SX Exhibit 217 RP

Deutsche Bank

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Global Markets Research

XM Satellite Radio

Reuters: XMSR.OQ Bloomberg: XMSR UW Exchange: NMS Ticker XMSR

1Q review: guidance in line just fine

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Maintain Buy rating and $18 12-month target price
XM reaffirmed full-year subscriber guidance of 9.0-9.2m, vs our 9.0m estimate. Revised FY CPGA guidance of $111-114 was better than our $121 estimate, although higher than some Street estimates. OEM growth is what is beating expectations. We rate XM as a Buy as an economical play on U.S. satellite radio growth, and our investment thesis adds roughly $5 per share in value for the discounted merger synergy prospects.

1Q07 results beat on subscriber growth, in line on EBITDA loss
Net sub additions of 285k were 33% above our 214k estimate, with OEM net adds of 225k well ahead of our 118k est, while retail adds of 60k missed our 95k est. Self-pay churn was 1.8%, better than our 1.9% estimate, similar to 4Q. Sub revenue was in line with our $236m est, and ARPU of $10 15 was in line with our $10.17 est. SAC of $65 was in line with our $64 est, though up from $62 last year. CPGA was $103, better than our $110 estimate, though up from $94 last year. Adjusted EBITDA was a loss of $27m, dead in line with our $27m loss estimate.

XM still expects positive cash flow from ops in 2008
Management indicated that 2007 growth would be back-end loaded in both the OEM and retail channels. We raise our estimate of OEM gross subscriber additions to 2.6m from 2.4m (on 3.1m installations) for 2007. We estimate that GM installation rates should near 50% by the end of 2007. We expect XM's retail gross subscriber additions to moderate their declines to under 10% by year-end. That said, reflecting higher churn in the retail channel, we estimate c.350k retail net subscriber additions for the year, just 26% of annual growth.

Buy reflects 12-mo $18 TP, on c$13 stand-alone value + $5 for deal possibility
Our XMSR DCF assumes 14.4m subscribers by 2010, 30m by 2020, a 4% TVG and 14% WACC and a merger analysis assuming $4.6bn in synergies and a 50% probability of a deal with few material conditions. Risks to our rating and TP include changing market for technology-driven businesses, subscriber growth volatility, competing technologies, rising costs, liquidity, and adverse legal developments (including failure to gain merger approval).

Year End Dec 31	2006A	2007E	2008E
1Q EPS[1]	-0 60	**-0.40A**	–
2Q EPS	-0 87	**-0.47**	–
3Q EPS	-0 32	**-0.47**	–
4Q EPS	-0 90	**0.22**	–
FY EPS (USD)	-2 70	**-1.87**	-1 28
Revenue (USDm)	933 4	**1,141.2**	1,356 8

Source. Deutsche Bank estimates company data

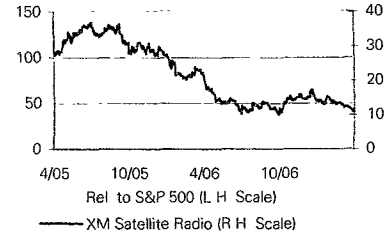
[1] Includes the impact of FAS123R requiring the expensing of stock options

Results Review

Buy

Price at 26 Apr 2007 (USD)	**11.78**
Price Target	**18.00**
52-week range	**20.22 - 10.17**

EPS (USD)	-1.77 to -1 87	↓	**5.6%**
Revenue (USDm)	1,145.1 to 1,141 2	↓	**-0.3%**



Performance (%)	1m	3m	12m
Absolute	-12 2	-16 9	-46 5
S&P 500	3 9	5 1	14 5

Market Cap (USDm)	3,460 9
Shares outstanding (m)	293 8
Free float (%)	100
Volume (26 Apr 2007)	6,952,253
Option volume (und shrs , 1M avg)	1,226,859

Deutsche Bank Securities Inc.

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DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1

1Q beat, and '07 view in line

Figure 1: XM Satellite Radio 1Q07 results

(in m except per unit data)	1Q07A	1Q07E	Diff.	1Q06A	Year-over-Year Growth 1Q07A	1Q07E
Income statement						
Total revenue	$ 264.1	$ 266.0	$ (1.9)	$ 257.1	2.7%	3.5%
Net ad sales revenue	$ 7.5	$ 10.5	$ (3.0)	$ 11.0	-32.3%	-5.3%
Operating expense	$ (283.1)	$ (293.1)	$ 10.0	$ (326.9)	NM	NM
EBITDA	$ (19.0)	$ (27.1)	$ 8.1	$ (69.8)	NM	NM
Margin	---	---	*0%*	---		
EPS	$ (0.40)	$ (0.39)	$ (0.01)	$ (0.90)	NM	NM
Operating metrics						
Net subscriber additions (000)	285	214	71	443	-35.6%	-51.7%
Churn	2.7%	2.5%	0.2%	2.8%	-5.1%	-12.4%
Total ARPU	$0.00	$ -	$ -	$10.07	-100.0%	-100.0%
SAC per gross activation	$ 65	$ 69	$ (4)	$ 64	1.6%	7.8%
CPGA	$ 103	$ 110	$ (7)	$ 108	-4.6%	2.0%

Source: Company documents, Deutsche Bank Securities estimates

Churn of 1.8% beat 1.9% estimate, but OEM conversion missed

Gross subscriber adds of 868k were below our 783k estimate. OEM gross adds of 522k blew past our 446k estimate. Retail/aftermarket gross sub adds of 331k were in line with our 337k estimate, although the retail category was down 32% from last year. XM benefited from an improving trend in retail share, which per NPD data was up to 47% in March.

Self-paying churn was 1.8% in 1Q, better than our 1.9% estimate, although up from 1.64% last year.

OEM conversion dropped to 51.5% from 52.4% in 4Q06 and was below our 52.9% estimate

Net of all churn, OEM net sub adds were 207k, almost twice our 118k est, while retail and data sub adds were 60k vs our 96k estimate The OEM beat reflected not only the higher than expected gross sub additions (we believe GM led the way here), but also lower-than-expected churn in the OEM channel. In fact, we estimate that retail self-pay churn was roughly half a percentage point higher than OEM self-pay churn in the quarter

Subscription revenue and ARPU in line with our estimates

XM reported total revenue of $264m, in line with our $266m estimate, with total subscription revenue of $236m dead in line with our $236m estimate. Total subscription ARPU for 1Q was $10.15, in line with our $10.17 estimate, and up 1% from $10.07 in 1Q06. XM's contribution margin of 68% was slightly below 1Q06's 70% level. The percentage of subscriptions on annual and multi-year plans rose to 44.0% at quarter-end, up from 41.6% in 1Q06. The family plan mix rose to 23.2%, up from 19.9% in 1Q06. Advertising revenue of $7.5m missed our $10.4m estimate, reflecting a weak national radio advertising market.

1Q07 CPGA and SAC beat slightly

XM reported cost per gross activation (CPGA) of $103, below our $110 estimate, although above last year's $94 in 1Q06. CPGA beat our estimate despite a roughly $5 impact for inventory-related charges in the quarter (which may continue during the year). The subscriber

acquisition cost (SAC) component was $65, in line with our $64 estimate, and up 5%from $62 in 1Q06 Weighted average shares out was 305 9m.

Fixed costs of $125m were up 23% from $102m in 1Q06. However, fixed costs were up 5% to $107m, excluding the following in 1Q07: $8m in merger-related expenses, $4m in other legal and regulatory expenses (shareholder class action suit has been dismissed), $4.4m for Oprah-related programming, and $2m in stock-based compensation expense.

