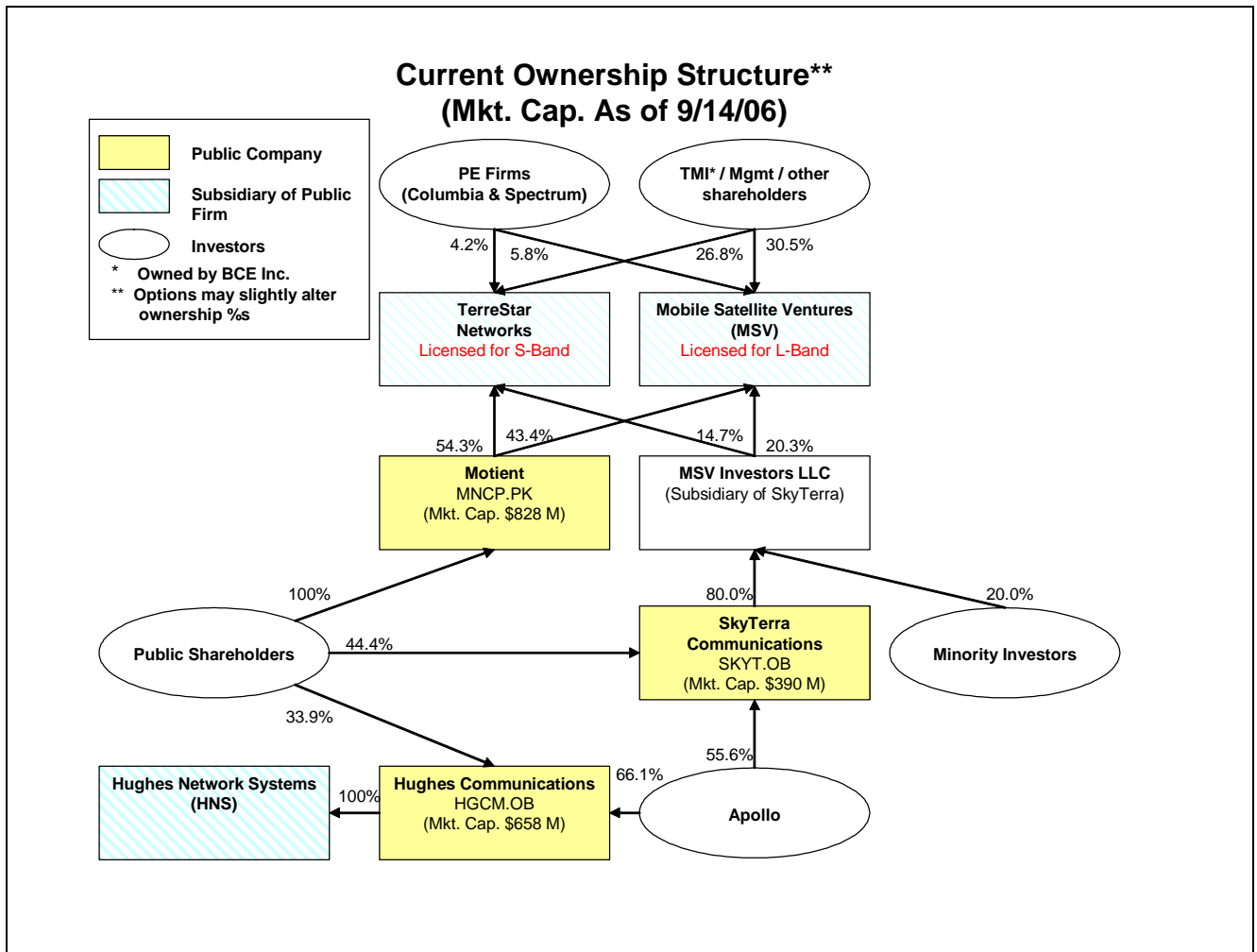
Terrestar:

- Motient purchases the equity interest of certain investors in TerreStar (excluding SkyTerra)
- Although Columbia and Spectrum are the only shareholder parties to the agreements, other Terrestar shareholders (excluding SkyTerra and TMI) are assumed to exercise tag along rights. SkyTerra and TMI may also tag along as well in the transaction.
- Motient acquires, in aggregate 88% of Terrestar (up from 54.3%) with the potential for 100% ownership if SkyTerra exercises its tag along right.

