SX Exhibit 229 RP

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Stock Rating
++

Industry View
Cautious

Sirius Satellite Radio

OEM Drives 1Q Sub Growth, Trimming FY07 Estimates

What's Changed

2007E Retail Net Adds	**From 1.11 mm to 1.04 mm**
2007E Revenue	**From $997.8 mm to $985.0 mm**
2007E EBITDA Loss	**From $300.8 mm to $296.2 mm**
2007E Subscriptions	**From 8.34 mm to 8.26 mm**

Conclusion: We are modestly lowering our FY07E subscription estimate from 8.34 mm to 8.26 mm, which remains above SIRI full- year guidance. As retail growth trends remain soft, we continue to expect OEM to become the more significant source of subscription growth throughout FY07. Although retail gross adds overall were weak, SIRI achieved a 76% retail share in 1Q07. By YE07, SIRI expects to penetrate roughly 34% of its OEM partners' production compared to 23% in '06, and 10% in '05.

What's New: We look for SIRI to maintain a 54% retail market share advantage over XMSR in '07. Our current retail category forecast calls for 3.5 mm gross additions, implying a ~15% decline from FY06. SIRI reiterated its full year '07 guidance of more than 8 mm subs and $95 SAC. 1Q results came in broadly in line with estimates led by better than anticipated OEM sub growth which offset weaker gross adds from retail (down 40% from 1Q06). Churn of 2.3% came in line with our estimates, while a shift in the % of subscribers on family plans and sub/ revenue recognition mismatch from OEM subscriptions drove ARPU of $10.30 below our $10.69 expectation for the quarter.

Implications: We believe SIRI could reach full year free cash flow positive (CFFO less capex) as soon '08. Our model assumes that SIRI will benefit from a $2 monthly subscription rate increase in '08 and material positive swings in working capital derived from subscription prepayments. By comparison, we have modeled in a $1 rate increase for XMSR during '08 and we currently expect it to reach positive free cash flow (CFFO less capex) in '09.

Key Ratios and Statistics

Reuters: SIRI.O Bloomberg: SIRI US
Cable/Satellite / United States of America

Price target	**++**
Shr price, close (May 10, 2007)	$2.84
Mkt cap, curr (mm)	$4,966
52-Week Range	$4.84-2.72

Fiscal Year (Dec)	**2006**	**2007e**	**2008e**	**2009e**
ModelWare EPS ($)*	**(0.78)**	**(0.44)**	**(0.27)**	**(0.15)**
Prior ModelWare EPS ($)	**(0.80)**	**(0.45)**	**(0.25)**	**(0.12)**
P/E	**NM**	**NM**	**NM**	**NM**
Consensus EPS ($)	**(0.81)**	**(0.42)**	**(0.26)**	**(0.15)**
Div yld (%)	0.0	0.0	0.0	0.0

* = Please see explanation of Morgan Stanley ModelWare later in this note.
e = Morgan Stanley Research estimates
++ = Stock Rating, Price Target or Estimates are not available or have been removed due to applicable law and/or Morgan Stanley policy.

Quarterly ModelWare EPS

Quarter	2006	2007e Prior	2007e Current	2008e Prior	2008e Current
Q1	(0.33)	-	(0.10)a	-	-
Q2	(0.16)	(0.13)	(0.12)	-	-
Q3	(0.12)	(0.09)	(0.09)	-	-
Q4	(0.17)	(0.12)	(0.12)	-	-

e = Morgan Stanley Research estimates, a = Actual company reported data

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For analyst certification and other important disclosures, refer to the Disclosure Section.

Investment Case

Morgan Stanley & Co. Incorporated ("Morgan Stanley") is currently acting as financial advisor to Sirius Satellite Radio ("Sirius Satellite") in the announced proposed merger with XM Satellite Radio ("XM Satellite").

The proposed transaction is subject to the consent of Sirius Satellite shareholders, XM Satellite shareholders and other customary closing conditions. This report and the information provided herein is not intended to (i) provide voting advice, (ii) serve as an endorsement of the proposed transaction, or (iii) result in the procurement, withholding or revocation of a proxy or any other action by a security holder.

Sirius Satellite has agreed to pay fees to Morgan Stanley for its financial advice, including transaction fees that are subject to the consummation of the proposed transaction.

Please refer to the notes at the end of the report.

Please see our report from February 20th, *'Satellite Radio: Merger, If Approved, Should Drive $4-5 Billion NPV Value'*, for a detailed analysis of the proposed merger between XM and SIRI.

Summary & Conclusions

We have slightly reduced our FY07 subscription estimate to 8.26 mm subs and look for total revenue of $985.0 mm and a $296.2 mm EBITDA loss for the year. In addition, we have more heavily weighted our OEM gross adds expectations towards 2H07. We now look for 336K OEM net additions in 2Q compared our previous 416K estimate. Our full year subscription estimate remains ahead of SIRI's greater than 8 mm guidance. We expect SIRI retail gross additions to decline nearly 15% YoY, while OEM should continue to drive a larger share of subscription growth throughout the remainder of the year. We have slightly lowered our FY07E SAC and churn estimates to $93 and 2.4% respectively; now modestly below SIRI guidance.

In-Line Results Led by Strong OEM Gross Adds

Sirius' 1Q07 results were broadly in line with expectations, however subscriber growth in the quarter was more heavily weighted towards OEM than anticipated. Retail net additions declined 64% compared to our 54% decline estimates, however SIRI added roughly 70K more OEM net additions than forecasted. This resulted in total net additions modestly exceeding our estimates for the quarter. ARPU (before Hertz and mail-in rebates) declined nearly 4% YoY due primarily to a larger percentage of subscribers taking multi- year and family packages. These multi- year packages have increased from 12% in 1Q06 to 16% at the end of 1Q07.

SIRI 1Q07 revenue and EBITDA of $204.0 mm and (-$84.0) mm came in roughly $6.5 mm and $11.4 mm below our estimates, respectively. The modest miss was primarily driven by lighter than expected ARPU and greater equipment and acquisition cost in the quarter.

Exhibit 1
SIRI Financial and Subscriber Summary, FY06- '10E

	2006	2007E	2008E	2009E	2010E	06-'10E CAGR
EOP Subs	6,025	8,259	10,186	12,012	13,786	23.0%
Net Adds	2,708	2,234	1,927	1,827	1,773	-10.0%
Churn	1.91%	2.35%	2.70%	2.93%	3.06%	1.1%
Modelware FCF	($949.4)	($459.8)	($164.9)	($67.1)	$34.1	NM
CFFO less CFFI	($394.3)	($254.7)	($13.9)	$24.0	$95.8	NM
Revenue	$637.3	$986.3	$1,396.8	$1,728.8	$2,047.7	33.9%
EBITDA	($951.0)	($474.9)	($214.1)	($23.9)	$180.3	NM
Margin %	-149.2%	-48.1%	-15.3%	-1.4%	8.8%	158.0%
Funding Cushion	**$176.3**					

Source: Company data, Morgan Stanley Research

Improving Build-in Rates of OEM Partner Models

Strong OEM growth in the quarter comes as a result of SIRI's improving OEM equipment agreements. For full year 2007, we estimate SIRI OEM will account for over 50% of net additions compared to roughly 40% at the end of '06. While retail trends continue to decline YoY, OEM subscription growth will benefit both from improved installation agreements partners' newer '08 model year vehicles. SIRI now expects its radios to be

Company Description
Sirius Satellite Radio is a leading provider of satellite radio, offering commercial- free music, sports, news, talk, entertainment, traffic and weather programming throughout the continental United States.

Cable/Satellite/United States of America

Industry View: Cautious
We assign a Cautious view to the Cable/ Satellite industry based on high relative valuation levels to the market and decelerating growth.

GICS Sector: Consumer Discretionary
Strategist's Recommended Weight: 7.8%
S&P 500 Weight: 10.3%

featured in roughly 34% of its partners' production compared to 23% in 2006 and 10% in 2007.

Changes to Our Forecast:

- We expect YE07 subscriptions of 8.26 mm, roughly 80K lower than our previous estimates. We forecast approximately 1.18 mm OEM net additions and 1.04 mm retail net additions for the year.

- Our FY07E revenue and EBITDA loss estimates of $985.0 mm and $296.2 mm also remain broadly in line with previous estimates. We expect ARPU (before effects of Hertz and mail- in rebates) of $10.35, down modestly from our previous $10.40 estimate. We expect SAC of $92; modestly below SIRI guidance and previous estimates.

