

SIRIUS XM RADIO INC.
Form 424B5
October 28, 2008

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Filed pursuant to Rule 424(b)(5)
Registration File No.: 333-152548

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.001 per share	293,333,315(1)	N/A	\$108,533,327(2)	\$4,265.36

- (1) Represents the number of shares of common stock that would be issuable upon exchange of the notes described herein at an exchange rate of 533.3333 shares of common stock per \$1,000 principal amount of the notes. Pursuant to Rule 416 of the Securities Act of 1933, as amended, there is also registered hereby an indeterminate number of shares of common stock that may be issued pursuant to anti-dilution and adjustment provisions of the notes described herein.
- (2) The proposed maximum aggregate offering price is calculated pursuant to Rule 457(c) based on the market value of Sirius common stock being registered, as established by the average of the high and low prices of Sirius common stock as reported on the NASDAQ Global Select Market on October 27, 2008, which was \$0.37.

Prospectus Supplement
(To Prospectus dated July 25, 2008)

Sirius XM Radio Inc.

COMMON STOCK

On August 1, 2008, XM Satellite Radio Inc. issued and sold \$550,000,000 aggregate principal amount of its 7% Exchangeable Senior Subordinated Notes due 2014, which we refer to as the notes, in a private placement exempt from registration under the Securities Act of 1933, as amended, or the Securities Act. The notes are exchangeable for shares of our common stock at any time prior to the close of business on the third business day immediately preceding the December 1, 2014 maturity date for the notes. This prospectus supplement may be used by holders who have exchanged their notes for shares of our common stock and who wish to sell such shares of common stock. Such holders are referred to herein as selling stockholders.

We will not receive proceeds from any sale of shares of our common stock by the selling stockholders, but we have agreed to pay certain registration expenses relating to such shares of our common stock. The selling stockholders from time to time may offer and sell the shares of our common stock held by them directly or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or concessions. For further information regarding the possible methods by which shares may be distributed, see Plan of Distribution beginning on page S-9 of this prospectus supplement.

Our common stock is listed on the Nasdaq Global Select Market under the symbol SIRI. On October 27, 2008, the last reported sale price of our common stock on the Nasdaq Global Select Market was \$0.38 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part consists of the accompanying prospectus, which gives more general information, some of which may not be applicable to this offering.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus.

We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this prospectus supplement and the accompanying prospectus, unless otherwise indicated,

Sirius, we, us, our and similar terms refer to Sirius XM Radio Inc. and its subsidiaries,

XM Holdings and Holdings refer to XM Satellite Radio Holdings Inc., our direct subsidiary, and

XM Inc. refers to XM Satellite Radio Inc., the direct subsidiary of XM Holdings.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein, include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Without limitation, the words anticipates, believes, estimates, expects, intends, plans, will and similar expressions are intended to identify forward-looking statements. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future, including statements relating to growth, expected levels of expenditures and statements expressing general optimism about future operating results, are forward-looking statements. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions, the expected benefits of the merger, including synergies or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Risk Factors included in this prospectus supplement and the accompanying prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which we filed with the Securities and Exchange Commission (SEC) on February 29, 2008, as amended by Amendment No. 1 on Form 10-K/A, which was filed with the SEC on April 29, 2008, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, which was filed with the SEC on August 11, 2008, and XM Holdings Annual Report on Form 10-K for the fiscal year ended December 31, 2007, which was filed with the SEC on February 28, 2008, as amended by Amendment No. 1, which was filed with the SEC on April 29, 2008, and Item 8.01 of XM Holdings Current Report on Form 8-K, filed on July 21, 2008. These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this prospectus supplement. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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SUMMARY

This summary highlights selected information about us and the offering of shares of our common stock. This summary is not complete and does not contain all of the information that may be important to you. You should read carefully this entire prospectus supplement and the accompanying prospectus, including the Risk Factors section, and the other documents that we refer to and incorporate by reference herein for a more complete understanding of us and this offering. In particular, we incorporate by reference important business and financial information into this prospectus supplement and the accompanying prospectus.