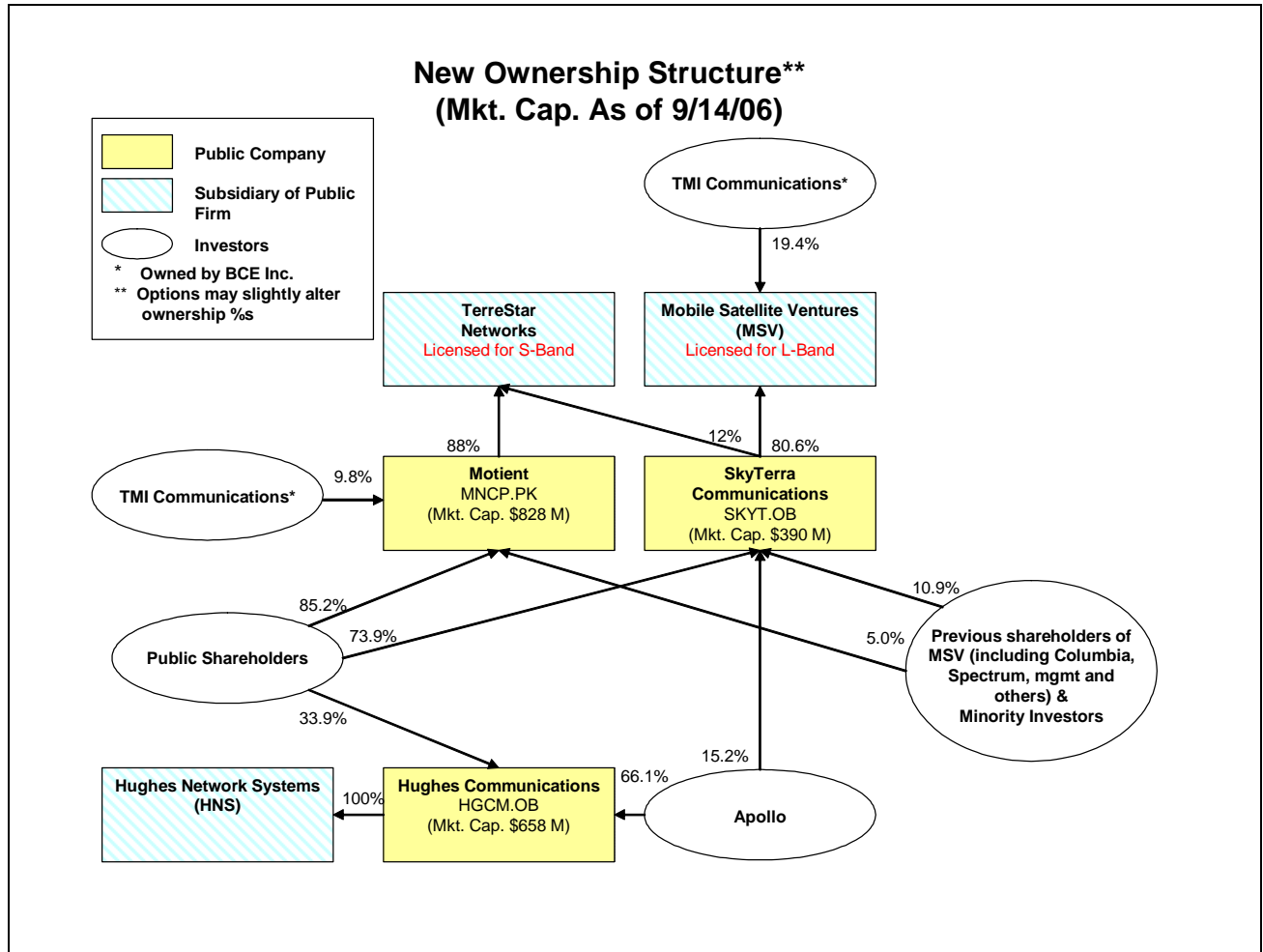
Hughes:

- Hughes is not party to this transaction
- Hughes Network Systems (HNS) is now 100% owned by Hughes Communications Inc. (HCI)
- HCI in turn, is 66.1% owned by Apollo, the private equity shop and 33.9% by the public (ticker: HGCM.) There is no longer any relationship between Hughes and SkyTerra.

As, you can see, this transaction eliminates minority investors in both MSV and Terrestar by issuing stock in the controlling parent in exchange. Please look at the charts below for more detail.



FROM THE DEAL SIDE (cont.)



By J. Armand Musey, CFA
Near Earth LLC

CONFERENCE ROUND-UP

NOTES FROM THE 10TH SATELLITE FINANCE CONFERENCE- PARIS, FRANCE

[Satellite]
Operators are reducing excess capacity due to increased transponder demand.

The mood of this conference was almost exuberant. Almost everyone is doing well. Financial people love all the transaction fees. Several classes of investors have made huge profits on satellite consolidation and "flips." The debt markets are selling junk bonds for new satellite ventures at interest rates in the 11% to 14% range.

Operators are reducing excess capacity due to increased transponder demand. Lease prices are firming and increasing slightly in some cases. Fixed Satellite Service (FSS) demand grew 6% in 2005 and is predicted to grow 4% per year for the next several years. The merger of INTELSAT and PanAmSat has created three large operators that control more than 70% of the FSS business.

No terrestrial strategic partners have been identified for the MSS/ATC companies.

Direct Broadcasting Satellite (DBS) continues to expand and performs well. Satellite radio is growing rapidly in North America, but many have doubts that audio broadcasting services will be successful elsewhere. High Definition Television is becoming an important factor for both DBS and FSS. DBS has gained some advantages over cable service by offering a wider selection of HDTV. Furthermore, distribution of HDTV requires about three times as much FSS transponder bandwidth.

Satellite broadband services are growing rapidly...Each system reports 10,000 new users per month.

Mobile Satellite Service (MSS) remains an active sector. The AWS auction has demonstrated that the value of spectrum has been cut by a factor of 5 in the past year. No terrestrial strategic partners have been identified for the MSS/ATC companies. MSV would like to provide ATC broadband services for the DBS companies by using receivers that would connect to terrestrial repeaters when inside of buildings, but would also work with the satellites through an external antenna. Echostar, at least, does not seem to be interested in the MSS/ATC solution. Inmarsat paid \$15 M for ACeS. It will operate the East Asian system and plans to replace the Garuda 1 satellite with an Inmarsat 4. Inmarsat will begin offering hand held service through the Inmarsat 4 satellites.

One of the interesting new services is MSS entertainment. TU Media in Korea had 200,000 users by the end of 2005 and forecasts suggest 1 million users by the end of 2006. Mobile television was used extensively in Italy during the recent world cup games. Satellite broadband services are growing rapidly. David Drucker said that "As of today WildBlue has 87,000 subscribers". HughesNet has 300,000 subscribers. Each of these systems reports gains of 10,000 new users per month.

[Satellite]
Manufacturing remains a difficult business with low prices and tough contract terms.

Satellite manufacturers expect that there will be about 25 new orders this year. In addition to the growing demand, many amortized satellites must be replaced. Excess capacity and strong competition from the prime contracts keeps prices low. Manufacturing remains a difficult business with low prices and tough contract terms. Lockheed Martin and Boeing are extremely cautious about commercial satellite programs. Consequently, the dominant suppliers of commercial satellites are Alcatel Alenia Space (soon to be owned by Thales), EADS Astrium Space, Orbital Systems, and Space Systems/Loral.

