SX Exhibit 228 RP

STIFEL NICOLAUS

Sirius Satellite Radio, Inc.

SIRI – NASDAQ

Buy

Media and Internet

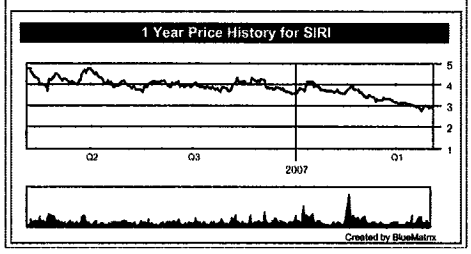
May 7, 2007

Changes	From (Previous)	To (Current)
Rating	--	Buy
Target Price	--	$5.00
FY07E EPS (Net)	$(0.54)	$(0.40)
FY08E EPS (Net)	$(0.21)	$(0.22)

Stock Data

Price (05/04/07):	$2.85
52-Week Range:	$5 – $3
Market Cap.($mm):	$5,055.0
Shr.O/S-Diluted (mm):	1,773.7
Enterprise Val. ($mm):	$6,177.0
Avg Daily Vol (3 Mo):	45,405,200
Dividend ($):	$0.00
Yield (%):	0.0%
S&P Index:	1,505.62

EPS (Net)	2006A	2007E	2008E
1Q	$(0.33)A	$(0.10)	NE
2Q	(0.17)A	(0.10)	NE
3Q	(0.12)A	(0.08)	NE
4Q	(0.17)A	(0.12)	NE
FY Dec	$(0.79)A	$(0.40)	$(0.22)
P/E	NM	NM	NM
Revenue (Net)	$637.2M	$930.1M	$1.26B
EV/Revenue	9.7x	6.6x	4.9x



Updated Model and Thoughts: Maintain Buy and $5 Target

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Company Update

Our updated model is attached - DCF value remains $5: We made several minor changes based on 1Q, but no material changes to our DCF. Our key assumptions are as follows:

- OEM penetration, which is the #1 variable in our model, goes from 1 out of 3 new cars today to 3 out of 4 by 2012.
- OEM conversion rate trends from 50% in 2007 to 40% by 2012 due to competition from iPods & HD Radio and because lower priced cars are likely to be more price sensitive.
- Gross retail additions decline 5-10% a year because satellite radio becomes factory installed in new cars, the preferred way to receive it.
- Monthly self-pay churn increase 0.05% per year from 1.73% in 2007 to 1.98% in 2008 due to increased competition from iPods, HD, Internet.
- The above drives total subs from 6.6MM currently to 16MM by year-end 2012, or about 1-2MM net additions per year.
- SIRI eventually will raise montly prices by $2 from $13 to $15, but not until about 2-3 years from now when it has more subscribers.
- Costs/sub come down due to economies of scale and mass production: SAC from $95 in 2007 to $50 by 2012. Exception is royalties and revenues share which rise from 13% to 18% of revenues because of increasing mix of OEM.
- The above yields EBITDA and FCF positive in 2H08 and full year 2009.
- The above yields ~950MM or $0.52 of FCF in 2012 with $0.85 of net cash.
- Conservatively putting a market multiple of 16x FCF/share and discounting back to today at an 9.5% cost of equity yields $5. We also do a more detailed traditional DCF that yields a similar value.
- A successful merger with XMSR could add $1 to our valuation.
- See our details section for sensitivity analysis on some of the above key assumptions.

We are maintaining our Buy rating and $5 target.

1Q06 Review:

2007 guidance was below to roughly in-line with our estimates:
Guidance for >8MM subscribers was in-line with our estimate of 8.1MM.
- Revenue guidance of "approaching $1B" was slightly below our estimate of $930MM and prior guidance of $1B.
- SAC guidance calling for $95/sub was above our previous estimate of $90.

1Q Net OEM Subscriber Additions up 62% y/y: In 1Q SIRI added 365k net subscribers (significantly above our 297k estimate) through the OEM channel compared to 193k (in line with our estimate) through the retail channel. OEM represented 66% of total net additions and demonstrates how crucial this channel is to SIRI's growth prospects.

1Q top line, bottom line and SAC missed, churn in-line: Top line missed due to lower than expected ARPU ($10.46 compared to our estimate of $11.16) and higher than expected SAC ($104 compared to out estimate of $95). While we admit the SAC is a concern we do not believe that the lower ARPU is a problem. SIRI charges $12.95 per month for the basic package, ARPU is reduced by subscribers who 1) Pay for 1-2 years up front and receive a discount, 2) Pay to activate more than one radio ($6.99 per month each addition "family plan"). The good news here is that subscribers generated by these channel may reduce churn. Churn was up y/y to 2.3% per month. This is not unexpected and is due to the growing importance of the OEM channel. As car buyers receive a "free" one year subscription and ~half of those do not renew after the year, increasing overall churn is unavoidable. The churn rate excluding the OEM promo is the important metric and was flat at 1.7% per month.

