



**SATELLITE
RADIO**



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XM Satellite Radio Annual Shareholders Meeting

May 27, 2004

9:00 AM



XM Gets Rave Reviews

“the HBO of satellite radio.”

– Fortune

“...the closest you can come nowadays to going to Radio Heaven.”

–The New York Times

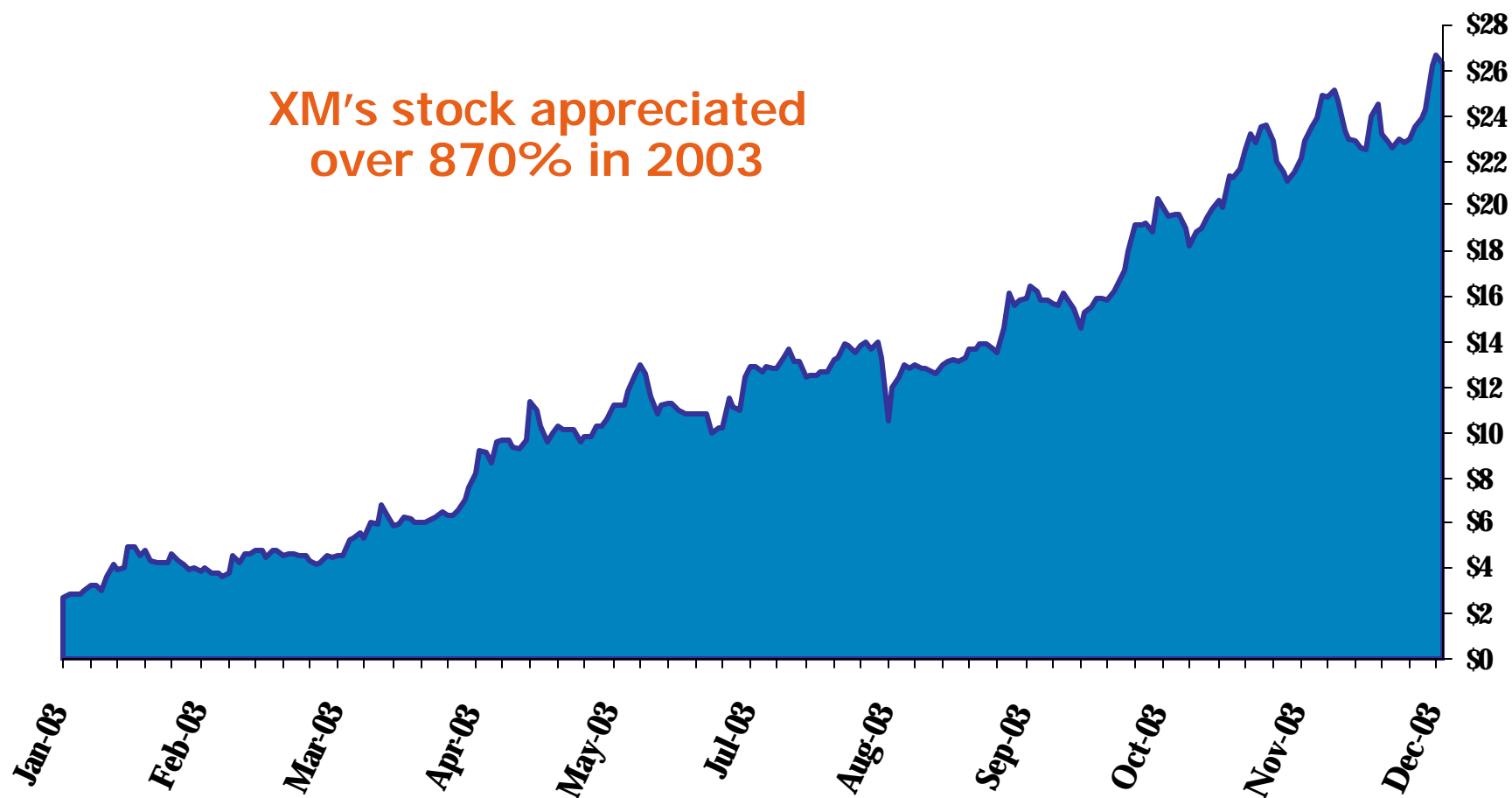
“I’ve found the place where rock & roll has gone to have its final party...”

