

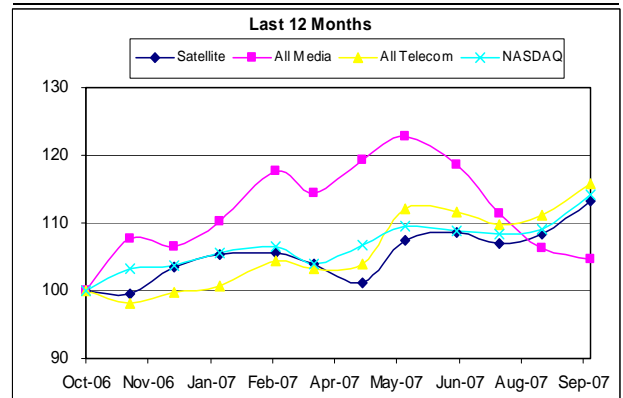
FROM THE GROUND UP

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September 2007

Near Earth Market Indices



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THE WAY WE SEE IT...

Satellite:

EchoStar announced the acquisition of "Slingbox" producer **Sling Media** for \$380 million. This may strengthen the DISH offering vs. **DIRECTV** (which does not have a similar product), if EchoStar should market the Slingbox – which enables users to watch their favorite TV programs on any Internet-connected computer or wireless device – only to DISH subscribers. EchoStar is also considering a split into two publicly traded firms, with the core pay-TV business continuing to operate as DISH Network and the company's technology and infrastructure assets spun off into a separate unit. We wonder if such a move would precede a sale of the DISH Network to **AT&T**, as has for some time been rumored.

New Media:

Microsoft is said to be in discussions about buying a 5% stake in **Facebook** (at an implied valuation as high as \$10 billion), and announced a major overhaul of its search engine. Such moves seem directed at pulling Microsoft closer to Internet rivals **Google** and **Yahoo** for key advertising dollars, especially in the younger person demographics.

Amazon.com has launched its anticipated digital music download store called "Amazon MP3". One main difference from industry leader, **Apple's** iTunes service, will be the DRM-free nature of the Amazon's downloads, enabling users unlimited transfer capabilities and flexibility to use with multiple hardware platforms. Another difference will be Amazon's lower prices, in select cases up to 10-20% below iTunes. But it should still be a challenge to take away significant share from the distant market leader.

Telecom:

Arris Corporation announced that it was buying **C-COR** for \$730 million in cash and stock. The transaction moves Arris closer to being a soup to nuts provider of software and hardware for cable operators, and confirms that the external funding environment is not deterring companies with strong strategic interests and balance sheets from making acquisitions.

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The way the dominos are falling: A flight to quality in a volatile market

In last month's column in this space, we contemplated the possibility that a timid credit environment – the cause of recent market turmoil – may lead to smaller transactions in the debt market and a renewed emphasis from the still liquid equity community on less leverage-dependent opportunities. With a month and a rate-cut behind us since we speculated along these lines, it seems so far that we were at least partly correct. The rate-cut and its magnitude, however, and economic uncertainties such factors signify, have prompted yet a third dimension in the current deal environment – an apparent flight to quality, that may or may not be temporary – that we will seek to explain in relation to other underlying characteristics.

...lenders seem indisposed to taking on new exposure unless on a "buy and hold" basis... and are once again focusing on tight structures, adequate pricing, and underlying credit quality.

1. The debt markets

Despite a significant rate-reduction by the Fed and positive initial indications from the First Data Corp. debt syndication – which had been seen as a sort of bellwether deal by some observers – it does not appear based on reports and anecdotal information picked up along the way, that deal appetite in the credit market has materially improved. Firstly, early signals from the First Data front notwithstanding, this situation may be more a milestone than a bellwether, as the company is not necessarily typical of leveraged transactions in the pipeline or on the horizon. An operator of electronic commerce, payment services and customer account management, First Data Corp. is somewhat insulated from economic swings, has a reasonably predictable revenue base, and is in a well entrenched competitive leadership position. Even so, First Data Corp.'s underwriters are reportedly offering the senior paper at a 4% discount to par value, and had obtained covenant concessions from the company's equity sponsor (KKR) before hitting the market. In the meantime, other leveraged deals have been shelved (e.g., Carlyle's sale of Insight Communications, KKR's acquisition of Harman International).

In this still unstable environment lenders seem generally indisposed to taking on meaningful new exposure to leveraged financings unless on a "buy and hold" basis and without the assumption of syndication risk. Thus, the single-lender transaction and, more commonly, the "club" deal in which a small group of creditors jointly structures and closes a transaction, have become standard. As a consequence, practical limits to transaction size have emerged, as lenders typically prefer not to exceed internal caps to individual credits. This evolution also suggests that lenders – after an extensive period of frothy syndication markets that may have stripped away a layer or two of credit discipline – are once again focusing on tight structures, adequate pricing, and underlying credit quality.