2007 Guidance looks achievable to us: We believe SIRI's subscriber guidance of 8MM is realistic and is a number they may beat. Our model gets to 8.12MM subscribers using a 21% decline in gross retail additions and a 57% increase in gross OEM additions SIRIUS radios are offered in vehicles from Audi, Bentley, BMW, Chrysler, Dodge, Ford, Infiniti, Jaguar, Jeep®, Land Rover, Lexus, Lincoln, Mercury, Maybach, Mazda, Mercedes-Benz, MINI, Mitsubishi, Nissan, Rolls Royce, Scion, Toyota, Volkswagen, and Volvo.

Estimate Updates: We are improving our 2007E EBITDA from a loss of $347MM to a loss of $299MM almost entirely due to SIRI's accounting of merger costs, which were capitalized versus our expectation of being on the income statement. Our updated model is attached and a detailed discussion is included below.

Sensitivity Analysis: What are the key drivers?
We have made a projection based on current trends that the penetration rate of satellite radio will reach 65% by 2010. What if that rate only makes it to 40%? 30%? What if satellite radio comes standard in all cars by 2010? What if the take rate is different? What effect does ARPU (price increase?) and SAC changes have? Subscriber base? Churn?

Penetration	DCF Valuation	Take Rate	DCF Valuation	ARPU	DCF Valuation	SAC	DCF Valuation	Churn	DCF Valuation
30%	$2.44	15%	$2.94	$10	$2.96	$30	$5.59	2.0%	$6.15
40%	$3.22	25%	$3.63	$11	$4.09	$40	$5.22	2.2%	$5.74
50%	$3.90	35%	$4.25	$12	$4.54	$50	$4.86	2.4%	$5.18
65%	$4.79	45%	$4.79	$12.94	$4.79	$60	$4.79	2.5%	$4.79
75%	$5.48	55%	$5.48	$14	$5.77	$70	$4.11	2.6%	$4.64
85%	$6.07	65%	$6.14	$15	$7.25	$90	$3.39	2.8%	$4.15
100%	$7.10	75%	$6.81	$16	$8.73	$110	$2.62	3.0%	$3.66

Source. Stifel Nicolas estimates

Our 2010 estimates are highlighted. The table shows the changes in DCF for changes in the variable shown, all other variables are held constant.
- Penetration is the percentage of total vehicles sold which contain a satellite radio.
- Take Rate is the percentage of cars with a satellite radio installed who continue to purchase the service after the introductory period.
- ARPU is average revenue per subscriber.
- SAC is the subscriber acquisition cost as defined by SIRI.
- Churn is the monthly percentage of customers who do not continue subscription (including OEM promotion here).

Adjusting 2007 estimates: For 2007, we are raising our loss per share estimate from ($0.55) to ($0.54) and lowering our revenue estimate from $1B to $992MM.

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.

Political opposition may not be that bad. Merger perhaps a net positive for existing customers: As always, we believe politics will come into play as to whether the merger is approved. Overall, while there will be dissenters, we do

not see vehement opposition by any powerful lobbying organizations. We believe the core reason is that consumers of satellite radio are typically of a higher income demographic who might look forward to the potential benefits of the merger (more programming and channels, lower cost, mass-produced radios, etc.) more than the potential disadvantages of increases in market power. One consideration is who's in charge - Democrats or Republicans. Democrats typically oppose media mergers, while Republicans typically approve. The Democrats are now in charge of the House and the Senate after the election, and this is probably a negative on the margin. However, Republicans still have the majority in terms of FCC commissioners. We believe it makes sense to try now in case Democrats regain the power there in the future. While Democrats have protested past media consolidation, we're not sure they would be up in arms against this deal. Satellite radio is one of the few radio outlets that carries a liberal alternative to Rush Limbaugh and it has virtually no share of political advertising.

