SX Exhibit 219 RP

STIFEL NICOLAUS

XM Satellite Radio Holdings, Inc.

XMSR – NASDAQ

Buy

Media and Internet

April 27, 2007

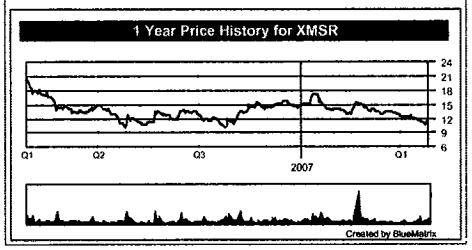
Changes	From (Previous)	To (Current)
Rating	--	Buy
Target Price	--	$18.00
FY07E EPS (Net)	$(1.79)	$(1.81)
FY08E EPS (Net)	$(1.15)	$(1.23)

Stock Data

Price (04/27/07):	$11.90
52-Week Range:	$22 – $10
Market Cap.($mm):	$3,640.2
Shr.O/S-Diluted (mm):	305.9
Enterprise Val. ($mm):	$4,410.5
Avg Daily Vol (3 Mo):	9,210,189
LT Debt/Total Cap.:	15.0%
Net Cash/Share:	NA
Dividend ($):	$0.00
Yield (%):	0.0%
Book Value/Share:	$0.00
S&P Index:	1,494.87

Price is intraday as of 4/27/07.

EPS (Net)	2006A	2007E	2008E
1Q	$(0.55)A	$(0.40)A	NE
2Q	(0.87)A	(0.43)	NE
3Q	(0.32)A	(0.42)	NE
4Q	(0.90)A	(0.58)	NE
FY Dec	$(2.70)A	$(1.81)	$(1.23)
P/E	NM	NM	NM
Revenue (Net)	$933.4M	$1.13B	$1.38B
EV/Revenue	4.7x	3.9x	3.2x



1Q Results; Improving Numbers, Maintaining $18 Target

Kit Spring, CFA 303.291.5201 springk@stifel.com

XM's 1Q results show improvement: XMSR reported EPS of ($0.40) which were better than our estimate of ($0.44) and in line with the street. Total net additions were down 36%, an improvement over the previous 4 quarters. Monthly churn was 1.78%, well below our estimate of 1.9% and a good number to see as churn is a key driver for the business. Offsetting this was a reduction in conversion rate, another key driver, from 52.4% in 4Q 2006 to 51.5% in 1Q. XM regained some market share to finish at 47% and beat our net subscriber addition estimate of 274k, coming in at 285k. ARPU came in at $10.15, above our $10 estimate.

Unfortunately, subscriber guidance still appears a little high to us: XMSR's guidance of 9.0-9.2MM appears unrealistically high unless OEM ramps up substantially more than the 20% gross increase we've assumed or satellite radio as a category sees a retail renaissance due to easy Howard Stern comparisons in 2H07. We maintain our estimate at 8.8MM but we do see the possibility of this number being low.

Our estimates remain relatively unchanged: We are maintaining our EBITDA estimate at ($185MM) which includes merger costs. We expect EBITDA to turn positive in 2008 and FCF positive in 2009. Potential growth in OEM subs remains the best avenue for growth.

Liquidity remains strong: XMSR ended 1Q with $319MM in cash and $400MM in untapped credit facilities, resulting in total available liquidity of $719MM.

Maintaining target of $18 and stand-alone target of $14.50: Our target remains at $18 and is based on a 5-year DCF, which assumes a 10x terminal multiple on EV/FCF and EV/EBITDA and a 10.3% WACC, plus option value of a merger of $3.50. A merger completion in which XMSR recieved 58% of the $5B of merger synergies would result in a $23 target.

Overall, we felt 1Q results positive:

Positives:
- Total revenues were $264.1MM, above our estimate of $262.6, due to high merchandising and other revenues.
- Subscription ARPU was $10.15, above our estimate of $10.00.
- Self paying churn was 1.78%, flat sequentially and below our estimate of 1.9%.
- SAC (subscriber acquisition cost) was $65, below our estimate of $70.
- CPGA (SAC plus marketing costs) was $103, well below our estimate of $115.
- Adjusted operating loss (EBITDA) was $27MM, an improvement of $22M y/y.
- Strong cash position and available liquidity.
- XMSR reports passing 8MM subscribers.
- Reclaiming market share from SIRI, up 3% to 47% from 4Q 2006

Negatives:
- Decrease in conversion rate from 52.4% in 4Q 2006 to 51.5% in 1Q 2007.

OEM penetration remains the key driver of value: The #1 variable in XMSR's financial model, in our opinion, remains the OEM penetration rate, a metric where XMSR clearly disappointed over the last 18 months. We are now assuming that OEM penetration increases from 19% in 2005 and 23% in 2006 to 26% in 2007, 43% in 2008 and 71% by 2012. We believe these are realistic assumptions, but note the risk for both major upside and disappointment. The potential upside case is that satellite radio goes standard as Hyundai, Nissan, Kia, Audi, Volkswagen, and Ford Canada have all announced plans to go standard or near standard. The disappointing case would be that satellite radio will only get to 40%, the level where industry leading GM seems to have stalled and the level that Toyota is targeting for decade end.

Review of Merger Thoughts

We believe the probability of an FCC/DOJ merger approval is ~55%, with market definition as the key variable. Whether or not the merger would be approved depends on if satellite radio is defined as part of a market that includes or excludes terrestrial radio and to a far lesser extent iPods/MP3 players and Internet radio over, both wired and wireless. We believe it is more than likely that all or some of the above would be considered listening alternatives, in which case XMSR and SIRI combined would have a minimal market share - 6% if the market is satellite radio plus terrestrial radio, 4% if the market is defined as satellite radio plus terrestrial radio plus iPods/digital music.