We note the following points concerning the proposed merger of XMSR and SIRI:

- We estimate the value of combining these two assets at roughly $4.5-10.4 billion, on an NPV basis, depending on the level of incremental customer growth achieved by combining the two content platforms under Sirius' management. We believe the market will discount this value, however, given the risk the FCC does not approve the transaction. While there is specific language in the original FCC licenses issued to each operator prohibiting a merger, we believe enough of the competitive dynamics in the market has changed to warrant the FCC to take a fresh look at the consumer impact of a potential combination.

- We believe XM and SIRI are more valuable combined than they are independent. The most tangible near-term value creation would come from overhead, programming and CPGA reductions. This leads to our base case merger value of $4.5 billion. The near-term risk is that one or both operators do not focus on executing their business plans while the deal is under review, leading to further subscriber target misses and concerns regarding funding status.

- Improved sub growth from the combination of the two satellite radio companies would likely impact current OEM promotional conversion levels rather than drive new OEM gross additions, we believe. This impact would reduce the number of subscribers that disconnect following the initial promotional period.

1Q07 Results versus Morgan Stanley Estimates:

- SIRI 1Q07 revenue and EBITDA loss of $204.0 mm and $84.0 mm came in below our $213.0 mm and $72.6 mm, respectively. Lower than anticipated ARPU of $10.30 compared to our $10.69 estimate predominately drove the revenue miss, while greater equipment and subscriber acquisition cost drove expenses ahead of estimates.

- SIRI 1Q net additions of 556K came broadly in line with our 552K estimates, however additions in the quarter were more heavily weighted towards OEM. OEM net additions grew ~60% and contributed 66% of net additions in 1Q07.

- Unlike XMSR which booked approximately $8 mm of merger related cost in the quarter, SIRI (which is being recognized as the acquiring party) capitalized roughly $5 mm of expenses related to the pending XMSR/ SIRI merger.

Exhibit 2

SIRI 1Q07 Results Versus Morgan Stanley Estimates

	1Q07A	1Q06A	*Growth %*	1Q07 MS	*Variance %*
Gross subscriber additions (000s)	988	961	3%	998	(9)
Growth %	3%	171%		4%	
Net subscriber additions (000s)	556	761	-27%	552	5
Retail	193	535	-64%	250	(57)
OEM	365	225	62%	297	68
Hertz	-1	1	-231%	5	(6)
Disconnects	432	199	117%	446	(14)
Ending subscribers (000s)	6,581	4,078	61%	6,576	5
Retail	4,235	3,000	41%	4,292	(57)
OEM	2,324	1,049	122%	2,256	68
Hertz	23	28	-21%	29	(6)
Average total subscribers	6,297	3,783	66%	6,273	24
Avg retail	4,129	2,733	51%	4,154	(26)
Avg OEM	2,123	936	127%	2,093	30
Avg Hertz	23	28	-17%	26	(3)
Monthly churn (self-pay)	1.79%	1.83%	0.0%	1.90%	-0.11%
Monthly churn (reported)	2.30%	1.80%	0.5%	2.37%	-0.07%
Monthly churn (calculated)	2.29%	1.76%	0.5%	2.37%	-0.08%
Key revenue data:					
ARPU - Before Hertz & Mail-In	$10.30	$10.70	-3.7%	$10.69	($0.39)
Growth %	-3.7%	0.6%		-0.1%	
Effects of Hertz Subscribers	$0.04	$0.03	33.3%	$0.03	$0.01
Effects of Mail-In Rebates	($0.24)	($0.58)	-58.6%	($0.13)	($0.11)
Avg. Subscriber Rev/Sub	$10.10	$10.15	-0.5%	$10.58	($0.48)
Avg. Advertising Rev/Sub	$0.36	$0.65	NM	$0.53	($0.17)
ARPU - fully loaded	$10.46	$10.80	-3.1%	$11.12	($0.66)
Growth %	-3.1%	0.7%		2.9%	-6.1%
Key marketing data:					
SAC per gross add (SAC)	$104	$113	-8.0%	$96	$8
Fully Loaded CPGA (excl. rev share)	$123	$134	-8.6%	$115	$8

Source: Company data, Morgan Stanley Research

Exhibit 3

SIRI 1Q07 Results Versus Morgan Stanley Estimates (Continued, $ mm)

	1Q07A	1Q06A	*Growth %*	1Q07 MS	*Variance %*
Revenues:					
Total Subscriber Revenues	$190.8	$115.2	65.6%	$199.2	($8.4)
Equipment	4.7	3.7	26.5%	2.5	2.2
Advertising, Net of Commissions	6.7	7.3	-8.4%	10.0	-3.3
Other	1.8	0.5	308.2%	1.3	0.6
Total Revenues	**$204.0**	**$126.7**	61.1%	**$213.0**	**($8.9)**
% Change	61.1%	193.1%		68.1%	-7.0%
Cost of revenue:					
Satellite & Transmission	$7.3	$7.3	0.4%	$7.9	($0.6)
Programming & Content	70.1	56.4	24.2%	70.4	-0.3
Customer Care & Billing	21.7	15.8	36.7%	21.0	0.7
Cost of equipment	9.3	3.5	168.2%	2.5	6.8
Total Cost of Revenue	**$108.4**	**$83.1**	30.5%	**$101.8**	**$6.5**
Per Average Subscriber per month	$5.74	$7.32	-21.6%	$5.41	
% of Total Revenue	53%	66%		48%	
Gross Margin %	47%	34%		52%	
General and Administrative	23.4	19.1	22.2%	25.8	($2.4)
Engineering, design & development	11.4	12.7	-10.0%	13.0	($1.6)
% of revenues	6%	10%		6%	
Sales and Marketing	$46.6	$39.3	18.7%	$48.9	($2.3)
Per Gross Addition	$47	$41	15.3%	$49	($2)
% of revenues	*23%*	*31%*		*23%*	
Subscriber Acquisition Costs	$98.2	$109.1	-10.0%	$96.0	$2.2
Per Gross Addition (Reported SAC)	$104	$113	-8.2%	$96	$7.8
Total Marketing & SAC	**$144.9**	**$148.4**	-2.4%	**$144.9**	**($0.0)**
Per Gross Addition (CPGA, incl. rev share)	$147	$155	-5.2%	$145	$1
Operating Cash Flow (EBITDA)	**($84.0)**	**($136.7)**	38.5%	**($72.6)**	**($11.4)**
YoY Growth %	NM	NM		NM	
Margin %	NM	NM		NM	
Equity granted to third parties & SBC	24.3	284.6	-91.5%	45.0	($20.7)
Depreciation	26.8	24.9	7.4%	26.5	$0.3
Operating Income (loss)	(135.1)	(446.2)	69.7%	(144.1)	$9.1
Pre-Marketing EBITDA	**$50.0**	**$3.2**	1455.7%	**$56.5**	**($6.5)**
YoY Growth %	1456%	-112%		1541%	
Margin %	25%	3%		27%	

Source: Company data, Morgan Stanley Research
Note: $27 mm of revenue share expense allocated to "Programming & Content" and "Sales & Marketing" items

Exhibit 4

Industry and SIRI Subscriber Summary, 2005- 2010E

	2005A	2006A	2007E	2008E	2009E	2010E
Industry Summary						
DARS Net Subscriber Adds	4,877	4,404	3,811	3,738	4,099	3,999
% Change	77%	-10%	-13%	-2%	10%	-2%
DARS EOY Subscribers	9,250	13,653	17,464	21,202	25,301	29,300
% Change	112%	48%	28%	21%	19%	16%
Market Share						
Sirius	36%	44%	47%	48%	47%	47%
XM Radio	64%	56%	53%	52%	53%	53%
SIRI Subscriber Breakdown						
Total Net Additions	2,173	2,708	2,234	1,927	1,827	1,773
% change	146%	25%	-17%	-14%	-5%	-3%
Total SIRI Subscribers	3,317	6,025	8,259	10,186	12,012	13,786
% change	190%	82%	37%	23%	18%	15%
Subscriber Base						
OEM Subscribers	824	1,959	3,137	4,233	5,415	6,606
Retail Subscribers	2,465	4,042	5,085	5,902	6,532	7,100
Rental Car Subscribers	28	24	38	51	65	79
Net Additions						
OEM Subscribers	620	1,135	1,178	1,096	1,182	1,191
Retail Subscribers	1,554	1,576	1,043	817	630	568
Rental Car Subscribers	(1)	(4)	14	14	14	14
% of Base						
OEM Subscribers	25%	33%	38%	42%	45%	48%
Retail Subscribers	74%	67%	62%	58%	54%	52%
Rental Car Subscribers	1%	0%	0%	1%	1%	1%
% of Net Additions						
OEM Subscribers	29%	42%	53%	57%	65%	67%
Retail Subscribers	72%	58%	47%	42%	35%	32%
Rental Car Subscribers	0%	0%	1%	1%	1%	1%