CONFERENCE ROUND-UP (cont.)

ITAR has basically shut down the use of Long March for commercial launches.

Launch providers are seeing higher launch costs and prices rise. Russians have increased the price of launchers by about 50% due to inflationary pressures. There were several informal reports that the prices of Russian vehicles have increased substantially recently. The cost per kg has increased from \$13,000 to \$20,000 per kg. The Proton price has gone from \$50 M to \$80M and Sea Launch has gone from \$59 M to more than \$70M. The conference ended with the information that Lockheed had sold its part in ILS. ITAR has basically shut down the use of Long March for commercial launches.

Few satellite failures have resulted in a profitable insurance industry for the past three years. Capacity is increasing so premiums are going down. Current premiums are as low as 13% for launch plus one year. Insurance rates are set by supply and demand.

By Roger Rusch

Roger Rusch is the President of TelAstra, Inc. The company counsels investors, satellite operators, and system producers, in business and financial aspects of the telecommunications industry. TelAstra, Inc. is an established firm with extensive experience as advisors to the communications industry. It has worked with service providers and companies involved in both the space and terrestrial manufacturing. The group is a major advisor to firms that have examined or adopted private communications networks including broadband and VSATs. He can be contacted at RogerRusch@telastra.com.

*The views expressed above reflect that of the author and not necessarily those of Near Earth LLC.

CONFERENCE ROUND-UP (cont.)

CTIA WIRELESS I.T. AND ENTERTAINMENT 2006 CONFERENCE- LOS ANGELES, CA

...exploding consumer demand for ringtones, music downloads, games, live and on-demand video programming and more.

The Los Angeles Convention Center hosted this diverse conference September 12-14, which combined elements of both mobile entertainment content delivery as well as hardware and applications for business. Several observers commented on the increased prominence of the entertainment component, as fostered by exploding consumer demand for ringtones, music downloads, games, live and on-demand video programming and more. Paralleling (or perhaps enabling) this development on the content front was the presence of exhibitors with new technology, including 3G, GPS and network assisted location and more – all driving the introduction of new services for end users – and distributed by both carriers and third parties (“off deck” distribution). One speaker used the catchy phrase “Lifestyle Infrastructure Tool” to refer to the ever more versatile handset we carry – we hope he trademarked it!

...the service rollout is lagging despite these [a combination of necessity and opportunity] pressures to roll out new services.

Several speakers and exhibitors we talked to noted that introduction of these new products, services and revenue streams is being driven by a combination of necessity and opportunity – where neither dominates. Necessity because increased wireless penetration and commoditization of voice has largely cooled the once hot revenue growth from voice (which, as they noted, still remains the killer app for wireless). And opportunity because of the ubiquity of the handset, combined with increasing network capacity and computing power. Speakers noted that in some cases (most notably, the potential use of cell phones as payment devices) the service rollout is lagging despite these pressures to roll out new services. The reason cited was that “worst case” fears was holding back technology deployment (for example, consumers losing their voice service due to late payments for unrelated transactions purchased with their phones – as well as the non-bank status of carriers whose billing infrastructure could provide the capability).

...35% of content delivered by third party content aggregators “off deck distribution” doesn’t get paid for...

On the entertainment side, there was a wealth of content on display, thanks to both the efforts of the carriers as well as third party content aggregators. One issue raised during sessions was the status of the third party content aggregators – which have been stuck at about a third of content delivered, with the remainder going to the network operators and their meticulously maintained “walled gardens” (or, as Walter Mossberg noted in one session, the “Soviet Ministries”). Compounding this issue was the 35% figure that referred to content that is delivered off deck but that doesn’t get paid for – much to the chagrin of tier 1 content owners. On a more positive note, speakers offered visions of the future drawing on the experience in Japan, where today 90% of all digital downloads are to mobile devices, and Europe, where off deck content flourishes using a revenue sharing model. (Some evidence supporting this viewpoint was announced during the show: Real Networks acquisition of South Korea based WiderThan, a 3rd party content aggregator with notable penetration in ringback tones.)

