

Filed by Sirius Satellite Radio Inc.  
Pursuant to Rule 425 under the  
Securities Act of 1933 and deemed filed  
pursuant to Rule 14a-12 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 Will be Filed with the SEC

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 an amended Registration Statement on Form S-4 containing a preliminary Joint Proxy Statement/Prospectus and each of SIRIUS and XM plans to file with the SEC other documents regarding the proposed transaction. The definitive Joint Proxy Statement/Prospectus will be mailed to stockholders of SIRIUS and XM.

**INVESTORS AND SECURITY HOLDERS OF SIRIUS AND XM ARE URGED TO READ THE PRELIMINARY JOINT**

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**PROXY STATEMENT/PROSPECTUS AND THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS WHEN IT BECOMES AVAILABLE, 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](http://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, 36<sup>th</sup> 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 preliminary Joint Proxy Statement/Prospectus filed with the SEC.

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SIRIUS' website, which is available at [www.SIRIUSmerger.com](http://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



**IN THE NEWS**

Beyond the Fairness Doctrine: Radio's Fight over the XM-Sirius Merger  
The Heritage Foundation

XM and Sirius shares climb on growing hope that their proposed merger will be approved  
MSNBC

Consumers Will Benefit from Merged Satellite Radio Company Say Leading Consumer Electronic Retailers

Karmazin Underscores Consumer Choice Plans Radio and Records

Karmazin: XM-Sirius Merger 'Good For The Country'  
Radio Ink

Anti Merger Camp Stacks Deck  
SIRIUS Buzz

Get It On, XM and Sirius  
Motley Fool

Sirius And XM Publish Consumer Study  
TWICE

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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. Shareholders 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., 1300 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.

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### Articles

[XM and Sirius shares climb on growing hope that their proposed merger will be approved](#) MSNBC — September 27, 2007

[Consumers Will Benefit from Merged Satellite Radio Company Say Leading Consumer Electronic Retailers](#) — September 19, 2007

[Bank says XM+Sirius merger will happen](#) Rapid TV News — September 18, 2007

[Karmazin Underscores Consumer Choice Plans](#) Radio and Records — September 18, 2007

[Karmazin: XM-Sirius Merger 'Good For The Country'](#) Radio Ink — September 18, 2007

[Get It On, XM and Sirius](#) Motley Fool — September 13, 2007

[Sirius And XM Publish Consumer Study](#) TWICE — September 12, 2007

[Satellite Radio Wedding Album](#) The Motley Fool — September 10, 2007

[Satellite Radio Should Cross Signals, Ex-F.C.C. Chair Says](#) New York Times — September 05, 2007

[Karmazin Swings Back at NAB](#) Broadcasting & Cable — August 13, 2007

[FCC's Martin: Pleased With Sirius/XM A La Carte Proposal](#) Associated Press — August 07, 2007

['A la carte' looks choice to them](#) New York Daily News — August 04, 2007

[Cardinal puts his faith in proposed satellite merger](#) NY Daily News — July 25, 2007

[Satellite Radio Hands Out Appetizers](#) The Motley Fool — July 24, 2007

[Radio Plan: A Price Shift for Satellite](#) The New York Times — July 24, 2007

[Sirius, XM Offer Plan to Let Users Choose Channels](#) Bloomberg — July 24, 2007

[Sirius-XM Radio Would Offer A La Carte Pricing](#) CNNMoney.com — July 24, 2007

[XM, Sirius offer a la carte options](#) Variety — July 23, 2007

[XM-Sirius in New Pitch for Merger](#) Associated Press — July 23, 2007

[XM, Sirius plan a la carte offerings](#) USA Today — July 23, 2007

[A La Carte Packages Could Help Sirius-XM Merger](#) TWICE — July 23, 2007

[Is A La Carte The Answer For Satellite Radio?](#) Forbes — July 23, 2007

[Peck Predicts Pending Satellite Merge Will Be Approved](#) Radio Ink — July 17, 2007

[CEI: XM-Sirius Merger Should Go Forward](#) SatNews Daily — July 10, 2007

[XM & Sirius Cite "Growing Momentum" For Merger](#) Radio Ink — July 10, 2007

[HD Radio Grabs the Ear of Satellite Rivals](#) The Washington Post — July 03, 2007

