



SATELLITE
RADIO



XM Satellite Radio Annual Shareholders Meeting

May 26, 2006



This presentation contains forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and are subject to risks, uncertainties, and other factors that could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: the effects of economic conditions, competition, programming availability and quality, technological developments, developmental difficulties and delays, the availability of capital to finance growth, the impact of government regulations and investigations, litigation, product availability and other factors detailed, from time to time, in the Company's filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date of this presentation. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.





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AGENDA

Business Overview

Hugh Panero

President & Chief Executive Officer

Finance Update

Joe Euteneuer

Chief Financial Officer

Marketing Update

Steve Cook

EVP, Sales & Marketing

Technology Update

Stell Patsiokas

EVP, Engineering & Technology

Programming Strategy

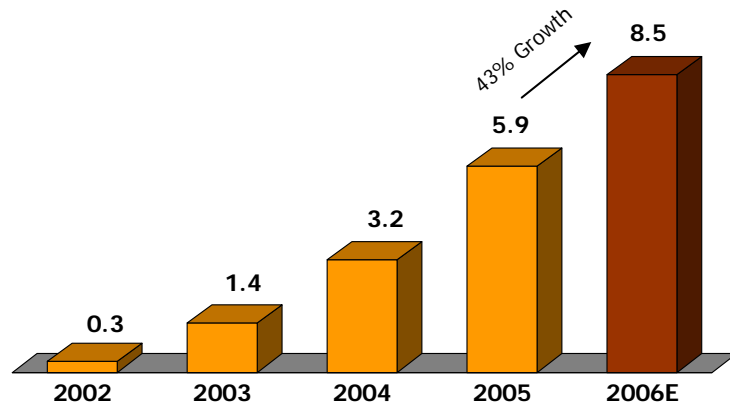
Eric Logan

EVP, Programming

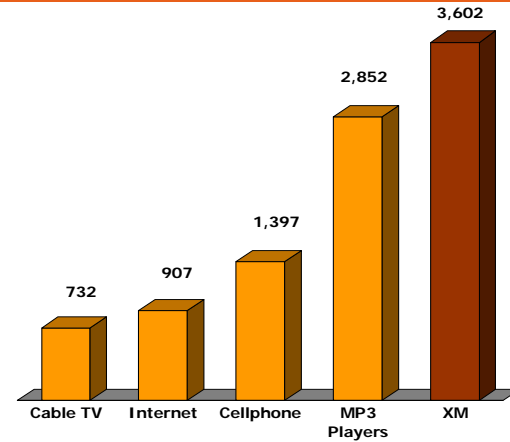


Subscribers and Revenue

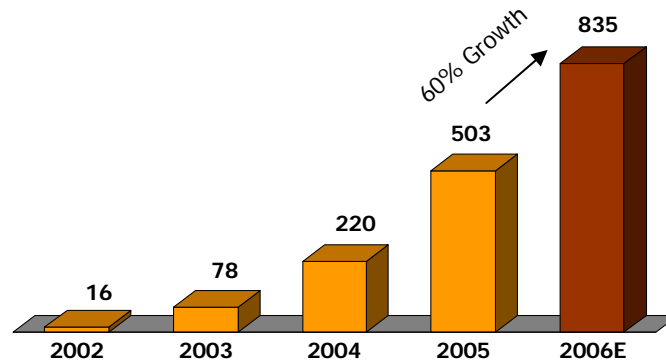
XM Subscriber Growth (M)



Daily Additions



XM Subscription Revenue (\$M)