The radio industry is likely to disapprove of the merger since it could make the satellite product stronger, perhaps somewhat offset by the mentality that one competitor could be better than two. The radio industry is largely represented by the National Association of Broadcasters, a very powerful lobbying organization, particularly with the FCC, one of the two parties that would need to approve the merger. We think that the NAB is highly focused on loosening ownership limits in TV and to a lesser extent radio. It might be inconsistent for the NAB to strongly oppose this merger and still argue for its own consolidation agenda. The music industry, another powerful organization, probably shouldn't care and should perhaps support the merger. Music is a regulated monopoly, so the increased power of a combo wouldn't impact music's pricing whatsoever. Also, music gets higher royalties from satellite than terrestrial, arguing for support of a merger assuming it would result in more subs via more channels. Electronics retailers like Best Buy and Circuit City may prefer to have competition, offset by an easier product to sell. Manufacturers of radios probably wouldn't have extremely strong feelings - while they could lose some leverage over subsidies, one service would reduce risk and may spur more consumer interest. We believe the auto manufacturers might be generally opposed but have mixed feelings. The negative for OEMs is that the finance guys couldn't pit XMSR and SIRI against each other to get a higher cut of revenues. However, the operating guys would prefer to have one technology to support and the salespeople would likely welcome being able to offer more programming. Consumer groups could raise some opposition about pricing concerns, though we're not sure high income existing customers are going to raise a stink and note that both SIRI and XMSR already have no competition in factory-installed cars. Programmers like the NFL or NASCAR (and especially Howard Stern) would truly miss bidding up prices, but we wouldn't consider them powerful lobbying organizations. A decreased cost of programming going forward could actually be good for consumers.

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

Sirius Satellite Radio, Inc. offers satellite radio services in the United States. In addition, the company sells Sirius radios and accessories for use in cars, trucks, homes, offices, boats, or other locations. As of December 31, 2005, the company offered 133 channels of programming to listeners, comprising 69 commercial-free music channels, as well as 64 channels of sports, news, talk, entertainment, traffic, weather, and data content. Also as of December 31, 2005, Sirius had 3,316,560 subscribers. Sirius has operations in New York City, Houston, Texas, Memphis, Tennessee, Nashville, Tennessee, and Los Angeles, California. The company was incorporated in 1990 as Satellite CD Radio, Inc. and changed its name to CD Radio, Inc. in 1992. It then changed its name to Sirius Satellite Radio, Inc. in 1999. Sirius is headquartered in New York City.

Sirius Satellite Radio - SIRI 1Q07 Variance Analysis $ in millions, except per share data	1Q06A	1Q07E	1Q07A