[Karmazin Raps NAB Spin on Merger](#) TWICE — July 02, 2007

[AME Church Backs XM/Sirius](#) Broadcasting & Cable — June 19, 2007

[Karmazin: NAB Reaction Proves Our Point](#) TWICE — June 19, 2007

[Satellite Sisters](#) The New Yorker, James Surowiecki — March 19, 2007

### Editorials & Op-Eds

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[Beyond the Fairness Doctrine: Radio's Fight over the XM-Sirius Merger](#) The Heritage Foundation, Edwin Meese, III



and James L. Gattuso — September 27, 2007

[Competitive Electronics](#) New York Sun — September 05, 2007

[Satellite Merger Good For Diversity](#) Black Enterprise — September 04, 2007

[Note to the FTC: Get out more](#) Chicago Tribune — September 01, 2007

[Phantom threats to consumer choice](#) Rocky Mountain News — August 18, 2007

[The a la carte alternative](#) The Washington Times — August 06, 2007

[Approve the Sirius/XM merger](#) The Washington Times — July 26, 2007

[The Good Word - Via Satellite](#) New York Post — July 20, 2007

[A good merger](#) The Washington Times — July 06, 2007

[Sirius, XM and American values](#) Los Angeles Times — June 25, 2007

[Who's afraid of mergers? \(registration required\)](#) Chicago Tribune — June 21, 2007

[What's the Frequency, NAB?](#) The Wall Street Journal — April 21, 2007

[Dinosaurs vs. Satellites](#) Reason Magazine, Radley Balko — April 19, 2007

[A Merger and a Prayer \(subscription required\)](#) Forbes — April 09, 2007

[Let XM and Sirius Merge](#) Los Angeles Times — February 27, 2007

[A Monopoly - Not](#) San Francisco Chronicle — February 26, 2007

[They Cannot Be SIRIUS - Satellite Radio \(subscription required\)](#) The Economist — February 24, 2007

[SIRIUS and XM Together Makes Sense for Listeners](#) USA Today — February 23, 2007

[Money, Not Outrage, Fuels Anti-Merger Fight](#) The Miami Herald — February 22, 2007

[Making Radio Waves](#) Wall Street Journal — February 21, 2007

## Blogs

Too

[Anti Merger Camp Stacks Deck](#) SIRIUS Buzz — September 14, 2007

[Orbitcast Interview with Mel Karmazin](#) Orbitcast — August 16, 2007

[Busted: NAB cites satellite radio as competition on website](#) Orbitcast — August 06, 2007

[Mel Karmazin Editorial on A La Carte packages](#) Orbitcast — August 06, 2007

[Parents Television Council praises Sirius-XM](#) Orbitcast — July 30, 2007

[XM-Sirius Deal Receives Church's Blessing](#) WSJ: Deal Journal — July 20, 2007

[Yea Chorus on XM-Sirius Grows](#) WSJ: Deal Journal — July 17, 2007

[Company Says If XM and Sirius Merge, It Wants To Enter The Market](#) Techdirt — July 13, 2007

[A Sirius Message From the Consigliere](#) WSJ: Deal Journal — July 10, 2007

[American Values urges approval of Sirius, XM merger](#) Orbitcast — July 09, 2007

[NAB concedes that XM/Sirius are 'winning the war of words'](#) Orbitcast — June 27, 2007

[Internet Radio on Wheels: Reason to Cut XM and SIRIUS Some Slack?](#) Public Knowledge — June 19, 2007

[National Association of Broadcasters v. National Association of Broadcasters](#) The Technology Liberation Front — June 15, 2007

[WSJ Notices That The NAB Has An Agenda](#) Techdirt — April 23, 2007

[Terrestrial Radio Looks To Charge Subscription Fees, But Still Doesn't Compete With Satellite](#) Techdirt — April 19, 2007

[More on XM-Sirius](#) The Technology Liberation Front — April 11, 2007

[Thinking 'Siriusly' About Satellite Radio Competition](#) The Free State Foundation — April 09, 2007