The DOJ defines a market as "any grouping of sales (or other commercial transactions) in which each of the firms whose sales are included enjoys some advantage in competing with those firms whose sales are not included. The advantage need not be great, for so long as it is significant it defines an area of effective competition among the included sellers in which the competition of the excluded sellers is, ex hypothesis, less effective. The process of market definition may result in identification of several appropriate markets in which to test the probable competitive effects of a particular merger." According to the second sentence, we believe one could reasonably determine that the market is either overall radio, satellite radio, or a broader definition including iPods/digital music. The third sentence leads us to believe that satellite radio is its own market. Perhaps the final sentence, which says multiple definitions may be considered, is the most relevant. Based on our analysis of estimated market weightings, we calculate a 55% likelihood of a merger approval and a 45% possibility of disapproval. In our view it really comes down to whether terrestrial radio is a competitor or not. Given that satellite radio's revenue is now about 6% that of radio revenue and a projected ~21% by 2010, we put a higher likelihood on including terrestrial radio than not.

Combined future (2010) revenue share would be slightly more than CCU's national share, but significantly less than the 35% local limit: If our long-term forecasts for XMSR and SIRI are correct, we foresee satellite radio's market share of radio industry revenues at ~21%. While this is slightly bigger than Clear Channel's current 18% revenue share of the radio industry's $21B pie, it does not seem to be an alarming share size relative to other sectors within the media industry (ex: cable, newspapers, local TV, etc.). Perhaps what is more important is not national share, but local share, since most radio listening is local in nature. Assuming a relatively proportionate dispersion of satellite radio customers by designated market area, satellite radio would have a similar local radio revenue market share (6% now and 21% by 2010).

SIRI & XMSR probably won't be able to raise prices after a merger - terrestrial radio is the real competitor: We

believe there is very little competition between XM and Sirius regarding monthly subscriptions, which are both $12.99 per month, though there is some price competition in terms of subsidizing radios. XMSR and SIRI really don't compete against each other at all in the OEM market, which currently accounts for ~45% of subscribers and is growing - buyers seldom make a car purchasing decision based on the satellite radio provider and they can't switch providers without buying a new radio. If XM and Sirius were to merge, indeed they would improve their ability to raise prices on existing subscribers, but in our opinion they wouldn't be a monopoly as terrestrial radio is a legitimate substitute for most consumers. If they were to raise prices, consumers could defect and still hear most of the same songs on terrestrial radio (though not some exclusive content) and get local content, where satellite falls short.

Price increase restrictions could improve the likelihood of a deal passing: Sirius and XM could agree to price increase limitations and the deal would still make a ton of sense, in our opinion. The real goal of this merger is not be to become a monopoly and gouge customers, but to offer more channels to consumers in order to better compete with radio and cut costs dramatically. We doubt Sirius & XM will initially suggest price restrictions as a way to close the deal, but should the DOJ object, such a scenario is a plausible. This scenario will likely increase the probability of an approval.

Failing company clause is unlikely to come into play, but something to consider when calculating potential downside risk: According to the DOJ, "a merger which the Department would otherwise challenge will ordinarily not be challenged if (i) the resources of one of the merging firms are so depleted and its prospects for rehabilitation so remote that the firm faces the clear probability of a business failure". While both XMSR and SIRI have lost billions to date, we do not believe either firm is anywhere close to a liquidity crisis. However, politicians may consider the losses when deciding whether to lobby for or against this merger, which would be a positive in our view. In the event that XM and Sirius don't meet our financial projections and a liquidity event does occur, we believe the DOJ language above suggests a high likelihood of approval, though obviously our industry projections would have to come down, offsetting much of the merger upside potential.

DISH/DTV as a case study - radio market is different: We have often heard investors posit that because DISH/DTV, who had a competitor in cable and weren't allowed to merge in 2001, then XMSR/SIRI won't be allowed to merge. We think the main flaw with this logic is that that terrestrial radio is a much more viable listening substitute for satellite radio, as compared to terrestrial TV broadcasting (local ABC, CBS, NBC, FOX affiliates that can be received without cable) relative to satellite TV. This is evidenced by the market share of penetration for multichannel pay TV (86% of households) relative to satellite radio (~8% of households after adjusting subscribers down from family plans). This is perhaps due to the immature market for satellite radio, but also likely due to the idea that radio is less important than TV for most consumers and that exclusivity of programming is more contrasting for something like ESPN on cable/satellite than it is for ESPN radio on satellite radio.

Synergy estimate of $5B - nearly 40% upside relative to existing enterprise value: The media sector has historically been characterized by a consolidation mentality where bigger is better. We can think of countless mergers where companies stretched for synergies to get bigger. Contrary to the norm in media, in the case of XMSR/SIRI, we see dramatic synergies - $5B in present value terms - which equates to almost half of the current combined enterprise values. The essence of the synergies is that 1) the high fixed costs such as satellites and infrastructure could be effectively cut in half, and 2) XMSR and SIRI wouldn't have to beat each up by overpaying for content and while negotiating the right to be in new cars.