About Sirius XM Radio Inc.

We are the leading satellite radio provider in the United States through our XM and SIRIUS brands. Under our XM brand, we offer more than 170 channels and under our SIRIUS brand offer over 130 channels. These channels offer subscribers both channels with 100% commercial-free music programming and channels of sports, news, talk, entertainment, traffic, weather and data. Our core strategy is to provide the best audio entertainment programming to our subscribers. We offer programming over multiple platforms in addition to our satellite and terrestrial repeater network. We also offer certain ancillary services, including SIRIUS Backseat TV, traffic flow, weather and other in-vehicle information services.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly basis. As of June 30, 2008, our XM service had 9.6 million subscribers and our SIRIUS service had 8.9 million subscribers. In addition, we derive revenue from activation fees, the sale of advertising on some of our non-music channels, and the direct sale of radios and accessories.

Most of our subscribers receive our services through XM or SIRIUS radios, which are sold by automakers, consumer electronics retailers and mobile audio dealers, and through our websites. We have agreements with General Motors, Honda/Acura, Toyota/Lexus/Scion, Hyundai and Nissan/Infiniti, among others, regarding the offering of XM service in new vehicles. XM's service is available in more than 140 different vehicle models for model year 2008. XM radios are available under various brand names at national consumer electronics retailers, such as Best Buy, Circuit City, Wal-Mart, Target and other national and regional retailers, as well as through XM's website. With regard to our SIRIUS service, we have agreements with Chrysler, Dodge, Jeep, Mercedes-Benz, Ford, Mitsubishi, BMW, Volkswagen, Kia, Bentley, Audi, Lincoln, Mercury, Mazda, Land Rover, Jaguar, Volvo, Aston Martin, MINI, Maybach, Rolls-Royce and Automobili Lamborghini to offer SIRIUS radios as factory or dealer-installed equipment in their vehicles. SIRIUS radios for the car, truck, home, RV and boat are available in approximately 20,000 retail locations, including Best Buy, Circuit City, Costco, Crutchfield, Sam's Club, Target and Wal-Mart and through RadioShack on an exclusive basis. SIRIUS radios are also offered to renters of Hertz vehicles at airport locations nationwide.

In November 2005, Canadian Satellite Radio, which we refer to as XM Canada, XM's Canadian licensee, launched its satellite radio service in Canada. XM Canada's line-up of over 130 channels includes commercial-free music, National Hockey League® play-by-play coverage of more than 40 games per week plus 24x7 sports talk channel Home Ice, and exclusive Canadian channels highlighting Canadian music artists and composers and Canadian news programming. In December 2005, XM Canada issued to XM Holdings 11,077,500 Class A subordinate voting shares representing a 23.33% ownership interest and 11% voting interest in XM Canada. XM Canada had 439,900 subscribers as of May 31, 2008. In 2005, SIRIUS Canada Inc., a Canadian corporation owned by us, Canadian Broadcasting Corporation and Standard Radio Inc., launched service in Canada. SIRIUS Canada currently offers 120 channels of commercial-free music and news, sports, talk and entertainment programming, including 11 channels of Canadian

content. As of June 12, 2008, SIRIUS Canada had over 750,000 subscribers.

On July 28, 2008, XM Holdings merged (the Merger) with and into Vernon Merger Corporation (Merger Co.), our wholly-owned subsidiary, as a result of which XM Inc. is now our wholly-owned subsidiary. The Merger was effected pursuant to an Agreement and Plan of Merger (the Merger Agreement), dated as of February 19, 2007, entered into by and among us, XM Holdings and Merger Co.

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Corporate Information

We were incorporated in the State of Delaware as Satellite CD Radio Inc. on May 17, 1990. Our principal offices are located at 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, and our telephone number is (212) 584-5100. On August 5, 2008, following the completion of the Merger, we changed our name from Sirius Satellite Radio Inc. to Sirius XM Radio Inc.