Adjusted EBITDA loss of $27m dead in line

This included $8m in merger-related expense (we assume a fair run rate until resolution), and as usual excluded $2m in stock-based compensation ($12m DB estimate).

2007 subscriber guidance and 2008 pos. cash flow reaffirmed

We expect 2Q net sub adds to be 285k, down 29% YoY, reflecting 1) an expected c.66% YoY decline in retail net subscriber additions, partially offset by 2) 226k OEM sub additions (down c.5%). We believe that XM is trending down close to 30% at retail in April, but it should benefit from easier comparisons in June as it cycles against the disruption relating to the FM modulator issue last year. While we expect GM's roughly 1.8m installs for 2007 to be weighted to 2H, we are adjusting our model to increase the mix of installations to roughly 0.7m in 1H. We assume no improvement in the 52% OEM conversion rate for the balance of the year, which is less optimistic that management's outlook a quarter ago, when it suggested there could be about a half point of improvement in OEM conversion rate each quarter during 2007. That said, we do believe that there could be tailwinds behind the conversion rate, due to 1) improved dealer incentive programs with GM and Honda, and 2) an increasing mix of trade-ins in the OEM mix given the maturity of XM's OEM program, with GM in particular

We expect the family plan mix to continue to gradually increase during the year, as we sense some willingness by the company to trade some ARPU growth for subscriber growth at the moment.

We have made some opex tweaks to our model, increasing the customer and care and billing costs, while lowering marketing costs, resulting in a net reduction in our 2007 CPGA estimate to $111 from $121. We continue assume revenue share and royalties equal to 19% of total revenue for the year. We expect a decision regarding new music royalties by year-end, with an earlier result possible if the parties come to a negotiated deal.

Fine-tuned OEM installation estimate to 3.1m from 3.2m for 2007

We are fine-tuning upward our OEM gross subscriber addition to 2.6m from 2.4m. As we indicated in our note from 4Q, we believed we might be being somewhat conservative in the size of the gap between installations and gross subscriber additions this year, and are now shelving some of that conservatism.

Management view: upper teens millions subs by 2010

XM management has generally opined on a 2010 subscriber count from the mid-teens millions to 20m. Our 2010 subscriber estimate for XM is 14.4m.

Liquidity

Flush with the 244m in net proceeds from closing its XM-4 satellite sale-leaseback in 1Q, XM had a quarter-end cash balance of $319m. Combined with the $400m in available borrowing capacity on its two credit facilities ($250m with banks and $150 with GM), XM's liquidity

position stood at $719m. We project that this liquidity should suffice for the company to reach free cash flow breakeven (in 2010).

Programming synergy update

We continue to estimate roughly $85m in annual program expense synergies in the event of a merger. The company indicated that there were no triggers in its main programming agreements that would result in higher payments in the even of a merger. We also understand that there would be relatively little impact on program expense from the application of per-subscriber or revenue share terms in particular agreements. That said, we do not rule out that some agreements may specify that content may be available to only the XM platform. In that case, it is possible that a merged entity might negotiate an expansion in use rights for higher fees. It is somewhat difficult to say whether such negotiations would result in materially higher fixed program expense, however, simply because the value of the programming to a combined entity bargaining in 2008 might not be higher than the rate that was negotiated by one or the other of the two companies several years ago, when the industry was at a different part of its growth curve.

YE sub estimates unchanged: 9.0m for 2007 and 10.6m for 2008

For 2Q, we estimate 226k OEM net sub adds, 55k retail/aftermarket/data sub adds, c.1.8% self-pay churn, and a 51.5% OEM conversion rate. We estimate SAC of $60 for 2Q07 and $69 for full-year 2007, and CPGA of $109 for 2Q07 and $111 for full-year 2007.

Figure 2: OEM distribution forecast for XM Satellite Radio

(000s)	2004E	2005E	2006E	1Q07A	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E
OEM exclusive factory-installed option:-											
General Motors					Guidance: 1 8m+, XM 12/5/06 release						
Total Production	4,594	4,454	4,100	925	925	851	999	3,700	3,757	3,816	3.875
% Offering XM	84%	87%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Installation rate	29%	37%	42%	50%	46%	51%	54%	45%	60%	60%	60%
Satellite-equipped	1,115	1,400	1,616	416	379	391	483	1,668	2,029	2,061	2,093
Growth	*146%*	*26%*	*15%*	*6%*	*-12%*	*34%*	*-4%*	*3%*	*22%*	*2%*	*2%*
Sales		1,342	1,563	502	416	379	391	1,688	1,925	2,052	2,083
Model year basis	987	1,342	1,653					1,645	1,914	2,061	2,093
Cumulative sat-equip	1,568	2,968	4,584	5,001	5,379	5,770	6,253	6,253	8,282	10,342	12,435
Gross sub adds	666	1,400	1,616	502	416	379	391	1,688	1,925	2,052	2,083
Honda											
Total Production	1,376	1,403	1,510	227	379	356	553	1,515	1,553	1,593	1,633
% Offering XM	19%	34%	46%	40%	46%	50%	50%	48%	53%	75%	85%
Installation rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Satellite-equipped	263	484	692	90	174	179	276	720	823	1,195	1,388
Growth	*352%*	*84%*	*43%*	*-54%*	*-1%*	*-24%*	*230%*	*4%*	*14%*	*45%*	*16%*
Sales		463	729	84	90	174	179	528	784	1,052	1,314
Model year basis	221	463	668					720	805	1,121	1,354
Gross sub adds	154	484	692	84	90	174	179	528	784	1,052	1,314
Toyota									Guidance: +650k XM 11/30/06 release		
Total Production	2,032	2,172	2,544	613	692	666	692	2,663	2,733	2,804	2,877
% Offering XM	0%	1%	4%	4%	4%	4%	4%	4%	15%	23%	35%
Installation rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Satellite-equipped	-	14	110	23	26	25	26	99	410	645	1,007
Growth	*NM*	*NM*	*700%*	*287%*	*94%*	*-23%*	*-57%*	*-11%*	*316%*	*57%*	*56%*
Sales		8	57	60	23	26	25	132	329	584	913
Model year basis	-	8	87					102	327	584	914
Conversion rate	58%	57%	53%	52%	52%	52%	52%	52%	52%	52%	52%
Gross sub adds	-	14	110	16	29	31	12	88	163	306	491
									Guidance: +1m XM 01/31/07 release		
Hyundai											
Total Production	413	458	455	114	129	124	129	494	512	531	550
% Offering XM	0%	2%	17%	60%	65%	68%	70%	60%	100%	100%	100%
Installation rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Satellite-equipped	-	7	79	68	84	84	90	326	512	531	550
Growth	*NM*	*NM*	*959%*	*2073%*	*606%*	*196%*	*154%*	*313%*	*57%*	*4%*	*4%*
Sales		2	49	35	68	84	84	271	461	526	545
Model year basis	-	2	65					273	461	531	550
Gross sub adds	-	7	79	15	25	18	35	93	248	330	357
Nissan											
Total Production	973	992	1,028	235	265	255	265	1,021	1,041	1,062	1,083
% Offering XM	0%	25%	10%	10%	10%	10%	38%	10%	53%	66%	83%
Installation rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Satellite-equipped	-	62	141	23	27	26	100	175	550	700	900
Growth	*NM*	*NM*	*127%*	*99%*	*99%*	*-48%*	*49%*	*24%*	*214%*	*27%*	*29%*
Sales		-	136	67	23	27	26	142	337	615	786
Model year basis	-	-	177					175	439	665	854
Gross sub adds	-	62	141	25	70	34	12	142	168	320	443
	2004E	**2005E**	**2006E**					**2007E**	**2008E**	**2009E**	**2010E**
Total Exclusive Factory-Installed (GM + Honda + Toyota + Hyundai + Nissan):											
Satellite-equipped	1,378	1,897	2,639	621	689	704	974	2,988	4,325	5,131	5,938
Model year basis	1,208	1,813	2,473	-	-	-	-	2,468	3,046	3,766	4,360
GM + Honda, model yr	1,208	1,805	2,320					2,365	2,719	3,182	3,447
Gross sub adds	**819**	**1,967**	**2,639**	**642**	**631**	**636**	**629**	**2,538**	**3,287**	**4,059**	**4,688**
Share of total OEM	56%	98%	98%	97%	97%	97%	96%	97%	97%	98%	97%
GM + Honda / total OEM	56%	94%	86%	89%	78%	84%	87%	84%	80%	75%	71%
Other factory-installed:											
Total Production	400	400	400	88	104	96	112	400	400	400	400
% Offering XM	5%	7%	9%	15%	15%	15%	15%	15%	25%	25%	30%
Installation rate	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Satellite-equipped	18	26	37	13	16	14	17	60	100	100	120
Growth	*307%*	*44%*	*41%*	*67%*	*67%*	*67%*	*50%*	*62%*	*67%*	*0%*	*20%*
Model year basis	16	24	36					54	89	100	114
Gross sub adds	11	26	37	13	16	14	17	60	100	100	120
Dealer-installed:											
Total Production	835	835	835	209	209	209	209	835	35	35	35
% Offering XM	11%	16%	25%	30%	30%	30%	30%	30%	40%	45%	50%
Installation rate	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Satellite-equipped	10	14	21	6	6	6	6	25	1	2	2
Growth	*307%*	*44%*	*52%*	*36%*	*15%*	*25%*	*7%*	*20%*	*-94%*	*13%*	*11%*
Model year basis	8	13	20					24	8	2	2
Gross sub adds	9	14	21	6	6	6	6	25	1	2	2
Total OEM Gross sub ads	1,475	2,007	2,697	661	653	657	652	2,623	3,388	4,161	4,809