Merger model synergy assumptions are as follows: We have attached a line by line analysis of the income statement for revenue and expense synergies. We admit that there is a high variability of outcomes. One of our greatest challenges in figuring out potential synergies is the cost, time and feasibility of combining the two networks. Certainly there are a variety of outcomes that only management could truly answer. We are currently assuming a total upfront cost of combining the networks of $1.4 billion, including merger and severance fees and network consolidation costs. On a normalized basis we then calculate $503MM of annual costs savings, which would have a present value of $6.4 billion, or $5 billion net of the upfront costs. On the revenue side, we assume the combo will be able to offer more programming by combining channels leading to .8MM more subs over time. We assume no ARPU synergies as the combo may have to agree to price restrictions to get a deal done. This yields $108MM of revenue synergies per annum. On the cost side we see synergies on almost every line item as the combo consolidates networks, R&D and G&A personnel. Over time the combo should be able to save on programming and OEM splits slightly. SAC and CPGA could come down modestly as the combo would lead to faster mass production of radios and less advertising.

Company Description

XM Satellite Radio Holdings, Inc. operates as a satellite radio service company primarily in the United States. It

provides music, news, talk, information, entertainment, and sports programming for reception by vehicle, home, and portable radios, as well as over the Internet to approximately 6 million subscribers. The company also provides XM NavTraffic, a satellite traffic data service that provides real-time traffic information, and XM WX satellite weather service that offers graphical data weather service to the marine and aviation markets. In addition, it provides online music purchase and playlist management capability. As of January 31, 2006, XM Satellite Radio operated approximately 160 channels, including 67 commercial-free music channels, 34 news, talk, and entertainment channels, 39 sports channels, 21 instant traffic and weather channels, and 1 emergency alert channel. XM Satellite Radio was founded in 1992 and is headquartered in Washington, D.C.