2. The equity markets

While the overall public equity markets have zigzagged during September, spiking or sinking with every new economic report or earnings release, the Wall Street Journal as of the time of this writing noted that on September 25 "three of the best-known tech stocks finished at all-time highs: Google Inc., Apple Inc. and BlackBerry maker Research In Motion Ltd. And the tech-dominated Nasdaq-100 index of large non-financial stocks is now up 18% so far this year, reaching its

...public investors seem attracted to stocks that do not depend on a volatile financing environment... and it seems that private equity firms may have become similarly concerned

From the Deal Side (cont.)

highest level since February 2001.” Upon a closer look, we find that the same index has significantly outperformed the S&P 500 in the month of September, increasing by roughly 8% during that timeframe, in comparison to the latter index’s rise of less than 5% during the same period (mainly on the heels of last week’s Fed rate cut).

The credit-market status as described may have contributed to this valuation phenomenon. Of the stocks mentioned in the Wall Street Journal column none are exposed to the credit environment in any direct fashion, and this is generally the case for the Nasdaq-100 overall. Consisting primarily of technology companies that are not borrowers of any significance and that have depended on growth without leverage to generate shareholder return, the companies in the Nasdaq-100 are, with exceptions, insulated from debt market hiccups that may still compromise other balance sheets. In other words, public investors – on a relative basis and for the time being at least – seem attracted to stocks that do not depend on a volatile financing environment. And it seems that private equity firms may have become similarly concerned: we have already mentioned several high-profile leveraged buyouts that were in recent weeks shelved or pulled.

3. A flight to quality

In addition to the previously described conservatism of credit providers and their renewed emphasis on quality and terms, it is also apparent from the overview above that equity markets are similarly showing a predisposition for quality. The leading stocks referenced – Google, Apple, RIM – are among the highest (if not the highest) quality stocks within their respective sectors, and the Nasdaq-100 itself constitutes a sub-segment of the broader composite that includes 100 of the largest domestic and international constituents thereof. As economists voice recessionary fears with growing frequency, and as lenders pose balance sheet risks that are not even cyclical in nature, a preference for less speculative and more stable positions should not be surprising.

While we are not stock pickers and this is not an investment column, important signals can be gleaned from the public markets to shed light on the deal environment in the stricter sense. On a relative basis, money seems to be favoring not only those opportunities for which financial leverage is of secondary importance, but especially strong-growth high-quality opportunities that fit this profile. As market observers continue to monitor the general economy with utmost sensitivity to both a possible slow-down and inflationary risks, we would expect this trend to continue for a while longer.

On a relative basis, money seems to be favoring not only those opportunities for which financial leverage is of secondary importance, but especially strong-growth high-quality opportunities that fit this profile.

By Dan Ramsden
Near Earth LLC

Video on the Internet: If you're a data packet, it's a dangerous place out there!

...broadcast networks were designed and built for delivering video, and the internet was designed and built for delivering files...

When you enjoy the latest version of “Heros” on NBC.com these days, it looks pretty good – perhaps not quite as good as on satellite or cable, but still pretty good. Given the nature of the Internet, this is quite an achievement!

Behind the scenes, your computer, various routers across the Internet, miles of fiber, a satellite, maybe even a wireless broadband link or two, and a server that could be half way across the globe, are working together to provide a [nearly] seamless experience. Now, watching TV via cable or satellite involves a similar degree of complexity, but the important difference here is that broadcast networks were designed and built for delivering video, and the Internet was designed and built for delivering files – and only now is beginning to be pressed into service for widespread video distribution. Getting this camel to run like a horse takes some fancy footwork – as we’ll see below.

That image you see on your computer consists of a series of video frames, much like a movie. Each of these frames consists of data that mathematically represents the image in the frame. Because of the large amount of data in a single frame, the frames are broken up into packets of data, each of which is separately sent from the server to your computer. After they leave your computer, each packet needs to “fend for itself” and try to find its way to your computer, which is waiting to reassemble them back into video frames.

Along the way to you, each packet will be sent to a series of routers, by a variety of transmission methods, all of which can vary from packet to packet. The net result is that the Internet is a rough place – some packets arrive late, or corrupted, or never at all. When trying to reassemble the frames, your computer notices that not enough data is present to reassemble the frame, and it deletes it. Worse yet, most compression algorithms base each new frame on preceding frame(s), so when you lose one you lose a lot more than one. The result is jerky, halting video – which most people find unacceptable.