[Two Can Play: Mock ad showing NAB flip-flops](#) Orbitcast — April 07, 2007

[NAB Shill Says He Didn't Flip-Flop, Adds Sky Is Green And Down Is Up](#) Techdirt — April 06, 2007

[Busted: Carmel Group has already defined Satellite Radio's competitors](#) Orbitcast — April 04, 2007

[How Can New Satellite Radio Merger Analysis Be 'Independent' When The NAB Paid For It?](#) Techdirt — April 03, 2007

[Busted: Mike Hubbard, sponsor of Alabama anti-merger resolution, owns radio station \(and more\)](#) Orbitcast — March 31, 2007

[If Terrestrial Radio Broadcasters Don't Compete With Satellite Radio ...](#) Techdirt — March 01, 2007

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## WHAT PEOPLE ARE SAYING

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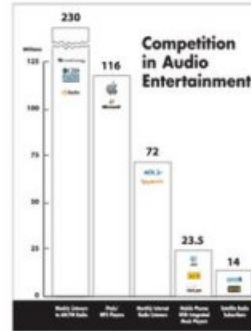
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- [House Energy and Commerce Committee's Subcommittee on Telecommunications and the Internet - March 7, 2007](#)
- [Senate Judiciary Committee's Subcommittee on Antitrust, Competition Policy and Consumer Rights - March 20, 2007](#)
- [Senate Committee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

### SIRIUS-XM FCC filings

### 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.

We have never agreed that the merger is in the public interest by a majority of more than 50%. But 70% of our Republican and Democratic colleagues agree. It's a matter of all parties recognizing that the country and the city of Washington need a good idea.

**SIRIUS** **XM**

**Who supports the merger of SIRIUS and XM Radio?**

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

**That's all.**



- [FCC Application for Merger](#)
- [SIRIUS SEC Form 8-K \[3/13/2007\]](#)
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### Merger Analysis

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

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**XM and Sirius shares climb on growing hope that their proposed merger will be approved**

26 September 2007

Associated Press Newswires

NEW YORK (AP) — Shares of Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc. continued making gains Wednesday as the testimony of a U.S. Justice Department official strengthened the perception that the two digital radio companies will be allowed to join forces.

Both companies' stocks have risen sharply since mid-August on heightening optimism that U.S. regulators will clear a proposed merger.

According to published reports, the Justice Department's antitrust chief, Thomas Barnett, told Congress Tuesday that more information is needed to make a decision, but the department will act as quickly as possible.

Shares of Sirius climbed 17 cents, or 5.2 percent, to \$3.45. Shares of XM gained 83 cents, or 6.1 percent, to \$14.35.

Banc of America Securities analyst Jonathan A. Jacoby said in a research note that the big question is what does "more information" mean? The market expects the Justice Department to decide in 15 to 45 days, he said, but it could take longer.

Jacoby said the stocks' recent prices imply that people think there is an 85 percent chance the deal will be approved. He is more skeptical, though, with his sources pegging just a 30 percent chance of approval by the end of the first quarter of 2008.

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September 27, 2007

Beyond the Fairness Doctrine: Radio's Fight over the XM—Sirius Merger

by Edwin Meese, III and James L. Gattuso

*WebMemo #1646*

There's a radio war going on in Washington, and this one has nothing to do with the Fairness Doctrine. Talk of re-imposing the requirement by the Federal Communications Commission (FCC) that broadcasters air opposing views on controversial topics sparked an intense and highly publicized debate this summer. Almost lost in the "fairness" furor, however, has been a second, but no less intense, radio industry battle over the merger of satellite radio providers XM and Sirius. After months of review, a ruling from the Justice Department is expected within weeks, to be followed by a decision by the FCC, which also must approve the transaction. The merger debate is different from the "fairness" debate in that it involves the structure, rather than content, of the radio industry. Like the "fairness" debate, however, the outcome could determine how Americans will listen to the radio for years to come.

### **Background**

Satellite radio—the transmission of radio programming directly via satellite rather than via broadcasts from land-based towers—is a relatively new service. The FCC, overcoming the opposition of radio broadcasters, auctioned frequencies for two satellite radio providers in 1997, which were won by XM and Sirius for a combined \$173 million.[1] The two firms began offering service until 2001 and 2002, respectively.

