

MEMORANDUM

To: All Option Members, Member Organizations and ROTs
 From: Market Watch
 Date: October 22, 2007
 Subject: **XM Satellite Radio Holdings Inc. (XMSR/QSY) Pending Merger With Sirius Satellite Radio Inc. (SIRI)**

On Tuesday, November 13, 2007, the shareholders of XM Satellite Radio Holdings Inc. (XMSR) will vote to approve the proposed merger with Sirius Satellite Radio Inc. (SIRI). Pursuant to the merger terms each XMSR share will be converted into the right to receive 4.6 SIRI common shares. **The merger is anticipated to become effective by the end of 2007.**

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding QSY options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
SYMBOL(s): QSY/OZR/YLX becomes XMG/ZGR/LGR respectively
POS/EXERCISE LIMIT: 1,400,000 contracts until January 2010 expiration; where limits revert to 250,000 contracts
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 460 SIRI common shares.

XM Satellite Radio Holdings Inc. (XMSR/QSY) (Before - Date To Be Announced) 100 shares XMSR					XM Satellite Radio Holdings Inc. (XMSR/XMG) (Beginning - Date To Be Announced) (See New Deliverable Above)				
			Calls	Puts				Calls	Puts
QSY	NOV	2 1/2	KZ	WZ	XMG	NOV	2 1/2	KZ	WZ
QSY	NOV	5	KA	WA	XMG	NOV	5	KA	WA
QSY	NOV	7 1/2	KU	WU	XMG	NOV	7 1/2	KU	WU
QSY	NOV	10	KB	WB	XMG	NOV	10	KB	WB
QSY	NOV	12 1/2	KV	WV	XMG	NOV	12 1/2	KV	WV
QSY	NOV	15	KC	WC	XMG	NOV	15	KC	WC
QSY	NOV	17 1/2	KW	WW	XMG	NOV	17 1/2	KW	WW
QSY	NOV	20	KD	WD	XMG	NOV	20	KD	WD
QSY	NOV	22 1/2	KX	WX	XMG	NOV	22 1/2	KX	WX
QSY	NOV	25	KE	WE	XMG	NOV	25	KE	WE
QSY	NOV	30	KF	WF	XMG	NOV	30	KF	WF
QSY	DEC	2 1/2	LZ	XZ	XMG	DEC	2 1/2	LZ	XZ
QSY	DEC	5	LA	XA	XMG	DEC	5	LA	XA
QSY	DEC	7 1/2	LU	XU	XMG	DEC	7 1/2	LU	XU
QSY	DEC	10	LB	XB	XMG	DEC	10	LB	XB
QSY	DEC	12 1/2	LV	XV	XMG	DEC	12 1/2	LV	XV
QSY	DEC	15	LC	XC	XMG	DEC	15	LC	XC
QSY	DEC	17 1/2	LW	XW	XMG	DEC	17 1/2	LW	XW
QSY	DEC	20	LD	XD	XMG	DEC	20	LD	XD
QSY	DEC	22 1/2	LX	XX	XMG	DEC	22 1/2	LX	XX
QSY	DEC	25	LE	XE	XMG	DEC	25	LE	XE
QSY	DEC	30	LF	XF	XMG	DEC	30	LF	XF
QSY	JAN	2 1/2	AZ	MZ	XMG	JAN	2 1/2	AZ	MZ
QSY	JAN	5	AA	MA	XMG	JAN	5	AA	MA
QSY	JAN	7 1/2	AU	MU	XMG	JAN	7 1/2	AU	MU
QSY	JAN	10	AB	MB	XMG	JAN	10	AB	MB
QSY	JAN	12 1/2	AV	MV	XMG	JAN	12 1/2	AV	MV