		Stifel	Actual
	1Q06A	1Q07E	1Q07A
Gross OEM additions	0.276	0.463	0.586
y/y growth	134%	68%	112%
Churn in quarter	0.051	0.165	0.221
Net OEM additions	0.225	0.297	0.365
y/y growth	109%	32%	62%
% of total for the period	794%	1253%	66%
Gross retail additions	0.682	0.409	0.403
y/y growth	187%	-40%	-41%
Churn in quarter	0.148	0.210	0.210
Net retail additions	0.535	0.199	0.193
y/y growth	169%	-63%	-64%
% of total for the period	70%	40%	35%
Company reported gross adds in period	0.961	[illegible]	[illegible]
Total gross additions	0.959	0.872	0.987
Incremental % of new additions for year	25%	23%	25%
Total net additions	0.761	0.497	0.556
Incremental % of new additions for year	28%	24%	27%
Ending Net OEM	1.049	2.256	2.324
% of Total	26%	35%	35%
Ending Net Retail	3.000	4.241	4.235
% of Total	74%	65%	64%
Ending Net Hertz	0.028	0.024	0.023
% of Total	1%	0%	0%
Ending Net Total Subscribers	4.078	6.521	6.581
Subscribers.	1Q06A	1Q07E	1Q07A
Beginning of period subscribers	3.317	6.025	6.025
New gross additions	0.961	0.961	0.988
Churn	(0.200)	(0.464)	(0.432)
Monthly churn % (incl OEM promo)	1.8%		2.3%
Monthly churn % (excl OEM promo)		1.7%	1.7%
Net Additions	0.761	0.497	0.556
Ending Net Subscribers	4.078	6.521	6.581
Average Subscribers	3.697	6.273	6.303
Monthly ARPU calculation			
Avg gross subscriber revenue per subscriber	$10.70		$10.30
Effects of Hertz subscribers	$0.03		$0.04
Effects of mail-in rebates	($0.58)		($0.24)
Average subscriber revenue per subscriber	$10.15	$10.66	$10.10
Average net advertising rev per subscriber	$0.65	$0.51	$0.36
Total ARPU	$10.80	$11.16	$10.46
Subscriber rev, net of mail-in rebates	115.2	200.6	190.8
Advertising rev, net of agency fees	7.3	9.5	6.7
Other revenue (inc equip.)	4.1	4.8	6.5
Total Revenue	126.7	214.8	204.0
Satellite & transmission	7.3	7.5	7.3
NFL Contract Amortization			
Programming & content	56.4	64.9	57.1
Revenue Share and Royalties			27.134
Cost of Equipment	3.5	3.5	9.3
Customer service & billing	15.8	22.0	21.7
Per Avg Sub/Month	*$1.43*	*$1.17*	*$1.15*
Total cost of service	83.1	97.9	122.5
General & administrative	19.1	34.0	23.4
Engineering, Design & development	12.7	15.8	11.4
Pre-Marketing Cash Flow	11.8	67.1	46.8
Subscriber acquisition costs	109.1	109.1	98.2
SAC	*$113*	*$95*	*$104*
Sales & marketing, OEM	39.3	56.9	32.5
Total Subscriber Cost/CPGA	*$155*	*$173*	*$132*
Sales, marketing & SAC	148.4	166.1	130.8
EBITDA - excluding 123r	(136.7)	(98.9)	(84.0)
EBITDA - including 123r	(421.2)	(226.9)	(108.3)
Depreciations & amortization	24.9	28.0	26.8
Corporate & non-cash stock comp	284.6	128.0	24.3
Total Operating expenses	572.8	469.8	339.1
Operating income	(446.2)	(254.9)	(135.0)
Interest and investment income	9.9	3.5	6.0
Interest expense	(17.1)	(16.2)	(15.2)
Other income (expense) net	(4.4)	-	0.0
Pretax income	(457.8)	(267.6)	(144.2)
Income tax expense (benefit)	0.8	0.6	0.6
Effective corporate tax	*0%*	*0%*	*0%*
Net income (loss) from cont ops	(458.5)	(268.2)	(144.7)
Preferred dividends	-	-	-
Preferred deemed dividends	-	-	-
Net income for common	(458.5)	(268.2)	(144.7)
EPS ex one-time items	$ (0.33)	$ (0.19)	$ (0.10)
Basic shares	1,387	1,436	1,457
Diluted treasury shares	1,387	1,436	1,457