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The Offering

Issuer	Sirius XM Radio Inc.
Nasdaq Global Select Market Symbol	SIRI
Shares of Common Stock Offered by Selling Stockholders	293,333,315 shares, assuming the exchange of all of the selling stockholders' notes at an exchange rate of 533.3333 shares of our common stock per \$1,000 principal amount of the notes. This exchange rate is subject to certain adjustments. As a result, the number of shares of common stock issuable upon exchange of the notes may increase or decrease in the future.
Trading Symbol for our Common Stock	Our common stock is listed on the Nasdaq Global Select Market under the symbol SIRI .
Use of Proceeds	We will not receive any of the proceeds from the sale by the selling stockholders of any shares of common stock issuable upon exchange of the notes. See Use of Proceeds.
Risk Factors	You should carefully consider the information set forth in the Risk Factors section of this prospectus supplement and accompanying prospectus as well as the other information included in or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding whether to invest in our common stock.

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RISK FACTORS

*An investment in our common stock involves certain risks. You should carefully consider the risks described below, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The market or trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In addition, please read *Special Note About Forward-Looking Statements* in this prospectus supplement and the accompanying prospectus where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.*

*Certain risks relating to us and our business are described under the heading *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2007, as amended by Amendment No. 1 filed with the SEC on April 29, 2008, and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008, which are incorporated by reference into this prospectus supplement, and which you should carefully review and consider.*

Risks Relating to Our Common Stock

The Price of our Common Stock Historically has been Volatile. This Volatility may Affect the Price at which you could Sell our Common Stock, and the Sale of Substantial Amounts of our Common Stock could Adversely Affect the Price of our Common Stock.

The market price for our common stock has varied between a high of \$4.15 and a low of \$0.22 in the past eighteen months. This volatility may affect the price at which you could sell our common stock, and the sale of substantial amounts of our common stock could adversely affect the price of our common stock. The price for our common stock is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors, including the other factors discussed in the risks related to our business and the business of XM Holdings; variations in our quarterly operating results from our expectations or those of securities analysts or investors; downward revisions in securities analysts' estimates; competitive developments; and capital commitments.

In the past, following periods of volatility in the market price of their stock, many companies have been the subject of securities class action litigation. If we became involved in securities class action litigation in the future, it could result in substantial costs and diversion of our management's attention and resources and could harm our stock price, business, prospects, results of operations and financial condition.

In addition, the broader stock market has recently experienced significant price and volume fluctuations. This volatility has affected the market prices of securities issued by many companies for reasons unrelated to their operating performance and may adversely affect the price of our common stock. In addition, our announcements of our quarterly operating results, changes in general conditions in the economy or the financial markets and other developments affecting us, our affiliates or our competitors could cause the market price of our common stock to fluctuate substantially.

In addition, the sale of substantial amounts of our common stock could adversely impact its price. As of October 24, 2008, we had outstanding approximately 3,312 million shares of common stock (including approximately 262 million shares of common stock issued and lent to affiliates of the initial purchasers of the notes in order to facilitate hedging

transactions), options to purchase approximately 161 million shares of our common stock (of which approximately 117 million were exercisable as of that date at prices ranging from \$0.49 to \$31.25) and convertible notes convertible into approximately 188 million shares (at conversion prices ranging from \$0.69 to \$28.46). The sale or the availability for sale of a large number of shares of our common stock in the public market could cause the price of our common stock to decline.

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The Issuance and Sale of our Common Stock upon the Exchange, Conversion or Exercise of Outstanding Equity-Linked Securities may Cause Volatility in our Stock Price and will Dilute the Ownership Interest of Existing Stockholders.

Although our diluted earnings per share calculation treats the stock options, restricted stock, restricted stock units, warrants, convertible and exchangeable notes and stock based awards under our stock incentive plan as if they were already exchanged or converted into our common stock, sales in the public market of our common stock issuable upon such exchange or conversion could adversely affect prevailing market prices of our common stock. Anticipated exchange or conversion of the equity-linked securities into shares of our common stock could depress the price of our common stock. In addition, the existence of the equity-linked securities may encourage short selling by market participants because the exchange or conversion of such securities could be used to satisfy short positions. Exchange or conversion of the outstanding equity-linked securities will dilute the ownership interests of existing stockholders.

