### Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Year T-Bond (4/1/2005)</td>
<td>4.45%</td>
</tr>
<tr>
<td>Risk Premium</td>
<td>5.8%</td>
</tr>
<tr>
<td>Beta (2-Year Regression)</td>
<td>1.19</td>
</tr>
<tr>
<td>Cost of Equity</td>
<td>11.35%</td>
</tr>
<tr>
<td>Terminal Beta</td>
<td>1.10</td>
</tr>
<tr>
<td>Terminal Cost of Equity</td>
<td>10.83%</td>
</tr>
<tr>
<td>Tax Rate</td>
<td>35.0%</td>
</tr>
</tbody>
</table>

**PV of growth phase**: 76.2
**PV of Terminal Growth**: 129.1
**plus: Cash and Mkt Securities**: 27.3
**less: Debt**: 8.182

**Value of Equity**: 224.5
**Divide: Shares Outstanding**: 23.0
**Intrinsic Value**: 9.76

**Current Price**: 7.25
**Upside Potential**: 34.6%

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### Valuation by: Jeff Galak, Matt Benhamou, and Max Kapustin

**NOW TERMINAL**

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>47.5</td>
<td>59.0</td>
<td>69.6</td>
<td>82.3</td>
<td>97.5</td>
<td>111.0</td>
<td>120.8</td>
<td>125.6</td>
</tr>
<tr>
<td>2006E</td>
<td>40.6</td>
<td>51.9</td>
<td>62.3</td>
<td>74.7</td>
<td>89.7</td>
<td>102.8</td>
<td>112.4</td>
<td>116.9</td>
</tr>
<tr>
<td>2007E</td>
<td>24.2%</td>
<td>18.0%</td>
<td>18.3%</td>
<td>18.5%</td>
<td>18.5%</td>
<td>18.8%</td>
<td>19.9%</td>
<td>20.0%</td>
</tr>
<tr>
<td>2008E</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
<td>200%</td>
</tr>
<tr>
<td>2009E</td>
<td>14.3%</td>
<td>9.3%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>4.0%</td>
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</tr>
<tr>
<td>2010E</td>
<td>14.3%</td>
<td>9.3%</td>
<td>4.0%</td>
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</tr>
<tr>
<td>2011E</td>
<td>14.3%</td>
<td>9.3%</td>
<td>4.0%</td>
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</tr>
<tr>
<td>Terminal</td>
<td>111.0</td>
<td>120.8</td>
<td>125.6</td>
<td>125.6</td>
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<td>125.6</td>
</tr>
</tbody>
</table>

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### Sales Growth

#### PayTV

- **Total Segment Sales**: 40.6, 51.9, 62.3, 74.7, 89.7, 102.8, 112.4, 116.9
- **Growth (CAGR = 16.29%)**: 20.0%, 20.0%, 20.0%, 20.0%, 20.0%, 20.0%, 20.0%, 20.0%
- **EBIT Margin**: 23.07%, 23.07%, 23.07%, 23.07%, 23.07%, 23.07%, 23.07%, 23.07%
- **EBIT**: 10.96, 13.61, 16.06, 18.99, 22.50, 25.60, 27.88, 28.98
- **EBIT*(1-t)**: 7.12, 8.84, 10.44, 12.34, 14.62, 16.64, 18.12, 18.84
- **Depreciation & Am**: 5.84, 4.65, 5.49, 6.49, 7.69, 8.74, 9.52, 9.90
- **OCF**: 13.0, 13.5, 15.9, 18.8, 22.3, 25.4, 27.6, 28.7
- **Net Working Capital**: 0.22, 0.27, 0.32, 0.38, 0.45, 0.51, 0.56, 0.58
- **NWC/Sales**: 0.5%, 0.5%, 0.5%, 0.5%, 0.5%, 0.5%, 0.5%, 0.5%
- **CapEx**: 2.0, 2.6, 3.1, 3.8, 4.6, 5.4, 6.0, 9.9
- **CapEx/Sales**: 4.2%, 4.4%, 4.5%, 4.6%, 4.6%, 4.9%, 5.0%, 5.0%
- **Growth in CapEx/Sales**: 3.0%, 3.0%, 3.0%, 3.0%, 2.7%, 2.3%, 1.0%
- **FCFE**: 11.0, 10.9, 12.8, 15.0, 17.6, 19.9, 21.6, 18.8
- **Growth (CAGR = 8.02%)**: 14.3%, 17.3%, 17.4%, 17.8%, 17.1%, 8.3%, 12.7%

### Risk Premium

- **5.8%**

### Beta

- **Built Up Beta**
- **Regression Beta**

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### Valuation Process

1. **PV of growth phase**: 76.2
2. **PV of Terminal Growth**: 129.1
3. **plus: Cash and Mkt Securities**: 27.3
4. **less: Debt**: 8.182
5. **Value of Equity**: 224.5
6. **Divide: Shares Outstanding**: 23.0
7. **Intrinsic Value**: 9.76
8. **Current Price**: 7.25
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