XM Satellite Radio - XMSR
Quarterly Income Statement

$ in millions, except per share data	2004A	1Q05A	2Q05A	3Q05A	4Q05A	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Gross OEM additions	**1.380**	**0.405**	**0.524**	**0.549**	**0.438**	**1.916**	**0.491**	**0.518**	**0.553**	**0.524**	**2.085**	**0.537**	**0.550**	**0.625**	**0.800**	**2.512**
y/y growth	58%	33%	61%	55%	10%	39%	21%	-1%	1%	20%	9%	9%	6%	13%	53%	20%
Subs in OEM Promotional Period	0.402	0.206	0.566	0.625	0.461	0.461	0.548	0.573	0.613	0.555	0.555	0.565	0.606	0.686	0.869	0.869
Churn in quarter	0.59	0.183	0.193	0.237	0.322	0.94	0.226	0.288	0.335	0.353	1.20	0.312	0.393	0.417	0.463	1.585
Net OEM additions	**0.790**	**0.222**	**0.331**	**0.312**	**0.116**	**0.981**	**0.265**	**0.230**	**0.217**	**0.172**	**0.884**	**0.225**	**0.157**	**0.208**	**0.337**	**0.927**
y/y growth	56%	44%	65%	50%	-49%	24%	20%	-31%	-30%	48%	-10%	31%	-32%	-4%	96%	5%
% of total for the period	42%	41%	51%	51%	13%	36%	47%	58%	76%	39%	52%	79%	81%	96%	76%	81%
Gross retail additions	**1.220**	**0.416**	**0.422**	**0.440**	**0.936**	**2.214**	**0.491**	**0.409**	**0.315**	**0.540**	**1.755**	**0.331**	**0.276**	**0.250**	**0.350**	**1.207**
y/y growth	121%	114%	71%	78%	76%	81%	18%	-3%	-28%	-42%	-21%	-39%	-33%	-21%	-35%	-31%
Churn in quarter	0.14	0.097	0.106	0.135	0.153	0.49	0.187	0.240	0.246	0.270	0.94	0.271	0.239	0.241	0.242	0.99
Net retail additions	**1.077**	**0.319**	**0.316**	**0.305**	**0.782**	**1.723**	**0.304**	**0.168**	**0.069**	**0.271**	**0.812**	**0.060**	**0.036**	**0.009**	**0.108**	**0.213**
y/y growth	113%	92%	45%	47%	61%	60%	-5%	-47%	-77%	-65%	-53%	-78%	-79%	-88%	-60%	-74%
% of total for the period	58%	59%	49%	49%	85%	64%	53%	42%	24%	61%	48%	21%	19%	4%	24%	19%
Total net additions	**1.867**	**0.541**	**0.647**	**0.617**	**0.898**	**2.704**	**0.569**	**0.398**	**0.286**	**0.443**	**1.696**	**0.285**	**0.193**	**0.217**	**0.445**	**1.140**
y/y growth	84%	69%	55%	48%	26%	45%	5%	-39%	-54%	-51%	-37%	-36%	-52%	-24%	1%	-33%
Incremental % of new additions for year	100%	20%	24%	23%	33%	100%	34%	23%	17%	26%	100%	25%	17%	19%	39%	100%
Ending Net OEM	1.436	1.657	1.989	2.301	2.417	2.417	2.682	2.911	3.129	3.300	3.300	3.525	3.682	3.890	4.228	4.228
% of Total	44%	44%	45%	46%	41%	41%	41%	42%	44%	43%	43%	45%	45%	47%	48%	48%
Ending Net Retail	1.791	2.111	2.427	2.732	3.514	3.514	3.818	3.986	4.055	4.326	4.326	4.386	4.423	4.431	4.539	4.539
% of Total	55%	56%	55%	54%	59%	59%	59%	58%	56%	57%	57%	55%	55%	53%	52%	52%
Ending Net Total Subscribers	3.229	3.770	4.417	5.035	5.933	5.933	6.502	6.900	7.186	7.628	7.628	7.912	8.105	8.322	8.767	8.767
Conversion Rate							54.3%				52.4%	51.5%				
Subscribers	2004A	1Q05A	2Q05A	3Q05A	4Q05A	2005A	1Q06A	2Q06A	3Q06A	4Q06A	85.00	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Beginning of period subscribers	1.361	3.229	3.770	4.417	5.035	3.229	5.933	6.502	6.900	7.186	5.933	7.629	7.914	8.107	8.324	7.629
New gross additions	2.601	0.822	0.946	0.989	1.374	4.130	0.982	0.926	0.868	1.065	3.841	0.868	0.826	0.875	1.150	3.719
Churn	(0.733)	(0.281)	(0.299)	(0.372)	(0.476)	(1.427)	(0.413)	(0.528)	(0.582)	(0.622)	(2.145)	(0.583)	(0.633)	(0.658)	(0.705)	(2.579)
Monthly churn (incl OEM Trial Churn)	2.8%	2.7%	2.4%	2.6%	3.0%	2.7%	2.4%	2.6%	2.8%	2.8%	2.6%	2.8%	2.6%	2.8%	2.8%	2.8%
Monthly churn (ex OEM Trial Churn)	1.2%	1.4%	1.4%	1.4%	1.6%	1.5%	1.64%	1.83%	1.82%	1.79%	1.8%	1.78%	1.82%	1.82%	1.82%	1.8%
Net Additions	1.867	0.541	0.647	0.617	0.898	2.704	0.569	0.398	0.286	0.443	1.696	0.285	0.193	0.217	0.445	1.140
Ending net subscribers	3.229	3.770	4.417	5.035	5.933	5.933	6.502	6.900	7.186	7.628	7.628	7.914	8.107	8.324	8.769	8.769
Avg subscribers	2.295	3.500	4.094	4.726	5.484	4.581	6.217	6.701	7.043	7.407	6.781	7.771	8.010	8.215	8.546	8.199
Avg monthly subscription rev/sub - ARPU	$8.68	$8.84	$9.35	$9.78	$9.85	$9.51	$10.07	$10.08	$10.15	$10.07	$10.09	$10.15	$10.00	$10.00	$10.00	$10.04
Total monthly revenue/subscriber	$9.59			$10.69	$11.17	$10.57	$11.13	$11.36	$11.36			$ 11.34				
	2004A	1Q05A	2Q05A	3Q05A	4Q05A	2005A	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Subscriber revenue	221.1	93.0	113.4	140.0	156.3	502.6	188.1	202.2	214.8	220.5	825.6	236.5	240.3	246.5	250.4	973.6
Activation	12.1	5.1	6.1	5.3	11.7	28.2	7.1	8.9	7.4	4.5	27.8	4.7	5.5	5.0	7.0	22.2
Sub + Activation	233.1	98.1	119.5	145.3	168.0	530.9	195.2	211.0	222.2	225.0	853.5	241.1	245.8	251.5	257.4	995.8
Advertising rev, net of agency fees	8.5	3.1	4.4	5.3	7.3	20.1	6.5	9.0	8.8	11.0	35.3	7.5	10.7	10.2	12.7	41.2
Other revenue (CSR, NHL, O&A Syn)	2.8	1.3	1.6	2.5	1.9	7.3	6.2	7.9	9.5	21.1	44.6	15.5	17.0	18.0	25.0	75.5