Growth for the new services has been rapid, with combined subscribership nearing 14 million last year. But despite this expansion, the firms have struggled financially. The cost of launching and maintaining satellites and other infrastructure is high, as is the cost of programming. (Howard Stern alone costs Sirius some \$100 million per year.[2]) Neither XM nor Sirius has ever made a profit. In 2006 alone, Sirius lost \$1.1 billion, and XM lost \$719 million.[3]

Hoping to turn this dismal financial performance around, XM and Sirius announced plans to merge in February of this year. Among the benefits they foresee: accelerated development of new technologies as research budgets are combined; increased variety of programming due to increased channel capacity; and perhaps \$3 billion to \$7 billion in net present value cost savings.[4]

Of course, none of these benefits are guaranteed.[5] In dynamic markets, no particular outcome is ever certain; the specific results can only be determined in the marketplace. Nevertheless, the potential for real consumer gains from this transaction is real and substantial.

### **Merger Would Preserve, Strengthen Competition**

Traditional AM and FM broadcasters, among others, are fighting the deal, arguing that since Sirius and XM are the only two firms offering satellite radio, the merger would create a monopoly. The two sides have spent hundreds of thousands of dollars on their campaigns, along with allies ranging from former Attorney General John Ashcroft (against the merger) to Frank Sinatra Enterprises (supporting the merger). Highlighting the intensity of the battle, the National Association of Broadcasters

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(NAB), the trade association for traditional radio, even hung on its D.C. headquarters building an outsized banner, proclaiming: “XM + Sirius = monopoly.”<sup>[4]</sup>

This argument, however, doesn’t square with the facts. Sirius and XM have plenty of competitors, starting with the broadcasters themselves. In fact, counting both broadcast and satellite services, Sirius and XM have only 3.4 percent of the total radio listenership.<sup>[7]</sup>

But that is only the beginning. Internet-based service is increasingly becoming a player in radio. Moreover, other forms of audio entertainment compete for American ears. In fact, i-Pods and other MP3 devices, which have grown phenomenally in recent years, may be the biggest challenge to radio of any kind.<sup>[8]</sup>

Even the National Association of Broadcasters has noted the broad nature of competition in audio entertainment, stating to the FCC this January “...there can be no reasonable doubt that the current media marketplace is robustly competitive, and indeed exploding at the seams with consumer choices for both delivery mechanisms and content.”<sup>[9]</sup>

More directly, NAB president David Rehr remarked on the tough competitive landscape: “Who are our newer competitors? On the radio side, we have satellite radio, Internet radio, iPods, other MP3 players, cell phones, and others.”<sup>[10]</sup> Far from monopolizing anything, satellite radio is still an upstart challenger in the audio entertainment marketplace.

Yet, opponents maintain that Sirius and XM have no competition. Economist Gregory Sidak of Criterion Economics has argued that competition in one aspect of the market doesn’t necessarily mean there is competition in others. Specifically, he maintains that radio is a “two-sided” market, in which terrestrial and satellite radio compete for *advertisers*, but not for *listeners*. For listeners, Sidak argues, the two types of radio are complements, not substitutes, for each other.<sup>[11]</sup>

That claim doesn’t hold water. While many consumers do enjoy both types of radio, the relative merits of AM and FM radio certainly impact a consumer’s decision as to whether to subscribe to satellite service. Conversely, the merits of satellite service certainly affect how much its subscribers will listen to terrestrial programming. This view was expressed by the National Association of Broadcasters itself, which in a 1995 filing to the FCC wrote that satellite radio “fundamentally will compete with terrestrial broadcasters for listeners.”<sup>[12]</sup>

NAB’s Rehr used a slightly different argument in a recent letter to Congress on the competition issue.<sup>[13]</sup> He argued that while AM and FM broadcasters do provide competition to satellite radio in individual local markets, they can’t compete in the market for *national* programming, since they don’t have nationwide signals. This argument also is flawed. While broadcasters transmit signals locally, national programming—via networks and syndication—is commonplace.

