

Filed by Sirius Satellite Radio Inc.
Pursuant to Rule 425 under the
Securities Act of 1933 and deemed filed
pursuant to Rule 14a-6 under the
Securities Exchange Act of 1934

Subject Company: XM Satellite Radio Holdings Inc.
Commission File No.: 0-27441

This communication contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the benefits of the business combination transaction involving Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., including potential synergies and cost savings and the timing thereof, future financial and operating results, the combined company’s plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as “anticipate,” “believe,” “plan,” “estimate,” “expect,” “intend,” “will,” “should,” “may,” or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of SIRIUS’ and XM’s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of SIRIUS and XM. Actual results may differ materially from the results anticipated in these forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statement: general business and economic conditions; the performance of financial markets and interest rates; the ability to obtain governmental approvals of the transaction on a timely basis; the failure of SIRIUS and XM stockholders to approve the transaction; the failure to realize synergies and cost-savings from the transaction or delay in realization thereof; the businesses of SIRIUS and XM may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; and operating costs and business disruption following the merger, including adverse effects on employee retention and on our business relationships with third parties, including manufacturers of radios, retailers, automakers and programming providers. Additional factors that could cause SIRIUS’ and XM’s results to differ materially from those described in the forward-looking statements can be found in SIRIUS’ and XM’s Annual Reports on Form 10-K for the year ended December 31, 2006, and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007, which are filed with the Securities and Exchange Commission (the “SEC”) and available at the SEC’s Internet site (<http://www.sec.gov>). The information set forth herein speaks only as of the date hereof, and SIRIUS and XM disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this communication.

Important Additional Information and Where to Find It

This communication is being made in respect of the proposed business combination involving SIRIUS and XM. In connection with the proposed transaction, SIRIUS has filed with the SEC a Registration Statement on Form S-4 containing a definitive Joint Proxy Statement/Prospectus and each of SIRIUS and XM may file with the SEC other documents regarding the proposed transaction. The Joint Proxy Statement/Prospectus was first mailed to stockholders of SIRIUS and XM on or about October 9, 2007. **INVESTORS AND SECURITY HOLDERS OF SIRIUS AND XM ARE URGED TO READ THE JOINT PROXY**

STATEMENT/PROSPECTUS, AS WELL AS OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders can obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC by SIRIUS and XM through the web site maintained by the SEC at www.sec.gov. Free copies of the Registration Statement and the Joint Proxy Statement/Prospectus and other documents filed with the SEC can also be obtained by directing a request to Sirius Satellite Radio Inc., 1221 Avenue of the Americas, 36th Floor, New York, NY 10020, Attention: Investor Relations or by directing a request to XM Satellite Radio Holdings Inc., 1500 Eckington Place, N.E. Washington, DC 20002, Attention: Investor Relations.

SIRIUS, XM and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding SIRIUS' directors and executive officers is available in its Annual Report on Form 10-K for the year ended December 31, 2006, which was filed with the SEC on March 1, 2007, and its proxy statement for its 2007 annual meeting of stockholders, which was filed with the SEC on April 23, 2007, and information regarding XM's directors and executive officers is available in XM's Annual Report on Form 10-K, for the year ended December 31, 2006, which was filed with the SEC on March 1, 2007 and its proxy statement for its 2007 annual meeting of stockholders, which was filed with the SEC on April 17, 2007. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, is contained in the Joint Proxy Statement/Prospectus filed with the SEC.

SIRIUS' website, which is available at www.SIRIUSmerger.com and has information about SIRIUS' proposed merger, has been updated. The updates include the information being filed herewith.



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HEAR FROM MEL KARMAZIN, CEO OF SIRIUS RADIO.

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SIRIUS and XM Announce Post Merger Pricing Plans.

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Who supports the merger of SIRIUS and XM Radio?

Just groups representing about every race, creed, religion and political affiliation, that's all.

[see the list of supporters >](#)

WHAT'S IN IT FOR YOU

You may have already heard the news that SIRIUS and XM are talking about combining into one company. And you may also have wondered what that will mean for you.

The answer is simple:

MORE CHOICES

Today, fans of satellite radio must purchase two radios and two subscriptions to get all the program offerings of both SIRIUS and XM. If our merger is approved, the combined company will offer consumers the best of each service on your current radio - at a price well below the cost of the two services today.



BETTER PRICING

Once we merge, you will have better pricing choices. Subscribers who want their current subscription package will not have to pay any more after the merger. There will be new subscription packages priced below our current offerings. And the best of both SIRIUS and XM will be available at a lower cost than the price of subscribing to both services separately.



SAME RADIOS

We guarantee no radio will become obsolete. Your current radio will continue to provide you with the programming you enjoy, whether you keep your current service or change to a new subscription plan.

[GET MORE DETAIL](#)

Play Merger Mania!

Complete the SIRIUS-XM Crossword Puzzle Here

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IN THE NEWS

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Merged XM, Sirius pricing improves business model,
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Weiner, Engel Back Sat Radio Merger
New York Press

Sirius/XM highlight latest merger supporters
Orbitcast

New Supporters of SIRIUS-XM Merger Urge FCC Approval

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The subject matter discussed in this communication will be addressed in a Joint Proxy Statement/Prospectus to be filed with the Securities and Exchange Commission. Stockholders are urged to read the Joint Proxy Statement/Prospectus regarding the proposed transaction when it becomes available, because it will contain important information. Stockholders will be able to obtain a free copy of the Joint Proxy Statement/Prospectus, as well as other filings containing information about SIRIUS and XM, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the Joint Proxy Statement/Prospectus and the Securities and Exchange Commission filings that will be incorporated may be obtained by directing a request to SIRIUS Satellite Radio Inc., 1221 Avenue of the Americas, New York, NY 10020, Attention: Investor Relations, or to XM Satellite Radio Holdings Inc., 1500 Eokington Place, NE Washington, DC 20002, Attention: Investor Relations. Information regarding SIRIUS and XM's directors and executive officers and other participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be available in the Joint Proxy Statement/Prospectus.