Total Revenue	**244.4**	**102.6**	**125.5**	**153.1**	**177.1**	**558.3**	**208.0**	**227.9**	**240.4**	**257.1**	**933.4**	**264.1**	**273.6**	**279.7**	**295.1**	**1,112.5**
Revenue share & royalties	50.7	19.1	21.1	25.8	27.9	93.9	34.3	37.9	33.4	41.4	149.0	47.4	52.0	53.1	56.1	208.6
% of revenue	21%	19%	17%	17%	16%	17%	16%	17%	14%	17%	16%	18%	19%	19%	19%	19%
Cost of equipment / merchandise	11.6	3.1	7.5	7.9	22.3	40.7	8.0	10.3	10.2	20.5	48.9	18.3	10.3	10.2	18.0	56.7
Total rev share royalties, & cost of equip	62.2	22.2	28.6	33.6	50.2	134.6	42.3	48.2	43.6	61.9	198.0	65.7	62.2	63.3	74.1	265.3
Ad Sales	6.2	2.1	1.8	2.5	3.6	10.1	3.4	4.5	3.4	4.8	16.0	3.4	5.1	3.9	5.4	17.7
Customer care & billing	40.9	15.4	18.5	17.8	24.6	76.2	22.5	26.4	27.2	28.9	104.9	27.9	28.8	29.5	30.7	117.0
Satellite & terrestrial	35.9	8.7	10.5	11.8	11.4	42.4	13.0	11.6	11.7	12.7	49.0	13.9	13.0	13.0	13.0	52.9
Broadcast & operations	24.0	8.4	10.3	10.8	11.6	41.1	14.7	14.0	14.0	15.0	57.7	16.3	14.5	15.0	15.0	60.8
Programing & content	32.7	17.5	24.5	28.4	30.6	101.0	37.6	42.3	38.9	46.4	165.2	44.0	46.0	46.0	46.0	182.0
Total cost of revenue	**201.9**	**74.3**	**94.2**	**105.0**	**131.8**	**405.3**	**133.5**	**146.8**	**138.7**	**171.7**	**590.7**	**171.1**	**169.6**	**170.7**	**184.2**	**695.6**
Research & development	23.5	6.1	7.0	7.9	10.2	31.2	11.0	8.5	8.8	9.1	37.4	7.3	9.1	9.1	9.1	34.6
General & administrative	28.6	7.3	10.8	12.5	13.2	43.9	17.8	18.7	22.0	30.3	88.8	34.2	42.5	42.5	47.5	166.7
Other	-	2.0	-	-	-	2.0	-	-	-		-	-	-	-	-	-
Impairment of goodwill																
Pre-Marketing Cash Flow	**(9.6)**	**16.8**	**13.4**	**27.7**	**21.9**	**79.8**	**45.7**	**53.9**	**70.9**	**46.0**	**216.5**	**51.5**	**52.4**	**57.4**	**54.4**	**215.6**
Retention & support	13.3	4.5	5.1	6.1	6.6	22.3	8.0	7.4	7.3	9.1	31.8	9.8	8.0	8.0	8.0	33.8
Subsidies & distribution	165.7	48.1	48.5	54.2	113.9	264.7	59.7	61.1	47.3	73.5	241.6	41.6	53.7	56.9	74.8	228.9
Advertising & marketing	88.1	26.2	40.9	29.6	66.7	163.3	29.7	37.7	27.5	52.8	147.6	32.8	38.0	40.3	69.0	180.0
Marketing, net of GM amortization	267.1	78.8	94.5	89.9	187.1	450.3	97.4	106.2	82.1	135.3	421.1	86.2	99.6	105.1	151.8	442.7
Amortization of GM liability	37.3	9.3	9.3	9.3	9.3	37.3	9.3	7.4	6.5	6.5	29.8	6.5	7.4	6.5	7.5	27.9
EBITDA - including 123r options expense	(313.9)	(71.3)	(89.9)	(71.5)	(174.6)	(407.7)	(61.0)	(59.8)	(17.7)	(95.8)	(234.3)	(41.2)	(54.7)	(54.3)	(104.9)	(255.0)
FAS 123R options expense							12.1	13.9	16.0	26.0	68.0	14.1	13.9	16.0	26.0	70.1
EBITDA excluding options expense							(49.0)	(45.9)	(1.6)	(69.8)	(166.3)	(27.0)	(40.8)	(38.2)	(78.8)	(184.9)
Depreciations & amortization	147.2	32.1	36.7	38.0	39.0	145.9	39.9	41.8	43.1	44.0	168.9	46.9	47.0	47.0	47.0	187.9
Total Operating expenses	705.5	205.9	252.5	262.6	390.8	1,111.8	308.9	329.5	301.2	397.0	1,336.6	352.2	375.3	381.0	447.0	1,555.4
Operating income	(461.0)	(103.3)	(127.1)	(109.5)	(213.6)	(553.6)	(100.9)	(101.7)	(60.8)	(139.9)	(403.2)	(88.0)	(101.7)	(101.3)	(151.9)	(442.9)
Interest income	6.2	4.0	5.1	7.3	7.2	23.6	6.6	6.4	5.2	3.5	21.7	3.5	1.0	0.7	0.7	5.8
Interest expense	(85.8)	(20.0)	(24.5)	(26.7)	(36.6)	(107.8)	(33.2)	(29.3)	(23.8)	(35.0)	(121.3)	(27.6)	(27.6)	(27.6)	(27.6)	(110.4)
Other	(74.9)	-	0.5	(2.3)	(24.8)	(26.6)	(22.6)	(105.7)	(3.7)	(84.1)	(216.1)	(3.0)	-	-	-	(3.0)
Equity in Net loss of affiliate												(5.4)	(5.0)	(5.0)	(5.0)	(20.4)
Minority interest												(1.7)	(3.2)	(3.2)	(3.2)	(11.3)
Other income												0.4				0.4
Pretax income	(615.4)	(119.3)	(146.0)	(131.3)	(267.7)	(664.4)	(150.2)	(230.3)	(83.0)	(255.5)	(719.0)	(121.8)	(128.3)	(128.2)	(178.8)	(550.5)
Income tax expense (benefit)	27.3	0.6	0.6	0.6	0.6	2.3	(0.9)	(1.2)	0.8	1.2	(0.0)	(0.7)	-	-	-	(0.7)
Effective corporate tax	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Net income (loss) from cont. ops	**(642.8)**	**(119.9)**	**(146.6)**	**(131.9)**	**(268.3)**	**(666.7)**	**(149.4)**	**(229.1)**	**(83.8)**	**(256.7)**	**(719.0)**	**(122.4)**	**(128.3)**	**(128.2)**	**(178.8)**	**(549.8)**
Series B & C p/s dividend requirement	(8.5)	(2.1)	(2.2)	(2.1)	(2.1)	(8.6)	(2.1)	(2.6)	(1.6)	(0.5)	(6.9)	-	(2.6)	(1.6)	(1.6)	(5.8)
Series B p/s conversion gain																
Series C retirement loss										(5.9)	(5.9)					
Other																
Net income for common	(651.3)	(122.1)	(148.8)	(134.0)	(270.5)	(675.3)	(151.5)	(231.7)	(85.5)	(263.2)	(731.8)	(122.4)	(130.9)	(129.8)	(180.5)	(555.6)
EPS ex one-time items	**$ (3.30)**	**$ (0.58)**	**$ (0.70)**	**$ (0.60)**	**$ (1.22)**	**$ (3.07)**	**$ (0.60)**	**$ (0.87)**	**$ (0.32)**	**$ (0.90)**	**$ (2.70)**	**$ (0.40)**	**$ (0.43)**	**$ (0.42)**	**$ (0.58)**	**$ (1.81)**