– Stephen King, Entertainment Weekly



XM Stock Price – Full Year 2003

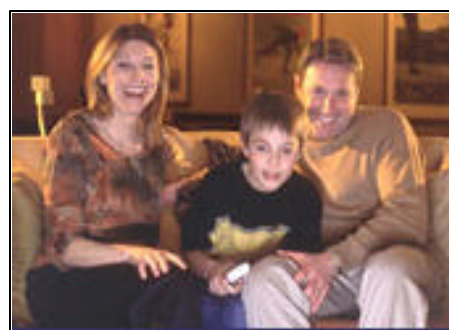
XM's stock appreciated over 870% in 2003



XM Targeting Mass Market Opportunity

Addressing large markets with high radio listening penetration

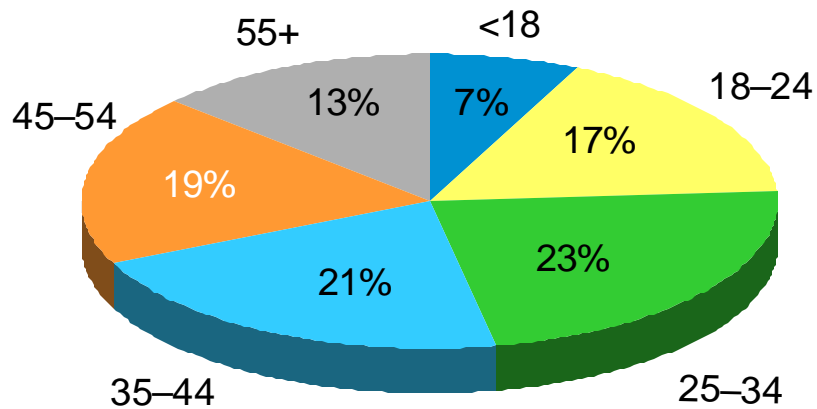
- Over 200 million registered vehicles in the US
- Over 108 million US households
- Over 75% of the US population age 12 and older listens to radio daily and 94% tune in on a weekly basis



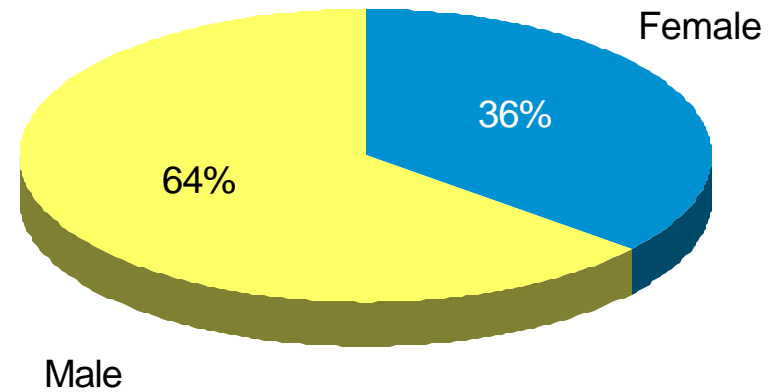
Sources: Bureau of Transportation Statistics 2003, A.C. Neilson Media Research January 2004, Radio & Marketing Fact Book 2003

Achieving Broad Listener Appeal

Age



Gender



Demonstrated Mass Market Appeal

Source: Arbitron Custom Listening Study 2003.