Source: Company reports and Stifel Nicolaus estimates

Sirius Satellite Radio - SIRI
Quarterly Income Statement

($ in millions, except per share data)	1Q06A	2Q06A	3Q06A	4Q06A	2006A	1Q07A	2Q07E	3Q07E	4Q07E	2007E
Beginning of period subscribers	3.317	4 078	4.678	5.119	3.317	6.025	6 581	7 014	7.384	6.025
New gross additions	0.961	0.831	0.732	1 232	3.755	0.988	0.930	0.877	1.292	4.087
Churn	(0.200)	(0.230)	(0.291)	(0.326)	(1.047)	(0.432)	(0.498)	(0.507)	(0.552)	(1.988)
Monthly churn % (total)	1.8%	1.8%	2.0%	2.0%	1.9%	2.3%	2.4%	2.3%	2.4%	2.3%
Monthly churn % (self-pay)	1.65%	1.65%	1.70%	1.70%	1.7%	1.70%	1.70%	1.75%	1 75%	1.73%
Net Additions	0.761	0.600	0.441	0.905	2.708	0.556	0.433	0.370	0.740	2.099
Ending Net Subscribers	**4.078**	**4.678**	**5.119**	**6.025**	**6.025**	**6.581**	**7.014**	**7.384**	**8.124**	**8.124**
Average Subscribers	3.697	4 378	4 899	5 572	4 671	6.303	6 797	7 199	7 754	7.074
Total ARPU	$10 80	$11 16	$11 17	$10.92	$11 01	$10 46	$10 81	$10.71	$10.71	$10.66
Subscriber rev, net of mail-in rebates	115.2	137.6	155.3	167.2	575.4	190.8	207.8	220.7	229.4	848.7
Advertising rev, net of agency fees	7 3	8 1	7 1	8.5	31.0	6.7	12.6	10.5	11.8	41 6
Other revenue (inc equip.)	4.1	4 3	4.6	17.7	30.8	6.5	5.4	5.8	22 1	39.9
Total Revenue	126 7	150.1	167.1	193.4	637.2	204.0	225.8	237.0	263.3	930.1
Total cost of service	83.1	87.8	83.9	118 0	372.8	122.5	125.5	134.2	163.9	546.0
General & administrative	19.1	21 7	23.5	23 2	87.5	23.4	24.0	25.0	26.0	98.4
Engineering, Design & development	12 7	12.8	20 5	12.8	58.7	11.4	12.0	12.0	13.0	48.4
Pre-Marketing Cash Flow	**11.8**	**27.8**	**39.2**	**39.4**	**118.2**	**46.8**	**64.4**	**65.8**	**60.3**	**237.3**
Subscriber acquisition costs	109.1	108.7	80.9	121 0	419.7	98 2	97.7	78.7	96.1	370.8
Margin form direct sale of radios/accessories	*(0.2)*					*4 6*	*4 6*	*4.6*	*4.6*	*18.5*
SAC	*$113*	*$131*	*$114*	*$103*	*$114*	*$104*	*$110*	*$95*	*$78*	*$95*
Sales & marketing, OEM	39 3	56.6	41.5	85.1	222.5	32.5	40.0	38.0	55.0	165.5
Total Subscriber Cost/CPGA	*$154*	*$199*	*$167*	*$167*	*$171*	*$137*	*$153*	*$138*	*$121*	*$136*
Sales, marketing & SAC	148 4	165 3	122.3	206.2	642.2	130.8	137.7	116.7	151.1	536 3
EBITDA - excluding 123r	**(136.7)**	**(126.5)**	**(83.2)**	**(166.8)**	**(513.1)**	**(84.0)**	**(73.4)**	**(50.9)**	**(90.8)**	**(299.0)**
EBITDA - including 123r	(421 2)	(193 8)	(126 6)	(209 4)	(951.0)	(108.3)	(103.4)	(80.9)	(125.8)	(418.3)
Depreciations & amortization	24.9	25 7	27 6	27 5	105 7	26.8	28.0	28.5	29 0	112 3
Corporate & non-cash stock comp	284.6	67 3	43 4	42 6	437 9	24.3	30.0	30.0	35.0	119.3
Total Operating expenses	572.8	380.5	321 3	430 3	1,704 9	- 339 1	357 2	346.4	418.1	1,460 7
Operating income	(446 2)	(230 5)	(154.2)	(236.9)	(1,067.7)	(135 0)	(131.4)	(109.4)	(154.8)	(530.6)
Interest and investment income	9 9	8 9	7.8	6 8	33 3	6.0	3.0	2.6	1.3	12.9
Interest expense	(17 1)	(15.7)	(15.9)	(15.3)	(64 0)	(15 2)	(16.2)	(16.2)	(16 2)	(63.8)
Other income (expense) net	(4.4)	0 0	0.0	-	(4 4)	0.0	-	-	-	0.0
Pretax income	(457.8)	(237.2)	(162.3)	(245.5)	(1,102.8)	(144.2)	(144.6)	(123.0)	(169.7)	(581.5)
Income tax expense (benefit)	0 8	0.6	0.6	0.6	2.5	0.6	0.6	0.6	0.6	2.4
Effective corporate tax	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net income (loss) from cont ops	(458.5)	(237.8)	(162.9)	(246.1)	(1,105.3)	(144.7)	(145.2)	(123.6)	(170.3)	(583.8)
Preferred dividends	-	-	-	-	-	-	-	-	-	-
Preferred deemed dividends	-	-	-	-	-	-	-	-	-	-
Net income for common	(458 5)	(237.8)	(162.9)	(246.1)	(1,105.3)	(144.7)	(145 2)	(123.6)	(170.3)	(583.8)
EPS ex one-time items	**$ (0.33)**	**$ (0.17)**	**$ (0.12)**	**$ (0.17)**	**$ (0.79)**	**$ (0.10)**	**$ (0.10)**	**$ (0.08)**	**$ (0.12)**	**$ (0.40)**
Basic shares	1,387	1,404	1,405	1,414	1,403	1,457	1,459	1,461	1,463	1,460
Diluted treasury shares	1,387	1,404	1,405	1,414	1,403	1,457	1,459	1,461	1,463	1,460

Source: Company reports and Stifel Nicolaus estimates.