The information provided on this web site is "as is" without warranty of any kind, expressed or implied. SIRIUS has provided links to other internet sites only for the convenience of visitors, and is not responsible for the materials, activities or content of other web sites.



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WHAT PEOPLE ARE SAYING

"I am excited about the SIRIUS and XM merger and the prospect of increased listenership for niche programming such as mine. Merger synergies will decrease duplicative programming and result in expanded variety and more unique content unavailable anywhere else. Additionally, these synergies will also allow the companies to offer new programming options - customers will be able to select packages that include content from both XM and SIRIUS. For the first time ever in subscription media, consumers will also have the option of a la carte programming, where they can truly tailor their radio to fit their listening tastes."

- [Senator Bill Bradley, Radio Host](#)

"Both SIRIUS and XM are competing in a complex, rapidly evolving market of cutting edge technology and innovation. By merging, the companies will stand to greatly benefit from shared technical knowledge and combined resources that will in turn improve opportunities for Hispanics in this field. The two companies are using their role as innovators to help educate and train more Hispanic engineers, programmers, and others integral to satellite radio while developing opportunities in business."

- [Jose Marquez-Leon, President & CEO, Latinos in Information Sciences and Technology Association](#)

"Too often, traditional AM/FM radio lacks the kind of programming that speaks to a diverse point of view, such as mine. Satellite radio provides me a unique forum for content aimed at empowering listeners to improve their own lives and the lives of those around them. I am very excited at the prospect of the SIRIUS-XM merger, as it will enable an even greater number of Americans to have access to this kind of content."

- [Deepak Chopra, Leader in Mind-Body Medicine](#)

"Like Elvis fans, satellite radio listeners are diverse. This merger not only promises to provide more options and a wider array of content for varied interests, but through the recently announced a la carte packages, it will also allow listeners to make more individualized choices regarding the programming they wish to receive. A range of programming options will be available at varied price points, promoting greater satellite radio accessibility and consequently expanding the universe of potential listeners."

- [Jack Soden, CEO, Elvis Presley Enterprises, Inc.](#)

"As one who travels the length and breadth of this nation every year and someone who is very aware of the convenience and variety of satellite radio, I would like to add my name to the long list of friends of the trucking industry who strongly believe this merger should be approved as quickly as possible."

- [Charlie Daniels, Country Music Legend](#)

"I am proud to have been a part of the evolution of the audio entertainment market it has developed from AM to FM to satellite and all the other options available to today's listeners. The merger of SIRIUS and XM will ensure that satellite radio remains a strong alternative to ubiquitous Top 40 stations that often neglect other kinds of programming."

- [Bruce Morrow \(a.k.a. Cousin Bruce\), Radio Host](#)

"We find claims that a SIRIUS/XM merger would be anti-competitive to be without merit. Satellite radio currently makes up a mere 3 percent of the audio market compared with over 50 percent for terrestrial radio. The free market principle will guarantee terrestrial radio's dominance of the audio entertainment marketplace because they provide their services to consumers at no charge, whereas satellite radio is a paid subscription service, where customers must opt to subscribe and can just as easily opt to unsubscribe if they are not happy with the services provided to them by the newly formed company. This will ensure that prices stay low and that the demands of consumers are consistently met."

- [Michelle D. Bernard, President and CEO, Independent Women's Forum](#)

"Right now a customer desiring pay radio must choose between the two companies and select programming rather than having access to all channels. This often results in a consumer being unable to get some desired programs. The merger will allow subscribers to get all the programs they wish to hear, which is often not possible and feasible currently."

- [Congressman Eliot Engel \(D-NY\)](#)

"The proposed merger should be considered in the context of a broad market definition, which includes the entire marketplace for audio entertainment. Under such an appropriate definition, the merger would combine only a small percentage of the market, but would lead to significant pro-consumer benefits. I, therefore, believe the merger is in the public interest and urge that the Commission approve it."

- [Congressman Rick Boucher \(D-VA\)](#)

"We should not expect our customers to incur additional hassle and fees to install a second satellite radio receiver or be forced to choose between the NFL and the MLB and Martha Stewart and Oprah. Additionally, the merger will allow Kia customers to select smaller packages at much lower prices. This expanded choice and lower price is exactly the value our consumers want and deserve."

- [Len Hunt, Executive Vice President and COO, Kia Motors America](#)

"More broadly, this merger proposes to combine two small players in the audio entertainment market. As a result, the merger will bring greater vitality and financial resources to this upstart technology. Allowing this to happen will, in turn, spark a new generation of services and products with more advanced and user-friendly features. Consumers, of course, will be better off as a result."

- [Julian C. Day, Chairman and Chief Executive Officer, RadioShack](#)

"In Washington and elsewhere, many people much more expert than I in these matters are working diligently to examine the merger. From my perspective, however, it offers a unique opportunity to extend the reach and breadth of religious programming. It is also an unmatched opportunity to strengthen this new medium and position satellite radio to compete with the ever-growing list of audio entertainment providers."

- [Edward Cardinal Egan, Archbishop, Archdiocese of New York](#)

"In this plentiful environment, satellite radio remains a small player. Instead of blocking this merger out of unrealistic concerns that a merged SIRIUS/XM somehow will be able to dominate the market, regulators should move quickly to permit these two emerging companies to combine their operations."

- [William G. Crutchfield Jr., Founder and CEO, Crutchfield Corporation](#)

"Rather than being forced to choose between content that currently is exclusive to one satellite provider, consumers will gain access to packages offering the "best of both" services for significantly less than the current combined price."