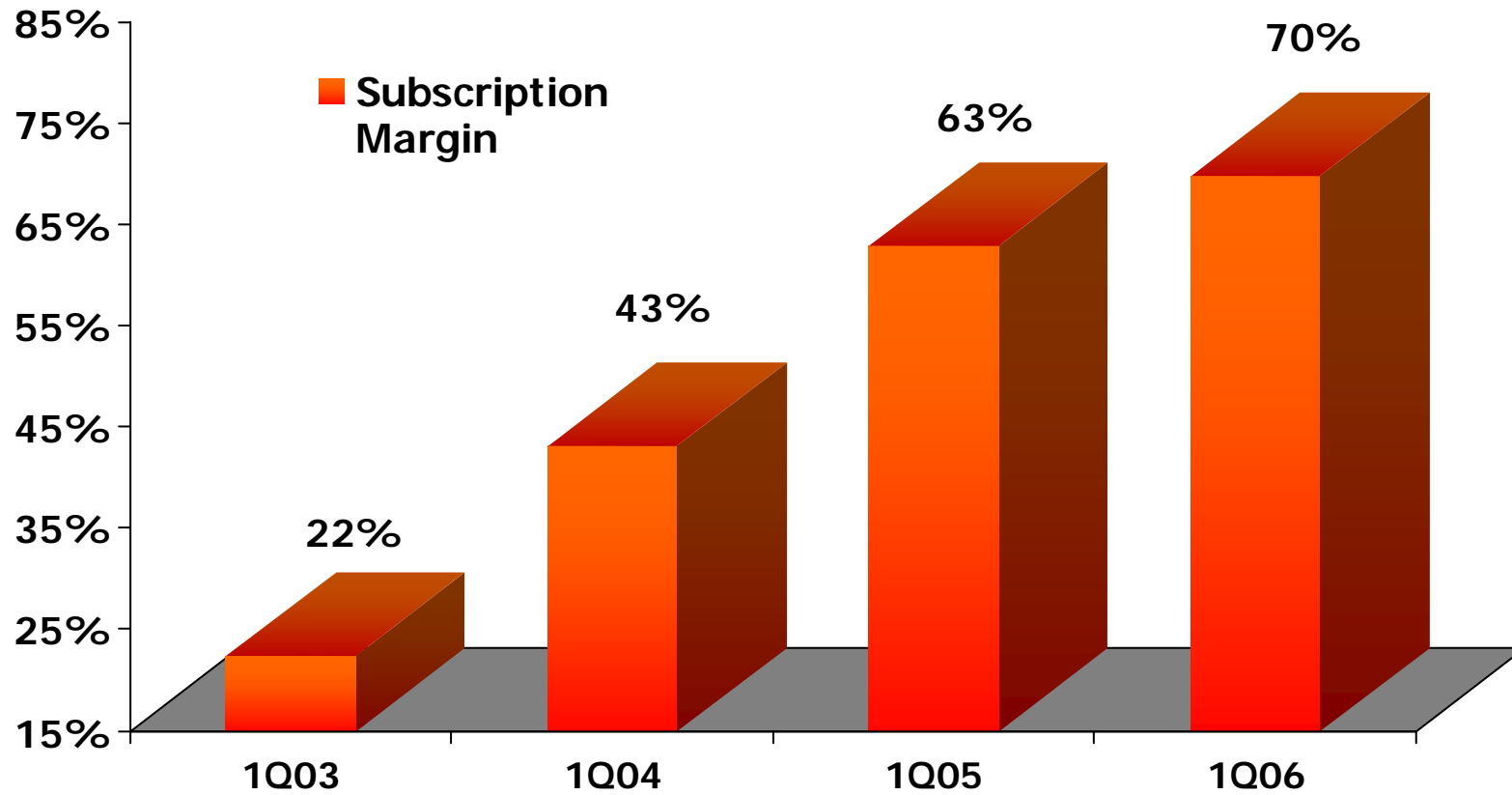


Over 20M Subscribers by yearend 2010

Source: Greystone Communications



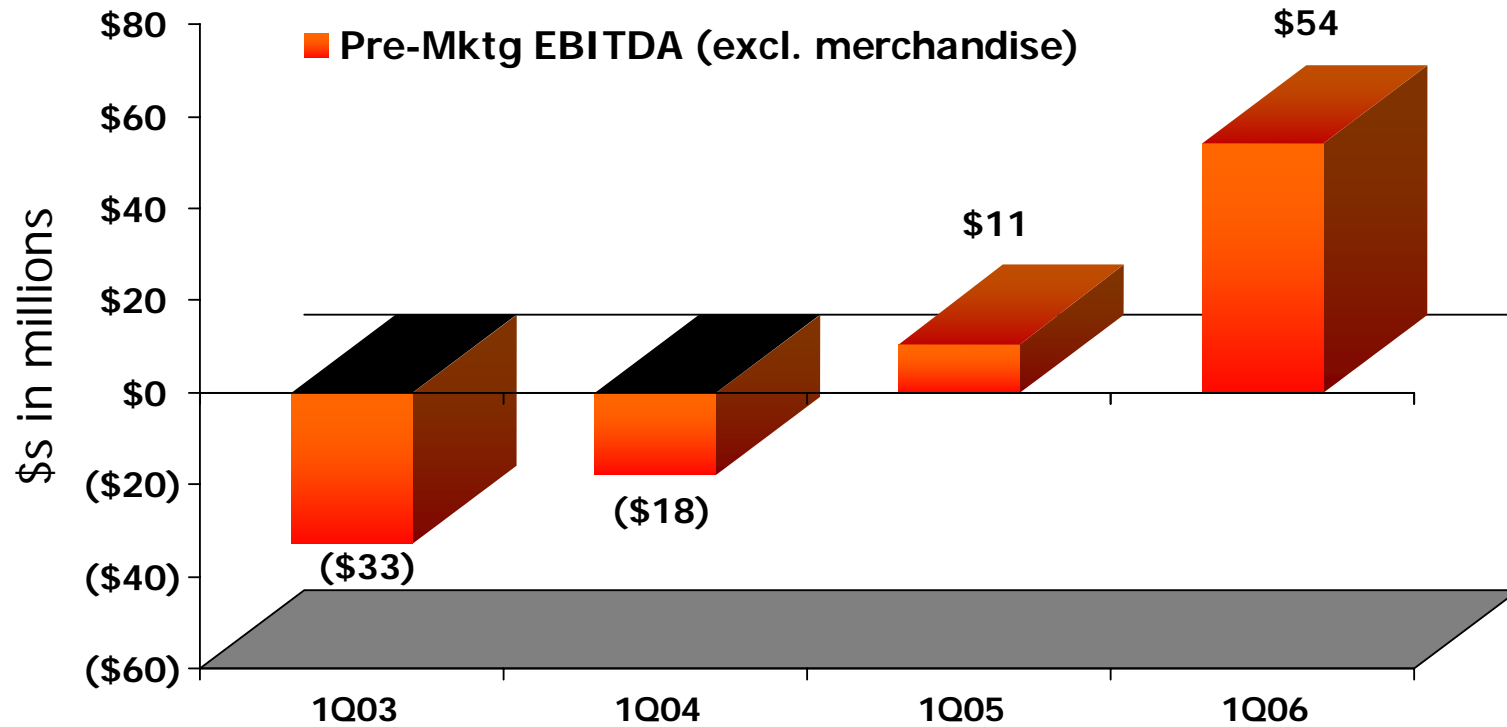
Improving Subscription Margin



Note: Subscription Revenue less Revenue Share & Royalty, and Customer Care & Billing expenses