...general consensus that [mobile advertising’s] role was going to expand...

There was also a lot of discussion (or was that hand wringing?) concerning the role of mobile advertising. Given the role of advertising, and the revenues it generates, in the development of other media there was general consensus that its role was going to expand, but little consensus beyond that. We expect that carriers will control the process and proceed gingerly, especially given the competitive market place they face.

Of course, no conference wrap-up would be complete without mentioning the were several exhibitors who pegged our “gee whiz” factor – including GPS navigation systems that reside on the handset, live TV on handsets and live/historical asset tracking overlaid on those cool satellite photos from the folks at Google Earth.

CONFERENCE ROUND-UP (cont.)

VON (VOICE, VIDEO & VISION) 2006 CONFERENCE – BOSTON, MA

...hot topics included communication reliability / security / privacy, enterprise collaboration across VOIP networks, and the proliferation of disparate transmission / compression codecs – and why consolidation is unlikely.

Boston's Convention Center was packed from September 11-14, with over 10,000 attendees for this evolving conference. Originally focused on Voice Over Internet Protocol applications, systems and hardware, the V in VON increasingly means Video as well (a rather convenient coincidence for the folks at Pulver Media who organize VON.)

This transition was very evident in the exhibit hall, where a plethora of vendors were showcasing new software, hardware and systems that take advantage of the proliferation of broadband – and the increasing need of broadband providers to differentiate themselves. In addition to more video, we also saw better video than ever before – including some spectacular, artifact free HD MPEG-4 video being encoded/decoded in real time. For the more bandwidth constrained, we saw video phones from a variety of vendors – using a variety of distribution models. These ranged from white label alignments with broadband service providers to standalone subscriptions to direct sales over the Internet.

In the sessions, hot topics of discussion included communication reliability / security / privacy, enterprise collaboration across VOIP networks, and the proliferation of disparate transmission/compression codecs – and why consolidation is unlikely (i.e. different implementations and transmission media such as wireless, WiFi, satellite and fiber each are best suited to different codecs). With the codec “tower of babel”, a need for transcoders to connect them all is quickly emerging.

In the “gee whiz” exhibit category, we really liked the Skype enabled WiFi powered VOIP handsets – especially with the built in cellular capability. We can't wait until the carriers integrate the two technologies so that users can roam seamlessly between them. We also really liked AOL's emerging video/IM platform – as well as competing versions from Clique Communications and others.

By John Stone

John Stone is a Partner at Near Earth LLC. Near Earth LLC senior bankers regularly attend conferences and speaking events. Please go to www.nearearthllc.com or email John@nearearthllc.com to find upcoming events.