- [Richard Holcomb, Senior Vice President, American Trucking Associations](#)

"Traditional Radio will continue to serve the masses and their vast commercial needs, while Satellite will fulfill the ever-growing number of profoundly important niches, which include nothing less than the entire musical history of American culture. These niches, when separated into genres-the history of Rock & Roll, the history of Blues, the history of Jazz, the history of Gospel, etc.-are no longer commercially viable individually, but when offered in combination, are."

- [Steven Van Zandt, Musician and Actor](#)

"Critics have also argued that if competition does exist between satellite radio and broadcast radio, it is on a "one-way" basis. Specifically, they have argued that XM and Sirius compete with traditional radio in local markets, but that traditional radio doesn't compete with satellite for national programming. However, while broadcasters transmit signals locally, national programming - through networks and syndication - is commonplace."

- [Edwin Meese and James Gattuso, The Heritage Foundation](#)

"Frank Sinatra Enterprises understands that opponents of this merger claim that the merger of Sirius and XM will result in a monopoly that will harm consumers. Given the broad selection of products and services used by consumers to listen to Frank Sinatra's works, we have a hard time understanding this argument. The music of Frank Sinatra and other big band, swing, and traditional pop music is available on terrestrial radio, internet radio, and available for download to MP3 players."

- [Robert Finklestein, Frank Sinatra Enterprises](#)

"Satellite company mergers are one element of an evolving marketplace that increasingly magnifies consumer choice and ability to customize information; not merely information received, but also that which individuals themselves create or assemble for distribution to others."

- [Clyde Wayne Crews Jr., VP Policy & Director of Technology Studies, Competitive Enterprise Institute](#)

"Perhaps the most convincing confirmation comes in the form of the National Association of Broadcasters' fierce opposition to the proposed merger. If satellite radio constitutes a distinct market, why would the terrestrial broadcasters devote so many resources to trying to defeat the merger?"

- [Randolph J. May, President, The Free State Foundation](#)

"Circuit City believes that the interests of consumers should be paramount in the FCC's consideration of this proposed merger. When viewed from this perspective, we believe that this merger should be approved by the FCC."

- [Philip J. Schoonover, Chairman, President & CEO, Circuit City](#)

"FamilyNet has found satellite radio to be an ideal medium for bringing our message to consumers, particularly those that live in remote areas, and may not be able to access such programming through traditional radio or other means. We support any efforts, including the proposed Sirius-XM merger, that will help satellite radio survive and continue to benefit the public for many years to come."

- [R. Martin Coleman, Chief Operating Officer, FamilyNet Radio](#)

"The proposed new company will benefit the audio market in general as well as individual consumers. Sirius and XM have shown in their public filings and congressional testimony that a combined satellite radio company will expand consumer programming choices, result in lower prices, and spur deployment of technology."

- [Grover Norquist, President, Americans for Tax Reform](#)

"As an organization that represents over 11 million diverse and talented American women, NCWO believes the proposed merger will result in considerable benefits via greater competition, lower prices, and more diverse programming for women and other minority groups all over the nation."

- [Susan Scanlan, Chair, National Council of Women's Organizations](#)

"While African American music and culture have moved more into the mainstream in the last decade, our community still remains largely neglected by major media companies as a niche audience. Satellite radio has afforded our community access to a wealth of new programs, from the modern gospel station "Praise" to sports commentary with Tiki Barber and Keyshawn Johnson. Satellite radio companies like XM and Sirius have provided much needed competition for traditional radio outlets as well as HD radio and online podcasts."

- [Adam J. Richardson, Jr., Presiding Bishop, African Methodist Episcopal Church - 2nd District](#)

"WIPP believes approval of the merger between Sirius and XM will substantially enhance programming choices by creating a stronger satellite radio company. In turn, it will elevate the quality and choice of other service providers allowing for the improved diversity and quality of an already robust and competitive market. Especially relevant to WIPP membership is the prospect of increasing the number of channels offering small business content, particularly issues of special interest to women and minorities in business."

- [Barbara Kasoff, President, Women Impacting Public Policy](#)

"Radio station owners have long studied the issue of radio rivalry, and have - for over a decade - asserted that satellite radio offers a dangerous competitive threat. In advocating that regulators deny the proposed merger, broadcasters document that its likely effect will be to provide satellite radio listeners more, not less, service for their subscription dollar."

- [Thomas Hazlett, Professor of Law & Economics, George Mason University](#)

"For the most part, the mainstream media companies offer very limited music and entertainment programming targeted to the Hispanic community. Satellite radio, by contrast, does provide sought after programming such as CNN en Espanol, ESPN Deportes, and Mexico Canta. We believe that satellite radio provides expanding and vibrant platforms for news and entertainment for Hispanic Americans."

- [Lillian Rodriguez-Lopez, President, Hispanic Federation](#)

"The farms and rural communities we represent have been well served by satellite radio. Approval of the merger between Sirius and XM will ensure that our rural communities continue to receive important informational service via satellite radio and will provide our members and rural neighbors with more programming choices at improved prices."

- [Pam Potthoff, National President, Women Involved in Farm Economics](#)

"Especially important to our membership is the commitment the parties have made to issue refunds to satellite radio subscribers who choose to block adult-themed programming... With all of the indecent and violent programming bombarding American families today, we applaud the efforts of Sirius and XM to empower consumers who want to avoid such content. This is clearly a step in the right direction."

- [Gary Bauer, President, American Values](#)

"Consolidation of the terrestrial radio industry over the last decade has left much of rural America behind in recent years, as locally owned stations are replaced by mega-corporate conglomerates which produce homogenized content and so-called local news and weather delivered from hundreds of miles away. The emergence of satellite radio has offered listeners in rural areas a robust alternative with hundreds of specialized channels that cater to the programming needs of rural America."