Improving Pre-Marketing EBITDA



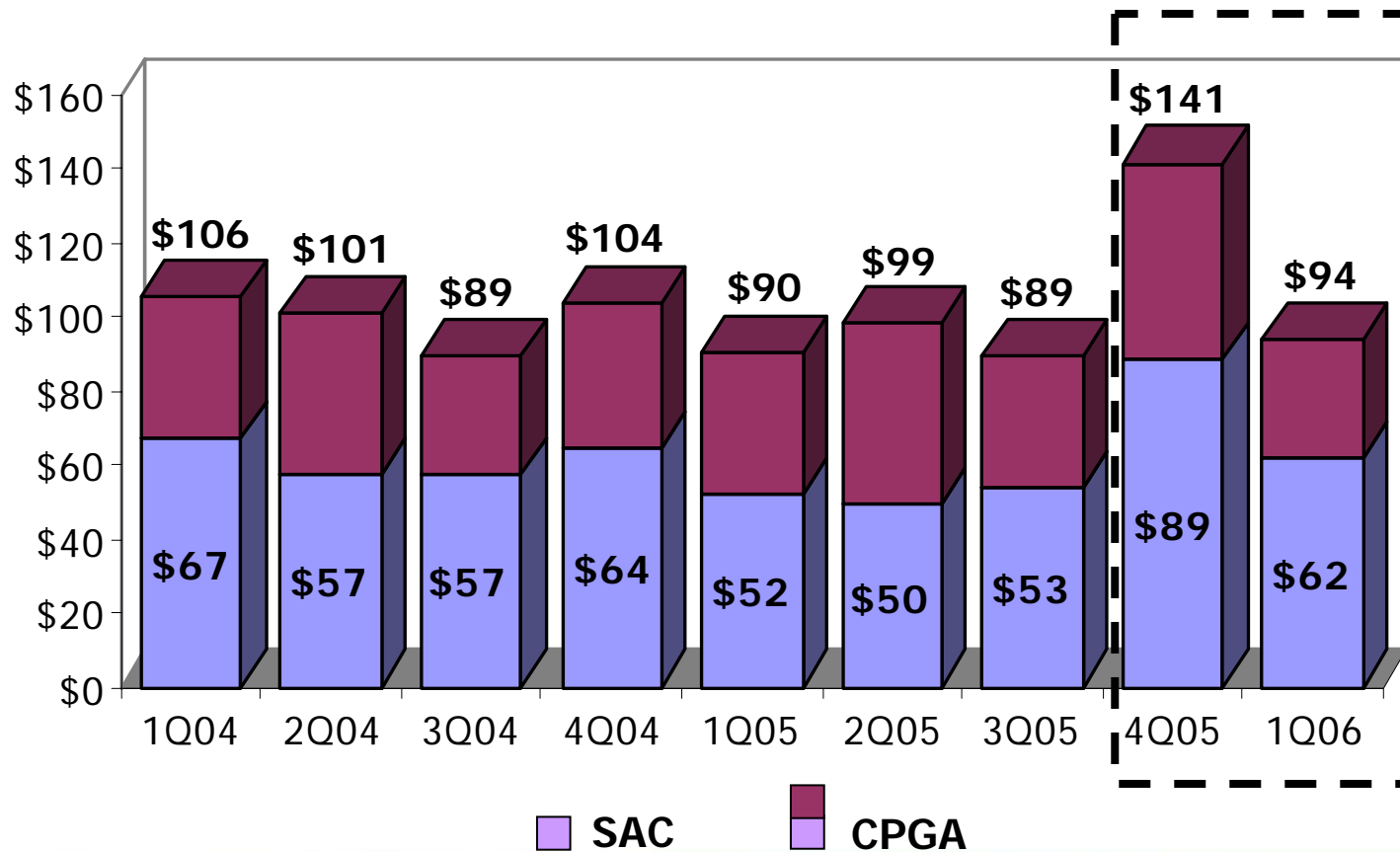
- Subscriber Growth drives increases in Revenue and Margin, resulting in improving Pre-Marketing EBITDA trends

Note: Total Revenue less Ad Sales, Revenue Share & Royalty, Customer Care & Billing, Satellite & Terrestrial, Broadcast & Ops, Programming & Content, R&D, G&A, and Retention & Support expenses and excludes Merchandise Margin

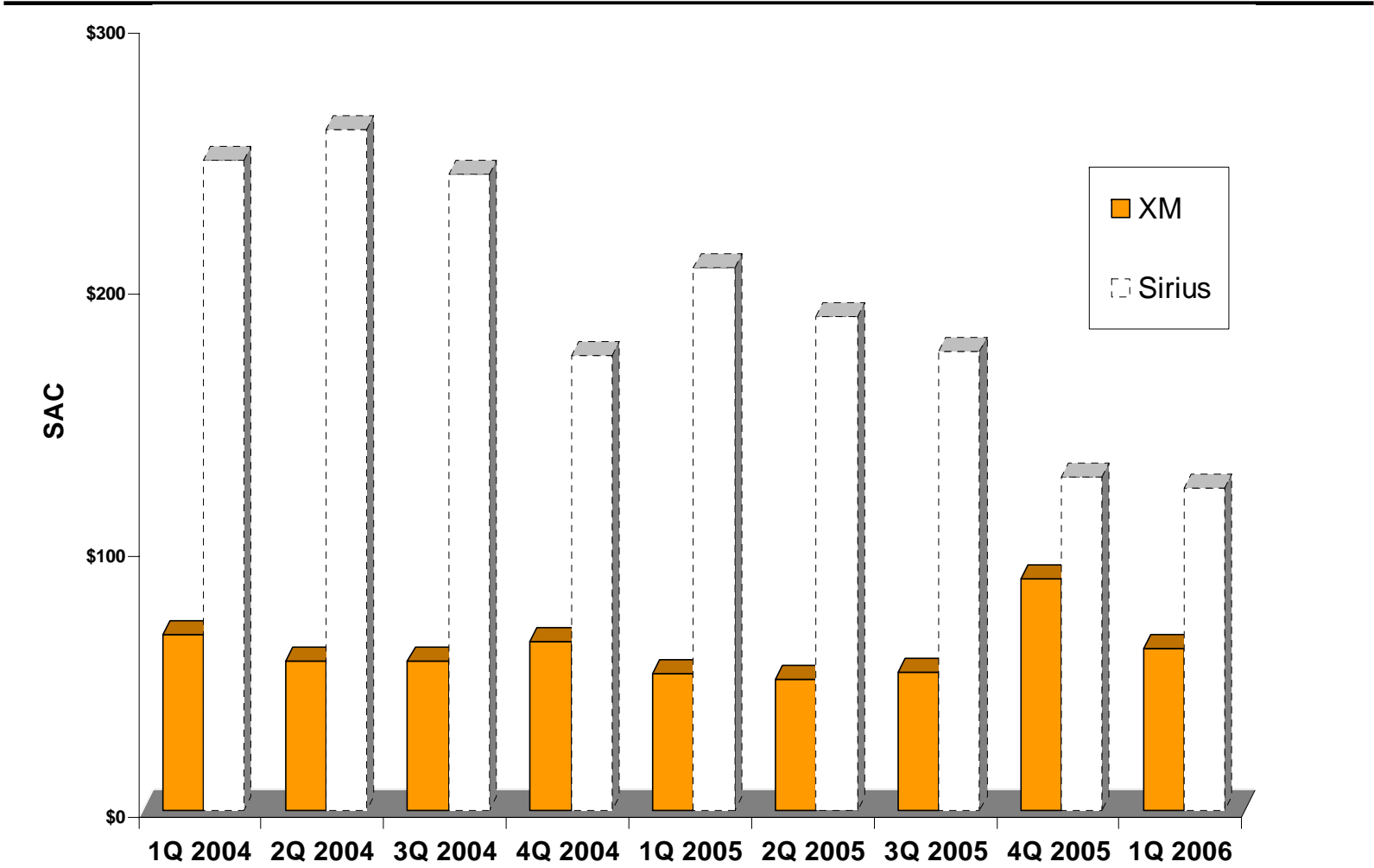


Subscriber Acquisition Cost Trends (XM SAC & CPGA)