Source Company reports and Stifel Nicolaus estimates

XM Satellite Radio - XMSR
Annual Income Statement
$ in millions except per share data

	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Total U.S. Cars	16.9	16.9	17.0	17.0	17.0	17.1	17.3	17.5	17.6
% Partnered w/ XM	58%	58%	58%	60%	60%	60%	60%	60%	60%
Cars Partnered w/ XM	9.8	9.9	9.9	9.9	10.0	10.1	10.2	10.3	10.4
Percent of new autos equipped w/ satellite capacity	14%	19%	21%	26%	41%	53%	66%	69%	71%
Autos produced with XM capacity	1.4	1.9	2.1	2.6	4.3	5.3	6.7	7.1	7.4
Take-rate	60%	56%	53%	50%	48%	46%	45%	44%	40%
Incremental XM subs from new autos after take-rate churn	0.966	1.284	1.355	1.630	2.605	3.159	3.942	4.124	4.076
Gross OEM adds	**1.380**	**1.916**	**2.085**	**2.512**	**4.028**	**5.024**	**6.273**	**6.660**	**6.910**
y/y growth	38%	39%	9%	20%	60%	25%	25%	6%	4%
Ending subs in OEM promotional period	0.402	0.461	0.555	0.869	1.175	1.422	1.719	1.785	1.818
Churn	0.590	0.936	1.202	1.585	2.431	3.239	4.253	4.885	5.701
Incremental net OEM	**0.790**	**0.981**	**0.884**	**0.927**	**1.597**	**1.785**	**2.020**	**1.775**	**1.209**
% of total	42%	36%	52%	81%	97%	102%	106%	108%	117%
y/y growth	56%	24%	-10%	5%	1%	12%	13%	-12%	-32%
Gross Retail adds	**1.120**	**2.214**	**1.755**	**1.207**	**1.086**	**1.032**	**0.980**	**0.931**	**0.884**
y/y growth	121%	81%	-21%	-31%	-10%	-5%	-5%	-5%	-5%
Churn	0.144	0.491	0.944	0.993	1.035	1.074	1.091	1.065	1.058
Incremental net retail	**1.077**	**1.723**	**0.812**	**0.213**	**0.051**	**(0.042)**	**(0.111)**	**(0.134)**	**(0.176)**
% of total	58%	64%	48%	19%	3%	-2%	-6%	-8%	-17%
y/y growth	113%	60%	-53%	-74%	76%	-183%	162%	20%	30%
Total net additions	**1.867**	**2.704**	**1.696**	**1.140**	**1.648**	**1.743**	**1.908**	**1.642**	**1.035**
Ending net OEM	1.436	2.417	3.300	4.228	5.825	7.610	9.630	11.405	12.614
% of total	44%	41%	43%	48%	56%	63%	68%	73%	75%
Ending net retail	1.791	3.514	4.326	4.539	4.590	4.548	4.436	4.303	4.129
% of total	55%	59%	57%	52%	44%	37%	32%	27%	25%

Subscribers.	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Beginning of period subs	1.360	3.229	5.933	7.628	8.769	10.417	12.160	14.068	15.709
Gross new additions	2.601	4.130	3.841	3.719	5.114	6.055	7.253	7.591	7.794
Less Churn	(0.733)	(1.427)	(2.145)	(2.579)	(3.466)	(4.313)	(5.344)	(5.949)	(6.759)
Monthly churn (ex. OEM Trial Churn)	*1.2%*	*1.5%*	*1.8%*	*1.8%*	*1.9%*	*1.9%*	*2.00%*	*2.00%*	*2.05%*
Net Additions	1.867	2.704	1.696	1.140	1.648	1.743	1.908	1.642	1.035
Ending subscribers	3.229	5.933	7.628	8.769	10.417	12.160	14.068	15.709	16.745
Avg. subscribers	2.294	4.581	6.781	8.199	9.593	11.288	13.114	14.889	16.227
Average Monthly Revenue / Sub	$8.68	$9.51	$10.09	$10.04	$10.41	$10.66	$11.73	$12.43	$13.05
Subscriber revenue	221.1	502.6	825.6	973.6	1,201.7	1,470.6	1,845.1	2,220.5	2,541.2
Depreciations & amortization	4.8	10.1	10.8	5.2	15.3	18.2	21.8	22.8	23.4
Merchandise	7.3	18.2	17.0	17.0	20.5	24.2	29.0	30.4	31.2
Total Subscriber revenue	233.1	530.9	853.5	995.8	1,237.5	1,513.0	1,895.9	2,273.7	2,595.7
Advertising rev. net of agency fees	8.5	20.1	35.3	41.2	60.3	80.6	105.0	120.4	-
Other revenue	2.8	7.3	44.6	75.5	79.3	83.2	87.4	91.8	96.4
Revenue	244.4	558.3	933.4	1,112.5	1,377.0	1,676.8	2,088.3	2,485.9	2,692.1
Revenue share & royalties	50.7	93.9	149.0	208.6	266.4	336.6	435.5	542.4	592.3
% of revenues	*21%*	*17%*	*16%*	*19%*	*19%*	*20%*	*21%*	*22%*	*22%*
Cost of equipment	11.6	40.7	48.9	56.7	61.4	72.7	87.0	91.1	93.5
Total rev share royalties, & cost of equip.	62.2	134.6	198.0	265.3	327.7	409.3	522.5	633.5	685.8
Ad Sales	6.2	10.1	16.0	17.7	25.3	33.5	43.2	49.4	1.2
Customer care & billing	40.9	76.2	104.9	117.0	125.9	135.5	152.6	169.7	185.0
$ / sub / month	$1.48	$1.39	$1.29	$1.19	$1.09	$1.00	$0.97	$0.95	$0.95
Satellite & terrestrial	35.9	42.4	49.0	52.9	56.1	61.7	63.5	65.4	67.4
Broadcast	10.8	16.6	23.0	24.5	25.8	27.1	28.4	29.8	31.3
Operations	13.2	24.5	34.7	36.2	38.0	39.9	41.9	44.0	46.2
Broadcast & operations	24.0	41.1	57.7	60.8	63.8	67.0	70.3	73.9	77.5
Programming & content	32.7	101.0	165.2	182.0	191.0	200.6	210.6	221.2	232.2
Total cost of revenue	201.9	495.3	590.7	695.6	789.9	907.5	1,062.9	1,213.1	1,249.2
Research & development	23.5	31.2	37.4	34.6	36.3	38.2	40.1	42.1	44.2
General & administrative	28.6	43.9	88.8	166.7	93.5	97.2	100.2	103.2	106.3
Impairment of goodwill	-	-	-	-	-	-	-	-	-
Other income (expense) net	-	2.0	-	-					
Pre-Marketing Cash Flow	(9.6)	79.8	216.5	215.6	457.3	634.0	884.2	1,127.6	1,292.5
Retention & support	13.3	22.3	31.8	33.8	36.9	40.0	43.2	45.7	47.2
Subsidies & distribution	165.7	264.7	241.6	228.9	283.3	294.6	304.6	303.6	311.8
Total SAC/Gross add	$66	$64	$68	$65	$55	$47	$42	$40	$40
Advertising & marketing	88.1	163.3	147.6	180.0	183.6	187.3	191.1	194.9	198.8
Per Gross Add	$34	$45	$37	$47	$36	$31	$26	$26	$26
CPGA (SAC + Advertising)	*$109*	*$109*	*$105*	*$112*	*$91*	*$85*	*$74*	*$72*	*$72*
Marketing, net of GM amortization	267.1	450.3	421.1	442.7	501.9	511.9	538.8	544.2	557.7
Amortization of GM liability	17.1	17.3	29.8	27.9	27.9	27.9	27.9	27.9	27.9
EBITDA incld Stock Options	(313.9)	(407.7)	(234.3)	(255.0)	(72.5)	94.1	318.5	555.5	706.8
EBITDA Margin					-5%	6%	15%	22%	26%
FAS 123R options expense			68.0	70.1	70.1	70.1	70.1	70.1	70.1
EBITDA excld Stock Options	(313.9)	(407.7)	(166.3)	(184.9)	(2.4)	164.2	388.6	625.6	776.9
EPS ex one-time items	($1.17)	($3.07)	($2.68)	($1.81)	($1.23)	($0.74)	$0.01	$0.74	$1.24
Ending Fully Diluted Shares Outstanding	279.2	315.2	349.3	347.8	349.4	351.0	351.5	351.5	351.5
Avg FD Shs (Treasury method) EPS	197.3	219.6	270.6	307.4	310.4	307.4	351.5	351.5	351.5
YOY Growth Rates									
Subscribers	137%	84%	29%	15%	19%	17%	16%	12%	7%
Revenues	160%	128%	67%	19%	24%	22%	25%	19%	8%
EBITDA					-72%	-210%	239%	74%	27%
EPS						-40%	-102%	4949%	68%
FCF					-80%	-125%	1759%	72%	26%