Source Deutsche Bank Securities Inc estimates and company information

Investment conclusion

We view favorably XM's in-line quarter, given the flux in investor expectations caused by the merger and the steep declines in the retail category. The company appears to be shifting more marketing and management attention to the OEM channel, where XM's partners have generally been delivering results and commitments in line to ahead of our estimates. Despite the market's evident discounting of merger prospects at less than 10%, we have not changed our view that a done deal is about a 50-50 proposition, a position that does not sit well with many holders who want more certainty. We estimate the value of merger synergies at c.$4.5bn. We maintain our $18 per share 12-month target price for XM, based on roughly $13 per share in standalone value and $5 per share in discounted synergies, and maintain our Buy rating.

Risks

Risks to our target price and investment thesis include changing market-risk tolerance for technology-driven businesses, subscriber growth volatility, dependence on OEM auto distribution channel, new satellite radio product cycles, competing technologies such as telecom and Internet, higher-than-expected costs such as SAC and programming, adverse regulation, and liquidity given the company is FCF-negative.

Technology adoption
XM is targeting the 25-54 demo, with average age 35, and we believe that awareness of satellite radio still lags in the 18-and-under segment. We will monitor the possible negative impact of lower adoption rates among younger cohorts on satellite radio's growth. In addition, we believe some survey data suggests that satellite radio is still a niche product (XM's subscriber base is still roughly 65% male) appealing primarily to higher-income consumers. That said, we believe that satellite radio could achieve its subscriber goals over an investable time horizon (e.g., through 2010) even while only penetrating less than 10% of current radio listeners.

Churn rate
As unit prices drop, activation rates may decline and churn rates increase as XM penetrates the more marginal satellite radio subscriber. For example, we believe that the time to activation is longer for lower-priced units, suggesting that these subscribers value the service less, and may ultimately be less sticky and more price-sensitive.

ARPU growth
We forecast ARPU of $10.15 for 2007 and believe that the family plan mix, 23% of total at 1Q07, may rise in the near term, contributing to ARPU's growing relatively little for the balance of the year. We believe that XM will continue to balance the impact of lower unit prices and family plan discounts on the quality of its subscriber base.

Content popularity and cost
We believe that Sirius currently has an edge in programming over XM, at the very least in perception, as manifested by Sirius' continuing advantage over XM in consumer brand awareness. We believe that retail market share figures (c.55% share for Sirius) – a better barometer of consumer choice than the OEM market - reflect a preference for Sirius' content, in particular after taking into account the higher proportion of new-new subscribers for Sirius, i.e., ones paying the full subscription rate and not a discounted family plan rate.

Adverse legal or regulatory action
XM's pending merger with Sirius faces regulatory scrutiny which could materially alter or block the proposed transaction. In addition, XM faces risks from the results of regulatory inquiries, negotiations and potential arbitration proceedings relating to music royalties, potential legislation which could affect the features of its products or scope of its business, and other legal matters.

Figure 4: XM Satellite Radio discounted cash flow model

	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EBITDA	($166)	($177)	($136)	($38)	$122	$381	$665	$899	$1,066	$1,198	$1,432	$1,581	$1,720	$1,856	$1,483
Free Cash Flow	($1,016)	($396)	($263)	($100)	$102	$410	$684	$908	$1,104	$1,309	$1,634	$1,231	$1,333	$1,432	$952
Plus. Cash Interest Expense	81	82	84	88	77	74	67	59	32	0	0	0	0	0	0
Less Income Tax Credit (35 0%)	(28)	(29)	(29)	(31)	(27)	(26)	(23)	(21)	(11)	0	0	0	0	0	0
Unlevered Free Cash Flow	($963)	($342)	($209)	($43)	$152	$458	$728	$946	$1,125	$1,309	$1,634	$1,231	$1,333	$1,432	$952
Unlevered Free cash flow	($963)	($342)	($209)	($43)	$152	$458	$728	$946	$1,125	$1,309	$1,634	$1,231	$1,333	$1,432	$952
2004 PV of FCF discounted at 13%	*($748 8)*	*($234 6)*	*($126 2)*	*($23 0)*	*$71 2*	*$189 6*	*$265 8*	*$304 6*	*$319 2*	*$327.6*	*$360 6*	*$239 5*	*$228 6*	*$216 5*	*$126 9*
2005 PV of FCF discounted at 13%	*(849 3)*	*(266 1)*	*(143 1)*	*(26 0)*	*80 8*	*215 0*	*301 5*	*345 5*	*362.1*	*371 6*	*409 0*	*271 6*	*259 2*	*245 6*	*143 9*
2006 PV of FCF discounted at 13%		*(301 9)*	*(162 3)*	*(29 5)*	*91 6*	*243 8*	*341 9*	*391.8*	*410.7*	*421 5*	*463 9*	*308 1*	*294 0*	*278 5*	*163 2*
2007 PV of FCF discounted at 13%			*(184 1)*	*(33 5)*	*103 9*	*276 6*	*387 8*	*444 4*	*465 8*	*478 0*	*526 1*	*349 4*	*333 5*	*315 9*	*185 1*
2008 PV of FCF discounted at 13%				*(38 0)*	*117 8*	*313 7*	*439 9*	*504 1*	*528 3*	*542 2*	*596 7*	*396 3*	*378 3*	*358 3*	*210 0*
Terminal Value															10,378 5
• Implied Multiple of Free Cash Flow															10 9x
• Implied Multiple of EBITDA															7 0x