Reduced costs in 1Q vs. 4Q levels



XM/Sirius SAC Comparison



*Sirius SAC (Subscriber Acquisition Costs) per Gross Add estimate is based on the following formula: (Reported SAC per gross add) + (Reported allocation of equity granted to third parties and employees related to subscriber acquisition costs/Reported Gross Adds)



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How Marketing Will Drive Mass Market Penetration

- Launch of our bold new products
- Tailored marketing for key consumer segments
 - ▶ Sports Fans
 - ▶ Music Enthusiasts
 - ▶ Women
- Acceleration of XM factory-installed vehicles



Market to Important Consumer Segments

	Programming	Devices/Functionality
Music Enthusiasts		<ul style="list-style-type: none"> • <i>Inno/Helix</i> radios (integrated XM/MP3) • 5.1 surround sound 
Sports Fans		<ul style="list-style-type: none"> • <i>Sportscaster</i> radio • XM Sports Guide • Streaming sports scores
Women		<ul style="list-style-type: none"> • New radio fit and finish options • Ease of installation and portability



Promote XM's Outstanding Content

BOB DYLAN ONLY ON XM SATELLITE RADIO
THEME TIME RADIO HOUR

"As DJ...he taps America's musical heritage with words that veer from the logically linear to the abstract..."
—The New York Times

"He's informative, funny...his taste is impeccable."
—Boston Herald

"The triumph of Dylan's show is that it really is unlike anything else you could hear, and as such is priceless."
—The Observer UK

"...revelatory...Dylan's song choices are impressively varied."
—Rolling Stone

Today, XM Radio welcomes the premiere of our exclusive new series *Theme Time Radio Hour*. Each week, host Bob Dylan takes us on a journey down America's musical highways and backroads, with a curated, hand-picked set of songs hand-picked from his personal collection — from Judy Garland to U2. God is and everything is different. It's a return to the golden age of radio, delivered and to us through XM's state-of-the-art technology. Tune into *Theme Time* on XM 48, each week or visit xmradio.com to find out more about the show, and XM's 170 channels of news, sports, talk and the most commercial-free music in satellite radio. XM Satellite Radio. Listen Large.™

SATELLITE RADIO

GET XM TODAY — SHOP XMRADIO.COM

COMPUSA SEARS TWEEETER

SATELLITE RADIO

DON'T MISS A MINUTE OF MAJOR LEAGUE BASEBALL ON XM SATELLITE RADIO.

XM BRINGS YOU EVERY TEAM, WHEREVER YOU ARE.

With the new season here, there's never been a better time to get XM Satellite Radio.

XM is the exclusive satellite radio home of Major League Baseball™ with 15 channels of live play-by-play featuring local team announcers.

Listen to MLB on Español, featuring live play-by-play games in Spanish.

Only XM has MLB Home Plate™, a 24-hour Major League Baseball channel, for up-to-the-minute news, scores, player profiles and more.

America's largest playlist with the most commercial-free music channels.

LISTEN LARGE.™

XM RADIOS STARTING AT \$49.99*

David Ortiz, Derek Jeter, Cal Ripken, Jr. (Host of *Open Baseball*, exclusively on XM)

Available at retailers, including:

ALTA Electronics, Best Buy, COMPUSA, WAL-MART, Sears, Tweeter, STAMPEX, Fry's, SHARPER IMAGE, and other fine retailers from coast to coast.

GET XM TODAY. SHOP XMRADIO.COM

GIVE XM RADIO FOR MOTHER'S DAY. (AND YOU GET TO LISTEN TOO.)

OPRAH & FRIENDS
Coming in September

This Mother's Day, give mom XM Satellite Radio, with over 170 channels of amazing variety. With XM, she'll get the exclusive "Oprah & Friends" channel, coming this September, featuring programs hosted by her favorite personalities from *The Oprah Winfrey Show* and a weekly reality radio show with Oprah Winfrey and Gayle King.

Get the most commercial-free music channels in satellite radio and The Ellen DeGeneres Show, The Jay Barker Show and Cool Morning America Radio. And with Talk, News, Sports and children's programming, XM makes the perfect gift for the entire family, all for only \$12.95 a month. XM Satellite Radio. Listen Large.™

THE MOST COMMERCIAL-FREE MUSIC CHANNELS, PLUS EXCLUSIVE TALK AND ENTERTAINMENT

elena, fibar, 80s, 90s, 2000s, 2010s, 2020s, 2030s, 2040s, 2050s, 2060s, 2070s, 2080s, 2090s, 2100s, 2110s, 2120s, 2130s, 2140s, 2150s, 2160s, 2170s, 2180s, 2190s, 2200s, 2210s, 2220s, 2230s, 2240s, 2250s, 2260s, 2270s, 2280s, 2290s, 2300s, 2310s, 2320s, 2330s, 2340s, 2350s, 2360s, 2370s, 2380s, 2390s, 2400s, 2410s, 2420s, 2430s, 2440s, 2450s, 2460s, 2470s, 2480s, 2490s, 2500s, 2510s, 2520s, 2530s, 2540s, 2550s, 2560s, 2570s, 2580s, 2590s, 2600s, 2610s, 2620s, 2630s, 2640s, 2650s, 2660s, 2670s, 2680s, 2690s, 2700s, 2710s, 2720s, 2730s, 2740s, 2750s, 2760s, 2770s, 2780s, 2790s, 2800s, 2810s, 2820s, 2830s, 2840s, 2850s, 2860s, 2870s, 2880s, 2890s, 2900s, 2910s, 2920s, 2930s, 2940s, 2950s, 2960s, 2970s, 2980s, 2990s, 3000s, 3010s, 3020s, 3030s, 3040s, 3050s, 3060s, 3070s, 3080s, 3090s, 3100s, 3110s, 3120s, 3130s, 3140s, 3150s, 3160s, 3170s, 3180s, 3190s, 3200s, 3210s, 3220s, 3230s, 3240s, 3250s, 3260s, 3270s, 3280s, 3290s, 3300s, 3310s, 3320s, 3330s, 3340s, 3350s, 3360s, 3370s, 3380s, 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Next Generation XM2Go Gets Rave Reviews