XM Subscribers Love the Product

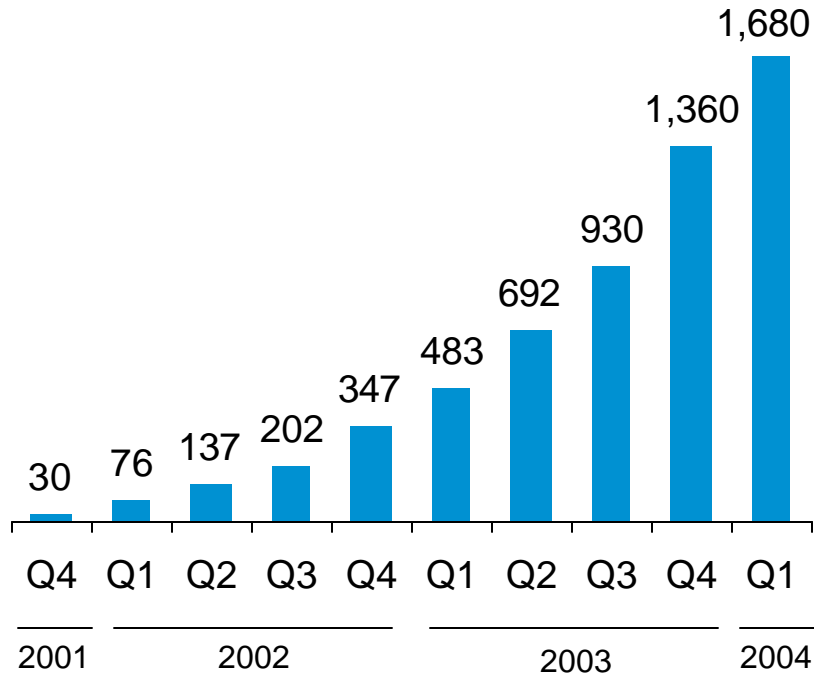
- **87%** rate the service value good or excellent
- **91%** are likely to get XM as an option in their next car
- **43%** have talked to at least five people about XM in the last 30 days

April 2004 online customer satisfaction survey results, Greystone Communications Survey

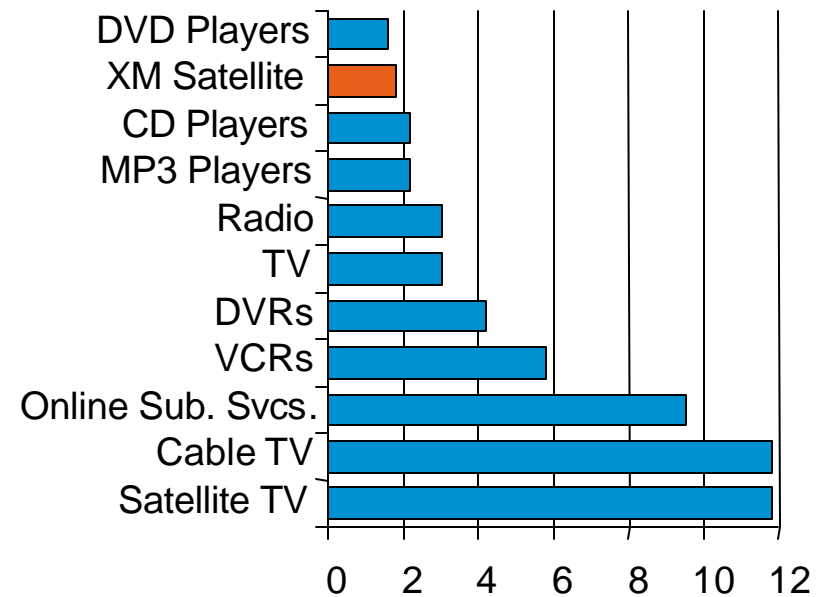


Rapidly Growing Subscriber Base

XM Subscribers (000's)