NEAR EARTH ANALYSIS: MARKET COMPARABLES

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

(\$ in millions, except per share data)		Stock Price:		Enterprise Value as a Multiple of:			Price as a Multiple of:		
Company	9/15/06	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2006E EPS (b)	2007E EPS (b)
Satellite Capacity Leasing (FSS)									
LORL	Loral Space & Comm (new)	\$ 27.15	\$543.0	\$529.2	0.7x	11.2x	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	\$ 14.40	\$9,898.5	\$13,831.5	8.0x	11.6x	21.3x	18.4x	15.2x
				Mean	5.4x	11.5x	26.1x		
Satellite Equipment Manufacturers & Integrators									
GILT	Gilat Satellite Networks	\$ 9.31	\$215.1	\$233.9	1.0x	8.9x	n/m	83.8x	n/m
GCOM	Globecom	\$ 7.30	\$113.9	\$89.4	0.7x	14.0x	26.7x	26.8x	26.1x
VSAT	ViaSat	\$ 26.94	\$771.6	\$763.8	1.8x	15.0x	26.4x	32.9x	22.3x
ORB	Orbital Sciences	\$ 19.48	\$1,163.0	\$1,082.8	1.4x	15.0x	18.5x	35.4x	32.5x
RADN	Radyne Comstream Inc.	\$ 12.37	\$232.1	\$211.5	1.6x	9.5x	11.3x	18.2x	17.7x
CDV	COM DEV International (d)	\$ 5.12	\$308.6	\$315.6	2.7x	16.5x	24.3x	36.7x	27.8x
				Mean	1.5x	13.2x	21.4x	39.0x	25.2x
Towers									
AMT	American Tower	\$ 36.71	\$15,741.2	\$19,275.1	20.4x	34.7x	n/m	n/m	n/m
CCI	Crown Castle	\$ 35.34	\$7,807.3	\$7,809.8	11.5x	25.7x	n/m	n/m	n/m
SBAC	SBA Communications	\$ 24.60	\$2,262.0	\$2,990.1	10.1x	26.8x	n/m	n/m	n/m
GSL	Global Signal	\$ 50.29	\$3,499.9	\$5,202.5	10.8x	25.0x	n/m	n/m	n/m
				Mean	13.2x	28.1x			
General Telecom									
AT	Alltel	\$ 57.46	\$22,386.4	\$25,712.2	2.5x	6.7x	11.6x	16.7x	18.1x
T	AT&T (new)	\$ 31.86	\$123,744.2	\$149,806.2	2.7x	8.3x	16.4x	20.1x	14.4x
VZ	Verizon Communications, Inc.	\$ 35.81	\$105,818.6	\$171,688.6	2.0x	5.8x	11.2x	14.7x	14.0x
S	Sprint Nextel Corporation	\$ 17.36	\$52,027.9	\$67,817.9	1.6x	5.2x	18.5x	31.0x	13.3x
				Mean	2.2x	6.5x	14.4x	20.6x	14.9x

TELECOM SERVICES INDEX (excludes Towers stocks)

High	8.0x	16.5x	30.9x	83.8x	32.5x	27.8x
Mean	2.2x	10.7x	19.7x	30.4x	18.3x	15.5x
Low	0.7x	5.2x	11.2x	14.7x	13.3x	12.4x