Sirius Satellite Radio - SIRI
Annual Income Statement

($ in millions, except per share data)	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Beginning of period subscribers	0.261	1.143	3.317	6 025	8.125	10.128	12.010	14.071	15.445
New gross additions	0 986	2 617	3.755	4 087	4 508	5.058	5.921	6.106	6 228
Churn	(0 105)	(0 443)	(1 047)	(1.987)	(2 504)	(3 176)	(3.861)	(4 732)	(5 293)
Monthly churn % (self-pay)	1 6%	1 50%	1 68%	1 73%	1 78%	1 83%	1 88%	1.93%	1 98%
Net Additions	0 882	2 173	2 708	2 100	2.004	1.882	2.061	1.374	0.935
Ending Net Subscribers	**1.143**	**3.317**	**6.025**	**8.125**	**10.128**	**12.010**	**14.071**	**15.445**	**16.380**
Average Subscribers	0 702	2 230	4.671	7 075	9.126	11.069	13.041	14.758	15 913
Net avg. monthly rev per sub	$10 02	$10 06	$10 45	$10 17	$10 38	$11 03	$11 74	$12 44	$12 94
y/y increase	7%	0%	4%	-3%	2%	6%	6%	6%	4%
Net revenue	**66.8**	**242.2**	**637.2**	**930.1**	**1,257.5**	**1,634.0**	**2,065.2**	**2,500.7**	**2,839.5**
EBITDA - excluding 123r	**(473.3)**	**(567.5)**	**(524.0)**	**(299.0)**	**(62.0)**	**203.9**	**436.6**	**708.6**	**896.7**
EBITDA Margin	-708%	-234%	-82%	-32%	-5%	12%	21%	28%	32%
EBITDA - including 123r	(473.3)	(567.5)	(951 0)	(418 3)	(181.2)	84 6	317.4	589.4	777 4
EBITDA Margin	*-708%*	*-234%*	*-149%*	*-45%*	*-14%*	*5%*	*15%*	*24%*	*27%*
Net income for common	(712 0)	(863 0)	(1,105.3)	(583.8)	(388.6)	(103.4)	166.9	468.9	694.4
Earnings per diluted share	**($0.57)**	**($0.65)**	**($0.79)**	**($0.40)**	**($0.22)**	**($0.06)**	**$0.09**	**$0.26**	**$0.38**
Ending FD shares all options & warrants within price target	1,626 2	1,715 0	1,748 7	1,794.8	1,794.8	1,794 8	1,794 8	1,838 1	1,838 1
Avg FD Shs (Treasury method) - EPS	1,238 5	1,325 7	1,402 6	1,460.0	1,794 8	1,794.8	1,794.8	1,838.1	1,838 1
YOY Growth Rates									
Subscribers	338%	190%	82%	35%	25%	19%	17%	10%	6%
Revenues	419%	263%	163%	46%	35%	30%	26%	21%	14%
EBITDA	NM	NM	NM	NM	NM	NM	114%	62%	27%
EPS	NM	NM	NM	NM	NM	NM	NM	174%	48%

Statement of Cash Flows	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Cash Flow from Operations	**(334.5)**	**(273.7)**	**(414.5)**	**(224.9)**	**(38.1)**	**260.8**	**523.1**	**828.7**	**1,081.7**
Capital Expenditures (ex acq)	(28 6)	(49 9)	(99 8)	(126 2)	(200.0)	(100 0)	(125.0)	(125 0)	(132 7)
Free Cash Flow (CFO-Capex)	**(363.1)**	**(323.6)**	**(514.4)**	**(351.1)**	**(238.1)**	**160.8**	**398.1**	**703.7**	**949.0**
FCF/Share	($0 29)	($0 24)	($0 37)	($0 24)	($0.13)	$0 09	$0.22	$0.38	$0.52
FCF/Share multiple	**NM**	**NM**	**NM**	**NM**	**NM**	**32x**	**13x**	**7x**	**6x**
FCF Yield	NM	NM	NM	NM	NM	3%	8%	13%	18%
Cash Flow from Investing	**(92.9)**	**(172.1)**	**20.2**	**(100.6)**	**(200.0)**	**(100.0)**	**(125.0)**	**(125.0)**	**(132.7)**
Cash Flow from Financing	**660.2**	**453.9**	**25.8**	**-**	**200.0**	**(200.0)**	**-**	**-**	**-**
Net Cash Flow	232 9	8.1	(368 6)	(325.5)	(38.1)	(39 2)	398 1	703.7	949.0

Enterprise Value Calculation	2004A	2005A	2006A	2007E	2008E	2009E	2010E	2011E	2012E
Net Debt (Cash) excl in the money converts	(470 1)	(147 5)	322 8	648 3	886.4	725.6	327.5	(376.2)	(1,555 2)
Total Other Assets	(1,240 5)	(1,465.8)	(1,625 6)	(1,710.8)	(1,805 3)	(1,910 1)	(2,026.4)	(2,121.5)	(2,078.9)
Y/E Market Cap at $2.85 per share	4,634 6	4,887 9	4,983.7	5,115.2	5,115.2	5,115.2	5,115.2	5,238.6	5,238.6
Enterprise Value	**6,345.2**	**6,501.2**	**6,286.5**	**6,177.7**	**6,034.1**	**6,299.7**	**6,814.0**	**7,736.4**	**8,872.8**
Enterprise Value / Sub	**$5,550**	**$1,960**	**$1,043**	**$760**	**$596**	**$525**	**$484**	**$501**	**$542**
EV/EBITDA - Pro Forma	**NM**	**NM**	**NM**	**NM**	**NM**	**31x**	**16x**	**11x**	**10x**
EV / Sales			**10x**	**7x**	**5x**	**4x**	**3x**	**3x**	**3x**