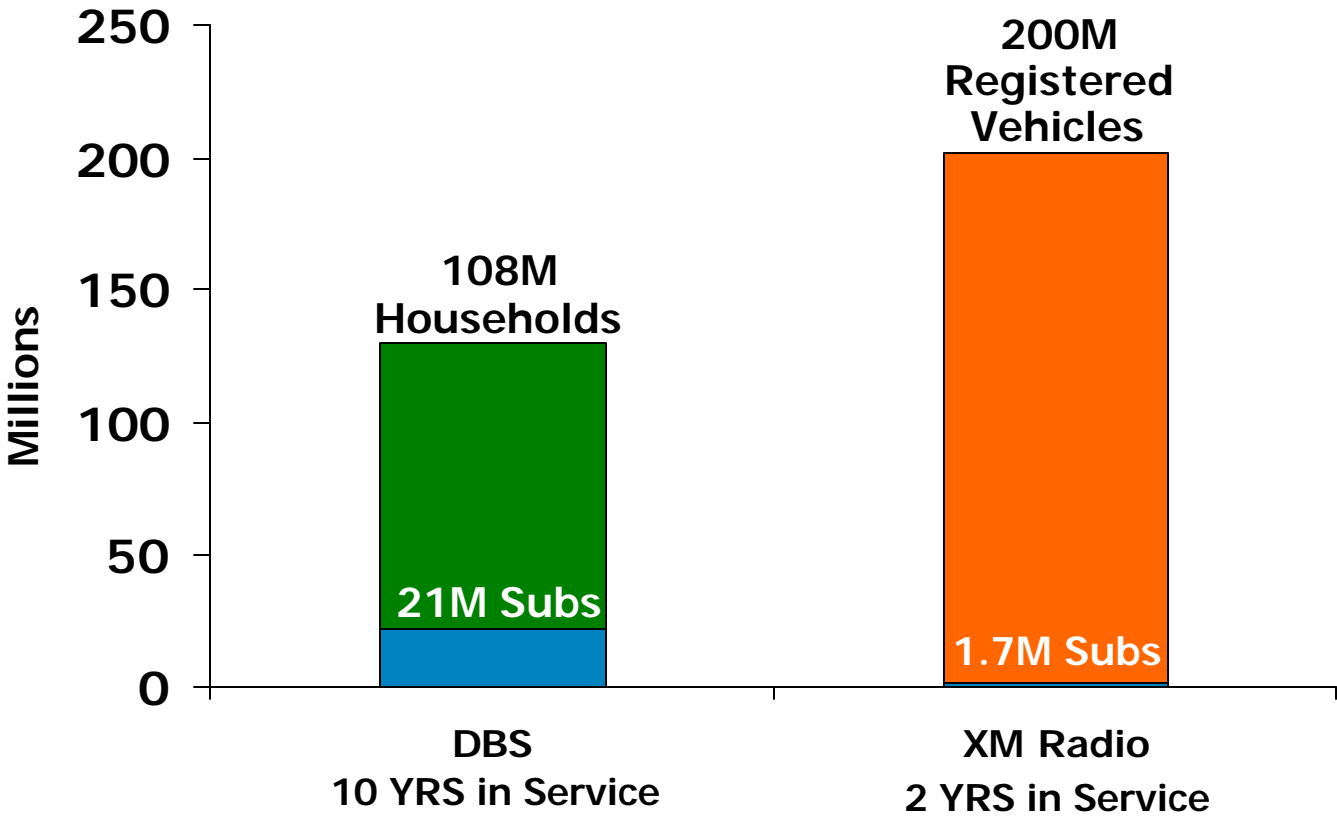
Years to 1M Users



Source: Greystone Communications, Yankee Group.



XM Has Superior Growth Potential



Note: DBS includes DIRECTV and EchoStar.



XM Offers Best Value in Satellite Radio

- \$10 a Month
- 100% Commercial-Free Music
- XM Offers the Most Live and Interactive Programming, and Premiere Entertainment Brands
- Instant Traffic & Weather in 21 Major Markets
- XM NavTraffic Data Service

The image displays three screenshots of XM satellite radio channel lineups:

- 100% Commercial-Free XM ORIGINAL PROGRAMMING (66 Channels):** A grid of channels categorized by genre, including Decades (e.g., 50s, 60s, 70s), Country, Pop & Hits, Rock, Hip-Hop & Urban, Jazz & Blues, Dance, Christian, and World.
- News, Sports, Talk & Entertainment (33 Channels):** A grid of channels categorized by genre, including Kids, News, Sports, Comedy, and Talk & Entertainment.
- XM Instant Traffic & Weather (21 Channels):** A grid of channels providing local traffic and weather reports for 21 major markets, including Boston, New York, Philadelphia, and others.