"To be filed under Best Ideas of the Year: Imagine a tiny music player, smaller than an iPod, that's also an XM satellite radio receiver."

*- New York Times,
May 25, 2006*



CORRECTED



Leverage Demand For Portable Digital Music



- **Helix and Inno -- a new standard in portable audio**

- ▶ Gives consumers freedom to listen to XM at their convenience (...like TV)
- ▶ Only XM offers live portable access to over 170 channels with MP3 capability
- ▶ "Hear it, click it, buy it" with XM+Napster



- **Nexus 25 & 50 players**

- ▶ XM live in car & home with accessory; plus recorded content on the go
- ▶ XM/MP3 custom playlists



Integrated Marketing – Content and Hardware



Partnership Marketing

Starbucks Point of Purchase



AirTran Seat Back Card

AirTran AIRWAYS

If You're Enjoying XM on Your Flight, You'll Love it in Your Car, Home & Anywhere in Between.

XM brings you more than 80,000 hours of entertainment each month — over 150 digital channels of sheer variety. 100% commercial-free music, plus sports, talk, comedy, kids programming, drama, news, traffic and weather and more. It's easy to get XM for your existing car or home stereo with a variety of award-winning products, including the XM SKYFI2™ for the car, home and boombox; the XM Roady2™, the smallest and lightest radio; and the XM2go™, the first portable, hand-held XM radio that goes wherever you go. Plus a broad selection of XM Ready® car stereos.

These and other XM products available at local electronic stores nationwide.

XM is also available in over 120 new vehicles for the 2005 model year.

CHEVROLET PONTIAC BUICK GMC Cadillac SATURN
 HUMMER HONDA ACURA ISUZU HYUNDAI INFINITI
 TOYOTA LEXUS MERCEDES-BENZ VW AUDI SUZUKI

Experience XM Now!
 America's #1 Satellite Radio Service.

- Press to scroll through XM categories.
- Press to scroll to desired XM channel.
- Press to control the volume.

SATELLITE RADIO To learn more about XM products & services go to xmradio.com

Hardware and required \$12.95 basic monthly subscription sold separately. Installation costs and other fees and taxes, including a one-time activation fee may apply. Subscription fee is consumer only. All fees and programming subject to change. Channels with frequent explicit language are indicated with an 'X'. Channel blocking is available for XM radio receivers by calling 1-800-XM-RADIO. Subscriptions subject to Customer Agreement available at xmradio.com. Only available in the 48 contiguous United States. ©2005 XM Satellite Radio Inc. All rights reserved. All other trademarks are the property of their respective owners.

AOL Music Webpage

Free AIM Mail - Sign Up Now
 Entertainment Guide

AOL music MUSIC SEARCH artists videos songs albums

MAIN MUSIC STYLES ARTISTS PHOTOS VIDEOS SONGS SPECIALS AOL RADIO NEWS ARCHIVE

AOL Radio featuring XM
 Choose from 200+ Radio Stations. Listen Now

New on AOL Radio

TOP 111 WORST SONGS EVER
 Top 111 Worst Songs
 This station is where bad songs go to die. AOL Radio counts down the top 111 worst songs of all time. Warning: listening to this station will expose you to terrible tunes from David Hasselhoff, Spice Girls, Ricky Martin, MC Hammer, Vanilla Ice, Will Smith and so many more.
 Listen to the Top 111 Worst Songs AOL Radio

Station Spotlight

XM 20 on 20 (Pop)
 Listen to the 20 hottest songs in the country on XM 20 on 20, featuring smash hits from Beyonce, Madonna, Teddy Geiger, Pink, Fall Out Boy and more.
 Listen to XM 20 on 20 on AOL Radio
 Special XM offer for AOL Radio listeners
 See all XM channels

E3 2006 Video Game Scores
 Halo 2 was unveiled at the E3 Convention this week. Get psyched up for the game by hearing music from the previous Halo games right here! Want

Top 11 Stations

1. **Top Country**
Today's hottest Country hits
2. **XM The Heart**
The best love songs & soft rock from the '60s through today
3. **XM MidFlight 26**
Adult pop hits from the '90s & today
4. **XM 20 on 20**
An interactive radio channel spins the hits
5. **XM 70s**
Travel back to a true guilty pleasure
6. **XM Watercolors**
The best contemporary and smooth jazz