Source Company data, Morgan Stanley Research

Exhibit 5

SIRI Subscription Summary by Channel, Annual ('000s of subscriptions)

	2005A	2006A	2007E	2008E	2009E	2010E
OEM Subscriber Analysis						
Total OEM U.S. Sales (000's)	714	1,424	2,258	2,997	3,849	4,573
OEM Subscribers (Assumes 12 month discount period)						
BOP Subscribers	203	824	1,959	3,137	4,233	5,415
Gross Additions	712	1,546	2,314	2,997	3,849	4,573
Promotional Disconnects	(80)	(298)	(932)	(1,292)	(1,733)	(2,217)
Net Gross Additions	632	1,248	1,382	1,705	2,116	2,357
Post Promotional Churn	(11)	(113)	(204)	(609)	(933)	(1,166)
EOP Subscribers	824	1,959	3,137	4,233	5,415	6,606
Average Subscribers	460	1,356	2,608	3,685	4,824	6,011
Net Additions	620	1,135	1,178	1,096	1,182	1,191
Post-Promotion Monthly Churn %	0.21%	0.69%	0.65%	1.30%	1.50%	1.50%
Implied OEM Churn	1.66%	2.52%	3.63%	4.30%	4.61%	4.69%
Conversion Rate	65%	60%	50%	48%	46%	45%
OEM Promotional Base	712	1,546	2,314	2,997	3,849	4,573
Retail						
Total Retail Subscribers						
BOP Subscribers	911	2,465	4,042	5,085	5,902	6,532
Gross Additions	1,804	2,211	1,890	1,864	1,818	1,872
Disconnects	(250)	(635)	(847)	(1,047)	(1,188)	(1,303)
EOP Subscribers	2,465	4,042	5,085	5,902	6,532	7,100
Average Subscribers	1,429	3,253	4,448	5,493	6,217	6,816
Net Additions	1,554	1,576	1,043	817	630	568
Monthly Churn %	1.46%	1.63%	1.59%	1.60%	1.60%	1.60%
Rental Car						
BOP Subscribers	29	28	24	38	51	65
Gross Additions	4	1	19	22	24	27
Disconnects	(5)	(5)	(5)	(8)	(10)	(13)
EOP Subscribers	28	24	38	51	65	79
Average Subscribers	27	27	28	44	58	72
Net Additions	(1)	(4)	14	14	14	14
Monthly Churn %	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Source. Company data, Morgan Stanley Research

Exhibit 6

OEM Satellite Radio Additions as % of Annual Sales ('000s of subscriptions)

	2005	2006	2007E	2008E	2009E	2010E
Sirius Satellite Radio:						
Satellite Radio Additions						
DAIMLER-CHRYSLER	540.9	739.5	977.6	1,269.7	1,525.6	1,761.1
FORD	80.1	508.5	865.0	1,116.7	1,512.0	1,904.2
BMW/MINI	39.6	71.6	95.2	119.7	164.9	218.3
MITSUBISHI	0.1	0.8	2.0	26.6	40.6	54.3
GM	-	-	-	-	-	-
HONDA	-	-	-	-	-	-
ACURA	-	-	-	-	-	-
HYUNDAI	-	-	-	-	-	-
AUDI	2.6	9.6	62.3	66.8	71.5	76.6
INFINITI	6.5	7.7	11.2	-	-	-
KIA	-	-	-	175.7	295.5	301.5
LEXUS	15.4	17.2	19.0	19.4	19.8	20.2
NISSAN	15.8	23.4	33.9	-	-	-
PORSCHE	1.3	3.3	5.1	-	-	-
SUBARU	-	0.6	1.2	2.0	2.8	3.8
TOYOTA	8.9	8.6	11.0	13.5	16.0	18.6
VOLKSWAGEN	2.8	33.6	174.8	187.2	200.5	214.7
Total	**713.9**	**1,424.3**	**2,258.4**	**2,997.1**	**3,849.2**	**4,573.2**
% Sat Radio of Annual Sales						
DAIMLER-CHRYSLER	21.4%	31.5%	41.2%	52.9%	62.8%	71.7%
FORD	2.3%	16.8%	28.2%	36.0%	48.3%	60.1%
BMW/MINI	12.9%	22.8%	29.7%	36.6%	49.4%	64.1%
MITSUBISHI	0.1%	0.7%	1.7%	21.9%	32.8%	42.9%
GM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HONDA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ACURA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
HYUNDAI	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
AUDI	3.1%	12.2%	78.1%	82.0%	86.1%	90.4%
INFINITI	4.8%	6.7%	9.5%	0.0%	0.0%	0.0%
KIA	0.0%	0.0%	0.0%	57.6%	95.0%	95.0%
LEXUS	5.1%	5.7%	6.2%	6.2%	6.2%	6.2%
NISSAN	1.7%	2.6%	3.7%	0.0%	0.0%	0.0%
PORSCHE	4.0%	8.8%	13.5%	0.0%	0.0%	0.0%
SUBARU	0.0%	0.3%	0.6%	1.0%	1.4%	1.8%
TOYOTA	0.5%	0.4%	0.5%	0.6%	0.7%	0.8%
VOLKSWAGEN	1.3%	15.2%	77.6%	81.5%	85.6%	89.8%
Total	**4.3%**	**9.0%**	**14.0%**	**18.3%**	**23.2%**	**27.2%**

Source: Company data, Morgan Stanley Research

Exhibit 7

SIRI Subscription and Revenue Forecast, Annual ('000s of subscriptions)

	2005A	2006A	2007E	2008E	2009E	2010E
Key subscriber data:						
Gross subscriber additions (000s)	2,519	3,758	4,223	4,883	5,691	6,472
Growth %	155.4%	49.2%	12.4%	15.6%	16.6%	13.7%
Net subscriber additions (000s)	2,173	2,708	2,234	1,927	1,827	1,773
Retail	1,554	1,576	1,043	817	630	568
OEM	620	1,135	1,178	1,096	1,182	1,191
Hertz	(1)	(4)	14	14	14	14
Disconnects	346	1,050	1,988	2,956	3,865	4,698
Ending subscribers (000s)	3,317	6,025	8,259	10,186	12,012	13,786
Retail	2,465	4,042	5,085	5,902	6,532	7,100
OEM	824	1,959	3,137	4,233	5,415	6,606
Hertz	28	24	38	51	65	79
Average total subscribers	1,852	4,589	7,053	9,126	11,008	12,810
Avg retail	1,370	3,253	4,435	5,452	6,185	6,788
Avg OEM	443	1,299	2,594	3,630	4,765	5,951
Avg Hertz	27	27	28	44	58	72
Monthly churn (self-pay)	1.94%	2.06%	1.86%	2.26%	2.48%	2.51%
Monthly churn (reported)	1.56%	1.91%	2.35%	2.70%	2.93%	3.06%
Monthly churn (calculated)	1.56%	1.91%	2.35%	2.70%	2.93%	3.06%
Key revenue data:						
ARPU - Before Hertz & Mail-In	$10.78	$10.63	$10.35	$11.75	$11.86	$12.07
Growth %	-1.2%	-1.4%	-2.7%	13.6%	1.0%	1.8%
Effects of Hertz Subscribers	$0.04	$0.05	$0.03	$0.03	$0.03	$0.03
Effects of Mail-In Rebates	($0.76)	($0.23)	($0.14)	($0.31)	($0.29)	($0.29)
Avg. Subscriber Rev/Sub	$10.06	$10.45	$10.24	$11.48	$11.61	$11.82
Avg. Advertising Rev/Sub	$0.28	$0.56	$0.65	$0.86	$1.09	$1.13
ARPU - fully loaded	$10.34	$11.01	$10.89	$12.34	$12.70	$12.95
Growth %	1.7%	6.6%	-1.1%	13.3%	2.9%	2.0%
Key marketing data:						
SAC per gross add (SAC)	$139	$114	$93	$76	$69	$59
Fully Loaded CPGA (excl. rev share)	$190	$146	$120	$112	$105	$98

Source: Company data, Morgan Stanley Research

Exhibit 8

SIRI Revenue and EBITDA, Annual ($ millions)