Bringing Live Music And Listeners Back to Radio

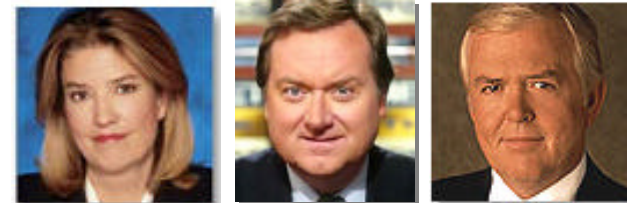
- Over 400 Live Performances at XM, including: Wynton Marsalis, Melissa Etheridge, Black Eyed Peas and Cassandra Wilson
- During 2003, XM received over 740,000 phone calls from listeners wanting to request a song or otherwise interact with their favorite channel



Delivering the Best in News & Talk



Just Added!



Instant Traffic & Weather Goes Live



XM Instant Traffic & Weather

21 Channels

Continuous, in-depth reports, 24-hours a day

| | | |
|-----------------------------|--|--|
| 210 Boston, MA | 217 Chicago, IL | 224 Phoenix, AZ |
| 211 New York, NY | 218 St. Louis, MO | 225 Dallas / Fort Worth, TX |
| 212 Philadelphia, PA | 219 Minneapolis / St. Paul, MN* | 226 Houston, TX |
| 213 Baltimore, MD | 220 Seattle, WA* | 227 Atlanta, GA* |
| 214 Washington, DC | 221 San Francisco, CA | 228 Tampa / St. Petersburg, FL |
| 215 Pittsburgh, PA | 222 Los Angeles, CA | 229 Orlando, FL |
| 216 Detroit, MI | 223 San Diego, CA* | 230 Miami / Ft. Lauderdale, FL* |

Powered by **TrafficPulse**  

Visit traffic.xmradio.com for more information. *Available later in 2004.



...And Subscribers Tuned In

"I just LOVE this traffic feature."

Ron C., Los Angeles, CA

"Your new traffic channels are the best thing since the invention of the diesel engine."

Charles M.

"Truly a great addition to XM."

Bradley W., Pittsburgh, PA

"I like to listen to the rush-hour information for other cities – and, in most cases, be glad I'm not there!"

Susan Z. letter to Dr. Gridlock of The Washington Post



XM NavTraffic Unveiled at New York Auto Show




- The nation's first satellite traffic data information service fully integrating with the vehicle's on-board navigation system
- Enables on-board vehicle navigation systems to provide continuously updated and personalized traffic information for each driver's needs.