We have Never Paid Dividends and do not Anticipate Paying any Dividends on our Common Stock in the Future, so any Short-Term Return on your Investment will Depend on the Market Price of our Common Stock.

We currently intend to retain any earnings to finance our operations and growth. In addition, the terms and conditions of certain of our and our subsidiaries' debt instruments restrict and limit payments or distributions in respect of common stock.

Delaware Law and our Charter Documents may Impede or Discourage a Takeover, which could Cause the Market Price of Shares of our Common Stock to Decline.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of our company, even if a change in control would be beneficial to our existing stockholders. In addition, our board of directors has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock, including the adoption of a "poison pill," which could be used defensively if a takeover is threatened. The ability of our board of directors to create and issue a new series of preferred stock and certain provisions of Delaware law and our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock.

The Effect of the Issuance and Sale of Shares of our Common Stock in connection with Stock Borrow Facilities Entered into at the Time of the Offering of the Notes, which Issuances were Made to Facilitate Transactions by which Investors in the Notes could Hedge their Investments, may be to Lower the Market Price of our Common Stock.

The underwriters for the offering of the shares borrowed pursuant to share lending agreements entered into at the time of the offering of the notes informed us that they, or their respective affiliates, intended to short sell the borrowed shares concurrently with the offering of the notes. The borrowed shares were borrowed by the share borrowers under the share lending agreements. All borrowed shares (or identical shares or, in certain circumstances, the cash value thereof) must be returned to us on or about the maturity date of the notes or earlier upon notice from us that the notes are no longer outstanding, or in certain other circumstances.

We were further advised by the underwriters that they, or their respective affiliates, intended to use the share loans and the short sales of the borrowed shares to facilitate transactions by which investors in the notes could hedge their investments through privately negotiated derivative transactions. The existence of the share lending agreements, the short sales of our common stock effected in connection with the sale of the notes, and the related derivative

transactions, or any unwind of such derivative transactions, could cause the market price of our common stock to be lower over the term of the share lending agreements than they would have been had we not entered into these agreements, due to the effect of the increase in the number of outstanding shares of our common stock or otherwise. For example, in connection with any cash settlement of any such derivative transaction, the underwriters or their affiliates may purchase shares of our common stock and investors in the Notes may sell shares of our common stock, which could temporarily increase, temporarily delay a decline in, or temporarily decrease, the market price of our common stock. The market price of our common stock could be further negatively affected by

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these or other short sales of our common stock, including other sales by the purchasers of the notes hedging their investment therein.

Adjustments by Purchasers of the Notes of Their Hedging Positions in our Common Stock and the Expectation Thereof may have a Negative Effect on the Market Price of our Common Stock.

The shares of our common stock that were offered in connection with the share lending agreements were expected to be used to facilitate the establishment of hedge positions in our common stock by investors in the notes with respect to the notes through privately negotiated derivative transactions. The number of shares of our common stock offered in relation to the stock borrow facilities may be more or less than the notional size of investors' desired hedge positions. Any buying or selling of shares of our common stock by investors in the notes to adjust their hedging positions may affect the market price of our common stock.

Changes in the Accounting Guidelines Relating to the Borrowed Shares could Increase our Reported Loss Per Share and Potentially Decrease our Common Stock Price.

Because the borrowed shares (or identical shares) must be returned to us at the end of the loan availability period under the share lending agreements or earlier in certain circumstances, we believe that under U.S. GAAP, as presently in effect, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our (loss) earnings per share. If accounting guidelines were to change in the future, we may become required to treat the borrowed shares as outstanding for purposes of computing (loss) earnings per share, our reported (loss) per share would be decreased or our reported earnings per share would be reduced and Sirius common stock price could decrease, possibly significantly. In addition, if the borrowers of the borrowed shares failed to perform their obligations pursuant to the share lending agreements and return the borrowed shares for whatever reason, such shares would be included in all calculations of (loss) earnings per share and we may be compelled to sue for damages, which may not provide an adequate remedy.