## **Conclusion**

The merger of XM and Sirius would not create a monopoly. Satellite radio is just one choice in an increasing array of audio entertainment options available to consumers.

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Rather than destroy competition, the proposed merger would *increase* it by allowing satellite radio to offer improved services to consumers. Regulators should reject the false arguments of satellite radio's earthbound rivals and allow the merger to go forward.

*Edwin Meese III* is Ronald Reagan Distinguished Fellow in Public Policy and Chairman of the Center for Legal and Judicial Studies, and *James L. Gattuso* is Senior Research Fellow in Regulatory Policy in the Thomas A. Roe Institute for Economic Policy Studies, at The Heritage Foundation.

[1] Federal Communications Commission, "Auction 15: Digital Audio Radio Service (DARS)" [wireless.fcc.gov/auctions/default.htm?job=auction\\_factsheet&id=15](http://wireless.fcc.gov/auctions/default.htm?job=auction_factsheet&id=15).

[2] Sirius Satellite Radio, "Howard Stern and Sirius Announce the Most Important Deal in Radio History," press release, Oct. 6, 2004, at [www.sirius.com/servlet/ContentServer?pagename=Sirius/CachedPage&c=PresReleAsset&cid=1097008921509](http://www.sirius.com/servlet/ContentServer?pagename=Sirius/CachedPage&c=PresReleAsset&cid=1097008921509).

[3] XM Satellite Radio Holdings Inc., and Sirius Satellite Radio Inc., "Consolidated Application for Authority to Transfer Control of XM Radio Inc. and Sirius Satellite Radio Inc." (MB Docket No. 07-57), filed with the Federal Communications Commission, March 20, 2007, at [svartifoss2.fcc.gov/servlet/ib.page.FetchAttachment?attachment\\_key=-126018](http://svartifoss2.fcc.gov/servlet/ib.page.FetchAttachment?attachment_key=-126018).

[4] See Thomas W. Hazlett, "The Economics of the Satellite Radio Merger," June 14, 2007, at [fjallfoss.fcc.gov/prod/ecfs/retrieve.cgi?native\\_or\\_pdf=pdf&id\\_document=6519527923](http://fjallfoss.fcc.gov/prod/ecfs/retrieve.cgi?native_or_pdf=pdf&id_document=6519527923).

[5] Sirius and XM have made a variety of commitments regarding their post-merger practices, ranging from a price freeze to allowing customers to choose channels on an "a la carte" basis. While these commitments are apparently based on the firms' expectation of benefits from the merger, no service guarantees should or need be mandated by regulators as a condition of the merger.

[6] "NAB Pulls out the Big Guns: Hangs Banner out the Window," *Orbitcast*, June 13, 2007, at [www.orbitcast.com/archives/nab-pulls-out-the-big-guns-hangs-banner-out-the-window.html](http://www.orbitcast.com/archives/nab-pulls-out-the-big-guns-hangs-banner-out-the-window.html).

[7] "Arbitron: Satellite Radio Accounts for 3.4% of All Radio Listening," RadioInk.com, at [www.radioink.com/HeadlineEntry.asp?hid=137022&pt=archive](http://www.radioink.com/HeadlineEntry.asp?hid=137022&pt=archive).

[8] See remarks of David Rehr, National Association of Broadcasters, National Press Club, October 4, 2006, p. 5.

[9] Reply comments of the National Association of Broadcasters, "2006 Quadrennial Regulatory Review—Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996," MB Docket No. 06-121, at 34 (filed Jan. 16, 2007).

[10] See remarks of David Rehr, National Association of Broadcasters, National Press Club, October 4, 2006.

[11] Sidak, J. Gregory, "Supplemental Declaration of J. Gregory Sidak Concerning the Competitive Consequences of the Proposed Merger of Sirius Satellite Radio, Inc. and XM Satellite Radio, Inc.," July 9, 2007.