	YE06	YE07	YE08
Sum of Free Cash Flow at PV	$2,915	$3,649	$4,348
Plus Terminal Value (13 4% discount rate	$1,780	$2,019	$2,290
Total Enterprise Value	$4,696	$5,668	$6,638
• Multiple of Total Revenue	5 0x	5 0x	4 9x
Plus:			
End of Year Cash	218 2	152 3	10 0
In-the-money Warrant Proceeds	0 0	0 0	0 0
Subtotal cash + proceeds	218 2	152 3	10 0
Less			
Long-Term Debt	(1,300 6)	(1,528 0)	(1,532 2)
Debt adjustment (converts-in-the-mon	28 0	31 7	35 9
Bank Debt / Other Debt	(33 7)	(296 3)	(296 3)
Subtotal debt + other	(1,306 3)	(1,792 5)	(1,792 5)
Plus:			
Value of options	0 0	0.0	0 0
Net Equity Value	$3,608	$4,028	$4,855
Shares Outstanding, Treasury Method	334 0	334 0	334 0
Equity Value Per Share	$10.80	$12.06	$14.54
Median	$13 30		
Price on 4/27/07	$11 78	$11 78	$11 78
Upside to Target Price Per Share	-8 3%	2 4%	23 4%

DCF assumptions.															
Subscribers, EOP (mm)	*7 6*	*9 0*	*10 6*	*12 4*	*14 4*	*16 7*	*18 8*	*20 6*	*22 3*	*23 8*	*25 2*	*26 6*	*27 9*	*29 0*	*30 2*
Subscribers growth	*29%*	*18%*	*18%*	*18%*	*16%*	*16%*	*12%*	*10%*	*8%*	*7%*	*6%*	*5%*	*5%*	*4%*	*4%*
ARPU growth	*7%*	*0%*	*1%*	*3%*	*4%*	*5%*	*3%*	*1%*	*0%*	*0%*	*5%*	*1%*	*1%*	*1%*	*-11 4%*
Advertising growth	*76%*	*38%*	*49%*	*28%*	*37%*	*38%*	*15%*	*13%*	*12%*	*10%*	*10%*	*9%*	*9%*	*8%*	*-6%*
Revenue growth	*67%*	*22%*	*19%*	*20%*	*22%*	*21%*	*17%*	*12%*	*9%*	*8%*	*11%*	*7%*	*6%*	*6%*	*-7%*
EBITDA growth	*-59%*	*7%*	*-23%*	*-72%*	*-418%*	*213%*	*75%*	*35%*	*19%*	*12%*	*20%*	*10%*	*9%*	*8%*	*-20%*
EBITDA margin	*---*	*---*	*---*	*---*	*6%*	*16%*	*24%*	*28%*	*31%*	*32%*	*34%*	*35%*	*36%*	*37%*	*32%*
Unlevered FCF growth rate	*NM*	*NM*	*NM*	*NM*	*NM*	*202%*	*59%*	*30%*	*19%*	*16%*	*25%*	*-25%*	*8%*	*7%*	*-34%*

Source Company reports and Deutsche Bank estimates

Figure 5: Pro Forma Enterprise Value Estimates, FY2007 ($ in millions)

(numbers in millions except per share)	
XMSR Enterprise Value (YE07)	$5,668
SIRI Enterprise Value (YE07)	$7,376
Present Value of Cost Synergies	$4,565
SIRI+XMSR Enterprise Value	**$17,609**
Total Net Debt	
SIRI's Cash	$334
SIRI's Total Debt	($1,082)
SIRI's Net Debt	($748)
XMSR's Cash	$152
XMSR's Total Debt	($1,793)
XMSR's Net Debt	($1,640)
SIRI+XMSR Total Net Debt	**($2,389)**
SIRI+XMSR Equity Value	**$15,221**
Number of Shares	
XMSR (334*4.6)	1,536
SIRI	1,544
Total number of shares	**3,081**
Equity value of XMSR	$4,028
XMSR's value per share - stand alone	**$12.06**
SIRI's value per share - stand alone	**$4.29**
SIRI+XMSR Target Price ($/share)	**$4.94**
Exchange ratio for XMSR share	4.6x
XMSR's Target Price ($/share)	**$22.73**
Likelihood of merger approval w/o subst. conditions	50%
Probability-weighted XMSR value per share	**$17.39**
Probability-weighted SIRI target value per share	**$4.62**

Source Company reports and Deutsche Bank estimates

Figure 5: Pro Forma 2008 merger synergy estimates (in millions)

(in millions)	SIRI	XMSR	XMSR+ SIRI			
Gross Additions	4 64	4.88	9.53			
Net Additions	1.86	1 58	3.44			
Beginning of Period Subscribers	7.96	8.98	16.94			
End of Period Subscribers	9 82	10.56	20.38			
• Weighted Average Subscribers	8 80	9.69	18.49			
Programming expense				**Synergies**	PF expense	
Residual program (ex-royalty & marquee Ks)	$111 3	$101.5	$212 8	**$85.1**	$127.7	We are assuming 40% savings in residual programming expenses
R&D						
Research and Development	53 5	33 2	86.8	**34.7**	52.1	We are assuming 40% saving from combined R&D
General and administrative expenses						
Residual General and Administrative expenses	80.6	90 5	171 1	**68.5**	102 7	We are assuming 40% savings in residual G&A expenses
OEM Revenue Share						
OEM Revenue Share	109 1	162.8	271.9	**0.0**	271.9	We do not assume savings on OEM revenue shares
Advertising and marketing						
Advertising and marketing	95 9	117.2	213.1	**106.5**	106.5	We are assuming 50% savings from combined spending
Subscriber Acquisition Cost						
• Reported SAC / Gross Addition	$81 15	$62 00				
Subscriber Acq. Costs	401 40	379.02	780.42	**78.0**	702.4	Assume 10-15% cost savings from combined SAC
Capital Expenditures						
Capital Expenditures	66 77	75.00	141.77	**0.0**	141.8	Expect little cost saving until next round of satellite launches post-2010
Total cost synergies				**$372.9**		