- [Niel Ritchie, Executive Director, League of Rural Voters](#)

"For far too long, the Latino market has fallen victim to traditional radio companies that target very narrow and highly profitable audiences. Under this framework, Hispanics lose out on news, sports, music and diverse cultural

programming that is widely available on alternative sources such as satellite, HD and internet radio. The satellite radio industry, by contrast, has been a launching pad for Hispanic programmers and an increasingly popular service for vast numbers of Latino consumers and other listeners who enjoy the richness of Hispanic culture, arts and news."

- [Robert G. de Posada, President, The Latino Coalition](#)

"Competitors that are threatened by the prospect of a thriving satellite radio company have launched a self-interested campaign aimed at killing the merger, by asserting that an XM-Sirius alliance would constitute a monopoly. Despite their claims, the merger of XM and Sirius would be beneficial to consumers and deserves support."

- [John Berthoud, President, National Taxpayers Union](#)

"Satellite radio is critical to the programming needs of African Americans. The medium offers dozens of channels that are targeted to the programming needs of African American entrepreneurs, entertainers, and consumers. In fact, Internet radio, music download services, and satellite radio have all played critical roles in democratizing the music and audio industry allowing consumers access to a virtual on-demand world."

- [Harry Alford, President, National Black Chamber of Commerce](#)

"Satellite radio is a critical medium for Hispanic Americans, making available a wide range of listening choices that are not generally available on traditional broadcast radio. For example, ESPN Deportes, CNN Español, and several Latin music channels."

- [Brent Wilkes, Executive Director, League of United Latin American Citizens](#)

"The bottom line is that with expanded choices and better prices, satellite radio will be an even more attractive option for consumers, and this ultimately benefits our Chamber members and the two-million Latino-owned businesses in the U.S. There is no doubt that the XM-Sirius merger will be a win-win for Hispanic businesses and the community and we strongly urge its approval."

- [Alfred P. Placeres, Esq., President, New York State Federation of Hispanic Chambers of Commerce](#)

"Indeed, if the National Association of Broadcasters and its terrestrial broadcaster allies are able to persuade the Department of Justice and the FCC to prevent the Sirius/XM merger on the basis that satellite radio constitutes a discrete product market, well then, maybe I'll become a believer in the Easter Bunny too."

- Randy May, Thinking "Siriusly" About Satellite Radio Competition April 9, 2007

"I think all of us would agree, though, that these two, the merger of these two is not going to create a monopoly in any sense because there is a lot of competition out there with the broadcast and the Internet and wireless and iPod, as others have mentioned."

- Rep. Cliff Stearns (FL), 3/7 House Committee on Energy and Commerce's panel on "The Future of Radio"

"Stop throwing around the word 'monopoly.' The competition they have is with radio stations charging zero dollars for the same or a similar product."

- Rep. Anthony Weiner (NY), 2/28 House Judiciary Committee antitrust task force

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SIRIUSmerger.com
More choices, better pricing, same radios.



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- [Consumers Will Benefit from Merged Satellite Radio Company Say Leading Consumer Electronic Retailers and Auto Manufacturers](#)
- [New Supporters of SIRIUS-XM Merger Urge FCC Approval](#)

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- [FamilyNet Radio - 6/26/07](#)
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- [League of Rural Voters - 5/31/07](#)
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- [NAB's Opposition to Competition](#)
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Congressional testimony

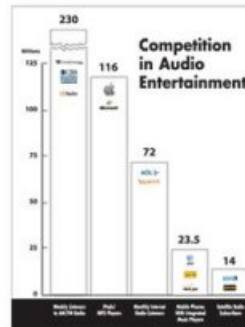
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- [House Judiciary Committee's Antitrust Task Force - February 28, 2007](#)
- [House Energy and Commerce Committee's Subcommittee on Telecommunications and the Internet - March 7, 2007](#)
- [Senate Judiciary Committee's Subcommittee on Antitrust, Competition Policy and Consumer Rights - March 20, 2007](#)
- [Senate Committee on Commerce, Science and Transportation - April 17, 2007](#)

SIRIUS-XM FCC filings

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- Supportive FCC filings
- Merger Analysis



LATEST PRINT ADS

**FINALLY,
DEMOCRATS
AND
REPUBLICANS
AGREE
ON SOMETHING.**

70% ARE IN FAVOR OF A LA CARTE AND BEST OF BOTH PROGRAMMING PACKAGES THAT WOULD BE OFFERED IN A XM SIRIUS MERGER.

(Sirius) also agrees that the merger is in the public interest by a charge of more than 50%.

Radio's largest Republican and Democratic radio groups, the National Association of Broadcasters and the City People of America, have made it a point to...

Who supports the merger of SIRIUS and XM Radio?

Just groups representing about every race, creed, religion and political affiliation.

That's all.

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- [FCC Application for Merger](#)
- [SIRIUS SEC Form 8-K \[3/13/2007\]](#)
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- [Joint Filing on FCC's Notice of Proposed Rulemaking \[8-13-07\]](#)

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- [Crutchfield Corporation](#)
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- [Elvis Presley Enterprises, Inc.](#)
- [FamilyNet Radio](#)
- [Family Research Council](#)
- [Frank Sinatra Enterprises](#)
- [The Free State Foundation](#)
- [The Heritage Foundation](#)
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- [Kia Motors America](#)
- [Latinos in Information Sciences and Technology Association](#)
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Merger Analysis

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- [Beyond the Fairness Doctrine: Radio's Flight over the XM-Sirius Merger](#)
- [The Economics of the Satellite Radio Merger](#)
- [SIRIUS/XM vs. EchoStar/DIRECTV: A Fundamentally Different Merger for Rural Consumers](#)
- [An Economic Review of the Proposed Merger of XM and SIRIUS](#)

Among the groups that have voiced their support for the merger:

60 Plus Association
 African Methodist Episcopal Church (AME) District
 American for Tax Reform • American Values
 Competitive Enterprise Institute • Circuit City
 Hispanic Federation • League of Rural Voters
 League of United Latin American Citizens (LULAC)
 NAACP • National Council of Women's Organizations
 National Taxpayers Union
 New York State Federation of Hispanic Chambers of Commerce
 The Latino Coalition • Women Involved in Farm Economics (WIFE)

SIRIUS + XM
Even Better Together.
 More choices. Better prices.