[12] Federal Communications Commission, *In the Matter of Establishment of the Rules and Policies for the Digital Audio Radio Satellite Service in the 2310 to 2360 MHz Frequency Band Reply Comments of the*

*National Association of Broadcasters*, IB Docket No. 95-91 (October 13, 1995), p. 34 (cited in Hazlett, "Economics of the Radio Satellite Merger.") Some also argue that competition is uneven because satellite radio is subscription-based and—unlike broadcasters, whose ad revenue depends upon ratings—doesn't lose money

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unless a customer drops his subscription. But subscription or not, satellite radio companies have no permanent lock on customers. A radio subscription isn't like an electric bill; few consumers see it as a must-have. If radio broadcasters provide enough of what they want, subscribers will drop satellite in a second.

[13]David K. Rehr to the Hon. John Conyers, March 12, 2007.

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In addition, the “What People Are Saying” page of the website contain links to the following information included on the website:

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**RICK BOUCHER**  
5th DISTRICT, VIRGINIA

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**ENERGY AND COMMERCE**

SUBCOMMITTEE:  
CHAIRMAN,  
ENERGY AND AIR QUALITY  
TELECOMMUNICATIONS AND THE  
INTERNET

COMMERCE, TRADE, AND  
CONSUMER PROTECTION

JUDICIARY  
SUBCOMMITTEE:  
COURTS, THE INTERNET,  
AND INTELLECTUAL PROPERTY

AT-LARGE WHIP  
CO-CHAIR,  
CONGRESSIONAL INTERNET CAUCUS



**Congress of the United States**  
**House of Representatives**

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e-mail: [NINTHNET@MAIL.HOUSE.GOV](mailto:NINTHNET@MAIL.HOUSE.GOV)  
WWW: <http://www.house.gov/boucher/>

CONSTITUENT SERVICE OFFICES:

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ABINGDON, VIRGINIA 24210  
(276) 628-1145

1 CLOVERLEAF SQUARE  
SUITE C-1  
BIG STONE GAP, VIRGINIA 24219  
(276) 523-5450

106 NORTH WASHINGTON AVENUE  
P.O. BOX 1288  
FULFORD, VIRGINIA 24301  
(540) 380-4310

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September 4, 2007

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

Re: Application for Authority to Transfer Control of XM Radio Inc. and Sirius Satellite Radio Inc., MB Docket No. 07-57

Dear Chairman Martin:

I am writing to express my support for the proposed merger of XM Radio Inc. and Sirius Satellite Radio Inc., which is currently under your review in MB Docket No. 07-57. 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.

The relevant market for competition purposes is the entire marketplace for audio entertainment, including terrestrial radio, Internet radio and Internet-protocol enabled applications. The relevant market clearly includes all of terrestrial radio, as evidenced by repeated statements by leading broadcast companies that they are in competition with satellite radio. The strong opposition of the NAB to the merger lends credence to the reality that terrestrial and satellite radio are in direct competition.

The relevant market also includes Internet radio and both Internet-based streams and Internet delivered downloads of music.

In that large, highly competitive market, satellite radio is a small player. In a Fall 2006 Arbitron survey, satellite radio listening accounted for only 3.4% of all radio listening. That same survey showed that satellite radio listeners are avid listeners to terrestrial radio. In fact, satellite radio listeners listen to XM or Sirius for 10.75 hours weekly while they listen to terrestrial radio more, for an average total of 14 hours weekly. They listen to Internet radio 8.25 hours weekly.

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The Honorable Rick Boucher  
September 4, 2007  
Page 2

These figures clearly show that satellite radio is in competition with terrestrial radio, that people who listen to satellite radio interchange their listening patterns among various radio sources and that satellite radio listeners are listening to terrestrial radio more than twice as much as they listen to satellite radio. Not only do listeners treat the market as unified among satellite, terrestrial and Internet radio, they prefer terrestrial radio to either of the other mediums.

With respect to consumer benefits, both companies maintain separate entertainment offerings at the present time. The merger would extend to consumers larger choices from among those program offerings. The companies recently announced that they will offer a total of eight program packages post-merger, including several options that will enable consumers to select channels on an a la carte basis. Moreover, the extra bandwidth which the elimination of duplication would produce will result in the offering of more public interest programming than either company now offers. The combined company will be able to expand diverse programs for underserved interests, such as for foreign language and religious programming.

For these reasons, I urge the Commission to complete its review of this transaction and allow the two companies to proceed with their merger plans.

