

ISCe 2005

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Industry in 2005

Three Burning Characteristics

- **Highly Bifurcated**
 - Large low-growth companies
 - Small ground-based companies highly fragmented
- **Overcapacity**
- **Emerging Opportunities**

Highly Bifurcated

- Large low-growth FSS companies
 - Actively seeking to rationalize under control of private equity firms
 - Many smaller satellite service and equipment companies
 - often highly fragmented
 - Antenna manufacturers
 - System integrators
 - Box manufacturers
 - Remote sensing companies



Overcapacity Abounds

- FSS industry
 - About 65% capacity utilization
 - Low growth in new satellite launches should allow market to improve over next few years
- Other segments (ground equipment, remote sensing VARS, system integrators)
 - Massive overcapacity, margins in low single digits
 - Rollup opportunity in the waiting



Emerging Opportunities

- Entrepreneurs emerging with innovative ideas that may grow the industry
 - IP TV-based services
 - Mobile Broadband
 - Niche content and geospatial information firms



Regulatory Issues

ISSUE

- State Taxes on DBS
- Must Carry
- DARS Indecency
- HDTV
- ATC Rule
- Rural Broadband Subsidies

Financial IMPACT

- Bad
- Small negative
- Unlikely, but bad
- Uncertain
- Very good
- Very good

Near Earth LLC

- **What we are:** A boutique investment bank focused on satellite communications and related industries, Member NASD
- **What we do:** financings and advisory services to large and small companies
- **How we are different:** Our industry focus allows us to be more more creative than larger Wall Street firms. Our small size allows us to be more flexible
- www.nearearthllc.com