"...the merged entity...would offer its customers a more exciting and complete product."
 — Dan Suss, CEO, Sirius XM, 10/13/06

"XM and SIRIUS have plenty of other competitors for what goes in your ears. The market is changing with amazing speed."
 — Howard Stern, 10/13/06

"...a stronger product makes sense...
 — Dan Suss, CEO, Sirius XM, 10/13/06

Together we can do more for America's listeners. XM and XM need to bring the best content to the best stations. XM and XM need to bring the best content to the best stations. XM and XM need to bring the best content to the best stations.

More programming choices and better service make sense for listeners.

"What's in It for Consumers?"

XM and XM need to bring the best content to the best stations. XM and XM need to bring the best content to the best stations. XM and XM need to bring the best content to the best stations.

More choices
 Better prices
 Radio programs
 Consumer prices

Even Better Together

Listen to the Numbers

237 Million
 230 Million
 223 Million
 90 Million
 14 Million
 More Choices

The world of audio entertainment has changed dramatically over XM and XM's second five years in 2007.

Consumer today has a growing and expanding array of choices to choose from. XM and XM's second five years in 2007 offer a great new option. XM and XM's second five years in 2007 offer a great new option. XM and XM's second five years in 2007 offer a great new option.

XM and XM's second five years in 2007 offer a great new option. XM and XM's second five years in 2007 offer a great new option. XM and XM's second five years in 2007 offer a great new option.

Even Better Together

SIRIUS and XM Radio.
The people who support our merger are as diverse as our programs.

Supporting the merger for better service from XM and XM.

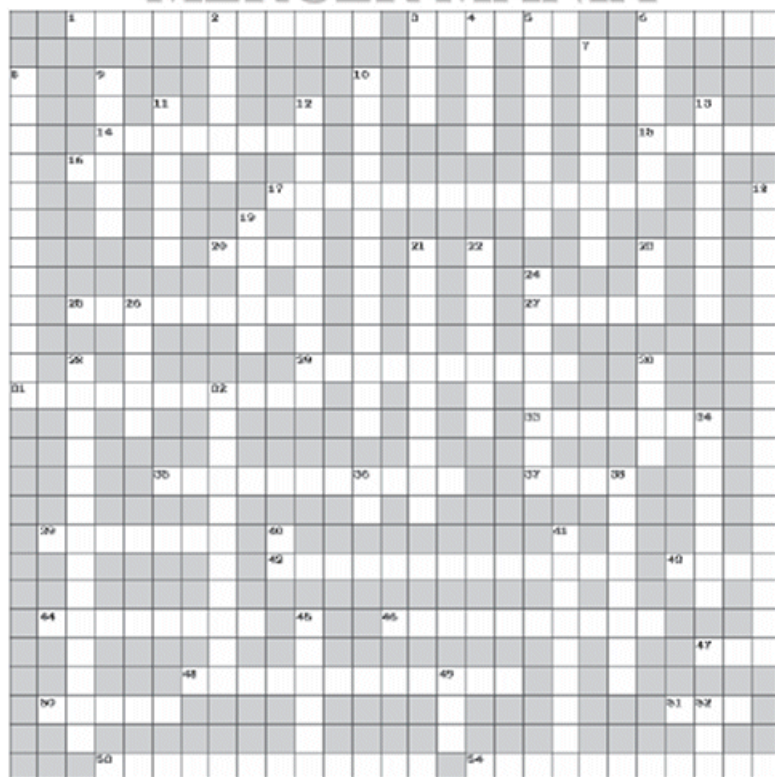
Supporting the merger for better service from XM and XM. Supporting the merger for better service from XM and XM. Supporting the merger for better service from XM and XM.

Even Better Together

In addition, the following feature has been added to the home page of the website:



MERGER MANIA



Across

1. SIRIUS national broadcast studio located here
3. FCC Honcho: (50A) + ___
6. Works for two bosses and cheers the merger: ___ + (13D)
14. Must-have SIRIUS listening device, not for your shoe
15. Influential W.E.B. DuBois-founded organization is a first-rate merger supporter
16. Need new device to get: ___ radio
17. For mom and dad and kiddies too
20. Competes for consumers' ears, with or without buds
25. Go-to online source for satellite radio mania
27. Largest and oldest U.S. Hispanic organization
29. With over 6,000 stores, this merger supporter is far from the humble abode that shares its name
31. What NAB fears
33. Groovy vinyls and Guinness Book achievements
35. Electronic metropolis and merger supporter
37. SIRIUS voice, spiritual leader, and merger believer
39. Chairman of the Board, but no "Blue Eyes": (30D) + ___
42. Radio host, and hostess whose support is welcome
43. Architect of the "say anything, do anything" campaign against more competition in audio entertainment
44. Knows both satellite and AM/FM radio: (47A) + ___
46. Merger-supporting west coast Times

47. See 44A
 48. One sound on many stations; Sends hungry listeners to satellite radio
 50. See 3A
 51. It ain't just TV that's important to this group
 53. Merger advantage for consumers
 54. Merger benefit: "So many channels, so little time!"
- Down**
2. Former FCC chair whose support is on the table: (3D) + ___
 3. See 2D
 4. Despite song accusation, video didn't slay this star
 5. Pandora, e.g.: ___ radio
 6. Majority of Americans who support a la carte programming packages on satellite radio (%)
 7. One of the nation's most widely read newspapers; was among merger's earliest supporters
 8. Competition you can download to your PC
 9. The place to buy SIRI or XM SR
 10. When it all began
 11. The brightest star in Canis Major and the northern hemisphere
 12. King of all media
 13. See 6A
 18. Murdoch or no, the nation's most important business pub believes in a combined SIRIUS/XM