Source Company reports and Deutsche Bank estimates

Figure 6: XM Satellite Radio subscriber model

	2004A	2005A	1Q06	2Q06	3Q06	4Q06	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E
Satellite Radio Industry Subscribers	4,372	9,250	10 580	11,578	12 305	13,653	13,653	14,311	15,391	16,527	17 244	14,311	15,391	16,527	17,244
• % Change Yr / Yr	169 7%	111 5%	102.7%	85 8%	70 7%	47 6%	47 6%	35 3%	32 9%	34 3%	26 3%	4 8%	7 5%	7 4%	4 3%
• Industry Net Additions	2 751 1	4,877 1	1 330 1	998 5	727 1	1,347 4	4 403 0	658 6	1 079 8	1 135 8	717 6	658 6	1 079 8	1,135 8	717 6
XM Satellite Subscribers															
Beginning of Period XM Subscribers	1,360	3,229	5,933	6,502	6,900	7,186	5,933	7,629	7,914	8 195	8,480	7,629	8,985	10,561	12,427
Gross Additions	2,577	4,137	998	926	868	1,065	3,857	868	1 006	978	1,280	4,132	4,884	5,749	6,448
• % Change Yr / Yr	119 9%	60 5%	21 1%	-2 1%	-12 2%	-22 7%	-6 8%	-13 0%	8 7%	12.7%	20 2%	7 1%	18 2%	17 7%	12.2%
Disconnects	(709)	(1,433)	(429)	(528)	(582)	(622)	(2,162)	(583)	(725)	(693)	(775)	(2,776)	(3,308)	(3,883)	(4,450)
• % Monthly Churn (1)	2 6%	2 6%	2 3%	2 6%	2 8%	2 8%	2 7%	2 5%	3 0%	2 8%	3 0%	2 8%	2 8%	2 8%	2 8%
Net Additions	1,869	2,704	569	398	286	443	1,696	285	281	285	505	1,356	1,576	1,867	1,998
• % Change Yr / Yr	84 5%	44 7%	5 1%	-38 5%	-53 7%	-50 7%	-37 3%	-49 9%	-29 4%	-0 3%	14 0%	-20 0%	16 2%	18 4%	7 1%
End of Period XM Subscribers	**3,229**	**5,933**	**6,502**	**6,900**	**7,186**	**7,629**	**7,629**	**7,914**	**8,195**	**8,480**	**8,985**	**8,985**	**10,561**	**12,427**	**14,426**
• Weighted Average Subscribers	2 226 1	4 527 5	6,217 4	6 700 9	7 038 1	7 342 7	6 642 7	7 771 1	8 054 3	8 337 4	8 702.6	8 238 8	9 693 9	11,400 7	13 326 6
XM Satellite Net Addition Breakout										Guidance: 9 0-9.2m, 4/26/07 cc					
OEM Market	836 3	899 8	272 0	238 7	238 5	184 7	933 9	207 3	226 4	265 5	306 1	1,005 4	1,315 2	1,582 0	1,732 7
• % of XM Satellite Net Additions	44 7%	33 3%	47 8%	60 0%	83 4%	41 7%	55 1%	72.7%	80 5%	93 1%	60 7%	74 1%	83 4%	84 8%	86 7%
After Market	1,032 6	1,804 1	296 9	159 4	47 5	258 0	761 7	77 9	54 7	19 7	198 5	350 8	260 9	284 5	265 7
• % of XM Satellite Net Additions	55 3%	66 7%	52 2%	40 0%	16 6%	58 3%	44 9%	27 3%	19 5%	6 9%	39 3%	25 9%	16 6%	15 2%	13 3%
XM Satellite Subscriber Breakout															
OEM Market	1,374 5	2,274 3	2,546 3	2,785 0	3,023 5	3,208 2	3,208 2	3,415 5	3,641 9	3 907 4	4,213 5	4,213 5	5,528 7	7,110 8	8,843 5
• % of XM Satellite Subscribers	42 6%	38 3%	39 2%	40 4%	42 1%	42.1%	42 1%	43 2%	44 4%	46 1%	46 9%	46 9%	52 4%	57 2%	61 3%
After Market	1,854 6	3,658 7	3,955 6	4 114 9	4,162 4	4,420 4	4,420 4	4,498 2	4,552 9	4,572 6	4,771 1	4,771 1	5,032 0	5,316 5	5,582 2
• % of XM Satellite Subscribers	57 4%	61 7%	60 8%	59 6%	57 9%	57 9%	57 9%	56 8%	55 6%	53 9%	53 1%	53 1%	47 6%	42 8%	38 7%

Source Deutsche Bank Securities Inc estimates and company information

Figure 7: XM Satellite Radio income statement (in $ millions)