QSY	JAN	15	AC	MC	XMG	JAN	15	AC	MC
QSY	JAN	17 1/2	AW	MW	XMG	JAN	17 1/2	AW	MW
QSY	JAN	20	AD	MD	XMG	JAN	20	AD	MD
QSY	JAN	22 1/2	AX	MX	XMG	JAN	22 1/2	AX	MX
QSY	JAN	25	AE	ME	XMG	JAN	25	AE	ME
QSY	JAN	30	AF	MF	XMG	JAN	30	AF	MF
QSY	JAN	35	AG	MG	XMG	JAN	35	AG	MG
QSY	JAN	40	AH	MH	XMG	JAN	40	AH	MH
QSY	JAN	42 1/2	AQ	MQ	XMG	JAN	42 1/2	AQ	MQ
QSY	JAN	45	AI	MI	XMG	JAN	45	AI	MI
QSY	JAN	50	AJ	MJ	XMG	JAN	50	AJ	MJ
QSY	JAN	55	AK	MK	XMG	JAN	55	AK	MK
QSY	JAN	60	AL	ML	XMG	JAN	60	AL	ML
QSY	JAN	65	AM	MM	XMG	JAN	65	AM	MM
QSY	JAN	70	AN	MN	XMG	JAN	70	AN	MN
QSY	APR	2 1/2	DZ	PZ	XMG	APR	2 1/2	DZ	PZ
QSY	APR	5	DA	PA	XMG	APR	5	DA	PA
QSY	APR	7 1/2	DU	PU	XMG	APR	7 1/2	DU	PU
QSY	APR	10	DB	PB	XMG	APR	10	DB	PB
QSY	APR	12 1/2	DV	PV	XMG	APR	12 1/2	DV	PV
QSY	APR	15	DC	PC	XMG	APR	15	DC	PC
QSY	APR	17 1/2	DW	PW	XMG	APR	17 1/2	DW	PW
QSY	APR	20	DD	PD	XMG	APR	20	DD	PD
QSY	APR	22 1/2	DX	PX	XMG	APR	22 1/2	DX	PX
QSY	APR	25	DE	PE	XMG	APR	25	DE	PE

XM Satellite Radio Hldgs, Inc. - 2009 Leap (OZR)
(Before - Date To Be Announced)

100 shares XMSR

			Call	Put
OZR	JAN	2 1/2	AZ	MZ
OZR	JAN	5	AA	MA
OZR	JAN	7 1/2	AU	MU
OZR	JAN	10	AB	MB
OZR	JAN	12 1/2	AV	MV
OZR	JAN	15	AC	MC
OZR	JAN	17 1/2	AW	MW
OZR	JAN	20	AD	MD
OZR	JAN	25	AE	ME
OZR	JAN	30	AF	MF
OZR	JAN	35	AG	MG
OZR	JAN	40	AH	MH
OZR	JAN	45	AI	MI
OZR	JAN	50	AJ	MJ

XM Satellite Radio Hldgs, Inc. - 2009 Leap (ZGR)
(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Call	Put
ZGR	JAN	2 1/2	AZ	MZ
ZGR	JAN	5	AA	MA
ZGR	JAN	7 1/2	AU	MU
ZGR	JAN	10	AB	MB
ZGR	JAN	12 1/2	AV	MV
ZGR	JAN	15	AC	MC
ZGR	JAN	17 1/2	AW	MW
ZGR	JAN	20	AD	MD
ZGR	JAN	25	AE	ME
ZGR	JAN	30	AF	MF
ZGR	JAN	35	AG	MG
ZGR	JAN	40	AH	MH
ZGR	JAN	45	AI	MI
ZGR	JAN	50	AJ	MJ

XM Satellite Radio Hldgs, Inc. - 2010 Leap (YLX)
(Before - Date To Be Announced)

100 shares XMSR

			Call	Put
YLX	JAN	5	AA	MA
YLX	JAN	7 1/2	AU	MU
YLX	JAN	10	AB	MB
YLX	JAN	12 1/2	AV	MV
YLX	JAN	15	AC	MC
YLX	JAN	17 1/2	AW	MW
YLX	JAN	20	AD	MD

XM Satellite Radio Hldgs, Inc. - 2010 Leap (LGR)
(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Call	Put
LGR	JAN	5	AA	MA
LGR	JAN	7 1/2	AU	MU
LGR	JAN	10	AB	MB
LGR	JAN	12 1/2	AV	MV
LGR	JAN	15	AC	MC
LGR	JAN	17 1/2	AW	MW
LGR	JAN	20	AD	MD

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.