19. America's favorite book clubber is also on satellite radio
21. Great SIRIUS and XM content on the same radio
22. Virginia lawmaker supporting the merger
23. It decides what's in the public interest
24. Type of French moun and first ever in audio entertainment
26. Former presidential candidate and current merger advocate
28. Advocates for marriage, family, faith and the merger
30. See 39A
32. 10,000 strong and free: ___ radio
34. Lazy man's digital competition
36. Before Apple and after the cassette
38. When merger programming options kick-in
40. Beyond AM. Beyond FM.
41. In-orbit signal transmitter and Dave Matthews hit
45. Like a marriage, but instead of a ring, consumers get more choices and lower prices
49. Notorious Asseters of Bologna
52. Not tender love and care, but a supportive advocacy group nonetheless

MERGER MANIA Answer Key

Across

1. Rockefeller
3. Martin
6. Steve
14. Stiletto
15. NAACP
16. HD
17. Family Friendly
20. iPod
25. Orbitcast
27. LULAC
29. Radio Shack
31. Competition
33. Records
35. Circuit City
37. Egan
39. Parsons
42. Martha Stewart
43. Rehr
44. Karmazin
46. Los Angeles
47. Mel
48. Clear Channel
50. Kevin
51. PTC
53. Better Prices
54. More Choices


Down


2. Fowler
 3. Mark
 4. Radio
 5. Internet
 6. Seventy
 7. USA Today
 8. Digital Music
 9. NASDAQ
 10. Presidents Day
 11. SIRIUS
 12. Howard Stern
 13. Van Zandt
 18. Wall Street Journal
 19. Oprah
 21. Best of Both
 22. Boucher
 23. FCC
 24. A la carte
 26. Bauer
 28. American Values
 30. Gary
 32. Terrestrial
 34. Slacker
 36. CD
 38. Next Year
 40. XM
 41. Satellite
 45. Merger
 49. NAB
 52. TLC
-

In addition, the “In the News” page of the website also contains links to the following third-party articles:

Orbitcast

Sirius + XM Merger: 70%-plus chance of approval

 [3 comments](#)

 Wednesday, October 17, 2007 at 1:03 PM

 Tags: [Merger](#), [Satellite Radio](#), [SIRI](#), [Sirius](#), [XM](#), [XMSR](#)



If you thought Citigroup putting the [chances of the Sirius-XM merger](#) at 69% was being optimistic, wait till you see what Tom Watts of Cowen & Company wrote in a recent note issued to clients.

Watts finds that there's a "70%-plus chance" that the merger of Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. wins government approval.


The Cowen & Company analyst says the Department of Justice decision should come "relatively soon," with both companies in full compliance with the DoJ's information requests. He says a ruling from the FCC should follow soon after. About a month ago, Watts said that approval of the deal could come as [early as October](#).


Watts has Outperform ratings on both stocks, "even without M&A potential." He thinks both companies can beat the market on free cash flow potential alone. Watts also feels that XM and Sirius set conservative subscriber growth estimates for 2007, "setting the stage for out-performance in the second half."



Orbitcast

Merged XM, Sirius pricing improves business model, says Analyst

 [13 comments](#)

 Monday, October 15, 2007 at 8:52 PM

 Tags: [Merger](#), [Satellite Radio](#), [Sirius](#), [XM](#)

Would the proposed [Sirius-XM pricing packages](#) reduce the average revenue per subscriber? Some industry observers, [myself included](#), have mulled over this question. But Bob Peck, analyst at Bear Stearns, details an entirely different scenario in a client note issued this morning.

“While many investors think a la carte would obliterate the ARPU of the combined entity (due to the \$6.99 option), applying [anormal distribution](#) curve to the potential pricing options actually shows minimal impact,” wrote Peck.

Further, while Peck believes ARPU would be largely unaffected, he finds that gross subscriber additions should increase, while churn should decrease thanks to the added choice and lower available pricing structure.

In addition, Peck estimates that merger-specific synergies could be valued at roughly \$5 billion. Bear Stearns’ analysis suggests that a combined Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. “could generate an incremental ~\$850 million in pre-tax synergies by 2013.” This would result in a tax-adjusted net present value of synergies at ~\$5 billion. Yes, that’s a revised estimate, down from \$6.7B, made prior to the merger being announced.

Long-term net subscriber growth even gets a bump in Bear Stearns’ model.

On a combined basis, the firm expects a total of about 33 million net subscribers by 2013, or about 10% more than current estimates. The model includes a 10% reduction in churn, and an increase in gross subscribers by 16% at retail and 7% in OEM (phased in to allow for OEM ramp up time).


“We think upon deal approval and new pricing implementation, that the DARS business model in fact improves,” added the Bear Stearns analyst.


Indeed.




Orbitcast

Gary Parsons: The Orbitcast Interview

 [5 comments](#)

 Monday, October 15, 2007 at 11:56 AM

 Tags: [Gary Parsons' Interviews' Satellite Radio' XM](#)

Gary Parsons, Chairman of XM Satellite Radio, last week took the time to talk with Orbitcast to discuss the pending merger with Sirius, and the state of satellite radio today. If regulators approve the deal, Parsons is slated to become the Chairman of the combined XM-Sirius, not to mention boss of Sirius' current CEO, Mel Karmazin (whom I interviewed in August).

During the requisite pre-interview chat, I was surprised (and admittedly pleased) to learn that Parsons not only "regularly" reads Orbitcast, but also reads the comments posted on the site. It's not horn tooting (well, maybe a little) but quite honestly I'm a strong believer in the power of the community and it makes me proud to help foster this kind of community. The fact that he follows what readers write here shows that our opinions are, in fact, reaching those who are in charge and hold extraordinary value (beyond being NAB fodder).