Source: Company reports and Stifel Nicolaus estimates

Sirius Satellite Radio - SIRI
Discounted Cash Flow Model
($ in millions, except per share data)

Terminal value							
2007E EBITDA	$ (418.3)						
2012 EBITDA	$ 777.4						
Terminal multiple applied	10.1x	10 6x	11.1x	**11.6x**	12 1x	12.6x	13.1x
Terminal enterprise value	$ 7,852.0	$ 8,240.7	$ 8,629.4	$ 9,018.2	$ 9,406.9	$ 9,795.6	$ 10,184 3
2012 free cash flow	$ 949.0						
Implied EV/FCF multiple	8.3x	8.7x	9.1x	**9.5x**	9.9x	10.3x	10.7x

Present value							
2012E Terminal Multiple:	10.1x	10.6x	11.1x	**11.6x**	12.1x	12.6x	13.1x
8.5%	5,439.7	5,709.0	5,978.3	6,247.6	6,516.9	6,786.2	7,055.5
9.0%	5,328.3	5,592.1	5,855 9	6,119.7	6,383.4	6,647.2	6,911.0
Discount Rate: 9.5%	5,219.7	5,478.1	5,736.5	**5,994.9**	6,253.3	6,511.7	6,770.1
10.0%	5,113.8	5,366 9	5,620.1	5,873.3	6,126.4	6,379.6	6,632 7
10.5%	5,010.5	5,258.5	5,506.6	5,754.6	6,002.6	6,250.7	6,498.7

Plus NPV of interim FCF, net cash and other assets = market capitalization							
2012E Terminal Multiple:	10.1x	10.6x	11.1x	**11.6x**	12.1x	12.6x	13 1x
8.5%	8,100.1	8,369.4	8,638.7	8,908.0	9,177.2	9,446.5	9,715.8
9.0%	7,960.6	8,224.4	8,488.1	8,751.9	9,015.7	9,279.5	9,543.2
Discount Rate: 9.5%	7,824.5	8,082.9	8,341.3	**8,599.7**	8,858.1	9,116.5	9,374.9
10.0%	7,691.8	7,945 0	8,198.2	8,451.3	8,704.5	8,957.6	9,210.8
10.5%	7,562.4	7,810.5	8,058.5	8,306.6	8,554.6	8,802.6	9,050.7

6/2008 stock price							
2012E Terminal Multiple:	10.1x	10.6x	11.1x	**11.6x**	12.1x	12.6x	13.1x
8.5%	$4 51	$4.66	$4.81	$4.96	$5.11	$5.26	$5.41
9.0%	$4.44	$4.58	$4.73	$4.88	$5.02	$5.17	$5.32
Discount Rate: 9.5%	$4.36	$4.50	$4.65	**$4.79**	$4.94	$5.08	$5.22
10.0%	$4.29	$4.43	$4.57	$4.71	$4.85	$4.99	$5.13
10.5%	$4.21	$4.35	$4.49	$4.63	$4.77	$4.90	$5.04

Weighted average cost of capital:		
Beta (our forecast)		1.203
Risk-free rate		4.83%
Equity risk premium		5.50%
Cost of Equity =		**11.44%**
Cost of debt		8.00%
Tax rate		38.00%
After tax cost of debt =		**4.96%**
Terminal debt/cap		30.00%
WACC =		**9.50%**
Net cash (debt) 12/31/07:		
Cash and equivalents		83.4
Debt		501.7
Net cash (debt)	**$**	**(418.3)**
Present value of free cash flow ('08-'12):		
Discount Rate:	**NPV of FCF**	
8.5%		$1,367.8
9.0%		$1,339.7
9.50%		**$1,312.3**
10 0%		$1,285.5
10.5%		$1,259.4
Other 12/31/07:		
Other assets/minority interest		1,710.8
Total other	**$**	**1,710.8**
Diluted ending shares outstanding		
2007E		1,794.8

Or...

$0.52	**2012 FCF per share**
16x	Multiple
$8.26	**2011 stock price**
11%	Equity discount rate
$5.07	**Implied 2007 stock price**
$5.07	**= 2H 08 price target**

Potential extra value if Merger is approved:	
Total Merger synergies:	5,000
Attributable to SIRI:	2,000
Per share:	**$1.11**