Since there's a lot of money to be made from streaming video well, a lot of companies have put their smartest people on the case...

Since there's a lot of money to be made from streaming video well, a lot of companies have put their smartest people on the case – with the result that a variety of approaches are in use – and more are on the way. Because many of these technologies require specialized infrastructure, in most cases a vendor (or several) has (have) emerged to provide it. Here are a few alternatives currently in use:

- **Throw in the towel.** One way to avoid the scourge of lousy video quality is simply to use the Internet the way it was meant to be used – as a means of transferring files. Apple's iTunes service (which, of course, has a lot more content than just than “Tunes”) is the best know example. Once downloaded to your hard drive, your computer can easily display the file contents with no missing data.
- **Camp out in the parking lot.** Rather than streaming video directly from their own infrastructure, many companies outsource this function to third parties, know as Content Delivery Networks or CDNs, which in turn allows these parties to use approaches that are not practical for individual

The Current Spot Beam (cont.)

content owners. Akamai (and to a lesser extent Limelight) employ distributed infrastructure to get those packets to you safely. In brief, their approach is to cache a copy of the video content files at multiple locations (as many as thousands) scattered geographically across the Internet, and to pick one close to you for serving your streams. By minimizing the distance (or more correctly, the number of “hops” from router to router), the risk to data packets is minimized. Also, since there is additional delay associated with each hop, this makes the overall transmission faster.

- **Fill in the blanks.** Using a technique called Forward Error Correction, and some fancy mathematics, a computer can reconstruct missing or late packets using the information in the preceding and following packets and make do without them. This technique is also valuable for military applications where signals are weak or there is jamming present. Of course, there are limitations, but this method can maintain quality video under surprisingly harsh condition. Some of the purveyors of this solution include Kencast and Digital Fountain.
- **Slice it and dice it.** Some later generation CDNs use different approaches that break up files in innovative (and typically highly proprietary) ways to speed their distribution across the Internet. Examples of companies using this approach include Itiva Networks and Edgestream.

Given the aforementioned demand, and the proven revenue model (not to mention market capitalizations) of the larger companies like Akamai and Limelight, we expect a lot of investor interest in this sector going forward. We expect consolidation as various players seek scale benefits or to acquire technical advantages, which should also make for interesting transactional opportunities.

By John Stone
Near Earth LLC

Veni, Vidi, Video: The rapidly changing world of video content distribution

Video demand will increasingly drive the fortunes of industries up and down the value chain...

We came, we saw, we videoed. The Romans may have been good at conquering, but we moderns are great at videos. We are obsessed with videos. We want an ever increasing variety of choices and we want to watch them when, where and on whatever device suits us. This demand, perhaps more than any other single media trend, will increasingly drive the fortunes of industries up and down the value chain from chip producers, electronics equipment manufacturers and telecommunications networks, to content creators and internet media firms. As the video wars heat up, we thought we would start by sounding the alarm and in later newsletter editions get into more detail on what this all might mean to various segments of media and telecom.

Prelude to Video War

For us Baby Boomers, video began as an occasional theatrical release of a new Hollywood movie and three channels of black and white TV on a small tube with lots of static. Today, the relentless push for greater choice, quality and convenience has given us over 10,000 different channels just on cable and satellite systems. We have digital high definition signals on large flat screen TV's, the time shifting convenience of TiVo and DVRs, CDs mailed to our door and abundant On Demand services.

Apparently that is not enough. As reported in the New York Times, big-time Hollywood producers are now creating content specifically and solely for the web to match the shifting viewing habits of young consumers. The amount of quality video content available through the Internet will soon dwarf that available off-net. If you count all of the user generated content, one could argue that this is already true today. This content will be available on your PC, through an IPTV set top box to your TV and increasingly to your cell phone. Even EchoStar has joined the battle, buying Slingbox so it can sling its content off the Dish and onto your laptop, TV or cell phone. Video is not only growing virally, it will not stay put. According to TheStreet.com, the "Britney Bomb" at MTV's Video Music Awards created the highest day of traffic ever for MTV.com. But it was also the most viewed clip on Google's YouTube site before MTV demanded it be pulled over copyright infringement.

Hollywood producers are now creating content specifically and solely for the web to match the shifting viewing habits of young consumers.