So without any further palaver, onto the interview...

Given the passionate opposition of the merger by the NAB, do you fear that the political influence of the organization will somehow prevent the merger from going through? They do have significant clout up in Capitol Hill.

First, let's first go with your characterization of "passionate opposition." There is a lot of "huffing and puffing, blow your house down" running around that's going on. I actually have to tell you that their opposition is actually helping our case more than it is hurting it. I think particularly so when more of their deceptive practices have emerged. Such as misrepresenting the views of [Congressmen](#) or companies like [Toyota](#), and funding shell [organizations](#) so that it appears they have raw support. Those elements I think certainly damage the credibility and strength that they have built up over the years.

While certainly they are a formidable lobby in Congress, the analysis of this effort right now is going on at the FCC and the DOJ.

And one of the most compelling prima facie evidences of being positive for competition and positive for the consumer, is the apoplectic response of the dominant provider. That is exactly what anti-trust specialists look for, and that is being played out in grand fashion.

Mel [said last week](#) of the DOJ that "They continue to ask for information," — has the window for the DOJ's decision been extended somehow? or do you still expect a decision by the end of the year?

We're still feeling that the end of the year is a reasonable time frame. I wouldn't say there was any feeling that it's been extended at all.

I've seen people focus on the 30-day deadline that they needed to respond after substantial compliance of their document request. But that really isn't a final deadline given that the FCC has to also rule on it. I think people misinterpreted that as being a hard and fast issue, which it never was and isn't. They are moving through their process at an appropriate pace. There is an expectation that the DOJ will not only continue to gather more information, but also have depositions and interview other parties on this — that is just how they go about their assessment.

So I don't read anything unusual into that. As a matter of fact, it would be unusual if they were not going about it at that level of rigor and detail.

Just so you understand, I'm not prognosticating or saying I have any unique insights based on our interface with the DOJ about anything. How they're going about it, and what they're doing, is exactly what you would expect.

XM has historically concentrated on attracting passionate subscribers. Now some of those subscribers fear that the service they've grown to love will somehow be "tainted" by merging with Sirius. What can you say to address those fears?

I'm sure that there are passionate and enthusiastic fans of each of the individual services on both sides. And anytime that is the case, people have a concern that what they know and love might be changed. But the pure and simple fact is — as a good businessman, I want to ensure that the very best consumers and supporters continue to receive whatever it was that they really really liked. That's what keeps churn down, that's what builds for passionate word-of-mouth support, and that's how you grow a business.

So it is very clear that in a combined company, you want to go to extraordinary lengths to ensure that the best aspects of each company are retained to the greatest extents possible, and that you're able to take the additional content and capabilities that each of the companies has developed, and make that available as an additional option... to expand the choices and capabilities.

Let me say this: there is no subscriber who feels more passionately about XM Satellite Radio than I do. I'm mean, it's been over a decade, and to see this vision come to fruition, and I am extraordinarily proud of the quality of the product and the service itself... it's what keeps me going day and night.

I also feel very passionately that as an executive my primary obligation is to the shareholder to deliver value. See, it's very interesting. Mel is more of a salesman, and I'm more of a technologist. But I will guarantee you that both of us feel passionately about doing right by the common shareholders. Both of us have poured a bunch of money into this, and neither of us have taken a penny out. And yet we have not seen the rewards to the shareholders that they deserve, and that the quality of this product should warrant.

And so at the end of the day, the merger is primarily about significantly de-risking the business going forward. Regardless of either company's near term path to positive cash flow and profitability. The combined company's prospects, and the degree of certainty of that path, are significantly improved in a combined form.

...now if the merger doesn't go through, would XM be open to being acquired by another company?

Oh boy, I would *never* go into that level of speculation (laughs). Once again, both companies on a standalone basis have a path towards being successful, and that's our responsibilities individually to achieve that — and I think it's certainly doable. It is just far more probably, and more rapid, on a combined basis.

By the way, I've seen lots of comments about synergies. Clearly some of the synergies on a combination are on a longer term, and others are more near term. And while every expense category has an opportunity for improvement, it's not really the classic case of head count reductions... you know, fire a bunch of people. Because both companies are still growing strongly and they need to grow which requires that head count to grow outwards. That's not where the savings come from.

Think about it for a minute, if you save \$10 off of combined chipsets or manufactured radios... that's \$100 million a year in saving! If Sirius' SAC costs are in the low-100s, and ours are in the low-70s/upper-60s, if you *just* make that reduction, that's \$100 million dollars of annual savings.

Now, Sirius is already dropping their SAC costs on a continuing basis, but is it reasonable to assume that that could be accelerated if you combined the radio designs, manufacturing and distribution channels efforts? I think it is. Those are the types of elements that when you have outside analysts look at it, and try to go through some approximations, you see they come up with compelling numbers. I've seen all of the analysts' reports, and some of them probably get a little overboard, and either project it faster or project the numbers to be much bigger than may be reasonably achievable. But the pure and simple fact is, the potential savings are either large, or enormous.

And that is a key element for both of companies' ability to improve the overall financial performance, but also our ability to then pass through some of these savings into these lower costs packages and a la carte options. These are so clearly in the public interest, and I think that's being strongly recognized by editorial writers, consumer groups of all varieties — as well as by regulators — but it also has great potential to expand our subscriber base.

If you look at the adoption rate after the 3-month free trial — it has stayed very strongly in the 50% range now. And by the way, that's during the time frame from when we've gone from 15% to 20% penetration in automobiles, to 30% penetration, on our way to 40% penetration next year. You're seeing significant expansions of penetration into the OEM world, while still seeing that from everyone who is exposed to the product, over half of them want to become full time subscribers. That, by the way, has been a statistic that most of the analyst community has been projecting would decline as we expanded our penetration.