Source: Company reports and Stifel Nicolaus estimates

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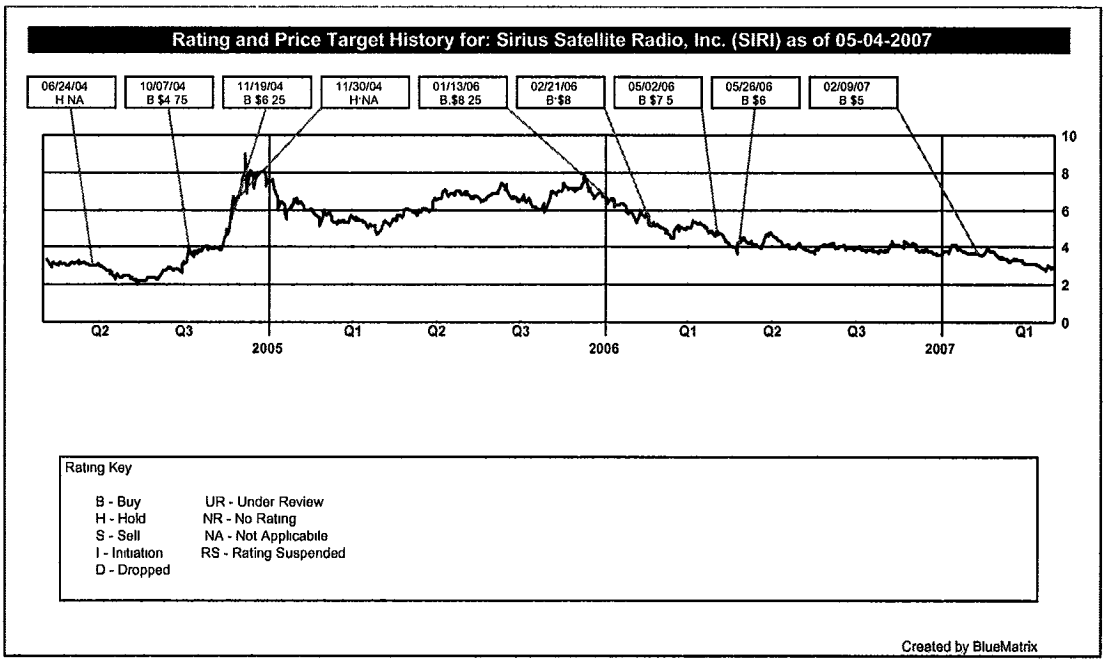
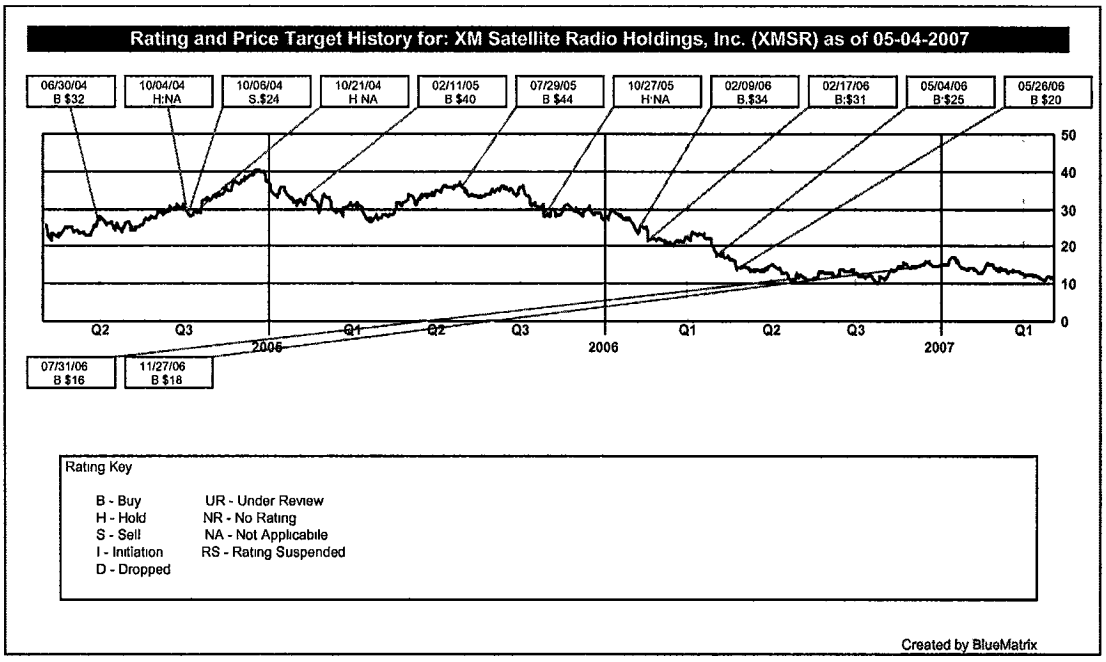


For a price chart with our ratings and target price changes for SIRI go to http://sf.bluematrix.com/bluematrix/Disclosure?ticker=SIRI



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