Who Will Pay for the Video Wars

So, we are addicted to video... but will we pay for it? If it satisfies our needs for quality, choice and convenience the answer appears to be YES as witnessed by over 100 million U.S. cable and satellite subscribers. If it is Internet video, the answer so far has been a resounding NO, although a successful equivalent of an iTunes-type download service for video is not out of the question, and several are being developed. Select IPTV services are also starting to find willing subscribers at the right price points. If it is a niche channel of mobile TV, the answer is far from clear. If ESPN had trouble on their first mobile TV launch then perhaps it will be tough for everyone. If, however, the quality, choice and convenience we have come to view as a new Constitutional right (the freedom of impression) can be provided at normal ARPU rates, then a mobile TV service could be huge. To get there, we need more wireless broadband capacity and better mobile video

New media business models will undoubtedly be needed to properly fund the creation and distribution of content.

technology, but the good news is the capacity and technology appear to be on the horizon.

And what about advertising supported video programming, the traditional model? According to The Center for Media Research, advertising spending for television media declined by 2.4% for the first half of 2007 compared to the first half of 2006. This may be a long term trend as over half of U.S. households are projected by Forrester to have DVRs by 2010. How long will advertisers pay for content as consumers gain more and more control and become less and less engaged? New media business models will undoubtedly be needed to properly fund the creation and distribution of content. To quote Aaron Martens from a recent MediPost VideoInsider article, "...if the advertising industry continues to hold on to the traditional advertising models of yesteryear and attempt to retrofit it, as many are, there will certainly be a surge of vacancies on Madison Avenue."

The current "solutions" appear to include some combination of maximizing eyeballs, (even if most of them are non-engaged), and use of consumer targeting technology to increase relevance. Marketers can target advertising all they want, even down to the individual viewer's tastes and habits, but the brutal fact is most advertising, no matter how entertaining and relevant, will get fast forwarded unless the viewer is in the mood to be engaged. The "trick" may well be to give consumers not only relevance but far more control and participation. For instance, advertisers need to exploit the interactive features of future digital systems to serve up short teasers not worth fast forwarding, but that can allow a consumer to skip or navigate into whatever depth of information is desired, even to the point of purchase. A similar capability is now provided by a start-up firm named Linkstorm, but it is currently limited to enhancing webpage browsing.

...the brutal fact is most advertising, no matter how entertaining and relevant, will get fast forwarded unless the viewer is in the mood to be engaged.

Another tactic, as recently used by Frito-Lay for its Doritos brand, was to have consumers create and submit commercials with online viewers voting and the two top entries receiving air time during the Super Bowl. The result was a 12% sales increase for Super Bowl month over the previous year, not to mention 925,000 unique visitors to 1,070 video submissions viewed 3 million times. The winning video was also ranked #4 by USA Today among all Super Bowl ads.

If advertising-supported content seems to be working anywhere it is on the Internet. Whereas television media ad spending is down, total Internet ad spending is up 17.7% for the first half of 2007 (The Center for Media Research) – although this still only represents 7.6% of total ad dollars versus 43.6% for television media. Of course, this could just be the rapid growth of Internet broadband users attracting ad dollars rather than any superior efficacy of Internet advertising. As reported by Enid Burns of The ClickZ Network, high-speed Internet-connected households are expected to grow from 194 million in 2005 to 413 million by 2010.

The Video Wars will be Fought in Cyberspace

What we do know is that this explosive growth is generating many new opportunities for companies like Google, Yahoo!, MSN, Apple and AOL to act as online content aggregators for video services. According to a new report from In-Stat, the market for such online content services is expected to grow from 13 million households in 2005 to over 131 million in 2010, a 10 fold increase. As summarized by Gerry Kaufhold in the In-Stat report, "the future of television is

slowly being defined online.” And it is not just the portals getting in on the action. Broadcasters and pay-TV networks are also seeking to exploit the demand for online video content and the Internet’s ability to provide more formats and more personalization. ABC is doing its own distribution online, CBS is relying on licensing arrangements with other websites, and NBC just announced it is not renewing its distribution deal with Apple and moving to Amazon instead. As Mike Cassidy states in MediaPost’s VideoInsider, “the video distribution wars have only begun.”

How big can online video get? A recent Pew Internet and American Life Project Study found that:

- 75% of young adults (18-29) and 57% of all adults watch or download Internet video
- 74% of users with high-speed connections at both home and work watch or download videos
- 67% of young adults share online videos, most sending them to more than one person
- 62% of viewers prefer to watch content that is professionally produced
- One in 5 survey respondents have rated videos or posted comments after watching
- One in 10 survey respondents have posted video links to their website or blog.

Who are the Video Warriors?