XM NAVTRAFFIC™



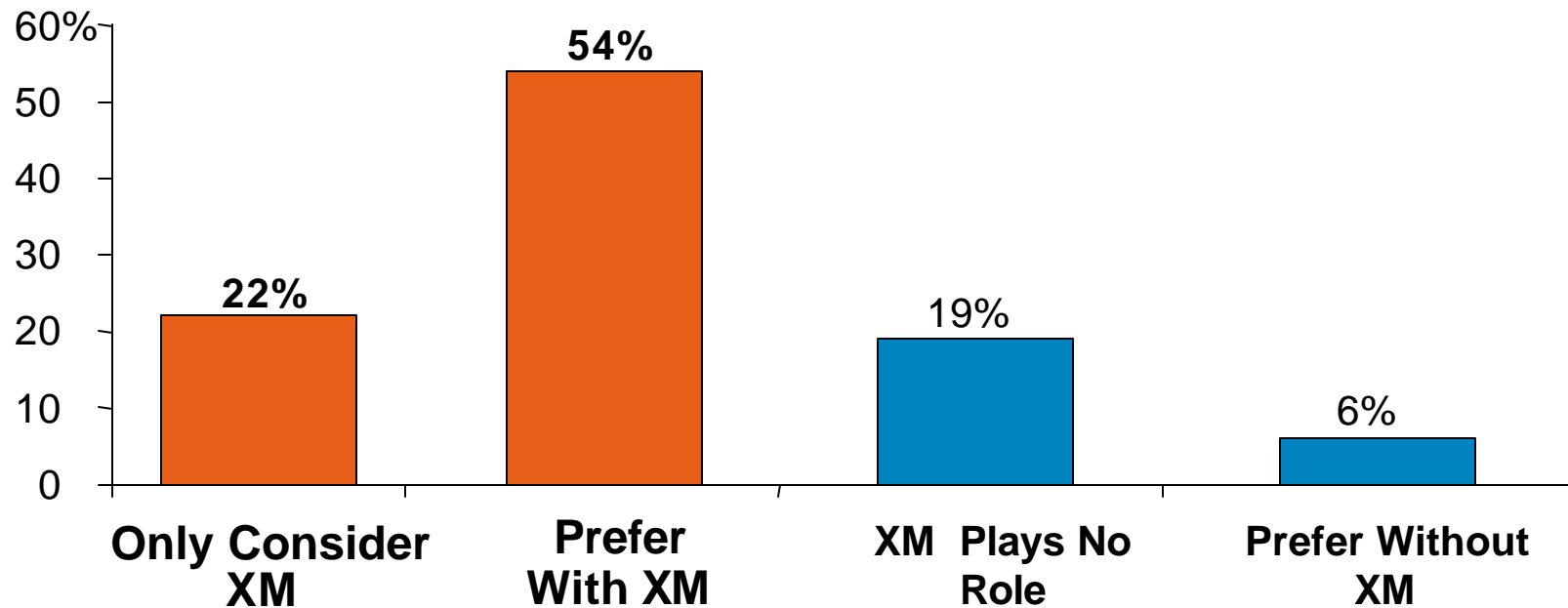
GM and Honda are Major Drivers of XM Subscriber Growth

| |  | | |   | |
|----------------------|--|------|--------|--|------|
| Model Year | 2003 | 2004 | 2005 | 2004 | 2005 |
| Models | 25 | 43 | 50 | 3 | 7 |
| XM Equipped Vehicles | 400K | 800K | 1,100K | 200K | 400K |

GM and Honda Will Manufacture Over 1 million XM vehicles for MY 2004 and 1.5 Million XM Vehicles for MY 2005



GM Customers Love their XM Radio



Three of four GM car buyers prefer XM in their next new car purchase



XM Availability Expanding Across Other Car Lines



- Scion xA and xB
- Camry Solara Coupe and Convertible



- LS 430



DRIVEN.

- Pathfinder
- Maxima
- Quest
- Murano
- Titan
- Sentra
- 350 Z
- Altima



- A4, A4 Avant, A4 Cabriolet
- A6, A6 Avant
- S4, S4 Avant
- allroad quattro
- A8L
- TT
- RS6



- 9-3 Sport Sedan and Convertible
- 9-5 Sedan and SportWagon
- 9-7x SUV (Factory Install 2005)



INFINITI

- G35
- G35 Coupe
- M45
- I35
- Q45
- FX35/FX45
- QX56



- Beetle
- Jetta
- Golf



XM Continues to Lead Retail Aftermarket

During Q1 2004 – 7 out of 10 net new retail satellite radio subscribers chose XM Radio



SKYFi – The Best Selling Satellite Radio in History

- Satellite radio sales leader
- *PC Magazines* "Last Gadget Standing"
- Attractive features and functionality
- Offers access to auto, home and portable markets