Would you be able to improve that adoption rate if in fact you had several different alternatives and lower pricing packages that you could offer? Could you improve that

penetration by also offering a selection of the other company's best programming that may have been particularly attractive? I think so. If there were a Chrysler customer who really loved Oprah, she may not subscribe to Sirius at the end of her trial. If there were a General Motors customer who was a Stern fan, or an NFL fan, they might not become a self-paying XM customer after the trial. But if they had that option, that's got to be additive and not subtracting.

I have to tell you, it was an insightful observation a year ago that this business was moving towards OEM centric. It's the elephant in the living room right now, and whether that's XM, or XM and Sirius, clearly the OEMs are contributing to a larger and larger percentage of all of the new net additions. Quite candidly, I'm pleased to see some of the work that's going in Detroit right now. What with [settling of the Chrysler deal](#) and GM getting its ratification from the UAW. And frankly GM, who is one of our biggest supporting partners, needs to get a lot of credit because they're not only strengthening their economics as a company, but the product line and the competitiveness of their product. Kudos to their executive management, as they don't necessarily get a lot of kudos as they should.

So OEM is a centric part of XM's strategy, but penetrating into people's homes and pockets can be just as valuable... what can we expect to see for the year ahead?

I think for the year ahead you're going to see dense penetration and growth in the OEM marketplace and I think you're going to see more stability in the retail marketplace.

Obviously it's been a number of quarters in a row where it's been negative year-over-year growth, not only in the retail sales on a gross basis but the industry has been seeing negative year-over-year net additions on a quarterly basis on the combination. That has not been helping and certainly has led to the drop in stock price over the past 18 months or so. I think when you look at what most analysts are projecting, they are actually projecting some level of inflection point in the sense that you be likely returning to year-over-year net ad growth from year-over-year net ad reductions. And so the principle driver as a business model comes from OEM, but with a continuing level of ongoing net additions from the retail to keep that marketplace solid.

So people who buy cars take the service with them elsewhere

Right. It's interesting, an increasing amount of retail sales come from our direct channel. Quite often a person who purchases a new car loves the product and as they are committing to us to become a self-paid subscriber, you have an opportunity to offer them a second service for their home, or for their spouse's car. And that is proving to be a positive addition to the ongoing growth.

So last question... what keep you up at night? What's your biggest fear?

Well, I wouldn't say it's my biggest fear, but what is keeping me occupied day-in and day-out is the seeing the merger through to a successful completion. I feel positive as to where it stands right now, but there's a lot of work left to do on that. We clearly

understand that we are competing in a very vibrant and increasingly competitive marketplace.

You actually wrote about that a little while ago. When you start seeing HD Radio teaming with Apple; Microsoft and Ford and the SYNC system; Ford's commitment to HD; Gates returning to pitch the Zune player; Slacker and their mobile device out; AT&T's \$2 billion buyout of Aloha and efforts into the rich multimedia field. All of these things are in fact competition that we have to be prepared to deal with.

But as much as it is a fact that you're dealing with a competitive marketplace, I still remain extremely positive about the attributes that we bring to that competition. I mean, the breadth of our programming, and the compelling nature of our programming. The diversity and the depth of the music experience. The exclusive non-music and talk content. The extraordinary amount of sports - particularly for out-of-market sports fans — that we bring to bear. The data plus audio entertainment value proposition that we bring to the car companies, and the elegance and ease-of-use that which we present to the consumer.

All that and the fact that the service is \$0.40/day or something. This isn't a \$70/month or \$25/month service. It's a reasonable competitive service... and I like our prospects as good as anybody.

Well thank you Gary for taking the time to provide us with some insight...

Thank you, and keep up the great work with the blog.

In addition, the “What People Are Saying” and “Merger Resources” pages of the website also contain links to the following information included on the website:



BILL BRADLEY
UNITED STATES SENATOR, RET.

October 10, 2007

The Honorable Thomas Barnett
Assistant Attorney General
Antitrust Division
United States Department of Justice
950 Constitution Avenue, NW
Washington, DC 20530

The Honorable Kevin J. Martin
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Assistant Attorney General Barnett and Chairman Martin:

On behalf of the staff and entertainers on American Voices, SIRIUS Satellite Radio Channel 102, I write to express my strong support for the merger of SIRIUS and XM Satellite Radio.

As a United States Senator, I always enjoyed the opportunity to travel the country and meet people across the nation. Now that my days in public office are over, my show on SIRIUS, American Voices, gives me another opportunity to hear and share the extraordinary stories of ordinary Americans throughout our country.

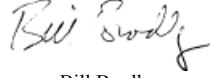
I am excited about the SIRIUS and XM merger and the prospect of increased listenership for niche programming such as mine. Merger synergies will decrease duplicative programming and result in expanded variety and more unique content unavailable anywhere else. Additionally, these synergies will also allow the companies to offer new programming options — customers will be able to select packages that include content from both XM and SIRIUS. For the first-time ever in subscription media, consumers will also have the option of a la carte programming, where they can truly tailor their radio to fit their listening tastes.

As an avid follower of news and politics, I was pleased to learn that through the new available packages, people like me and my listeners will have the option of the News and Sports package. Likewise, those consumers who are more interested in music can select the Mostly Music package. And each of these packages will be available for less than subscribers currently pay.

One thing I've learned from my time serving in the Senate and my experiences hosting American Voices is that this is a diverse nation whose citizens have a broad spectrum of interests and opinions about the world. I am very glad to see SIRIUS and XM acknowledging and embracing that diversity through these new packages.

Satellite radio gives me the unique ability to share the voices of America with the listeners of America. In order to ensure that listeners can continue to enjoy this programming I hope you will approve this merger.

Sincerely,

A handwritten signature in cursive script that reads "Bill Bradley". The signature is written in black ink and is positioned above the printed name.

Bill Bradley