	2005A	1Q06	2Q06	3Q06	4Q06	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E
Revenue														
Basic Subscription	$499.7	$187.3	$201.3	$213.9	$219.5	$821.9	$234.2	$242.1	$250.0	$280.0	$1,006.2	$1,193.1	$1,449.3	$1,758.8
• Revenue / Avg Sub / Month	$9.46	$10.04	$10.01	$10.13	$9.97	$10.31	$5.05	$8.95	$8.98	$9.02	$10.18	$10.26	$10.59	$11.00
Premium Subscription	3.0	0.8	0.9	1.0	1.0	3.7	2.3	4.2	5.3	(7.3)	4.5	5.3	6.2	7.2
• Revenue / Avg Premium Sub / Month	$2.88	$3.00	$3.00	$3.00	$3.00	$3.00	$2.50	$2.42	$2.37	$2.33	$2.99	$2.99	$2.99	$2.99
• Premium Subscribers	89	98	103	108	114	114	501	657	626	1,002	135	158	186	216
• % of Total Subscribers	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	3.0%	3.5%	4.0%	4.5%	1.5%	1.5%	1.5%	1.5%
Total Subscription	$502.6	$188.1	$202.2	$214.8	$220.5	$825.6	$236.5	$246.3	$255.2	$272.7	$1,010.6	$1,198.4	$1,455.5	$1,766.0
• Gross ARPU	$9.51	$10.07	$10.11	$10.18	$10.07	$10.19	$10.15	$10.19	$10.20	$10.22	$10.22	$10.30	$10.64	$11.04
Rebate								($1.6)	($1.4)	($3.8)	($6.8)	($12.3)	($13.1)	($13.5)
• Rebate / avg subscriber / month			($0.03)	($0.03)			$0.00	($0.02)	($0.01)	($0.04)	($0.07)	($0.11)	($0.10)	($0.08)
• Reported ARPU	$9.51	$10.07	$10.08	$10.15	$10.07	$10.19	$10.15	$10.18	$10.19	$10.18	$10.15	$10.20	$10.54	$10.96
Activation Fee	10.1	3.6	3.9	4.2	4.5	16.2	4.7	4.7	4.7	8.4	22.4	23.3	21.4	20.5
• Revenue / Avg Sub / Month	$0.19	$0.19	$0.20	$0.20	$0.20	$0.20	$0.05	$0.05	$0.05	$0.08	$0.23	$0.20	$0.16	$0.13
Equipment	18.2	3.6	4.9	3.2	10.1	21.7	5.3	6.0	5.9	7.6	24.8	29.3	25.3	25.8
Total Subscriber Revenue, Net Rebate	$530.9	$195.2	$211.0	$222.2	$235.1	$863.5	$246.4	$255.4	$264.3	$284.9	$1,051.0	$1,238.6	$1,489.1	$1,798.7
• % Change Yr / Yr	127.7%	—	—	—	—	62.7%	—	Guidance: Range of $1bn 4/26/07 c c			21.7%	17.9%	20.2%	20.8%
Net Ad Sales	$20.1	$6.5	$9.0	$8.8	$11.0	$35.3	$7.5	$12.2	$12.2	$16.9	$48.8	$72.6	$92.6	$126.4
• % Change Yr / Yr	136.9%	108.6%	105.9%	64.8%	51.6%	75.7%	14.7%	35.8%	38.6%	53.1%	38.1%	48.8%	27.6%	36.5%
• Revenue / Avg Sub / Month	$0.37	$0.35	$0.45	$0.42	$0.50	$0.44	$0.16	$0.23	$0.21	$0.26	$0.49	$0.62	$0.68	$0.79
Royalties & Other	7.3	6.2	7.9	9.5	11.0	34.5	10.2	10.2	10.2	10.9	41.5	45.6	50.2	68.1
Total Revenue	$558.3	$208.0	$227.9	$240.4	$257.1	$933.4	$264.1	$277.8	$286.7	$312.7	$1,141.2	$1,356.8	$1,631.8	$1,993.3
• % Change Yr / Yr	128.4%	102.8%	81.6%	57.0%	45.2%	67.2%	27.0%	21.9%	19.2%	21.6%	22.3%	18.9%	20.3%	22.2%
• Total Revenue / Avg Sub / Month	$10.57	$11.15	$11.34	$11.39	$11.67	$11.71	$5.70	$5.25	$4.87	$4.68	$11.54	$11.66	$11.93	$12.46
Cost of Revenue														
Cost of Equipment	($40.7)	($8.0)	($10.3)	($10.2)	($20.5)	($48.9)	($18.3)	($10.6)	($10.3)	($4.3)	($43.4)	($50.8)	($43.5)	($44.0)
• % of Equipment Revenue	224%	225%	208%	322%	204%	225%	345%	175%	175%	56%	175%	174%	172%	171%
Revenue Share & Royalties	(93.9)	(34.3)	(37.9)	(33.4)	(43.4)	(149.0)	(47.4)	(45.3)	(46.7)	(46.6)	(186.0)	(271.4)	(326.4)	(398.7)
• % of Total Revenue	16.8%	16.5%	16.6%	13.9%	16.9%	16.0%	16.3%	16.3%	16.3%	16.3%	16.3%	20.0%	20.0%	20.0%
• % Change Yr / Yr	85.2%	79.2%	80.0%	29.5%	55.6%	58.7%	38.4%	19.4%	39.9%	7.3%	24.8%	45.9%	20.3%	22.2%
Total Revenue Share & Royalties	($134.6)	($42.3)	($48.2)	($43.6)	($63.9)	($198.0)	($65.7)	($55.8)	($57.0)	($50.9)	($229.4)	($322.2)	($369.9)	($442.7)
• % Change Yr / Yr	116.3%	—	—	—	—	47.1%	—	—	—	—	15.9%	40.5%	14.8%	19.7%
Ad Sales	(10.0)	(2.9)	(3.9)	(2.8)	(3.9)	(13.6)	(3.0)	(4.7)	(3.5)	(5.0)	(16.3)	(21.5)	(26.2)	(33.7)
• % Change Yr / Yr.	61.9%	41.7%	118.9%	13.3%	6.9%	35.9%	19.8%	19.8%	24.8%	24.8%	19.8%	32.3%	21.6%	28.9%
Customer Care and Billing	(76.2)	(22.4)	(26.1)	(26.8)	(28.2)	(103.5)	(27.5)	(43.5)	(45.0)	(12.5)	(128.5)	(145.4)	(171.0)	(196.7)
• $ / Avg. Subscriber / Month	$1.40	$1.20	$1.30	$1.27	$1.28	$1.30	$1.30	$1.80	$1.80	$1.80	$1.30	$1.25	$1.25	$1.23
Satellite & Terrestrial	(42.3)	(12.6)	(11.1)	(11.0)	(11.7)	(46.4)	(13.4)	(16.5)	(16.7)	(13.5)	(60.0)	(69.0)	(82.8)	(99.4)
• % Change Yr / Yr	17.6%	44.5%	5.5%	-6.0%	30.0%	9.7%	29.4%	49.4%	51.4%	51.4%	29.4%	15.0%	20.0%	20.0%
Broadcast	(16.5)	($5.4)	($4.6)	(5.5)	(4.7)	(20.2)	(5.9)	(5.2)	(6.2)	(5.5)	(22.9)	(24.0)	(25.7)	(27.5)
• % Change Yr / Yr	52.4%	50.2%	13.3%	30.3%	30.3%	22.0%	13.6%	13.6%	13.6%	13.6%	13.6%	5.0%	7.0%	7.0%
Operations	(24.4)	(8.3)	(8.4)	(7.3)	(8.3)	(32.3)	(9.3)	(9.6)	(8.3)	(9.7)	(37.0)	(38.9)	(42.4)	(46.2)
• % Change Yr / Yr	85.2%	72.0%	33.5%	12.2%	12.2%	32.1%	14.7%	14.7%	14.7%	14.7%	14.7%	5.0%	9.0%	9.0%
Total Broadcast & Operations	*($41.0)*	*($13.7)*	*($13.0)*	*($12.7)*	*($13.1)*	*($52.4)*	*($15.3)*	*($14.8)*	*($14.5)*	*($15.3)*	*($59.9)*	*($62.9)*	*($68.1)*	*($73.7)*
• % Change Yr / Yr	70.4%	62.7%	25.6%	19.3%	12.9%	28.0%	11.6%	14.3%	14.2%	16.9%	14.3%	5.0%	6.2%	8.2%
Programming and Content Costs	(100.7)	(35.8)	(40.1)	(36.2)	(42.2)	(154.3)	(41.8)	(46.5)	(43.8)	(46.8)	(178.8)	(186.9)	(187.3)	(193.0)
• % Change Yr / Yr	208.0%	103.8%	63.6%	29.0%	29.7%	53.2%	15.9%	15.9%	20.9%	20.9%	15.9%	5.0%	3.0%	3.0%
Total Cost of Revenue	($404.7)	($129.6)	($142.4)	($133.1)	($163.0)	($568.2)	($166.7)	($181.9)	($180.5)	($143.9)	($672.9)	($807.9)	($905.3)	($1,039.1)
• % Change Yr / Yr	100.4%	74.4%	51.2%	27.6%	23.7%	40.4%	28.6%	27.7%	35.6%	-11.8%	18.4%	20.1%	12.1%	14.8%
Gross Profit	$153.6	$78.4	$85.5	$107.3	$94.1	$365.2	$97.5	$95.8	$106.2	$168.8	$468.3	$548.9	$726.6	$954.2
• % Change Yr / Yr	261.4%	177.5%	173.5%	120.0%	107.6%	137.8%	—	—	—	—	28.2%	17.2%	32.4%	31.3%
• % of Revenue	27.5%	37.7%	37.5%	44.6%	36.6%	39.1%	36.9%	34.5%	37.0%	54.0%	41.0%	40.5%	44.5%	47.9%
Research and Development	(30.9)	(9.5)	(6.7)	(6.7)	(5.8)	(28.8)	(5.6)	(5.6)	(5.6)	(14.9)	(31.7)	(33.2)	(34.9)	(36.6)
• % Change Yr / Yr.	31.4%	25.0%	21.0%	10.0%	30.2%	-6.9%	-41.4%	-17.1%	-16.5%	155.9%	10.0%	5.0%	5.0%	5.0%
General and Administrative	(43.4)	(12.6)	(12.7)	(15.7)	(19.6)	(60.5)	(20.1)	(25.5)	(31.6)	(32.7)	(110.0)	(90.5)	(95.0)	(99.8)
• % Change Yr / Yr	51.9%	27.0%	50.0%	20.0%	30.0%	39.5%	81.8%	101.8%	101.8%	66.8%	81.8%	-17.7%	5.0%	5.0%
Pre-Marketing Cash Flow	$79.3	$56.3	$66.1	$85.0	$68.6	$276.0	$71.7	$64.7	$69.0	$121.2	$326.6	$425.2	$596.6	$817.8
• % Change Yr / Yr	—	—	—	—	—	—	—	—	—	—	$0.2	$0.3	$0.4	$0.4
• Pre-Marketing Cash Flow Margin	—	—	—	—	—	29.6%	—	—	—	—	28.6%	31.3%	36.6%	41.0%
Marketing														
Retention and Support	($21.8)	($6.4)	($5.7)	($5.3)	($5.7)	($23.1)	($7.9)	($8.9)	($8.2)	($11.0)	($35.9)	($39.5)	($41.4)	($43.5)
• % Change Yr / Yr	84.2%	42.4%	13.1%	-5.9%	-13.4%	33.0%	55.0%	55.0%	55.0%	55.0%	55.0%	10.0%	5.0%	5.0%
Subsidies and Distribution	(264.7)	(59.7)	(61.1)	(47.3)	(73.5)	(241.6)	(43.6)	(75.5)	(74.3)	(126.0)	(319.4)	(379.0)	(429.7)	(485.0)
• Reported SAC / Gross Addition	$84	$62	$64	$60	$70	$64	$65	$60	$61	$84	$69	$62	$60	$60
• Reported SAC / Gross Addition *installations	$62	$56	$55	$54	$57	$56	$58	$57	$57	$72	$62	$51	$51	$50
• Total Subsidies & Distribution / Gross Addition	$84	$62	$64	$60	$70	$63	$70	$75	$76	$89	$70	$64	$63	$63
Advertising & Marketing	(163.3)	(29.7)	(37.7)	(27.5)	(52.8)	(147.6)	(32.8)	(29.9)	(33.9)	(26.0)	(122.6)	(117.2)	(138.0)	(141.9)
• % Change Yr / Yr	85.4%	13.4%	-7.8%	-7.0%	-20.9%	-9.6%	10.6%	-20.7%	23.2%	-50.7%	-16.9%	-4.4%	17.7%	2.8%
• $ / Gross Addition	$39	$30	$41	$32	$51	$38	$30	$30	$35	$35	$30	$24	$24	$22
Amortization of GM Liability	(37.3)	(9.3)	(7.5)	(6.5)	(6.4)	(29.8)	(6.5)	(2.3)	(2.3)	(14.6)	(25.8)	(25.8)	(25.8)	(25.8)
Total Marketing	($487.1)	($105.1)	($112.0)	($86.6)	($138.4)	($442.1)	($90.8)	($116.6)	($118.7)	($177.6)	($503.6)	($561.5)	($634.9)	($696.1)
Operating Cash Flow (EBITDA)	($407.7)	($48.9)	($46.0)	($1.6)	($69.8)	($166.2)	($19.0)	($51.9)	($49.7)	($56.4)	($177.0)	($136.3)	($38.3)	$121.7
• % Change Yr / Yr	29.9%	—	—	—	—	-59.2%	Guidance: EBITDA loss ex-merger costs $170-180m,				6.5%	-23.0%	-71.9%	-417.9%
• EBITDA Margin	—	—	—	—	—	—	4/26/07 cc				—	—	—	6.1%
Stock based compensation	($1.9)	($12.1)	($13.9)	($16.0)	($26.0)	($68.0)	($14.1)	($13.9)	($16.0)	($24.0)	($68.0)	($68.0)	($68.0)	($68.0)
Depreciation and Amortization	($145.9)	($39.9)	($41.8)	($43.1)	($44.0)	($168.9)	($46.9)	($42.0)	($42.0)	($37.1)	($168.0)	($124.7)	($104.7)	($104.7)
Interest Income	23.6	6.6	6.4	5.2	3.5	21.7	3.5	0.8	0.7	(2.8)	2.2	1.0	0.1	0.7
Interest Expense	(107.8)	(33.2)	(29.3)	(23.8)	(35.0)	(121.3)	(27.6)	(26.1)	(26.3)	(15.1)	(95.1)	(96.4)	(96.4)	(78.2)
Impairment of Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Expense, Net	(24.6)	(22.6)	(105.7)	(3.7)	(84.1)	(216.1)	(17.6)	(8.0)	(8.0)	(8.0)	(41.6)	0.0	0.0	0.0
Net Income / (Loss) before Taxes	($664.4)	($150.1)	($230.3)	($83.0)	($255.4)	($718.9)	($121.8)	($141.1)	($141.3)	($143.3)	($547.5)	($424.5)	($307.3)	($128.6)
Income Tax Provision	(2.3)	0.9	1.2	(0.8)	(1.2)	0.0	(0.7)	(2.3)	(2.3)	3.0	(2.3)	(2.3)	(2.3)	(2.3)
Net Income / (Loss)	($666.7)	($149.2)	($229.2)	($83.8)	($256.7)	($718.9)	($122.4)	($143.4)	($143.6)	($140.3)	($549.8)	($426.8)	($309.6)	($130.8)
Preferred Stock Dividends	(8.6)	(2.1)	(2.6)	(1.6)	(6.5)	(12.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income / (Loss) Attrib. to Common	($675.3)	($151.4)	($231.7)	($85.5)	($263.1)	($731.7)	($122.4)	($143.4)	($143.6)	($140.3)	($549.8)	($426.8)	($309.6)	($130.8)
Average Diluted Shares Outstanding	219.6	253.2	266.1	268.4	293.8	270.6	305.9	306.3	306.6	(625.0)	293.8	334.0	334.0	334.0
Net Income / (Loss) per Share	($3.07)	($0.60)	($0.87)	($0.32)	($0.90)	($2.70)	($0.40)	($0.47)	($0.47)	$0.22	($1.87)	($1.28)	($0.93)	($0.39)
Free Cash Flow	(376.2)	(198.3)	(606.4)	(146.0)	(65.0)	(1,015.7)	(229.5)	(52.7)	(36.8)	(77.5)	(395.8)	(263.1)	(100.1)	101.7
Free Cash Flow per Share	($1.71)	($0.78)	($2.28)	($0.54)	($0.22)	($3.75)	($0.75)	($0.17)	($0.12)	$0.12	($1.35)	($0.79)	($0.30)	$0.30
Memo: Cost per Gross Add (CPGA)														
Subsidies and Distribution	($264.7)	($59.7)	($61.1)	($47.3)	($73.5)	($241.6)	($43.6)	($75.5)	($74.3)	($126.0)	($319.4)	($379.0)	($429.7)	($485.0)
Advertising & Marketing	(163.3)	(29.7)	(37.7)	(27.5)	(52.8)	(147.6)	(32.8)	(29.9)	(33.9)	(26.0)	(122.6)	(117.2)	(138.0)	(141.9)
Loss on Equipment Sales	(22.5)	(4.4)	(5.3)	(7.0)	(10.4)	(27.2)	(13.0)	(4.5)	(4.4)	3.3	(18.6)	(21.5)	(18.2)	(18.2)
Total Costs	($450.6)	($93.8)	($104.1)	($81.8)	($136.7)	($416.5)	($89.4)	($109.9)	($112.6)	($148.7)	($460.6)	($517.8)	($585.9)	($645.1)
• CPGA	$109	$94	$112	$93	$128	$108	$103	$109	$115	$116	$111	$106	$102	$100
								Guidance: $111-$114, 1Q07 cc						