The message here is that online video growth is not only being driven by continued penetration of broadband Internet access which enables it, but also by our need for social engagement which pushes it. As posted by Lisa Barone, “Like all things viral, people are using video as a way to connect with others and to engage online.....The viralness and socialness of online video is what makes it so attractive to advertisers.” YouTube’s Active Sharing feature allows video uploaders to see who’s watching their videos and Joost now has chat rooms to complement video watching. Even Microsoft is trying to get in the game with its new Silverlight service.

That brings us to the YouTube phenomenon and the emergence of millions of amateur video producers. As reported by Cory Miller, a recent case study in the blog Startup-Review included the following statistics on YouTube:

- Fastest growing website in Internet history
- On average 100 million videos streamed per day
- 65,000 new video clips uploaded every day
- More than 13 million unique visitors per month
- An average user spends 30 minutes on YouTube
- 58% of Internet videos are watched on YouTube
- 20% to 30% of traffic volume is from the U.S.
- Wide range of user demographics with 18-35 year olds being the largest segment
- 30% to 40% of the content is copyrighted
- Clear correlation between copyrights and eyeballs

Explosive growth is generating many new opportunities for companies like Google, Yahoo!, MSN, Apple and AOL to act as online content aggregators for video services.

Terra Bytes (cont.)

Online video growth is not only being driven by continued penetration of broadband Internet access which enables it, but also by our need for social engagement which pushes it.

In the month of July, according to a comScore release, more than 9 billion videos were viewed online with 75% of U.S. Internet users watching an average of three hours and consuming 68 videos.

In my small town, many 9 and 10 year olds brag about their YouTube uploads and experienced teenagers act like Hollywood movie producers. It is these young users that will soon emerge as hyper consumers and drive even faster the growth of online video. A recent Deloitte study focused on consumers use of media and technology found that:

- 51% of consumers are watching/reading personal content created by others, jumping to 71% for Millennials (13 – 24 year olds)
- 62% of Millennials and 41% of X'ers (25 – 41) watch YouTube or other video streaming sites
- 40% of consumers are creating their own entertainments, such as editing movies, music and videos, jumping to 56% for Millennials
- 48% of consumers want to connect their TV to the Internet, jumping to 64% for Millennials
- 60% of Millennials and 45% of X'ers want ability to move TV shows, podcast and movies to any device/platforms they own.

While this explosive user-generated video growth may soon flatten out, as predicted by the British market research firm Screen Digest, that firm believes that by 2010 user-generated video will represent 55% of 44 billion video streams expected to be consumed in the U.S. that year. As posted by Liz Gannes on NewTeeVee, online video revenue is expected to grow to \$900 million by 2010 with just 15% percent of this revenue going to the user-generated community. That may be a very attractive CPM bargain for advertisers leaving the lion's share of revenues to support professional online content and continue to reshape the future of TV. Stay tuned.

By Hoyt Davidson
Near Earth LLC

Broadband Wireless Access: An Industry Primer

Below is the executive summary of Near Earth LLC's recently released whitepaper written by John Stone. To view the entire document please visit:

<http://www.nearearthllc.com/analysis/Whitepapers.asp>

A wide array of technologies are being developed to address the increasing demand for broadband access to the internet backbone

Driven by increasing demand for broadband access to the internet backbone, a wide array of technologies are being developed to address the associated business opportunity. One of the fastest growing of these technologies is delivery for wireless broadband service, both to fixed and increasingly mobile users. As detailed in this paper, there are numerous competing technologies as well, including cable modems, satellite (really a subset of wireless delivery), Broadband over Power Lines (BPL) and DSL.

This growth is being driven by invention and application of a wide array of technologies, each of which has its own advantages, disadvantages and quirks. Some of these include variation by power and frequency (often driven by the regulatory regimes in the specific countries involved), modulation scheme or network topology. We discuss each of these and their relative capabilities in detail in this paper. At this early stage of adoption, it remains far from certain which of these approaches will be more successful, but in Near Earth's view it is likely that business execution will prove at least as important as technological differentiation.

A large number of entrants are competing with in-house efforts at the "usual suspects" telecommunication firms such as Motorola, Nokia and others.

Similarly, a large number of entrants are competing with in-house efforts at the "usual suspects" telecommunication firms such as Motorola, Nokia and others. These new entrants typically have focused product/service lines, and due to their lack of scale we expect most of these new entrants to disappear either through competition, or in many cases consolidation with each other and the industry giants.

Due to strong scale advantages, we expect a limited number of "pure play" surviving companies and technologies to emerge, with strong pricing benefits that will accrue to service operators and their customers. We believe that the emerging giants (and the companies that either become one or join forces with one) and service operators will be the chief financial beneficiaries of these new technologies. Within geographic and regulatory niches (such as those created by licensed spectrum) we also expect long term success from smaller operators, as well.