	2005A	2006A	2007E	2008E	2009E	2010E
Revenues:						
Subscriber Related						
Subscription	$233.6	$572.4	$875.6	$1,257.2	$1,537.4	$1,822.1
Activation	6.8	15.6	25.6	33.2	34.0	39.1
Effect of Mail-In Rebates	(16.8)	(12.6)	(12.0)	(33.6)	(38.2)	(44.9)
Total Subscriber Revenues	$223.6	$575.4	$889.2	$1,256.8	$1,533.1	$1,816.3
Equipment	$12.3	$26.8	$30.2	$34.2	$39.1	$43.5
Advertising, Net of Commissions	6.1	31.0	55.2	94.4	144.1	174.1
Other	0.2	4.0	10.4	11.4	12.6	13.8
Total Revenues	**$242.2**	**$637.3**	**$985.0**	**$1,396.9**	**$1,728.9**	**$2,047.8**
% Change	*262.3%*	*163.1%*	*54.6%*	*41.8%*	*23.8%*	*18.4%*
Cost of revenue:						
Satellite & Transmission	$27.9	$28.3	$30.2	$31.1	$32.0	$33.0
Programming & Content	$99.2	$230.2	$292.3	$338.4	$375.4	$404.0
Customer Care & Billing	$46.7	$68.1	$96.9	$122.9	$141.2	$158.2
Cost of equipment	$11.8	$35.2	$60.0	$68.0	$77.7	$86.6
Total Cost of Revenue	**$185.5**	**$361.9**	**$479.4**	**$560.4**	**$626.3**	**$681.8**
Per Average Subscriber per month	$8.35	$6.57	$5.66	$5.12	$4.74	$4.44
% of Total Revenue	77%	57%	49%	40%	36%	33%
Gross Margin %	23%	43%	51%	60%	64%	67%
General and Administrative	$59.8	$87.5	$115.7	$131.3	$138.1	$139.1
Engineering, design & development	$42.9	$58.7	$53.4	$60.6	$63.7	$64.2
Sales and Marketing	$171.8	$222.5	$270.3	$362.3	$441.5	$540.3
Per Gross Addition	$68	$59	$64	$74	$78	$83
% of revenues	*71%*	*35%*	*27%*	*26%*	*26%*	*26%*
Subscriber Acquisition Costs	$349.6	$419.7	$362.3	$370.4	$394.8	$380.4
Per Gross Addition (Reported SAC)	$139	$114	$93	$76	$69	$59
Total Marketing & SAC	**$521.5**	**$642.2**	**$632.6**	**$732.6**	**$836.3**	**$920.7**
Per Gross Addition (CPGA, incl. rev share)	$207	$171	$150	$150	$147	$142
Operating Cash Flow (EBITDA)	**($567.5)**	**($513.1)**	**($296.2)**	**($88.0)**	**$64.4**	**$242.1**
YoY Growth %	24%	-10%	-42%	-70%	-173%	276%
Margin %	-234%	-81%	-30%	-6%	4%	12%
Equity granted to third parties & SBC	163.1	437.9	180.0	126.0	88.2	61.7
Depreciation	98.6	105.7	107.1	115.6	135.8	140.1
Operating Income (loss)	(829.1)	(1,056.8)	(583.4)	(329.7)	(159.7)	40.2
Pre-Marketing EBITDA	**($63.8)**	**$98.5**	**$294.9**	**$560.9**	**$782.8**	**$1,006.5**
YoY Growth %	NM	-254%	200%	90%	40%	29%
Margin %	-26%	15%	30%	40%	45%	49%

Source Company data, Morgan Stanley Research

Exhibit 9

SIRI Annual Income Statement

($ millions)

	2005A	2006A	2007E	2008E	2009E	2010E
Total Revenue	$242.2	$637.3	$986.3	$1,396.8	$1,728.8	$2,047.7
Cost of Revenue	185.5	361.9	479.4	560.4	626.3	681.8
Gross Profit	$56.7	$275.4	$506.9	$836.4	$1,102.5	$1,365.9
Sales & Marketing	$171.8	$222.5	$270.3	$362.3	$441.5	$540.3
Subscriber Acquisition Costs	349.6	419.7	362.3	370.4	394.8	380.4
Engineering & Design (R&D)	42.9	58.7	53.4	60.6	63.7	64.2
General & Administrative	59.8	87.5	115.7	131.3	138.1	139.1
Total SG&A	**$624.2**	**$788.5**	**$801.8**	**$924.5**	**$1,038.2**	**$1,123.9**
Equity Granted to Third Parties & SBC	163.1	437.9	180.0	126.0	88.2	61.7
EBITDA	($730.6)	($951.0)	($474.9)	($214.1)	($23.9)	$180.3
Margin (%)	-301.6%	-149.2%	-48.1%	-15.3%	-1.4%	8.8%
Depreciation	98.6	105.7	109.4	115.6	135.8	140.1
Operating Income (EBIT)	($829.1)	($1,056.8)	($584.3)	($329.7)	($159.7)	$40.2
Interest income	26.9	33.3	10.8	7.4	8.3	11.0
Interest expense	(45 4)	(64.0)	-59.4	(65.6)	(63.0)	(51.1)
Other	(6.2)	-10.8	0.0	0.0	0.0	0.0
Equity Affiliate Income (Expense)	(6.9)	-4.4	0.0	0.0	0.0	0.0
Debt Restructuring Charge	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Income	($860.7)	($1,102.8)	($632.9)	($388.0)	($214.5)	$0.2
Current Taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Taxes	(2.3)	-2.1	0.0	0.0	0.0	0.0
Total Income Taxes	($2.3)	($2.1)	$0.0	$0.0	$0.0	$0.0
Net Income	($863.0)	($1,104.8)	($632.9)	($388.0)	($214.5)	$0.2
Preferred stock dividends	0.0	0.0	0.0	0.0	0.0	0.0
Preferred stock deemed dividends	0.0	0.0	0.0	0.0	0.0	0.0
Total Preferred Dividends	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income to Common	**($863.0)**	**($1,104.8)**	**($632.9)**	**($388.0)**	**($214.5)**	**$0.2**
Average Basic Shares Outstanding	1,311.6	1,390.4	1,438.2	1,448.0	1,459.7	1,465.6
Reported Basic EPS	($0.66)	($0.79)	($0.44)	($0.27)	($0.15)	$0.00
Average Fully Diluted Shares Outstanding	1,311.6	1,390.4	1,438.2	1,448.0	1,459.7	1,753.0
Reported Fully Diluted EPS	($0.66)	($0.79)	($0.44)	($0.27)	($0.15)	$0.00
Less: Extraordinary and Nonrecurring Items per Share	(0.00)	0.00	0.00	0.00	0.00	0.00
Adjusted Fully Diluted EPS	($0.66)	($0.79)	($0.44)	($0.27)	($0.15)	$0.00

Source Company data, Morgan Stanley Research

Exhibit 10

SIRI Annual Balance Sheet

In $ Millions

	2005A	2006A	2007E	2008E	2009E	2010E
Cash & Equivalents	$762.0	$393.4	$176.3	$200.2	$225.7	$358.2
Marketable Securities & Restricted Investments	142.4	40.5	40.5	40.5	40.5	40.5
Prepaid expenses	18.2	52.6	80.1	112.5	138.1	162.3
Accounts Receivable	20.0	53.1	65.8	92.5	113.7	133.8
Other Current Assets	68.8	77.7	77.7	77.7	77.7	77.7
Total Current Assets	$1,011.4	$617.3	$440.2	$523.3	$595.7	$772.5
Gross Prop., Plant, & Equip. (Rpt)	$1,156.3	$1,177.7	$1,202.1	$1,495.2	$1,520.6	$1,543.9
Accumulated Depreciation	377.6	469.1	556.6	648.1	757.7	869.3
Systems Under Construction	49.7	101.8	119.5	22.2	75.9	237.2
Net Prop., Plant, & Equip.	$828.4	$810.4	$764.9	$869.3	$838.8	$911.8
Restricted Investments	82.5	52.9	27.9	2.9	-	-
Goodwill and intangibles	-	-	-	-	-	-
DARS License	83.7	83.7	83.7	83.7	83.7	83.7
Deferred Financing Fees	16.3	13.2	10.6	8.0	5.4	2.8
Other Assets	63.2	81.2	81.2	81.2	81.2	81.2
Total Assets	$2,085.4	$1,658.5	$1,408.5	$1,568.4	$1,604.8	$1,851.9
Short-term debt	$0.0	$0.0	$10.7	$10.7	$10.3	$7.3
Accounts payable & accrued liabilities	331.95	437.9	502.3	553.9	607.8	626.0
Deferred revenue	307.9	489.0	591.8	921.9	1,026.9	1,155.5
Accrued Interest	23.5	24.8	22.8	25.1	27.3	29.1
Total Current Liabilities	$663.4	$951.6	$1,127.6	$1,511.6	$1,672.4	$1,818.0
Long-term Debt	$1,084.4	$1,068.2	$1,057.6	$1,057.6	$1,021.4	$722.7
Accrued Interest, net of current portion	-	-	-	-	-	-
Other non-current liabilities	12.5	27.7	27.7	27.7	27.7	27.7
Total liabilities	$1,760.4	$2,047.6	$2,212.8	$2,596.9	$2,721.6	$2,568.4
Preferred Equity	-	-	-	-	-	-
Common Equity	1.3	1.435	1.4	1.4	1.4	1.4
Additional Paid-In-Capital	3,079.2	3,443.2	3,660.8	3,824.6	3,950.9	4,351.0
Retained Earnings (Deficit)	(2,729.1)	(3,833.7)	(4,466.6)	(4,854.6)	(5,069.1)	(5,068.9)
Treasury Stock	-	-	-	-	-	-
Deferred Compensation	(26.7)	-	-	-	-	-
Accumulated Other Comprehensive Income	-	-	-	-	-	-
Shareholder's equity	$324.7	($389.1)	($804.4)	($1,028.5)	($1,116.7)	($716.5)
Total Liabilities & Equity	$2,085.1	$1,658.5	$1,408.5	$1,568.4	$1,604.8	$1,851.9