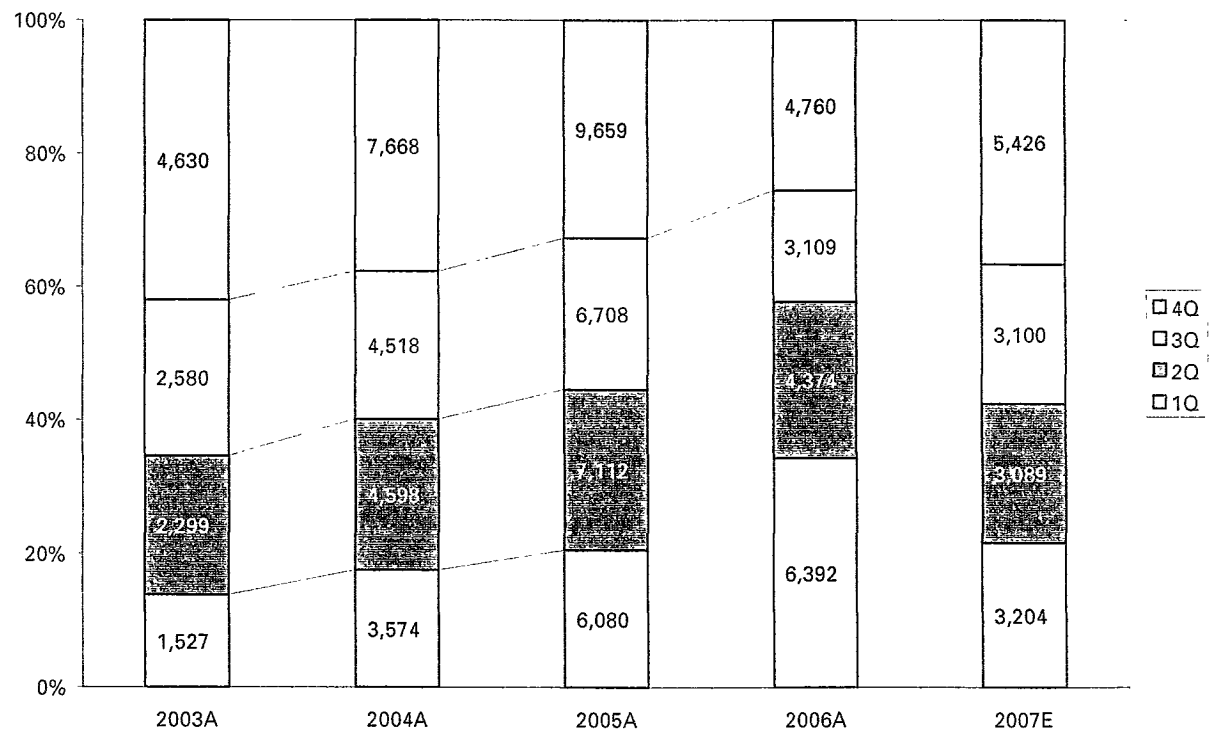
Source Deutsche Bank Securities Inc estimates and company information