Thanking you for your consideration of these comments, I remain with kind personal regards

Sincerely,

A handwritten signature in black ink that reads "Rick Boucher". The signature is written in a cursive, slightly slanted style.

Rick Boucher  
Member of Congress

RB/jas

cc: Commissioner Michael J. Copps  
Commissioner Jonathan S. Adelstein  
Commissioner Deborah Taylor Tate  
Commissioner Robert M. McDowell

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ELIOT L. ENGEL  
17TH DISTRICT, NEW YORK

COMMITTEE ON  
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WESTERN HEMISPHERE SUBCOMMITTEE

OTHER SUBCOMMITTEES:

EUROPE

MIDDLE EAST AND SOUTH ASIA

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September 18, 2007

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Kevin Martin, Chairman  
Federal Communications Commission  
445 12th Street, S.W.  
Washington, DC 20554

Re: Application for Authority to Transfer Control of XM Radio Inc. and Sirius Satellite Radio Inc., MB Docket No. 07-57

Dear Chairman Martin:

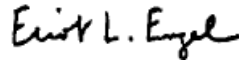
After much deliberation, I am writing to voice my support for the pending merger of Sirius Satellite Radio Inc. and XM Radio Inc. I believe that this merger will improve the variety and quality of satellite radio services to consumers.

I have carefully considered the proposal, attended our committee hearings, and I do not take this decision lightly. I have heard all of the testimony and the pros and cons and feel that ultimately the merger has to be looked at in the context of the totality of entertainment choices that consumers have available to them. With the advent of the IPOD, downloading, HD Radio and the like, I believe that you cannot isolate pay radio as its own medium.

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.

As with any situation, there are good points on both sides. But on balance, I believe that the FCC should complete its review of this transaction to allow Sirius and XM to proceed with their merger plans.

Sincerely,



Eliot L. Engel  
Member of Congress

cc: Commissioner Michael J. Copps  
Commissioner Jonathan Adelstein  
Commissioner Deborah Taylor Tate  
Commissioner Robert M. McDowell

---

**Len Hunt**  
Executive Vice President  
Chief Operating Officer



August 21, 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 Kia Motors America, I ask you to approve the proposed merger of XM and Sirius.

Kia Motors America is dedicated to building high-quality, high-value vehicles at highly competitive prices. Our consumers demand the best available product at the lowest possible price. We are pleased to offer our customers Sirius Satellite Radio standard equipment but believe the merger of Sirius and XM has the potential to bring our customers the additional value they desire.

We understand that the merger will eliminate the sometimes confusing issues about what programming is offered by which company by creating packages offering the "best of both" services for significantly less than the current combined price of both services. 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.

The merger between Sirius and XM will further enhance Kia's goal of providing our customers with high-quality, high-value products. We believe that is in our customer's interests and the public interest to allow Sirius and XM to merge. We respectfully ask that you approve the merger and thank you for considering the views of Kia Motors America.

Sincerely,

A handwritten signature in black ink, appearing to read 'Len Hunt', is written over a light blue horizontal line.

Len Hunt

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In addition, the "Merger Resources" page of the website also contains a link to the following advertisement, which was first run on September 25, 2007:

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# 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.**

In fact, voters agree that the merger is in the public interest by a margin of more than 2 to 1.  
But it's not just Republicans and Democrats who agree. It's every segment of the population.  
People of all ages. People who live in the country and the city. People of all races.

\*Based on a national survey of 800 registered voters, August 7-8, 2007, with a margin of error of +/- 3.46%.



In connection with the proposed merger, SIRIUS has filed with the Securities and Exchange Commission a Registration Statement on Form S-4 containing a preliminary Joint Proxy Statement/Prospectus and each of SIRIUS and XM plans to file with the SEC other documents regarding the proposed transaction. Stockholders are urged to read the preliminary Joint Proxy Statement/Prospectus and the definitive Joint Proxy Statement/Prospectus 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., 1600 Eckington 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. ©2007 Sirius Satellite Radio Inc. "SIRIUS" and the SIRIUS dog logo are trademarks of Sirius Satellite Radio Inc. The XM name and related logo are registered trademarks of XM Satellite Radio Inc.