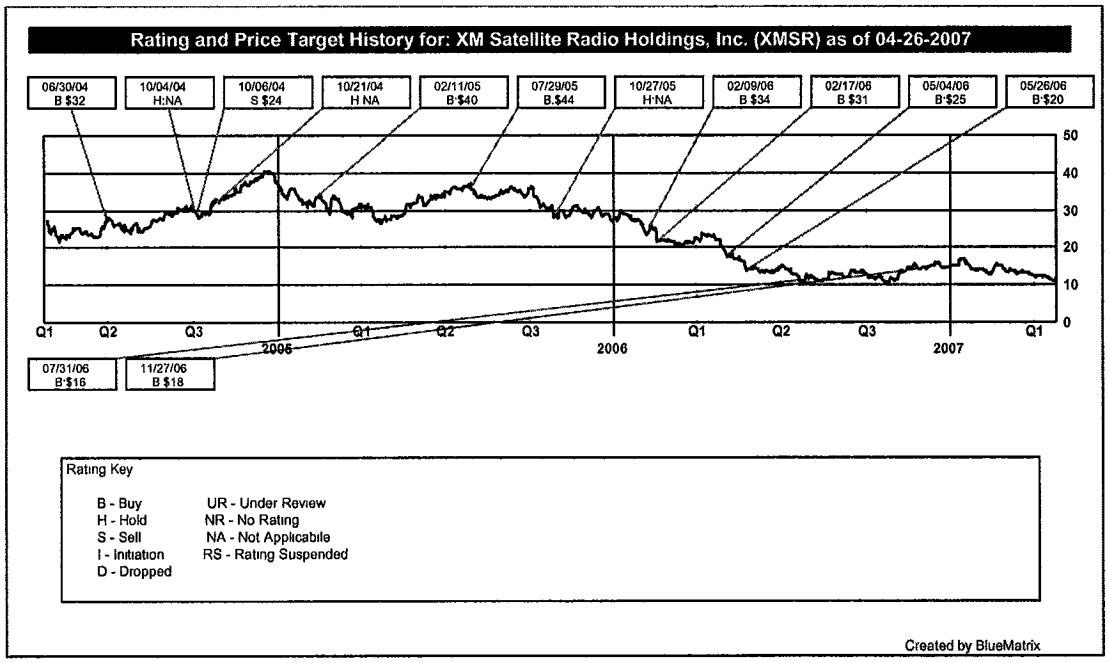
Statement of Cash Flows	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Cash Flow from Operations	(85.6)	(168.4)	(483.9)	(197.2)	2.3	173.0	410.7	653.6	801.9
Cash Flow from Investing	(16.3)	(207.8)	(264.2)	(170.0)	(75.0)	(155.0)	(75.0)	(75.0)	(75.0)
Cash Flow from Financing	421.4	369.4	255.7	229.2	50.0	-	(300.0)	-	-
Net Cash Flow	299.6	(6.9)	(492.5)	(138.0)	(22.7)	18.0	35.7	578.6	726.9
FCF calculation									
Cash flow from operations	(85.6)	(168.4)	(483.9)	(197.2)	2.3	173.0	410.7	653.6	801.9
- Capital expenditures	(169.9)	(179.8)	(274.2)	(170.0)	(75.0)	(155.0)	(75.0)	(75.0)	(75.0)
+ Insurance proceeds	133.9		-	-	-	-	-	-	-
Free Cash Flow	(121.6)	(348.2)	(758.2)	(367.2)	(72.7)	18.0	335.7	578.6	726.9
FCF/Share	($0.44)	($1.10)	($2.17)	($1.06)	($0.21)	$0.05	$0.96	$1.65	$2.07
FCF/Share multiple	NM	NM	NM	NM	NM	234x	13x	7x	6x