Source: Company data, Morgan Stanley Research

Exhibit 11

SIRI Annual Cash Flow Statement ($ millions)

	2005A	2006A	2007E	2008E	2009E	2010E
Net Income	($863.0)	($1,104.8)	($632.9)	($388.0)	($214.5)	$0.2
Depreciation	$98.6	105.7	109.4	115.6	135.8	140.1
Non-cash Interest Expense	$3.2	3.1	2.6	2.6	2.6	2.6
Loss on Disposal of Assets	$1.0	1.7	0.0	0.0	0.0	0.0
Gain (Cost) Associated with Debt Restructuring	$0.0	0.0	0.0	0.0	0.0	0.0
Equity Granted to Third Parties & Employees	163.1	437.9	180.0	126.0	88.2	61.7
Impairment Loss	0.0	10.9	0.0	0.0	0.0	0.0
Deferred Income Tax	0.0	2.1	0.0	0.0	0.0	0.0
Change in Working Capital Requirements	323.4	128.9	125.1	324.9	114.3	104.3
CFFO	($273.8)	($414.5)	($215.7)	$181.1	$126.4	$308.9
Net maturity (purchase) of ST & Restricted Investments	($122.3)	$119.9	$25.0	$25.0	$2.9	$0.0
Capital Expenditures (Addit. To PPE & Syst. Und. Cons)	($49.8)	(99.7)	(64.0)	(220.0)	(105.3)	(213.1)
Other	$0.0	0.0	0.0	0.0	0.0	0.0
CFFI	($172.1)	$20.2	($39.0)	($195.0)	($102.4)	($213.1)
Change in Debt	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Paydown of Existing Debt	($57.6)	0.0	0.0	0.0	(36.5)	(301.7)
Issue of Long-Term Debt	$493.0	0.0	0.0	0.0	0.0	0.0
Dividends Paid	$0.0	0.0	0.0	0.0	0.0	0.0
Proceeds From Exercise of Stock Options & Warrants	18.5	25.8	37.6	37.8	38.1	38.4
Proceeds From Issuance of Common Stock	0.0	0.0	0.0	0.0	0.0	300.0
Share Repurchase	0.0	0.0	0.0	0.0	0.0	0.0
Costs associated with Debt Restructuring & Other	($0.0)	0.0	0.0	0.0	0.0	0.0
CFFF	$453.9	$25.8	$37.6	$37.8	$1.6	$36.6
BOP Cash Balance	$753.9	$762.0	$393.4	$176.3	$200.2	$225.7
Net Increase (Decrease) in Cash	8.1	(368.6)	(217.2)	23.9	25.6	132.4
EOP Cash Balance	$762.0	$393.4	$176.3	$200.2	$225.7	$358.2

Source: Company data, Morgan Stanley Research

Exhibit 12

SIRI Free Cash Flow Forecast, Annual

($ Millions)
FYE December 31

	2004A	2005A	2006A	2007E	2008E	2009E	2010E
EBITDA	**($583.2)**	**($730.6)**	**($951.0)**	**($474.9)**	**($214.1)**	**($23.9)**	**$180.3**
Capital Spending	(28.1)	(49.8)	(99.7)	(64.0)	(220.0)	(105.3)	(213.1)
Working Capital	126.2	320.3	132.0	127.7	327.5	116.9	106.9
Cash Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Interest	(31.7)	(18.5)	(30.7)	(48.6)	(58.2)	(54.8)	(40.0)
Preferred Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (Modelware)	($516.8)	($478.6)	($949.4)	($459.8)	($164.9)	($67.1)	$34.1
Common Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Excess Free Cash Flow	($516.8)	($478.6)	($949.4)	($459.8)	($164.9)	($67.1)	$34.1
Non-Cash Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow to Equity Holders	($516.8)	($478.6)	($949.4)	($459.8)	($164.9)	($67.1)	$34.1
"No-Growth" Free Cash Flow							
Net Additions (000s)	882	2,173	2,708	2,234	1,927	1,827	1,773
Fully Loaded CPGA	$312	$190	$146	$120	$112	$105	$98
CPGA related to net additions ($ mm)	$275.4	$413.3	$395.7	$268.2	$215.3	$192.0	$174.3
"No-Growth" Free Cash Flow	($241.4)	($65.3)	($553.7)	($191.5)	$50.4	$124.9	$208.3
Tax Effected Free Cash Flow							
FCF to Equity Holders	($516.8)	($478.6)	($949.4)	($459.8)	($164.9)	($67.1)	$34.1
Taxes from Tax Rate	283.3	344.3	441.1	253.2	155.2	85.8	(0.1)
Tax Effected FCF	($233.5)	($134.3)	($508.3)	($206.6)	($9.7)	$18.7	$34.0
Tax Effected FCF / Share		($0.08)	($0.29)	($0.12)	($0.01)	$0.01	$0.02
Current Share Price		$2.84	$2.84	$2.84	$2.84	$2.84	$2.84
NOL Value per Share		($0.21)	($0.22)	($0.24)	($0.26)	($0.28)	($0.30)
Share Price Adjusted for NOL Value		$2.63	$2.62	$2.60	$2.58	$2.56	$2.54
Adjusted Price / Tax Effected FCF		(33.6x)	(8.9x)	(21.7x)	(462.7x)	239.2x	131.0x
Trading Multiples							
Basic Shares	1,276.9	1,346.2	1,434.6	1,441.8	1,454.2	1,465.2	1,466.0
Fully Diluted Shares	1,520.2	1,715.0	1,725.3	1,725.6	1,735.4	1,747.1	1,753.0
Free Cash Flow per Share	($0.34)	($0.28)	($0.55)	($0.27)	($0.10)	($0.04)	$0.02
Earnings per Share	($0.58)	($0.66)	($0.79)	($0.44)	($0.27)	($0.15)	$0.00
"No-Growth" FCF / Share	($0.16)	($0.04)	($0.32)	($0.11)	$0.03	$0.07	$0.12
Tax Effected FCF / Share	($0.15)	($0.08)	($0.29)	($0.12)	($0.01)	$0.01	$0.02
Price / FCF	(8.4x)	(10.2x)	(5.2x)	(10.7x)	(29.9x)	(74.0x)	146.2x
Price / EPS	NM	NM	NM	NM	NM	NM	33,121.9x
Adjusted Price / Tax Effected FCF	0.0x	(33.6x)	(8.9x)	(21.7x)	(462.7x)	239.2x	131.0x
Price / "No-Growth" FCF / Share	(17.9x)	(74.6x)	(8.8x)	(25.6x)	97.7x	39.7x	23.9x

Source: Company data, Morgan Stanley Research

Exhibit 13

SIRI Advertising Forecast, Annual ($ millions)