By John Stone
Near Earth LLC

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	9/26/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	LTM EPS	2007E EPS (b)	2008E EPS (b)
Satellite Capacity Leasing (FSS)									
LORL	Loral Space & Comm	\$ 39.73	\$1,215.5	\$1,338.6	1.5x	16.8x	n/m	n/m	n/m
SESG.PA	SES Global S.A. (c)	\$ 23.09	\$10,183.5	\$14,559.3	6.1x	9.1x	16.5x	17.1x	21.8x
				Mean	5.1x	12.6x	23.7x		
Satellite Equipment Manufacturers & Integrators									
GILT	Gilat Satellite Networks	\$ 10.12	\$419.1	\$315.5	1.2x	8.6x	19.6x	23.8x	20.2x
GCOM	Globecomm	\$ 13.05	\$217.6	\$207.9	1.4x	19.4x	28.2x	26.1x	17.6x
VSAT	ViaSat	\$ 31.11	\$1,002.2	\$890.2	2.1x	18.4x	34.7x	44.8x	21.3x
ORB	Orbital Sciences	\$ 22.03	\$1,324.7	\$1,242.5	1.4x	13.8x	16.7x	25.5x	25.3x
RADN	Radyne Comstream Inc.	\$ 10.66	\$200.6	\$167.3	1.3x	9.1x	11.2x	18.4x	16.7x
CMTL	Comtech Telecommunications	\$ 54.16	\$1,495.0	\$1,257.1	2.8x	13.2x	14.8x	22.9x	15.3x
CDV	COM DEV International (d)	\$ 4.98	\$336.0	\$327.9	2.0x	16.5x	25.7x	n/m	n/m
				Mean	1.7x	14.1x	21.5x	26.9x	19.4x
Towers									
AMT	American Tower	\$ 42.93	\$18,453.3	\$22,184.8	16.1x	25.9x	n/m	n/m	n/m
CCI	Crown Castle	\$ 39.46	\$11,128.7	\$14,745.5	13.8x	27.3x	n/m	n/m	n/m
SBAC	SBA Communications	\$ 35.27	\$3,726.8	\$5,433.0	13.9x	28.9x	n/m	n/m	n/m
				Mean	14.6x	27.4x			
General Telecom									
AT	Alltel	\$ 69.80	\$24,534.7	\$26,862.3	3.2x	9.6x	18.5x	29.6x	24.6x
T	AT&T	\$ 42.83	\$265,546.0	\$324,647.0	3.6x	9.8x	18.9x	27.0x	15.5x
VZ	Verizon Communications, Inc.	\$ 44.48	\$129,303.4	\$189,674.4	2.1x	6.5x	12.7x	23.5x	18.8x
S	Sprint Nextel Corporation	\$ 18.70	\$54,267.4	\$74,741.4	1.8x	6.7x	46.6x	n/m	21.3x
				Mean	2.7x	8.2x	24.2x	26.7x	20.0x
TELECOM SERVICES INDEX (excludes Towers stocks)									
High				7.5x	19.4x	46.6x	44.8x	25.3x	22.5x
Mean				2.4x	12.7x	26.8x	23.5x	19.9x	15.9x
Low				1.2x	6.5x	11.2x	17.1x	15.3x	13.5x