Enterprise Value Calculation	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
	955.3	1,035.6	1,286.2	1,530.5	1,583.8	1,587.6	1,147.5	1,147.5	1,147.5
Net Debt incl converts	237.4	324.6	1,067.7	1,450.0	1,526.1	1,511.8	1,036.0	457.3	(269.6)
Warrant & Option Proceeds & other investments	(225.7)	(764.0)	(967.1)	(1,012.1)	(1,081.7)	(1,158.3)	(1,242.5)	(1,329.1)	(1,706.6)
Y/E Market Cap at $12.00 per share	3,350.6	3,782.3	4,192.1	4,174.1	4,192.5	4,212.2	4,218.2	4,218.2	4,218.2
Enterprise Value	3,202.2	3,199.5	4,259.6	4,579.0	4,600.5	4,525.6	4,011.7	3,346.4	2,642.1
EV/EBITDA - Pro Forma	NM	NM	NM	NM	NM	48.1x	12.6x	6.0x	3.7x
Enterprise value / subscriber	992	539	558	522	442	372	285	213	158
Enterprise value / sales		5.7x	4.6x	4.1x	3.3x	2.7x	1.9x	1.3x	1.0x
Liquidity (Cash + Unused Debt Capacity)			719	588	588	526	561	1,140	1,867

Source: Company reports and Stifel Nicolaus Estimates

Important Disclosures and Certifications

I, Kit Spring, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, Kit Spring, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.



For a price chart with our ratings and target price changes for XMSR go to http://sf.bluematrix.com/bluematrix/Disclosure?ticker=XMSR

Prior to December 1, 2005, Stifel, Nicolaus & Company, Inc. utilized several investment rating systems that were different than the rating system currently utilized as described above. For purposes of XM Satellite Radio Holdings, Inc.'s price chart, "Strong Buy", "Buy" and "Market Outperform" under the former Stifel Nicolaus investment rating systems shall correspond to "Buy" under the current Stifel Nicolaus investment rating system, and "Market Perform" and "Market Underperform" under the former Stifel Nicolaus investment rating systems shall correspond to "Hold" and "Sell", respectively, under the current Stifel Nicolaus investment rating system. Please contact the Stifel Nicolaus Equity Research Department at (410) 454-5753 for a written description of the investment rating systems previously utilized by Stifel Nicolaus research analysts during the past three years.

Stifel, Nicolaus & Company, Inc. or an affiliate makes a market in the securities of XM Satellite Radio Holdings, Inc.

Stifel, Nicolaus & Company, Inc.'s research analysts receive compensation that is based upon (among other factors) Stifel Nicolaus' overall investment banking revenues.

Our investment rating system is three tiered, defined as follows:

BUY -We expect this stock to outperform the S&P 500 by more than 10% over the next 12 months. For higher-yielding equities such as REITs and Utilities, we expect a total return in excess of 12% over the next 12 months.

HOLD -We expect this stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. A Hold rating is also used for those higher-yielding securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

SELL -We expect this stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value.

Of the securities we rate, 41% are rated Buy, 56% are rated Hold, and 3% are rated Sell.

Within the last 12 months, Stifel, Nicolaus & Company, Inc. or an affiliate has provided investment banking services for

16%, 11% and 13% of the companies whose shares are rated Buy, Hold and Sell, respectively.

Additional Disclosures

Please visit the Research Page at www.stifel.com for the current research disclosures applicable to the companies mentioned in this publication that are within Stifel Nicolaus' coverage universe.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, Nicolaus & Company, Inc. or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within.

Each of Stifel, Nicolaus & Company, Inc. and Ryan Beck & Co., Inc. is a multi-disciplined financial services firm that regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions. Moreover, Stifel Nicolaus, Ryan Beck and their respective shareholders, directors, officers and/or employees, may from time to time have long or short positions in such securities or in options or other derivative instruments based thereon.

These materials have been approved by Stifel Nicolaus Limited, authorized and regulated by the Financial Services Authority (UK), in connection with its distribution to intermediate customers and market counterparties in the European Economic Area. (Stifel Nicolaus Limited home office: London +44 20 7557 6030.) No investments or services mentioned are available in the European Economic Area to private customers or to anyone in Canada other than a Designated Institution.This investment research report is classified as objective for the purposes of the FSA requirements relating to Conflicts of Interest management. Additional information is available upon request. Please contact a Stifel Nicolaus entity in your jurisdiction.

Additional Information Is Available Upon Request

© 2007 Stifel, Nicolaus & Company, Incorporated 100 Light Street Baltimore, MD 21202