	2005A	2006A	2007E	2008E	2009E	2010E
Total Listeners						
Average Subscribers (mm)	1.9	4.6	7.1	9.2	11.1	12.9
Number of Listeners per subscription	2.3	2.3	2.3	2.3	2.3	2.3
Reach Population	4.3	10.6	16.3	21.2	25.6	29.7
% of reach population listening to radio weekly	93.7%	93.5%	93.3%	93.1%	92.9%	92.7%
Total SIRI Satellite Radio Listeners	4.0	9.9	15.2	19.7	23.7	27.6
Total SIRI Satellite Radio Listeners x 1 M	3,990,922	9,865,035	15,173,333	19,725,757	23,746,650	27,551,815
Time Spent Listening						
SIRI Satellite Radio Listening Hours per week	6.8	7.0	7.2	7.4	7.6	7.7
SIRI Satellite Radio Listening Quarter Hours per week	27.1	27.9	28.7	29.5	30.4	31.0
Total Quarter Hours in a week	504	504	504	504	504	504
Average Quarter Hour Persons (AQH)	214,362	545,344	864,090	1,155,253	1,430,041	1,692,471
AQH per channel (100)	2,144	5,453	8,641	11,553	14,300	16,925
Average Unit Rate						
CPM (cost per thousand) - net of fees	$5.41	$5.41	$5.52	$5.63	$5.74	$5.85
x AQH per channel/1000	2	5	9	12	14	17
Average Unit Rate	$12	$29	$48	$65	$82	$99
Advertising Spots Sold						
Music						
30 Second Spots/Hour	-	-	-	-	-	-
Music Channels with Advertising	-	-	-	-	-	-
Hours of Advertising per Year (18*7*52)	6,552	6,552	6,552	6,552	6,552	6,552
Total Music Advertising Spots	-	-	-	-	-	-
Inventory Sell-out Ratio	50%	50%	50%	50%	50%	50%
Music Spots Sold	-	-	-	-	-	-
SIRI Music Advertising Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Shared Revenue	0.0	0.0	0.0	0.0	0.0	0.0
Net SIRI Music Advertising Revenue	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Talk						
30 Second Spots/Hour	20	20	20	20	20	20
Talk Channels with Advertising	50	55	55	55	55	55
Hours of Advertising per Year (18*7*52)	6,552	6,552	6,552	6,552	6,552	6,552
Total Talk Advertising Spots	6,552,000	7,207,200	7,207,200	7,207,200	7,207,200	7,207,200
Inventory Sell-out Ratio	16%	29%	32%	41%	49%	49%
Talk Spots Sold	**1,057,628**	**2,105,022**	**2,321,238**	**2,933,850**	**3,546,462**	**3,546,462**
SIRI Music Advertising Revenue	$12.3	$62.1	$110.7	$190.7	$291.1	$351.4
Shared Revenue	(6.1)	(31.0)	(55.3)	(95.4)	(145.5)	(175.7)
Net SIRI Music Advertising Revenue	**$6.1**	**$31.0**	**$55.3**	**$95.4**	**$145.5**	**$175.7**
Total SIRI Advertising Revenue	**$6.1**	**$31.0**	**$55.3**	**$95.4**	**$145.5**	**$175.7**
Growth %	*577%*	*406%*	*78%*	*72%*	*53%*	*21%*
% of Total Revenue	*3%*	*5%*	*6%*	*7%*	*8%*	*9%*

Source Company data, Morgan Stanley Research

Exhibit 14

SIRI Ownership

Sirius Satellite Radio -- Diluted Share Count

As of June 31, 2006

		Outstanding	Book Value	Convert @	Proceeds	Fully Diluted Shares	Treasury Method
Class A Common Stock		1,404,780,483	---	---	---	1,404,780,483	1,404,780,483
Restricted Stock Units		4,273,458		---	---	4,273,458	4,273,458
Common Stock Outstanding						**1,409,053,941**	**1,409,053,941**
Options to purchase Common Stock		87,024,000		$5 24	out of money	87,024,000	25,605,947
Warrants	**Expire**						
NFL Warrants (performance)	2008-2010	16,666,665		$2.50	$41,666,663	16,666,665	5,525,846
NFL Warrants (Bounty)	2008-2010	33,333,335		$2.50	$83,333,338	33,333,335	11,051,694
Penske	2014	32,024,200		$2.39	$76,601,886	32,024,200	11,542,412
Daimler	2012	21,500,000		$1.04	$22,360,000	21,500,000	15,521,390
RadioShack	2009	10,000,000		$5.00	out of money	10,000,000	---
Ford	2007	4,000,000		$3.00	$12,000,000	4,000,000	791,444
14.5% 2009 Warrants	2009	2,425,389		$24.92	out of money	2,425,389	---
Lehman Warrants		2,100,000		$15 00	out of money	2,100,000	---
Other distribution and programming	2008-2014	7,348,000		$3.15	$23,146,200	7,348,000	1,159,176
Other	2005-2009	8,000		$27.36	out of money	8,000	---
						129,405,589	**45,591,963**
Convertible Debt							
3 1/4% Convertible Notes due 2011 @ $5.30			$230,000,000	$5.30		43,396,216	43,396,216
2 1/2% Convertible Notes due 2009 @ $4.41			$300,000,000	$4.41		68,027,220	68,027,220
3 1/2% Convertible Notes due 2008 @ $1 38			$52,693,000	$1.39		37,815,224	37,815,224
8 3/4% Convertible Subordinated Notes due 2009			$1,744,000	$28.46		61,274	61,274
						149,299,934	**149,299,934**
Diluted Share Count					**$259,108,086**	**1,774,783,464**	**1,629,551,785**

Sirius Satellite Radio-- Diluted Ownership

	Class A	Options	RSUs	Convertible Notes	Warrants	Diluted Shares	Equity Ownership
Apollo Management	95,708,000	---	---	---	---	95,708,000	5.6%
Blackstone	---	---	---	---	---	---	---
Space Systems/Loral	---	---	---	---	---	---	---
Employees & Directors	25,488,094	49,011,433	4,273,458	---	---	78,772,985	4.6%
Public	1,209,581,366	38,012,567	---	149,299,934	129,405,589	1,526,299,456	89.7%
Total	**1,330,777,460**	**87,024,000**	**4,273,458**	**149,299,934**	**129,405,589**	**1,700,780,441**	**100.0%**

Source Company data, Morgan Stanley Research

Exhibit 15

SIRI Quarterly Subscription Forecast ('000s of subscriptions)

	1Q06A	2Q06A	3Q06A	4Q06A	2006E	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Industry Summary										
DARS Net Subscriber Adds	1,330	998	727	1,348	4,404	842	808	845	1,317	3,811
% Change	57%	-1%	-26%	-34%	-10%	-37%	-19%	16%	-2%	-13%
DARS EOY Subscribers	10,580	11,578	12,305	13,653	13,653	14,495	15,302	16,147	17,464	17,464
% Change	103%	86%	71%	48%	48%	37%	32%	31%	28%	28%
Market Share										
Sirius	39%	40%	42%	44%	44%	45%	46%	47%	47%	47%
XM Radio	61%	60%	58%	56%	56%	55%	54%	53%	53%	53%
SIRI Subscriber Breakdown										
Total Net Additions	761	600	441	905	2,708	556	516	424	739	2,234
% change	149%	64%	23%	-21%	25%	-27%	-14%	-4%	-18%	-17%
Total SIRI Subscribers	4,078	4,678	5,119	6,025	6,025	6,581	7,097	7,520	8,259	8,259
% change	181%	158%	135%	82%	82%	61%	52%	47%	37%	37%
Subscriber Base										
OEM Subscribers	1,049	1,374	1,610	1,959	1,959	2,324	2,659	2,903	3,137	3,137
Aftermarket Subscribers	3,000	3,277	3,483	4,042	4,042	4,235	4,410	4,585	5,085	5,085
Rental Car Subscribers	28	28	27	24	24	23	28	33	38	38
Net Additions										
OEM Subscribers	225	325	236	349	1,135	365	336	244	234	1,178
Aftermarket Subscribers	535	276	206	559	1,576	193	175	175	500	1,043
Rental Car Subscribers	1	(0)	(1)	(3)	(4)	(1)	5	5	5	14
% of Base										
OEM Subscribers	26%	29%	31%	33%	33%	35%	37%	39%	38%	38%
Aftermarket Subscribers	74%	70%	68%	67%	67%	64%	62%	61%	62%	62%
Rental Car Subscribers	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%
% of Net Additions										
OEM Subscribers	30%	54%	54%	39%	42%	66%	65%	57%	32%	53%
Aftermarket Subscribers	70%	46%	47%	62%	58%	35%	34%	41%	68%	47%
Rental Car Subscribers	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%