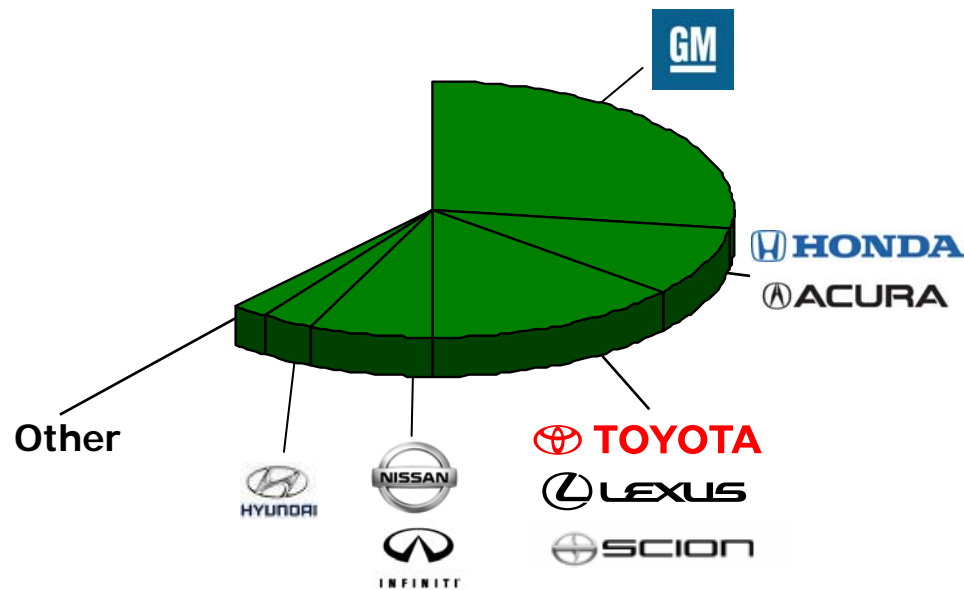
Drive Mass Adoption

- Offer appealing monthly subscription price
- Market a portfolio of radio products to meet different consumer needs
- Sell through leading consumer electronics retailers, mass merchants, direct sales and through our automotive partners



Unparalleled OEM Distribution

Total Vehicle Sales – 60% Market Share¹



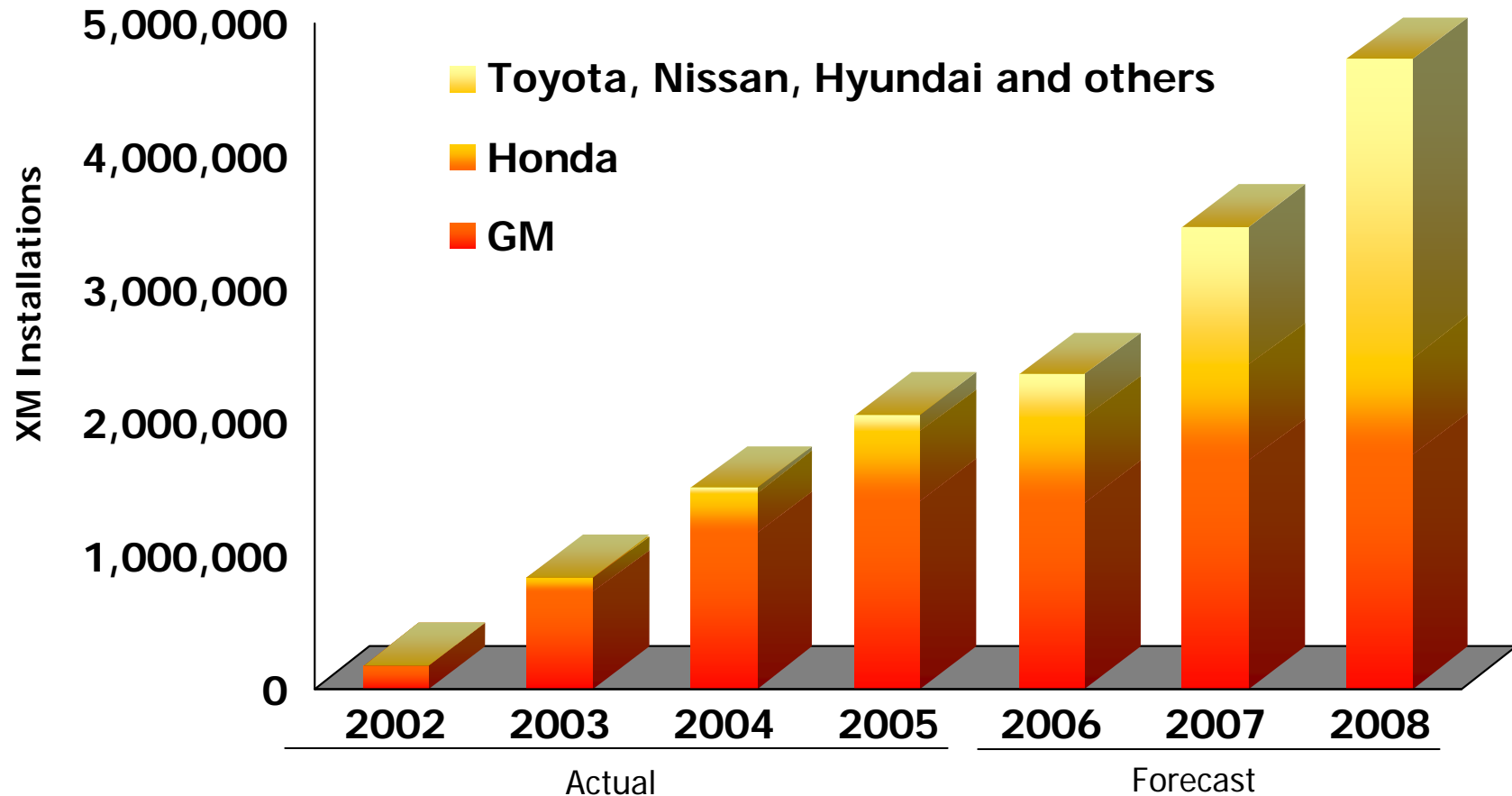
- XM is the exclusive factory-installation partner with the largest and fastest growing automakers with nearly 60% market share
- XM radios installed by OEMs in over 5 million cars as of 1Q 2006