... in the car



... in the home



... and on the go



XM Introduces Roady2

- Built-in wireless FM modulator
- Streams up to 20 personalized stock quotes
- Smallest and lightest satellite radio
- PlayDockXM -- Cambridge Soundworks introduces portable audio system for Roady



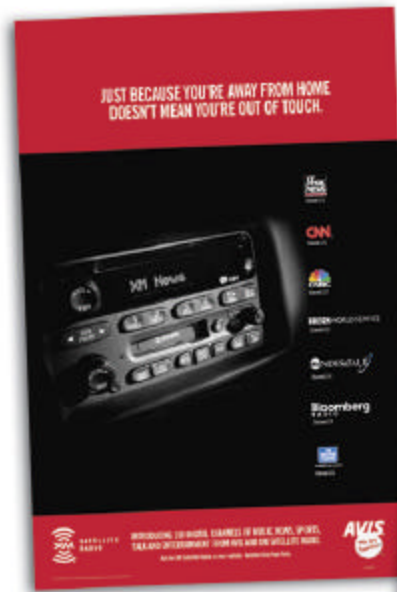
XM Takes to the Sky With JetBlue and AirTran

- Coming this Fall to both JetBlue and AirTran existing fleets
- AirTran Airways and JetBlue Airways collectively carry more than 20 million passengers a year



And to the Road with Avis

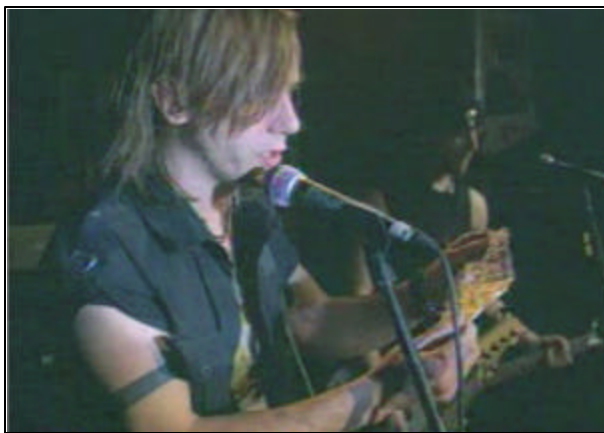
Building brand recognition by extending XM Radio into some 20,000 Avis rental vehicles