Source. Company data, Morgan Stanley Research

Exhibit 16

SIRI Quarterly Subscription Summary

	1Q06A	2Q06A	3Q06A	4Q06A	2006E	1Q07A	2Q07E	3Q07E	4Q07E	2007E
OEM Subscriber Analysis										
Total OEM U.S. Sales (000's)	299	392	320	413	**1,424**	542	553	576	587	**2,258**
OEM Subscribers (Assumes 12 month discount period)										
BOP Subscribers	824	1,049	1,374	1,610	**824**	1,959	2,324	2,659	2,903	**1,959**
Gross Additions	294	394	355	503	**1,546**	597	553	576	587	**2,314**
Promotional Disconnects	(41)	(48)	(77)	(132)	**(298)**	(185)	(174)	(257)	(317)	**(932)**
Net Gross Additions	253	346	278	371	**1,248**	412	380	319	271	**1,382**
Post Promotional Churn	(27)	(22)	(41)	(22)	**(113)**	(48)	(44)	(76)	(37)	**(204)**
EOP Subscribers	1,049	1,374	1,610	1,959	**1,959**	2,324	2,659	2,903	3,137	**3,137**
Average Subscribers	936	1,211	1,492	1,785	**1,356**	2,141	2,492	2,781	3,020	**2,608**
Net Additions	225	325	236	349	**1,135**	365	336	244	234	**1,178**
Post-Promotion Monthly Churn %	0.97%	0.60%	0.92%	0.41%	**0.69%**	0.74%	0.60%	0.92%	0.41%	**0.65%**
Implied OEM Churn	2.43%	1.91%	2.64%	2.88%	**2.52%**	3.62%	2 91%	3.98%	3.90%	**3.63%**
Conversion Rate	65.0%	65 0%	55.0%	55.0%	**60.0%**	53.0%	51.0%	49.0%	47.0%	**50.0%**
OEM Promotional Base	888	1,146	1,330	1,546	**1,546**	1,849	2,009	2,230	2,314	**2,314**
Retail										
Total Retail Subscribers										
BOP Subscribers	2,465	3,000	3,277	3,483	**2,465**	4,042	4,235	4,410	4,585	**4,042**
Gross Additions	665	436	378	733	**2,211**	391	382	390	726	**1,890**
Disconnects	(130)	(159)	(172)	(174)	**(635)**	(198)	(207)	(215)	(226)	**(847)**
EOP Subscribers	3,000	3,277	3,483	4,042	**4,042**	4,235	4,410	4,585	5,085	**5,085**
Average Subscribers	2,733	3,138	3,380	3,762	**3,253**	4,138	4,322	4,497	4,835	**4,448**
Net Additions	535	276	206	559	**1,576**	193	175	175	500	**1,043**
Monthly Churn %	1 60%	1.70%	1 70%	1.60%	**1.63%**	1.60%	1.60%	1.60%	1.60%	**1.59%**
Rental Car										
BOP Subscribers	28	28	28	27	**28**	24	23	28	33	**24**
Gross Additions	2	1	(0)	(2)	**1**	(0)	6	6	7	**19**
Disconnects	(1)	(1)	(1)	(1)	**(5)**	(1)	(1)	(1)	(2)	**(5)**
EOP Subscribers	28	28	27	24	**24**	23	28	33	38	**38**
Average Subscribers	28	28	27	25	**27**	23	25	30	35	**28**
Net Additions	1	(0)	(1)	(3)	**(4)**	(1)	5	5	5	**14**
Monthly Churn %	1.5%	1 5%	1.5%	1.5%		1.5%	1.5%	1.5%	1.5%	

Source Company data, Morgan Stanley Research

Exhibit 17

SIRI Quarterly Subscription and Revenue Forecast ('000s of subscriptions)

	1Q06A	2Q06A	3Q06A	4Q06A	2006E	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Key subscriber data:										
Gross subscriber additions (000s)	961	831	732	1,235	**3,758**	988	941	973	1,320	**4,223**
Growth %	170.8%	92.0%	57.4%	-2.5%	**49.2%**	2.9%	13.4%	32.8%	6.9%	**12.4%**
Net subscriber additions (000s)	761	600	441	905	**2,708**	556	516	424	739	**2,234**
Retail	535	276	206	559	**1,576**	193	175	175	500	**1,043**
OEM	225	325	236	349	**1,135**	365	336	244	234	**1,178**
Hertz	1	(0)	(1)	(3)	**(4)**	(1)	5	5	5	**14**
Disconnects	199	230	291	329	**1,050**	432	426	549	581	**1,988**
Ending subscribers (000s)	4,078	4,678	5,119	6,025	**6,025**	6,581	7,097	7,520	8,259	**8,259**
Retail	3,000	3,277	3,483	4,042	**4,042**	4,235	4,410	4,585	5,085	**5,085**
OEM	1,049	1,374	1,610	1,959	**1,959**	2,324	2,659	2,903	3,137	**3,137**
Hertz	28	28	27	24	**24**	23	28	33	38	**38**
Average total subscribers	3,783	4,353	4,848	5,364	**4,589**	6,297	6,813	7,287	7,816	**7,053**
Avg retail	2,733	3,138	3,380	3,762	**3,253**	4,129	4,314	4,489	4,810	**4,435**
Avg OEM	936	1,130	1,433	1,697	**1,299**	2,123	2,475	2,769	3,008	**2,594**
Avg Hertz	28	28	27	25	**27**	23	25	30	35	**28**
Monthly churn (self-pay)	1 83%	1.90%	2.03%	1 72%	**2.06%**	1.85%	1.75%	1.93%	1.60%	**1.86%**
Monthly churn (reported)	1.80%	1.80%	2 00%	2 00%	**1.91%**	2.30%	2.08%	2.51%	2.48%	**2.35%**
Monthly churn (calculated)	1 76%	1.76%	2.00%	2.05%	**1.91%**	2.29%	2.08%	2.51%	2.48%	**2.35%**
Key revenue data:										
ARPU - Before Hertz & Mail-In	$10.70	$10 64	$10.73	$10.48	**$10.63**	$10.30	$10.67	$10.71	$10.70	**$10.35**
Growth %	0.6%	0.4%	-3.2%	-2.6%	**-1.4%**	-3.7%	0.3%	-0.2%	2.1%	**-2.7%**
Effects of Hertz Subscribers	$0.03	$0 05	$0 07	$0.05	**$0.05**	$0.04	$0.05	$0.07	$0.05	**$0.03**
Effects of Mail-In Rebates	($0.58)	($0 15)	($0.12)	($0.14)	**($0.23)**	($0.24)	($0.10)	($0.10)	($0.17)	**($0.14)**
Avg. Subscriber Rev/Sub	$10 15	$10.54	$10 68	$10.39	**$10.45**	$10.10	$10.62	$10.68	$10.58	**$10.24**
Avg. Advertising Rev/Sub	$0.65	$0.62	$0.49	$0.53	**$0.56**	$0.36	$0 48	$0.64	$1.05	**$0.65**
ARPU - fully loaded	$10.80	$11 16	$11.17	$10.92	**$11.01**	$10.46	$11.09	$11.32	$11.63	**$10.89**
Growth %	0 7%	6.3%	0.2%	15.9%	**6.6%**	-3.1%	-0.6%	1.3%	6.5%	**-1.1%**
Key marketing data.										
SAC per gross add (SAC)	$113	$131	$114	$103	**$114**	$104	$99	$92	$81	**$93**
Fully Loaded CPGA (excl. rev share)	$134	$169	$139	$144	**$146**	$123	$131	$112	$116	**$120**

Source Company data, Morgan Stanley Research

Exhibit 18

SIRI Quarterly Revenue and EBITDA, ($ millions)