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We will not receive any of the proceeds from the sale by the selling stockholders of any shares of common stock issuable upon exchange of the notes.

PRICE RANGE OF COMMON STOCK

Our common stock is traded on the Nasdaq Global Select Market under the symbol SIRI. On October 27, 2008, the last reported sale price for our common stock was \$0.38 per share, as reported on the Nasdaq Global Select Market (exclusive of after hours trading). The following table sets forth, for the periods indicated, the high and low closing sales price per share of our common stock on the Nasdaq Global Select Market (exclusive of after hours trading).

	High	Low
2008		
Fourth Quarter (through October 27, 2008)	\$ 0.65	\$ 0.25
Third Quarter	2.68	0.57
Second Quarter	2.89	1.83
First Quarter	3.31	2.65
2007		
Fourth Quarter	3.83	3.03
Third Quarter	3.52	2.71
Second Quarter	3.15	2.69
First Quarter	4.15	3.20
2006		
Fourth Quarter	4.29	3.54
Third Quarter	4.61	3.65
Second Quarter	5.42	3.68
First Quarter	6.57	4.45

As of June 30, 2008, there were approximately 9,475 holders of record of our common stock.

DIVIDEND POLICY

We have never paid cash dividends on our capital stock. We currently intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay cash dividends will be at the discretion of our board of directors, subject to applicable limitations under Delaware law, and will be dependent upon our results of operations, financial condition and other factors deemed relevant by our board of directors. A number of our current debt instruments contain, and future debt instruments may contain, provisions restricting our ability to pay dividends.

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XM Inc. originally issued the notes to the initial purchasers in transactions exempt from the registration requirements of the Securities Act. The initial purchasers resold the notes to persons reasonably believed by the initial purchasers to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act in transactions exempt from registration under the Securities Act. The selling stockholders, including their transferees, pledgees or donees or their successors, may from time to time offer and sell the shares of our common stock delivered upon the exchange of the notes under this prospectus supplement pursuant to existing registration rights conferred by the registration rights agreement dated as of August 1, 2008 among us, XM Inc. and the initial purchasers. Our registration of the shares of common stock issuable upon exchange of the notes does not necessarily mean that the selling stockholders will sell all or any of the shares of common stock.

The following table sets forth certain information as of October 24, 2008 concerning the shares of common stock that may be offered from time to time by each selling stockholder pursuant to this prospectus supplement. The information is based on information provided by or on behalf of the selling stockholders.

Because the selling stockholders may offer all or some portion of the common stock, no estimate can be given as to the amount of the shares of common stock that will be held by the selling stockholders upon termination of any sales. Information about the selling stockholders may change over time. In particular, the selling stockholders identified below may have sold, transferred or otherwise disposed of all or a portion of their notes or common stock since the date on which they provided to us information regarding their notes or common stock. Any changed or new information given to us by the selling stockholders will be set forth in supplements to this prospectus supplement or amendments to the registration statement of which this prospectus supplement is a part, if and when necessary.

Except as set forth in the table, none of the selling stockholders nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with us or XM Inc. (or our or XM Inc.'s predecessors or affiliates) during the past three years.

Name ⁽¹⁾	Shares of Common Stock		Number of Shares of Common Stock Beneficially Owned After Offering ⁽³⁾	Percentage of Outstanding Shares of Common Stock Beneficially Owned After Offering ⁽³⁾
	Beneficially Owned Prior to Offering ⁽²⁾	Shares of Common Stock That May be Offered Hereby ⁽²⁾		
CBARB ⁽⁴⁾	5,333,333	5,333,333		
HBK Master Fund L.P. ⁽⁵⁾	9,335,933	5,333,333	4,002,600	*
Highbridge International LLC ⁽⁶⁾	48,334,730	39,999,997	8,334,733	*
John Hancock Funds II High Income ⁽⁷⁾	7,464,999	3,879,999	3,585,000	*
John Hancock Trust High Income ⁽⁸⁾	8,224,999	4,119,999	4,105,000	*

Morley AISF Convertible Bond Arbitrage Fund ⁽⁹⁾	6,399,999	6,399,999
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(*) Less than one percent.