Figure 8: XM Satellite Radio cash flow statement (in $ millions)

	2004A	2005A	1Q06	2Q06	3Q06	4Q06	2006A	1Q07E	2Q07E	3Q07E	4Q07E	2007E	2008E	2009E	2010E
Net Income / (Loss)	($642 4)	($666 7)	($149 2)	($229 2)	($83 8)	($256 7)	($718 9)	($122 4)	($143 4)	($143 6)	($140 3)	($549 8)	($426 8)	($309 6)	($130 8)
Plus Depreciation and Amortization	147 2	145 9	39 9	41.8	43 1	43 1	167.9	39 9	42 0	42 0	44 1	168.0	124 7	104 7	104 7
Plus GM Bounty Payments Paid in Stock	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Plus GM Deferred Payments	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Plus: Amortization of GM Liability	0 0	27.9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0 0	0 0
Plus MLB Adjustment	0 0	(143 6)	0 0	0 0	0 0	0 0	0.0	(45.0)	15 0	15 0	15 0	0 0	0 0	0 0	0 0
Less GM Fixed Payments	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0 0	0 0
Plus: Non-Cash Compensation	2 0	6 0	12 1	13 9	16 0	26 0	68 0	14.1	13 9	16 0	24 0	68 0	68 0	68 0	68 0
Plus Non-Cash Interest	53 4	45 6	0 4	(2 2)	2 7	(0 2)	0 8	2 5	(0 9)	2 4	(1 8)	3 0	1 8	(3 2)	0 7
Plus. Amort of Def Fin Fees & Debt Dis	18 5	2 2	(3 3)	7 0	3 0	3 0	9 7	3 0	3 0	3 0	3 0	12 0	12 0	12 0	12 0
Plus Change in Net Operating Assets	238 9	235 3	117.8	(123 8)	(72 3)	(166.1)	(244 3)	(12 9)	46 5	47 1	(2 7)	77 9	83 0	119 2	140 6
Plus Other	96 8	35 3	(178 8)	20 2	18 2	392 8	252.4	(2 5)	(2 5)	(2 5)	(2 5)	(10 0)	(10 0)	(10 0)	(10 0)
Cash Flow From Operations	($85 6)	($168 4)	($161 1)	($272 2)	($73 0)	$42 0	($464 4)	($123 3)	($26 5)	($20 6)	($61 3)	($230 8)	($147 1)	($18 9)	$185.3
			Guidance: Positive for 4Q06, 11/6/06					Guidance: CFO higher in 2007 than 2006 (4/26/07)				Guidance CFO positive for 2008 (4/26/07)			
Less. Capital Expenditures	(25 9)	(61 2)	(15 0)	(34 5)	(9 6)	(107.0)	(166.0)	(16 3)	(16 3)	(16 3)	(16 3)	(65.0)	(75 0)	(77.3)	(79.6)
Less: Systems Under Construction	(144.0)	(118 6)	(22 2)	(62 7)	(63 5)	0 0	(148 4)	(90 0)	(10 0)	0 0	0 0	(100 0)	(41 0)	(4 0)	(4 0)
Plus: Insurance Proceeds	133 9	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0 0
Less. Other	(0 3)	(28 0)	0 0	(237.0)	0 0	0 0	(237 0)					0 0	0 0	0 0	0 0
Free Cash Flow	($121 9)	($376 2)	($198 3)	($606.4)	($146.0)	($65 0)	($1,015 7)	($229 5)	($52 7)	($36 8)	($77 5)	($395 8)	($263 1)	($100.1)	$101.7
Common Stock Proceeds	236.8	319 6	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Bank / Other Debt		(9 7)	0 0	0 0	0.0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
7 75% Convert. Sub Notes	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0 0	0 0	0 0	0 0
9 75% Senior Unsecured Notes due 2014			0 0	600 0	0.0	0 0	600 0					0 0	0 0	0.0	0 0
Senior Unsecured Floating Rate Notes due 2013 (LIBOR + 450b			0 0	200 0	0 0	0.0	200 0					0 0	0 0	0 0	0 0
1 75% Convert. Sub Notes	300 0	100 0	0 0	0.0	0 0	0.0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	(400 0)	0 0
Sen Sec Floating Rate Notes due 5/1/09	200 0	0.0	0 0	(200 0)	0 0	0 0	(200.0)	0.0	0 0	0 0	0 0	0 0	0.0	0 0	0 0
10% Sr Sec Disc. Conv. Notes due 2009	0 0	0 0	(77 5)	(25.1)	4 6	(53 8)	(151 9)	0 0	0 0	0 0	0 0	3 7	4 2	0.0	0 0
14 0% Senior Secured Discount Notes	0 0	(22 8)	(38 4)	(148 2)	0 0	0 0	(186 5)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
10 0% Sr Sec Conv Note (GM/Onstar)	(81 2)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Boeing Capital	(35 0)	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Mortgage	5 1	(0.4)	(0 2)	0 0	(0 3)	(0.1)	(0 6)	(38.9)	0 0	0 0	0 0	(38 9)	0 0	0 0	0 0
Less Fixed Debt / Convert Redemption	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
GM Facility	(103 0)	0 0	0 0	0 0	0 0	0 0	0 0	0.0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Plus Other	(18 2)	0 0	0 0	0 0	0 0	0 0	0 0	249 6	0 0	0 0	0 0	249 6	0 0	0 0	0 0
Balance Available	$299 6	($6 9)	($330 2)	($277.6)	($139 5)	($261 8)	($1,009 1)	($18 8)	($52 7)	($36 8)	($77 5)	($181 4)	($259 0)	($500 1)	$101 7

Source Deutsche Bank Securities Inc estimates and company information

Figure 9: XM net sub additions per day 2003A-2006E



Source Deutsche Bank estimates