¹Calendar year 2005
Source: Global Insight, January 2006



XM OEM Factory Installations

Approaching 5 million factory-installed vehicles *annually* by 2008



AGENDA

Business Overview

Hugh Panero

President & Chief Executive Officer

Finance Update

Joe Euteneuer

Chief Financial Officer

Marketing Update

Steve Cook

EVP, Sales & Marketing

Technology Update

Stell Patsiokas

EVP, Engineering & Technology

Programming Strategy

Eric Logan

EVP, Programming



Technology Development Strategy

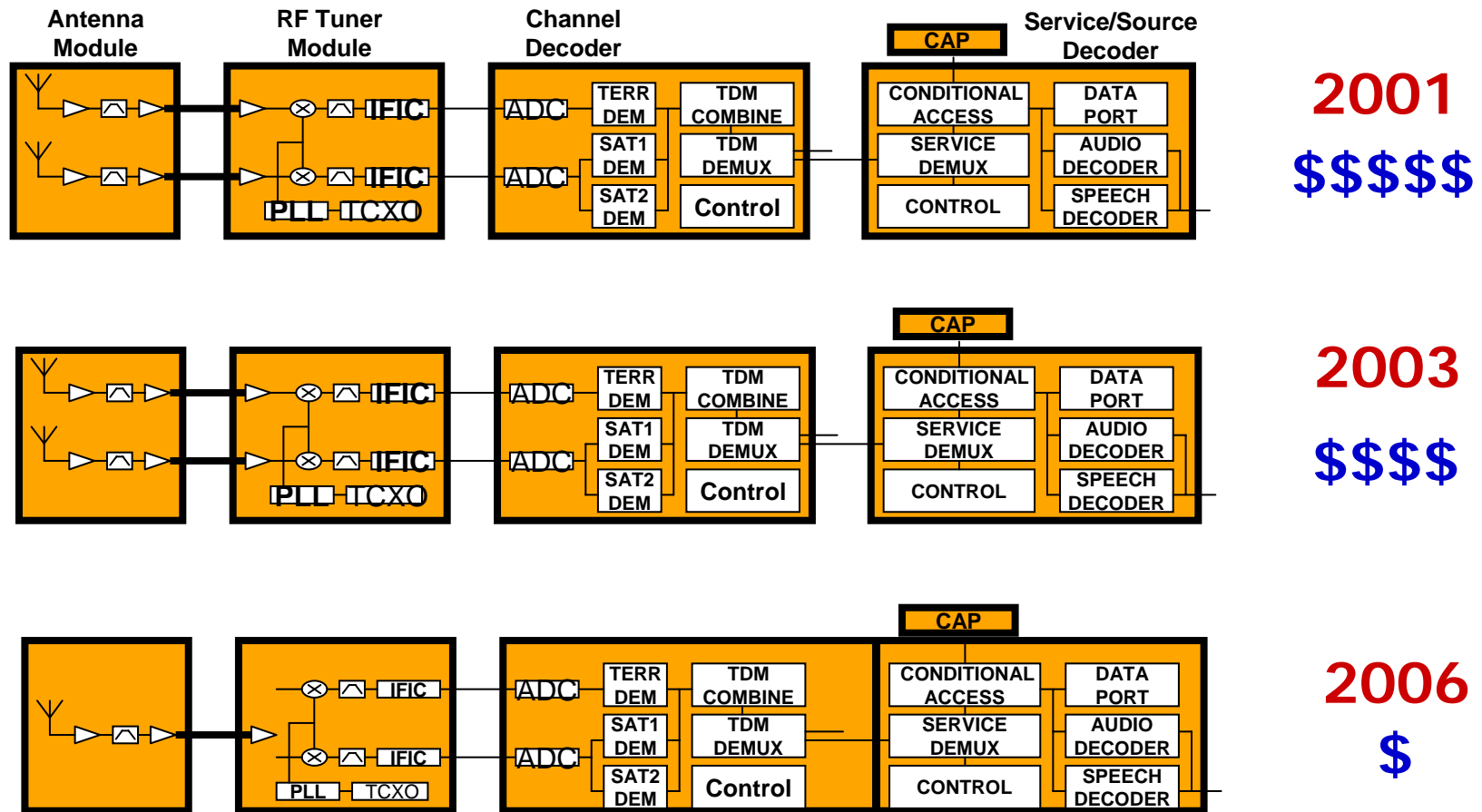
- **Own Technology and Standard**
 - ▶ Architectural control
 - ▶ Limit dependence on third parties for technology development

- **Reduce Cost**
 - ▶ Minimize entry-level cost
 - ▶ Facilitate technology integration

- **Accelerate Introduction of Breakthrough Technology and Applications**



Product Pricing Driven by Reduction in Material Costs



Lead Evolution to Portable Products

- Smaller technology and devices with lower power consumption
- Integrate with other consumer devices
- Expand product features



Broad Portfolio of Products

Portable



- **Pioneer Inno & Samsung Helix** – portable live XM devices with MP3 capabilities

Plug & Play



- **AGT Sportscaster** – brand new plug & play XM receiver

Component Audio



- **Polk Audio XRt12** – Reference XM Satellite Radio Home Tuner

Connect & Play Technology



- **XM "Passport"** – Micro tuner compatible with the universe of XM-enabled devices



XM Advanced Applications/Service Capabilities*



XM NavTraffic
Real-time
Traffic

XM Wx
Aircraft/Maritime
Weather



XM Video
Streaming or
Cached Video

XM WeatherLink
Hazardous Driving
Condition Alerts



XM VoiceCommand
Conversational Speech
Interface

XM Books on Radio
Cached Audio Books



*Some services under development



AGENDA

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Steve Cook

EVP, Sales & Marketing

Technology Update

Stell Patsiokas

EVP, Engineering & Technology

Programming Strategy

Eric Logan

EVP, Programming



Content Strategy

- **Appeal to the Mass Market**
- **Target Growth Segments**
- **Balance the Cost of Content**
- **Develop and Build XM Brands and Talent**
- **Develop Content that is Appealing to Advertisers**



Appeal to the Mass Market

The Most 100% Commercial-Free Music

The Most Play-by-Play Sports

Talk Stars: Bill O'Reilly, Al Franken, Ellen, Dr. Laura, Opie & Anthony, Tyra Banks

The Most Sports Talk

Hispanic Music, Sports and News

THE MOST CHOICE IN SATELLITE RADIO – OVER 170 CHANNELS COAST TO COAST

THE MOST 100% COMMERCIAL-FREE MUSIC CHANNELS

- Decades
- Pop & Hits
- Rock
- Country
- Christian
- Hip-Hop & Urban
- Lifestyle
- Latin
- Dance
- Jazz & Blues
- Classical
- World