(+) The selling stockholder is a registered broker-dealer. Selling stockholders that are also broker-dealers may be deemed to be underwriters within the meaning of that term under the Securities Act.

(++) The selling stockholder is an affiliate of a registered broker-dealer.

(1) Information concerning other selling stockholders will be set forth in additional supplements to the prospectus supplement from time to time, if required.

(2) Assumes exchange of all of the selling stockholder's notes at an exchange rate of 533.3333 shares of our common stock per \$1,000 principal amount of the notes. This exchange rate is subject to certain adjustments. As a result, the number of shares of common stock issuable upon exchange of the notes may increase or decrease in the future. Under the terms of the indenture governing the notes, fractional shares will not be issued upon exchange of the notes. Cash will be paid instead of fractional shares, if any.

(3) Calculated based on Rule 13d-3(d)(i) of the Exchange Act, using 3,312,141,167 shares of common stock outstanding as of October 24, 2008 (including 262,399,983 shares of common stock issued and lent to affiliates of the initial purchasers of the notes in order to facilitate hedging

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transactions). In calculating this amount for each stockholder, we treated as outstanding the number of shares of common stock issuable upon exchange of that stockholder's notes, but we did not assume exchange of any other stockholder's notes. The beneficial ownership in this column assumes that the selling stockholder sells all of the shares offered by this prospectus supplement issuable upon the exchange of the notes that are beneficially owned by the selling stockholder as of the date of this prospectus supplement, and that any other shares of common stock owned by the selling stockholder as of the date of this prospectus supplement will continue to be beneficially owned by the selling stockholder.

- (4) A segregated account of Geode Capital Master Fund Ltd., an open-ended exempted mutual fund company registered as a segregated accounts company under the laws of Bermuda.
- (5) HBK Investments L.P., a Delaware limited partnership, has shared voting and dispositive power over the shares pursuant to an Investment Management Agreement between HBK Investments L.P. and the selling stockholder. HBK Investments L.P. has delegated discretion to vote and dispose of the shares to HBK Services LLC. The following individuals may be deemed to have control over HBK Investments L.P.: Jamiel A. Akhtar, Richard L. Booth, David C. Haley, Laurence H. Lebowitz, and William E. Rose.
- (6) Highbridge Capital Management, LLC is the trading manager of Highbridge International LLC and has voting control and investment discretion over the securities held by Highbridge International LLC. Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC and have voting control and investment discretion over the securities held by Highbridge International LLC. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by Highbridge International LLC.
- (7) The portfolio manager for John Hancock Funds II High Income is Arthur Calavritinos and he primarily has the voting power and dispositive power over the shares. However, in his absence Barry Evans, Howard Greene, Roger Hamilton, Jeffrey Given and Ismael Gunes would also be empowered to make such decisions.
- (8) The portfolio manager for John Hancock Trust High Income is Arthur Calavritinos and he primarily has the voting power and dispositive power over the shares. However, in his absence Barry Evans, Howard Greene, Roger Hamilton, Jeffrey Given and Ismael Gunes would also be empowered to make such decisions.
- (9) Shawn Mato and David Clott have voting and dispositive power over the shares offered by the selling stockholder.

Only selling stockholders identified above who beneficially own the shares of common stock set forth opposite their respective names in the foregoing table may sell such securities under the registration statement. Prior to any use of this prospectus supplement in connection with an offering of shares of our common stock by any stockholder not identified above, this prospectus supplement will be supplemented to set forth the name and other information about the selling stockholder intending to sell such shares of common stock. The prospectus supplement will also disclose whether any selling stockholder or any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with us or XM Inc. (or our or XM Inc.'s predecessors or affiliates) during the past three years.