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	9/26/07	Market Value of Equity	Enterprise Value (a)	LTM Sales	LTM EBITDA	LTM EBIT	2007E EPS (b)	2008E EPS (b)
Satellite Television (DBS)									
BSY	British Sky Broadcasting (f)	\$ 11.22	\$19,847.46	\$19,359.70	2.1x	9.5x	11.8x	17.6x	16.2x
DISH	EchoStar Communications	\$ 43.47	\$19,813.6	\$23,380.6	2.2x	8.5x	15.5x	24.7x	17.6x
DTV	DirecTV Group Inc.	\$ 24.14	\$26,555.7	\$27,970.7	1.8x	7.1x	10.9x	17.7x	15.1x
				Mean	2.0x	8.4x	12.7x	20.0x	16.3x
Television									
TVL	LIN TV Corp.	\$ 12.68	\$687.1	\$1,560.1	3.6x	9.9x	16.1x	n/m	16.9x
SBGI	Sinclair Broadcast Group	\$ 12.22	\$1,058.3	\$2,440.5	3.4x	8.2x	19.3x	25.5x	14.2x
YBTVA	Young Broadcasting Inc.	\$ 2.16	\$43.7	\$792.0	3.6x	11.8x	33.2x	n/m	n/m
				Mean	3.6x	9.9x	22.9x	25.5x	15.6x
Satellite Radio (DARS)									
SIRI	Sirius Satellite Radio	\$ 3.42	\$4,992.2	\$5,878.1	7.4x	n/m	n/m	n/m	n/m
WRSP	Worldspace	\$ 3.78	\$148.2	\$206.0	13.7x	n/m	n/m	n/m	n/m
XMSR	XM Satellite Radio	\$ 14.38	\$3,736.9	\$5,014.7	4.8x	n/m	n/m	n/m	n/m
				Mean	8.7x				
Radio									
CCU	Clear Channel	\$ 37.18	\$18,976.4	\$26,475.5	3.6x	11.1x	15.1x	26.4x	23.4x
CMLS	Cumulus Media Inc.	\$ 10.21	\$449.7	\$1,019.4	3.1x	12.6x	15.6x	n/m	53.7x
CXR	Cox Radio Inc.	\$ 12.91	\$1,234.3	\$1,566.5	3.5x	9.8x	10.6x	17.4x	16.6x
EMMS	Emmis Communications Corp.	\$ 4.83	\$181.3	\$861.1	2.4x	12.4x	15.5x	n/m	n/m
ETM	Entercom Communications	\$ 18.67	\$758.5	\$1,442.4	3.1x	16.5x	20.2x	35.9x	14.5x
ROIA	Radio One Inc.	\$ 3.50	\$345.5	\$1,258.8	3.5x	25.1x	37.2x	n/m	n/m
				Mean	3.2x	14.6x	19.0x	26.6x	27.0x
NewsPrint									
DJ	Dow Jones	\$ 59.45	\$5,075.9	\$5,440.4	2.8x	20.5x	35.2x	40.2x	33.0x
MNI	The McClatchy Company	\$ 19.73	\$1,618.6	\$4,270.7	1.8x	6.8x	9.1x	13.1x	13.3x
NYT	New York Times	\$ 19.22	\$2,769.6	\$4,112.8	1.3x	8.9x	15.0x	19.6x	16.4x
TRB	Tribune	\$ 27.42	\$6,142.1	\$14,504.5	2.7x	12.4x	15.5x	17.0x	19.3x
WPO	Washington Post	\$ 799.97	\$7,628.5	\$7,809.9	1.9x	10.4x	15.1x	27.4x	24.2x
				Mean	2.1x	11.8x	18.0x	23.4x	21.3x
MEDIA SERVICES INDEX (excludes Satellite Radio (DARS) stocks)									
High				3.6x	25.1x	37.2x	40.2x	53.7x	
Mean				2.6x	11.9x	18.3x	18.8x	21.0x	
Low				1.3x	6.8x	9.1x	13.1x	13.3x	

(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 1.41 US \$ per Euro

(d) Converted to US \$ from C\$ at an exchange rate of 0.997 US \$ per C\$

(f) Converted to US \$ from British Pound at an exchange rate of 2.02 US \$ per British Pound

n/m Not Meaningful

Member of NEAR EARTH SATELLITE INDEX

NEAR EARTH ANALYSIS: M&A TRANSACTIONS

Selected Satellite, Telecom & Media Transactions

(US\$ in millions)