THE BEST SPORTS PACKAGE

- EVERY MLB™ TEAM, ALL SEASON LONG, WHEREVER YOU ARE
- OVER 120 COLLEGE TEAMS
- OVER 5,000 LIVE SPORTING EVENTS

THE BIGGEST NAMES IN NEWS

- REGIONAL NEWS, TALK & MUSIC
- ESPECIALLY FOR WOMEN
- KIDS & FAMILY
- INSTANT TRAFFIC, WEATHER & ALERTS

COMEDY

- ALL-STAR TALK & ENTERTAINMENT
- MORE ALL-STARS

Aligning with Major Music Brands







Creating New Categories: Women's Content; Children

21 Dedicated Channels of XM Instant Traffic & Weather



Mass Market Audience – 13.6M XM Listeners

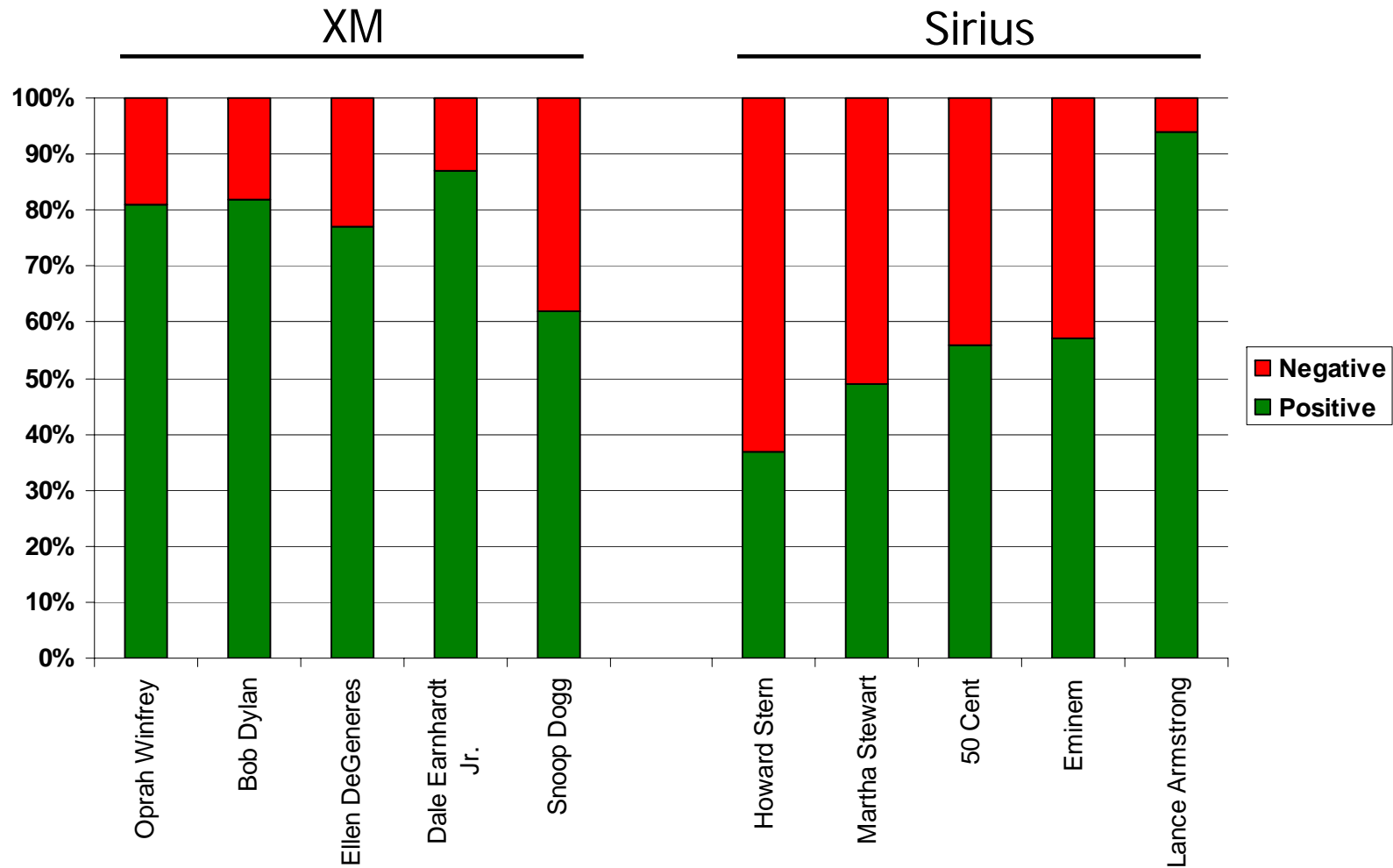
Audience/Circulation

 WHTZ NY	2.3M
	2.3M
XM's <i>the 70s</i>	2.1M
XM's <i>the 80s</i>	1.9M
 KIIS LA	1.9M
XM's <i>top 20:20</i>	1.8M
 WAXQ NY	1.4M
	1.3M
 KCBS LA	1.1M

*Source: Nielsen Media Research 1Q'05



XM's Talent Has More Universal Appeal



Source: E-Poll, April 2006; AdRants, April 2006



Bob Dylan on XM – A Big Hit



Opie & Anthony – Huge Talk Talent

Very popular on XM Radio and now syndicated on CBS Radio



THE
**OPIE &
ANTHONY**
SHOW

HIGH 
VOLTAGE
(XM 202)



The Most Sports Talk & Live Play-by-Play

Sports Play-by-Play



Sports Talk



Over 5,000 live sporting events covered annually



Strategic Approach to Key Segments

Example: Women's Content

- 62 Million Women between 25-54 years
- Creation of an XM Super Brand
 - ▶ Take Five (XM 155) – Dedicated women's interest and lifestyle channel
 - ▶ Brand name talent attracts subscriber interest
 - ▶ Platform to grow XM exclusive personalities
- Advertisers desire highly targeted sales opportunities

ellen
the ellen degeneres show



tyra

abc
GOOD MORNING
AMERICA
RADIO



satellite
sisters



"OPRAH & FRIENDS" Coming in September

- Blockbuster programming (XM 156)
- Exclusive, original content with Oprah and Friends
 - ▶ Gayle King
 - ▶ Bob Greene
 - ▶ Dr. Robin Smith
 - ▶ Nate Berkus
 - ▶ Dr. Oz
 - ▶ Marianne Williamson
- Ideal match with XM's Brand Image





SATELLITE
RADIO