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PLAN OF DISTRIBUTION

The selling stockholders, including their transferees, pledgees or donees or their successors, may from time to time offer and sell the shares of our common stock into which the notes are exchangeable directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, commissions or concessions from the selling stockholders or the purchasers of the common stock. These discounts, commissions or concessions as to any particular underwriter, broker-dealer or agent may be in excess of those customary in the types of transactions involved. Notwithstanding the foregoing, in no event will the method of distribution take the form of an underwritten offering of our common stock without our prior agreement.

The shares of our common stock into which the notes are exchangeable may be sold in one or more transactions at:

- fixed prices;
- prevailing market prices at the time of sale;
- varying prices determined at the time of sale; or
- negotiated prices.

These prices will be determined by the selling stockholders or by agreement between such selling stockholders and underwriters, broker-dealers or agents. The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts, commissions and concessions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The sales described above may be effected in transactions:

- on any national securities exchange or quotation service on which the common stock may be listed at the time of sale;
- in the over-the-counter market;
- otherwise than on such exchanges or services or in the over-the-counter market;
- through the writing of options; or
- any combination of such methods of sale.

These transactions may include block transactions or crosses. Crosses are transactions in which the same broker acts as an agent on both sides of the trade.

In connection with the sale of any shares of our common stock into which the notes are exchangeable or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock into which the notes are exchangeable short and deliver such shares of common stock to close

out their short positions, or loan or pledge such shares of common stock to broker-dealers that in turn may sell such securities.

The selling stockholders or their successors in interest may from time to time pledge or grant a security interest in some or all of the shares of our common stock into which the notes are exchangeable and, if any selling stockholder defaults in the performance of its secured obligation, the pledgees or secured parties may offer and sell such selling stockholder's shares of common stock from time to time under this prospectus supplement; however, in the event of a pledge or the default on the performance of a secured obligation by any selling stockholder, in order for the shares of common stock to be sold under cover of the registration statement of which this prospectus supplement forms a part, unless permitted by law, we must file an amendment to the registration statement under applicable provisions of the Securities Act in which the pledgee, transferee, secured party or other successors in interest are included as selling stockholders under this prospectus supplement.

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In order to comply with the securities laws of some states, if applicable, the shares of common stock into which the notes are exchangeable may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock into which the notes are exchangeable may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the shares of common stock into which the notes are exchangeable may be underwriters within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the common stock may be deemed to be underwriting discounts or commissions under the Securities Act. Selling stockholders who are underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act and may be subject to statutory liabilities, including, liability under Sections 11 and 12 of the Securities Act and Rule 10b-5 under the Exchange Act. The selling stockholders have acknowledged that they understand their obligation to comply, and they have agreed to comply, with the prospectus delivery and other provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder, particularly Regulation M. The selling stockholders have agreed that neither they nor any person acting on their behalf will engage in any transaction in violation of such provisions.

To our knowledge, there are currently no plans, arrangements or understandings between any selling stockholder and any underwriter, broker-dealer or agent regarding the sale of the shares of common stock issuable upon exchange of the notes. Selling stockholders may ultimately not sell all, and conceivably may not sell any, of the shares of common stock offered by them under this prospectus supplement. In addition, we cannot assure you that a selling stockholder will not transfer, devise or gift the shares of common stock by other means not described in this prospectus supplement. Furthermore, any securities covered by this prospectus supplement which qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus supplement.

To the extent required, the specific shares of common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agent, dealer or underwriter and any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement to which this prospectus supplement relates.