Date Announced	Acquiror	Target	Equity Value (a)	Transaction Value (b)	Transaction Value/		
					LTM Sales	LTM EBITDA	
Satellite Operators							
04/21/04	KKR	PanAmSat Corporation	\$3,532.0	\$4,300.0	5.2x	7.7x	
06/06/04	Blackstone Group	New Skies Satellites NV	956.0	956.0	4.5x	7.7x	
08/17/04	Zeus Holdings	Intelsat Ltd.	3,100.0	5,000.0	5.2x	7.6x	
08/29/05	Intelsat Ltd.	PanAmSat Holding Corporation	3,065.0	6,271.1	7.5x	9.7x	
12/14/05	SES Global	New Skies Satellites NV	760.0	1,160.0	5.0x	8.0x	
12/05/06	Abertis Telecom	EutelSat (32% share)	1,000.0	1,838.0	7.3x	9.7x	
12/18/06	Telesat (new)	Telesat (old)	2,800.0	2,940.0	7.1x	12.0x	
12/18/06	Telesat (new)	Loral Skynet	691.0	1,050.0	7.1x	19.6x	
				Mean	6.1x	10.3x	
Ground Equipment							
12/06/04	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	\$110.0	\$415.0	0.8x	n/d	
03/03/05	Radyne Comstream	Xicom Technology	41.0	46.0	1.1x	n/d	
08/15/05	Stratos	Xantic	191.0	191.0	1.1x	n/d	
11/11/05	SkyTerra / Apollo	HNS (Hughes' VSAT, Broadband)	155.0	460.0	0.8x	n/d	
11/21/05	Viasat	Efficient Channel Coding Inc.	25.5	25.5	n/d	n/d	
08/03/06	Thrane & Thrane	Nera's Mobile Satellite Communications	89.6	89.6	1.1x	n/d	
				Mean	1.0x	n/d	
System Integrators							
05/03/07	Globecom	GlobalSat	18.4	18.4	0.9x	n/d	
				Mean	0.9x	n/d	
Video Distribution Equipment							
09/29/05	International Datacasting	Proflin (c)	4.5	3.9	1.1x	n/d	
11/18/05	Cisco	Scientific Atlanta	6,900.0	5,300.0	2.7x	13.2x	
02/08/06	Tandberg Television	Skystream	80.0	80.0	2.6x	n/d	
07/25/06	Motorola	Broadbus Technologies	181.0	181.0	n/d	n/d	
08/21/06	Cisco	Arroyo Video Solutions, Inc	92.0	92.0	n/d	n/d	
08/22/06	Harmonic	Entone Tech.	45.0	45.0	n/d	n/d	
12/21/06	Motorola	Tut Systems	39.0	39.0	1.0x	n/d	
				Mean	1.9x	13.2x	
Towers							
07/04/04	Global Signal	Lattice Communications	\$115.0	\$115.0	9.4x	n/d	
05/04/05	American Tower	Spectrasite	3,100.0	3,800.0	10.2x	17.0x	
03/17/06	Crown Castle	Trintel Communications	145.0	145.0	10.1x	n/d	
03/17/06	SBA Communications Corp	AAT Communications Corp	1,002.0	1,002.0	12.0x	17.9x	
05/08/06	Crown Castle	Mountain Union Telecom LLC		309.0	11.9x	n/d	
10/06/06	Crown Castle	Global Signal	4,000.0	5,800.0	12.1x	26.6x	
				Mean	10.9x	20.5x	
General Telecom (Wireless)							
02/17/04	Cingular	AT&T Wireless	\$40,770.0	\$47,105.0	2.8x	10.7x	
12/15/04	Sprint Corp	Nextel Communications Inc	28,449.0	36,200.0	2.7x	7.1x	
01/05/05	Alltel	Western Wireless	4,300.0	6,181.0	3.2x	10.7x	
07/01/05	Sprint Nextel Corporation	US Unwired, Inc.	1,000.0	1,266.0	2.9x	13.2x	
03/06/06	AT&T (new)	Bell South	67,000.0	89,000.0	4.3x	10.7x	
				Mean	3.2x	10.5x	
Television							
03/31/05	Lin TV Corp.	WNDY-TV, WWHO-TV	\$85.0	\$85.0	4.3x	12.9x	
05/10/05	Various Acquirors (d)	Emmis Comm TV Portfolio	1,350.0	1,350.0	5.2x	14.6x	
06/30/05	Univision Communications	WLII (2 TV Stations in Puerto Rico)	190.0	190.0	4.0x	16.7x	
03/29/07	Umbrella Holdings LLC	Univision Communications	12,300.0	13,700.0	6.3x	18.1x	
				Mean	4.9x	15.6x	
Radio							
09/29/04	Capital Radio	GWR Group	\$611.0	\$728.0	3.1x	13.4x	
06/21/05	Emap PLC	Scottish Radio Holdings	713.0	793.0	4.5x	17.7x	
11/01/05	Cumulus Media Inc.	Susquehanna Radio	1,200.0	1,200.0	n/d	15.0x	
02/07/06	Citadel Broadcasting	Disney (ABC Radio)	1,500.0	2,700.0	4.7x	13.5x	
				Mean	4.1x	14.9x	
New Media							
02/17/05	New York Times	About, Inc	410.0	410.0	10.0x	30.0x	
03/21/05	IAC	AskJeeves	1,850.0	1,850.0	5.8x	19.0x	
06/06/05	E.W.Scripps Co.	Shopzilla Inc.	525.0	525.0	4.0x	15.9x	
07/18/05	News Corp.	Intermix (MySpace.com)	580.0	571.0	6.4x	n/m	
3/6/2006	NBC Universal	iVillage Inc.	600.0	550.0	6.0x	32.4x	
3/15/2007	Cisco	WebEx	2,900.0	2,900.0	7.6	29.3	
				Mean	6.0x	22.7x	

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

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

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

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

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

n/d Not Disclosed

n/m Not Meaningful

NEAR EARTH ANNOUNCEMENTS

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

October 9 ISCe Satellite Investment Symposium NYC '07, New York, NY
October 10-11 SATCON 2007, New York, NY

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

Recent Transactions

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

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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