	1Q06A	2Q06A	3Q06A	4Q06A	2006E	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Revenues:										
Subscriber Related										
Subscription	$118.0	$136.0	$153.2	$165.2	$572.4	$190.6	$212.5	$228.4	$244.0	$875.6
Activation	3.7	3.6	4.0	4.3	15.6	4.0	6.6	7.2	7.9	25.6
Effect of Mail-In Rebates	(6 5)	(2.0)	(1.8)	(2.2)	(12.6)	(3.8)	(2.1)	(2.1)	(4.0)	(12.0)
Total Subscriber Revenues	$115.2	$137.6	$155.3	$167.2	$575.4	$190.8	$217.0	$233.4	$248.0	$889.2
Equipment	$3.7	$3 1	$3.6	$16.4	$26.8	$4.7	$4.6	$4.7	$16.3	$30.2
Advertising, Net of Commissions	7.3	8.1	7.1	8.5	31.0	6.7	9.8	14.0	24.7	55.2
Other	0.5	1.2	1.1	1.3	4.0	1.8	2.3	2.8	3.3	10.4
Total Revenues	**$126.7**	**$150.1**	**$167.1**	**$193.4**	**$637.3**	**$204.0**	**$233.7**	**$255.0**	**$292.3**	**$985.0**
% Change	*193 1%*	*187 5%*	*150 1%*	*141.7%*	*163.1%*	*61.1%*	*55.7%*	*52.6%*	*51.2%*	*54.6%*
Cost of revenue:										
Satellite & Transmission	$7.3	$6.77	$7.1	$7.2	$28.3	$7.3	$7.4	$7.7	$7.8	$30.2
Programming & Content	$56.4	$53 0	$55.9	$64.8	$230.2	$70.1	$73.6	$70.6	$78.0	$292.3
Customer Care & Billing	$15.8	$13.7	$14.7	$23.9	$68.1	$21.7	$23.1	$24.0	$28.1	$96.9
Cost of equipment	$3 5	$3.5	$6.2	$22.1	$35.2	$9.3	$9.1	$9.3	$32.4	$60.0
Total Cost of Revenue	**$83.1**	**$76.9**	**$83.9**	**$118.0**	**$361.9**	**$108.4**	**$113.1**	**$111.6**	**$146.3**	**$479.4**
Per Average Subscriber per month	$7.32	$5.89	$5 77	$7 33	$6.57	$5.74	$5.53	$5.11	$6.24	$5.66
% of Total Revenue	66%	51%	50%	61%	57%	53%	48%	44%	50%	49%
Gross Margin %	34%	49%	50%	39%	43%	47%	52%	56%	50%	51%
General and Administrative	19.1	21.7	23.5	23.2	87.5	23.4	29.2	31.7	31.4	115.7
Engineering, design & development	12.7	12.8	20.5	12.8	58.7	$11.4	$13.0	$14.0	$15.0	53.4
Sales and Marketing	$39.3	$56.6	$41.5	$85.1	$222.5	$46.6	$66.4	$59.7	$97.6	$270.3
Per Gross Addition	$41	$68	$57	$69	$59	$47	$71	$61	$74	$64
% of revenues	*31%*	*38%*	*25%*	*44%*	*35%*	*23%*	*28%*	*23%*	*33%*	*27%*
Subscriber Acquisition Costs	$109.1	$108.7	$80.9	$121.0	$419.7	$98.2	$88.8	$84.8	$90.5	$362.3
Per Gross Addition (Reported SAC)	$113	$131	$114	$103	$114	$104	$99	$92	$81	$93
Total Marketing & SAC	**$148.4**	**$165.3**	**$122.3**	**$206.2**	**$642.2**	**$144.9**	**$155.2**	**$144.5**	**$188.1**	**$632.6**
Per Gross Addition (CPGA, incl. rev share)	$155	$199	$167	$167	$171	$147	$165	$149	$142	$150
Operating Cash Flow (EBITDA)	**($136.7)**	**($126.5)**	**($83.2)**	**($166.8)**	**($513.1)**	**($84.0)**	**($76.9)**	**($46.9)**	**($88.4)**	**($296.2)**
YoY Growth %	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Margin %	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Equity granted to third parties & SBC	284.6	67.3	43.4	42.6	437.9	24.3	51.9	51.9	51.9	180.0
Depreciation	24.9	25.7	27.6	27.5	105.7	26.8	26.8	26.8	26.8	107.1
Operating Income (loss)	(446.2)	(219 6)	(154.2)	(236.9)	(1,056.8)	(135 1)	(155.6)	(125.6)	(167.1)	(583.4)
Pre-Marketing EBITDA	**$3.2**	**$29.6**	**$31.3**	**$34.3**	**$98.4**	**$49.8**	**$65.5**	**$83.7**	**$95.9**	**$294.9**
YoY Growth %	-112%	-419%	-1302%	-232%	-254%	1447%	122%	167%	180%	200%
Margin %	3%	20%	19%	18%	15%	24%	28%	33%	33%	30%

Source Company data, Morgan Stanley Research

Exhibit 19

SIRI Quarterly Income Statement ($ millions)

	1Q06A	2Q06A	3Q06A	4Q06A	1Q07A	2Q07E	3Q07E	4Q07E
Total Revenue	$126.7	$150.1	$167.1	$193.4	$204.0	$233.7	$255.0	$292.3
Cost of Revenue	83.1	76.9	83.9	118.0	108.4	113.1	111.6	146.3
Gross Profit	$43.6	$73.2	$83.2	$75.4	$95.7	$120.6	$143.3	$146.0
Sales & Marketing	$39.3	$56.6	$41.5	$85.1	$46.6	$66.4	$59.7	$97.6
Subscriber Acquisition Costs	109.1	108.7	80.9	121.0	98.2	88.8	84.8	90.5
Engineering & Design (R&D)	12.7	12.8	20.5	12.8	11.4	13.0	14.0	15.0
General & Administrative	19.1	21.7	23.5	23.2	23.4	29.2	31.7	31.4
Total SG&A	**$180.3**	**$199.7**	**$166.3**	**$242.2**	**$179.7**	**$197.5**	**$190.2**	**$234.4**
Equity Granted to Third Parties & SBC	284.6	67.3	43.4	42.6	24.3	51.9	51.9	51.9
EBITDA	($421.2)	($193.8)	($126.6)	($209.4)	($108.3)	($128.8)	($98.8)	($140.4)
Margin (%)	-332.6%	-129.1%	-75.7%	-108.3%	-53.1%	-55.1%	-38.7%	-48.0%
Depreciation	24.9	25.7	27.6	27.5	26.8	26.8	26.8	26.8
Operating Income (EBIT)	($446.2)	($219.6)	($154.2)	($236.9)	($135.1)	($155.6)	($125.6)	($167.1)
Interest income	9.9	8.9	7.8	6.8	6.0	1.6	1.6	1.6
Interest expense	(17.1)	(15.7)	(15.9)	(15.3)	(15.2)	(14.7)	(14.7)	(14.7)
Other	0.0	(10.9)	0.0	0.1	0.0	0.0	0.0	0.0
Equity Affiliate Income (Expense)	(4.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Restructuring Charge	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-Tax Income	($457.8)	($237.3)	($162.3)	($245.4)	($144.2)	($168.8)	($138.7)	($180.3)
Current Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Taxes	(0.8)	(0.6)	(0.6)	(0.2)	(0.6)	0.6	-	-
Total Income Taxes	($0.8)	($0.6)	($0.6)	($0.2)	($0.6)	0.6	0.0	0.0
Net Income	($458.5)	($237.8)	($162.9)	($245.6)	($144.8)	($168.2)	($138.7)	($180.3)
Preferred stock dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Preferred stock deemed dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Preferred Dividends	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income to Common	**($458.5)**	**($237.8)**	**($162.9)**	**($245.6)**	**($144.8)**	**($168.2)**	**($138.7)**	**($180.3)**
Average Basic Shares Outstanding	1,387.0	1,404.0	1,405.3	1,413.9	1,457.0	1,461.4	1,461.4	1,461.4
Reported Basic EPS	($0.33)	($0.17)	($0.12)	($0.17)	($0.10)	($0.12)	($0.09)	($0.12)
Average Fully Diluted Shares Outstandi	1,387.0	1,404.0	1,405.3	1,413.9	1,457.0	1,461.4	1,461.4	1,461.4
Reported Fully Diluted EPS	($0.33)	($0.17)	($0.12)	($0.17)	($0.10)	($0.12)	($0.09)	($0.12)
Less: Extraordinary and Nonrecurring I	0.00	(0.00)	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Fully Diluted EPS	($0.33)	($0.16)	($0.12)	($0.17)	($0.10)	($0.12)	($0.09)	($0.12)

Source: Company data, Morgan Stanley Research

MORGAN STANLEY ModelWare	**Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations.** For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

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(as of April 30, 2007)

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	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	**850**	**38%**	**291**	**42%**	**34%**
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Total	**2,226**		**691**		

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in this report is 12 to 18 months.

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Industry Coverage:Cable/Satellite

Company (Ticker)	Rating (as of)	Price (05/10/2007)
Hunter DuBose		
Dolby Laboratories, Inc. (DLB.N)	E-V (03/29/2005)	$35.32
Benjamin Swinburne, CFA		
Cablevision Systems (CVC.N)	++	$35.27
Charter Communications (CHTR.O)	E-V (02/26/2007)	$3.57
Comcast Corporation (CMCSA.O)	E (01/22/2007)	$26
DirecTV Group, Inc. (DTV.N)	E (09/14/2006)	$23.01
EchoStar Communications (DISH.O)	O-V (01/31/2007)	$48.32
Garmin, Ltd (GRMN.O)	U-V (01/26/2006)	$55.56
Liberty Global, Inc. (LBTYA.O)	E (12/02/2005)	$37.09
Shaw Communications Inc. (SJRb.TO)	U-V (01/30/2003)	C$42.11
Sirius Satellite Radio (SIRI.O)	++	$2.84
Time Warner Cable Inc (TWC.N)	E-V (02/21/2007)	$36.85
Virgin Media Inc (VMED.O)	O-V (09/28/2006)	$22.83
XM Satellite Holdings (XMSR.O)	++	$10.99

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