XM Inc. originally issued the notes to the initial purchasers in transactions exempt from the registration requirements of the Securities Act. The initial purchasers resold the notes to persons reasonably believed by the initial purchasers to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act in transactions exempt from registration under the Securities Act. We and XM Inc. entered into a registration rights agreement dated as of August 1, 2008 with the initial purchasers for the benefit of holders of the notes and the common stock issuable upon exchange of the notes to register their shares of common stock under the Securities Act. The registration rights agreement provides for cross-indemnification of the selling stockholders and us and XM Inc. and our respective directors, officers and controlling persons against specific liabilities in connection with the offer and sale of the shares of common stock issuable upon exchange of the notes, including liabilities under the Securities Act. We have agreed, among other things, to pay certain expenses of the registration statement to which this prospectus supplement relates.

Under the registration rights agreement, we are obligated to use our commercially reasonable efforts to keep the registration statement effective until the earliest of such time as all of the shares of common stock issuable upon exchange of the notes:

(1) cease to be outstanding;

(2) have been sold or otherwise transferred pursuant to an effective registration statement;

(3) have been sold pursuant to Rule 144 under the Securities Act under circumstances in which any legend borne by the common stock relating to restrictions on transferability thereof is removed; or

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(4) are eligible to be sold pursuant to Rule 144 under the Securities Act or any successor provision without any volume or manner of sale restriction by a person who has not been our affiliate during the 90-day period preceding such sale.

Our obligation to keep the registration statement to which this prospectus supplement relates effective is subject to specified, permitted exceptions set forth in the registration rights agreement. In these cases, we may prohibit offers and sales of the shares of common stock pursuant to the registration statement to which this prospectus supplement relates.

We will be permitted to suspend the effectiveness of the registration statement or the use of this prospectus supplement during specified periods (not to exceed 60 consecutive days or 120 days in the aggregate in any 12 month period) in certain circumstances, including circumstances relating to pending corporate developments. We need not specify the nature of the event giving rise to a suspension in any notice of the existence of a suspension; provided, however, that we will not be permitted to suspend the effectiveness of the registration statement or the use of this prospectus supplement within six months before or after the maturity date of the notes.

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VALIDITY OF SECURITIES

The validity of the common stock offered by this prospectus supplement has been passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York.

EXPERTS

Our consolidated financial statements as of December 31, 2007 and 2006 and for each of the three years in the period ended December 31, 2007 appearing in our 2007 Annual Report on Form 10-K (including the schedule appearing therein) and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2007 incorporated by reference therein have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, incorporated by reference therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements and schedule of XM Satellite Radio Holdings Inc. as of December 31, 2007 and 2006, and for each of the years in the three-year period ended December 31, 2007, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2007 have been incorporated by reference herein in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing. The audit report with respect to the consolidated financial statements refers to XM Satellite Radio Holdings Inc.'s change in the method of accounting for stock-based compensation effective January 1, 2006.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference in this prospectus supplement other information we file with it, which means that we can disclose important information to you by referring you to those documents. This prospectus supplement incorporates important business and financial information about us that is not included in or delivered with this prospectus supplement. The information we file later with the SEC will automatically update and supersede the information included in and incorporated by reference in this prospectus supplement. We incorporate by reference the documents listed below and any future filings made by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934.

1. Our Annual Report on Form 10-K for the year ended December 31, 2007, as amended by Amendment No. 1 filed on April 29, 2008.
2. Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008.
3. Our Current Reports on Form 8-K filed on February 29, 2008, July 1, 2008, July 28, 2008 (Item 8.01), August 1, 2008, August 4, 2008, and August 5, 2008, our Current Report on Form 8-K/A filed on August 5, 2008, and our Current Reports on Form 8-K filed on September 25, 2008, October 1, 2008 and October 20, 2008.
4. The Preliminary Proxy Statement on Schedule 14A filed on October 16, 2008.
5. The description of our common stock contained in our Registration Statement on Form 8-A filed pursuant to Section 12(b) of the Securities Exchange Act of 1934 including any amendment or report updating such description.

In addition, we incorporate by reference the documents listed below and any future filings made by XM Holdings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934.

1. XM Holdings Annual Report on Form 10-K for the year ended December 31, 2007, as amended by Amendment No. 1 filed on April 29, 2008.
2. XM Holdings Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008.

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