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	9/15/06	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2006E EPS (b)	2007E EPS (b)
Satellite Television (DBS)									
BSY	British Sky Broadcasting (f)	\$ 8.01	\$14,337.03	\$15,324.03	2.0x	6.9x	9.2x	13.5x	12.4x
DISH	EchoStar Communications	\$ 32.35	\$14,645.9	\$17,383.8	1.9x	7.3x	12.2x	20.6x	16.1x
DTV	DirecTV Group Inc.	\$ 18.73	\$24,502.6	\$24,911.5	1.8x	10.3x	16.2x	18.2x	15.9x
				Mean	1.9x	8.2x	12.5x	17.4x	14.8x
Television									
TVL	LIN TV Corp.	\$ 7.54	\$383.8	\$1,372.3	3.3x	10.9x	24.4x	n/m	27.9x
SBGI	Sinclair Broadcast Group	\$ 7.90	\$676.5	\$2,079.8	3.0x	9.3x	12.5x	18.8x	22.6x
UVN	Univision Communications	\$ 34.88	\$11,796.4	\$13,140.9	6.3x	18.4x	21.2x	32.6x	28.6x
YBTVA	Young Broadcasting Inc.	\$ 2.62	\$55.2	\$781.5	3.8x	n/m	n/m	n/m	n/m
				Mean	4.1x	12.9x	19.4x	25.7x	26.4x
Satellite Radio (DARS)									
SIRI	Sirius Satellite Radio	\$ 4.07	\$5,679.9	\$6,180.2	14.6x	n/m	n/m	n/m	n/m
WRSP	Worldspace	\$ 3.10	\$115.0	\$66.5	4.7x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	\$ 13.67	\$3,552.4	\$4,608.6	6.0x	n/m	n/m	n/m	n/m
				Mean	8.5x				
Radio									
CCU	Clear Channel	\$ 29.41	\$14,596.1	\$22,714.3	3.3x	10.3x	14.4x	22.3x	19.3x
CMLS	Cumulus Media Inc.	\$ 9.92	\$602.1	\$1,160.0	3.5x	13.3x	17.2x	47.2x	41.3x
CXR	Cox Radio Inc.	\$ 15.37	\$1,495.0	\$1,903.4	4.4x	11.9x	12.8x	19.2x	19.2x
EMMS	Emmis Communications Corp.	\$ 11.77	\$664.7	\$1,359.2	3.5x	17.2x	21.9x	n/m	n/m
ETM	Entercom Communications	\$ 24.85	\$1,168.5	\$1,822.5	4.3x	11.6x	12.9x	17.6x	16.0x
ROIA	Radio One Inc.	\$ 6.20	\$612.1	\$1,561.0	4.2x	10.9x	12.5x	n/m	n/m
				Mean	3.9x	12.5x	15.3x	26.6x	24.0x
NewsPrint									
DJ	Dow Jones	\$ 33.65	\$2,813.7	\$3,467.8	1.9x	15.4x	28.8x	29.5x	21.0x
MNI	The McClatchy Company	\$ 39.27	\$1,846.8	\$1,999.1	1.7x	6.2x	7.6x	13.7x	13.9x
NYT	New York Times	\$ 23.01	\$3,340.3	\$4,431.4	1.3x	8.8x	12.5x	14.5x	14.6x
TRB	Tribune	\$ 30.97	\$9,447.3	\$11,723.0	2.1x	8.0x	9.6x	15.3x	13.7x
WPO	Washington Post	\$ 746.00	\$7,169.1	\$7,341.5	2.0x	9.9x	n/m	19.6x	18.5x
				Mean	1.8x	9.6x	14.6x	18.5x	16.4x

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

High	6.3x	18.4x	28.8x	47.2x	41.3x
Mean	3.0x	11.0x	14.5x	20.2x	21.5x
Low	1.3x	6.2x	7.6x	13.5x	12.4x