XM Launches New Ad Campaign



Commercial-Free



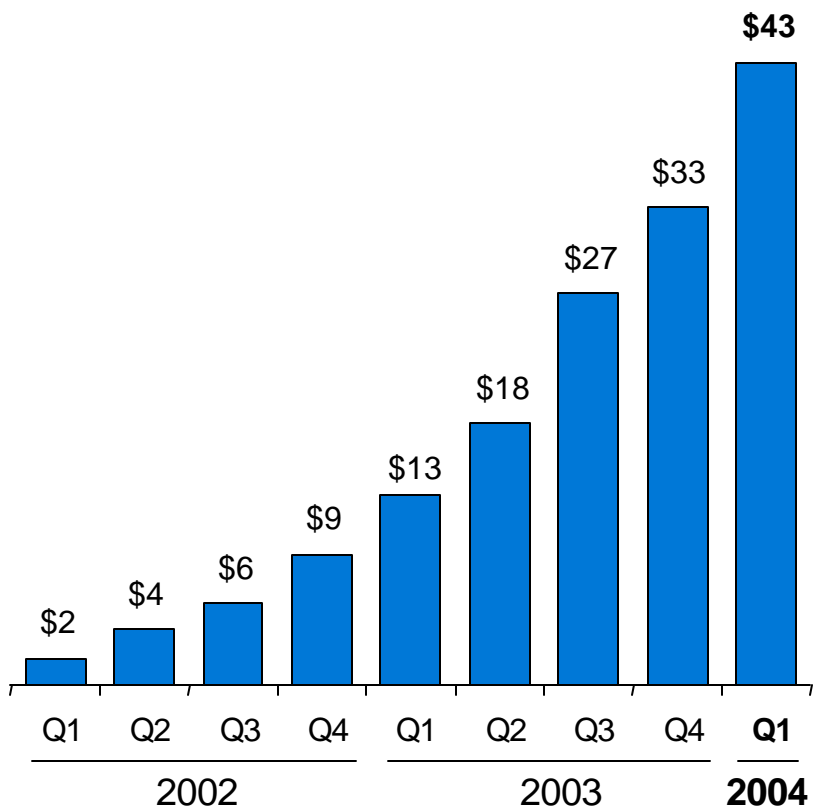
The Band



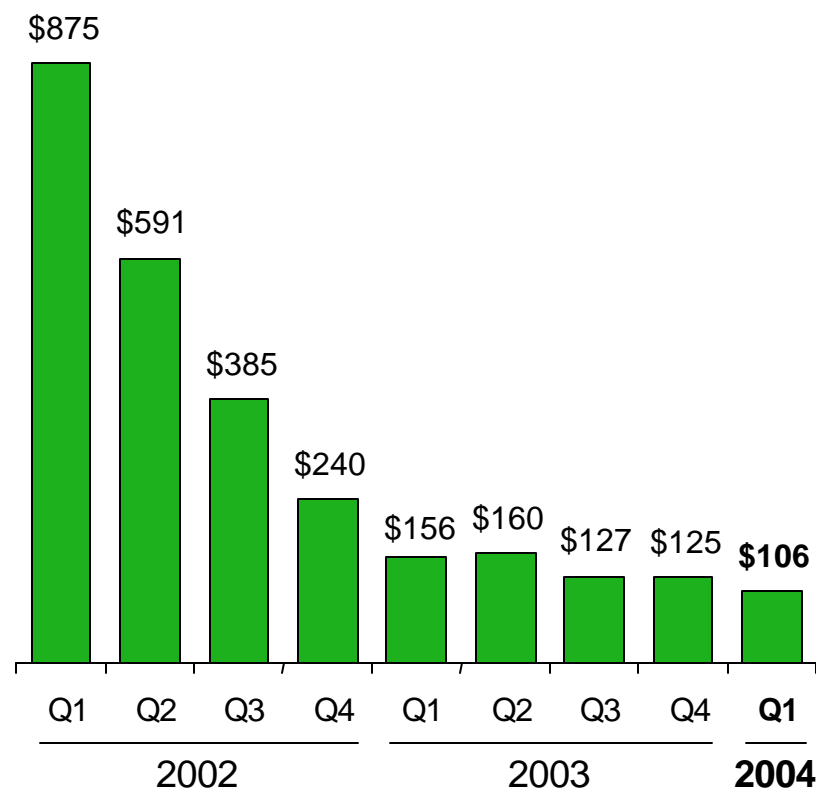
Commuter

Strong Operating Momentum

Rapid Revenue Growth (\$M)



Declining CPGA



Compelling 2004 Subscriber Economics

| | |
|--------------------------------|---------------|
| Full Year CPGA | \$110 |
| Average cash prepay (6 months) | <u>\$(54)</u> |
| Net cash employed | \$56 |
| ARPU | \$9 |

Net Cash Employed is Less Than 7 Months of ARPU

XM Radio Summary

- **Refined Content Strategy** – 100% commercial-free music lineup; introduced XM Instant Traffic & Weather audio service; and recently announced XM NavTraffic, nation's first satellite traffic data service
- On path to exceeding **2.8 million** subscribers by year-end with a revenue run rate surpassing **\$300 million**
- GM and Honda will produce **1 million** XM-equipped vehicles in 2004 MY, and **1.5 million** XM-equipped vehicles in 2005 MY
- Progress in reducing the cost to acquire the next subscriber – SAC of **\$67** and CPGA of **\$106** in Q1 2004
- Improved balance sheet through significant de-leveraging activities and adequate liquidity to reach **cash flow breakeven in 1H 2005**
- **Extending technology lead** -- next generation products, featuring XM's third generation chipset, available this July



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