(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 1.266 US \$ per Euro

(d) Converted to US \$ from C\$ at an exchange rate of 0.894 US \$ per C\$

(f) Converted to US \$ from British Pound at an exchange rate of 1.8439 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
				Mean	5.5x	8.1x
Ground Equipment						
12/06/04	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	\$110.0	\$415.0	0.8x	n/d
03/03/05	Radyne Comstream	Xicom Technology	41.0	46.0	1.1x	n/d
08/15/05	Stratos	Xantic	191.0	191.0	1.1x	n/d
09/29/05	International Datacasting	Proflin (c)	4.5	3.9	1.1x	n/d
11/11/05	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d
11/18/05	Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x
11/21/05	Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d
02/08/06	Tandberg Television	Skystream	80.0	80.0	2.6x	n/d
				Mean	1.5x	
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
				Mean	10.7x	17.4x
General Telecom (Long Distance)						
01/24/05	France Telecom	Equant	\$1,576.0	\$1,172.0	0.4x	5.3x
01/31/05	SBC	AT&T Long Distance	15,815.0	21,560.0	0.8x	4.0x
02/14/05	Verizon	MCI	8,508.0	8,992.0	0.5x	5.6x
07/25/05	VSNL	Teleglobe	177.0	238.0	0.2x	7.1x
				Mean	0.5x	5.5x
General Telecom (Wireless)						
02/17/04	Cingular	AT&T Wireless	\$40,770.0	\$47,105.0	2.8x	10.7x
12/15/04	Sprint Corp	Nextel Communications Inc	28,449.0	36,200.0	2.7x	7.1x
01/05/05	Alltel	Western Wireless	4,300.0	6,181.0	3.2x	10.7x
07/01/05	Sprint Nextel Corporation	US Unwired, Inc.	1,000.0	1,266.0	2.9x	13.2x
03/06/06	AT&T (new)	Bell South	67,000.0	89,000.0	4.3x	10.7x
				Mean	3.2x	10.5x
Television						
03/31/05	Lin TV Corp.	WNDY-TV, WWHO-TV	\$85.0	\$85.0	4.3x	12.9x
05/10/05	Various Acquirors (d)	Emmis Comm TV Portfolio	1,350.0	1,350.0	5.2x	14.6x
06/30/05	Univision Communications	WLII (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x
				Mean	4.5x	14.7x
Radio						
09/29/04	Capital Radio	GWR Group	\$611.0	\$728.0	3.1x	13.4x
06/21/05	Emap PLC	Scottish Radio Holdings	713.0	793.0	4.5x	17.7x
11/01/05	Cumulus Media Inc.	Susquehanna Radio	1,200.0	1,200.0	n/d	15.0x
02/07/06	Citadel Broadcasting	Disney (ABC Radio)	1,500.0	2,700.0	4.7x	13.5x
				Mean	4.1x	14.9x
Internet Media						
11/14/04	Dow Jones	Market Watch Inc.	\$519.0	\$463.0	5.7x	38.6x
02/17/05	New York Times	About, Inc	410.0	410.0	10.0x	30.0x
03/21/05	IAC	AskJeeves	1,850.0	1,850.0	5.8x	19.0x
06/06/05	E.W.Scripps Co.	Shopzilla Inc.	525.0	525.0	4.0x	15.9x
07/18/05	News Corp.	Intermix (MySpace.com)	580.0	571.0	6.4x	n/m
3/6/2006	NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x
				Mean	6.3x	27.2x

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

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

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

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

It also includes estimated transaction value of \$410M for the final sale of 3 TV stations. This is predicted to occur sometime in 2005.

n/d Not Disclosed

n/m Not Meaningful

NEAR EARTH ANNOUNCEMENTS

Near Earth LLC recently launched its online industry portal. This portal maintains a comprehensive list of industry information sources including the following:

- Major News Sources
- Industry Statistics
- 3rd Party Reports
- Accounting, Consulting, and Law Firms
- Leading Blogs
- RSS Feeds

This portal can be reached through our website and at www.nearearthllc.com/industry/default.asp.

While we believe these information sources provide useful insight, they do not necessarily reflect the views of Near Earth LLC.

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

September 21	Wireless Backhaul Strategies, New York
October 10-12	Broadband Wireless World, Boston
October 23-26	NAB New York, New York
November 28th	ISCe Satellite Investment Symposium, New York
November 29-30	SATCON, New York

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


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

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


ABOUT NEAR EARTH LLC

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

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



Hughes Network Systems
Valuation of spectrum related assets
Near Earth LLC provided in-depth valuation and analysis




Murray Capital Management
Valuation of two telecom portfolio holdings
Near Earth LLC provided in-depth valuation and industry analysis

\$110,000,000
Pacific Corporate Group LLC
served as the lead investor in

Series B Redeemable Convertible Preferred Stock
Near Earth LLC acted as Financial Advisor to PCG



International Datacasting, Corp.
Acquisition of PROFile B.V.
Near Earth LLC acted as strategic advisor to the acquirer

\$5,400,000

Horse TV
Series A Convertible Preferred Stock
The Near Earth Investment Club financed a portion of the round



SES AMERICOM
Valuation of orbital slot
Near Earth LLC valued assets for expert witness testimony




Intelsat. Ltd.
Private sale of minority block of shares
Near Earth LLC acted as advisor to investor group



Madison Dearborn Partners
Bid to acquire \$450 million minority stake in Inmarsat
Near Earth LLC acted as financial advisor to the bidder



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

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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