



**UBS Media and Communications Conference**

**December 3, 2012**

# Disclaimer on Forward-Looking Statements

The guidance contained herein is based upon a number of assumptions and estimates that, while considered reasonable by us when taken as a whole, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, the guidance is based upon specific assumptions with respect to future business conditions, some or all of which will change. The guidance, like any forecast, is necessarily speculative in nature and it can be expected that the assumptions upon which the guidance is based will not prove to be valid or will vary from actual results. Actual results will vary from the guidance and the variations may be material. Consequently, the guidance should not be regarded as a representation by us or any other person that the subscribers, revenue, and/or adjusted EBITDA will actually be achieved. You are cautioned not to place undue reliance on this information.

This communication contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “believe,” “intend,” “plan,” “projection,” “outlook” or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of our management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. Actual results may differ materially from the results anticipated in these forward-looking statements.

# Disclaimer on Forward-Looking Statements

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- we face substantial competition and that competition is likely to increase over time;
- our business depends in large part upon automakers;
- general economic conditions can affect our business;
- failure of our satellites would significantly damage our business;
- our ability to attract and retain subscribers at a profitable level in the future is uncertain;
- royalties for music rights may increase;
- failure to comply with FCC requirements could damage our business;
- the unfavorable outcome of pending or future litigation could have a material adverse effect;
- rapid technological and industry changes could adversely impact our services;
- failure of third parties to perform could adversely affect our business;
- changes in consumer protection laws and their enforcement could damage our business;
- interruption or failure of our information technology and communication systems could negatively impact our results and brand;
- if we fail to protect the security of personal information about our customers, we could be subject to costly government enforcement actions or private litigation and our reputation could suffer;
- we may from time to time modify our business plan, and these changes could adversely affect us and our financial condition;
- our substantial indebtedness could adversely affect our operations and could limit our ability to react or changes in the economy or our industry;
- our broadcast studios, terrestrial repeater networks, satellite uplink facilities or other ground facilities could be damaged by natural catastrophes or terrorist activities;
- electromagnetic interference from others could damage our business;
- our business may be impaired by third-party intellectual property rights;
- Liberty Media Corporation has significant influence over our business and affairs and its interest may differ from ours; and
- our net operating loss carryforwards could be substantially limited if we experience an ownership change as defined in the Internal Revenue Code.

Additional factors that could cause our results to differ materially from those described in the forward-looking statements can be found in our reports filed with or furnished to the SEC and available at the SEC's Internet site (<http://www.sec.gov>). The information set forth herein speaks only as of the date hereof, and we disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this communication.

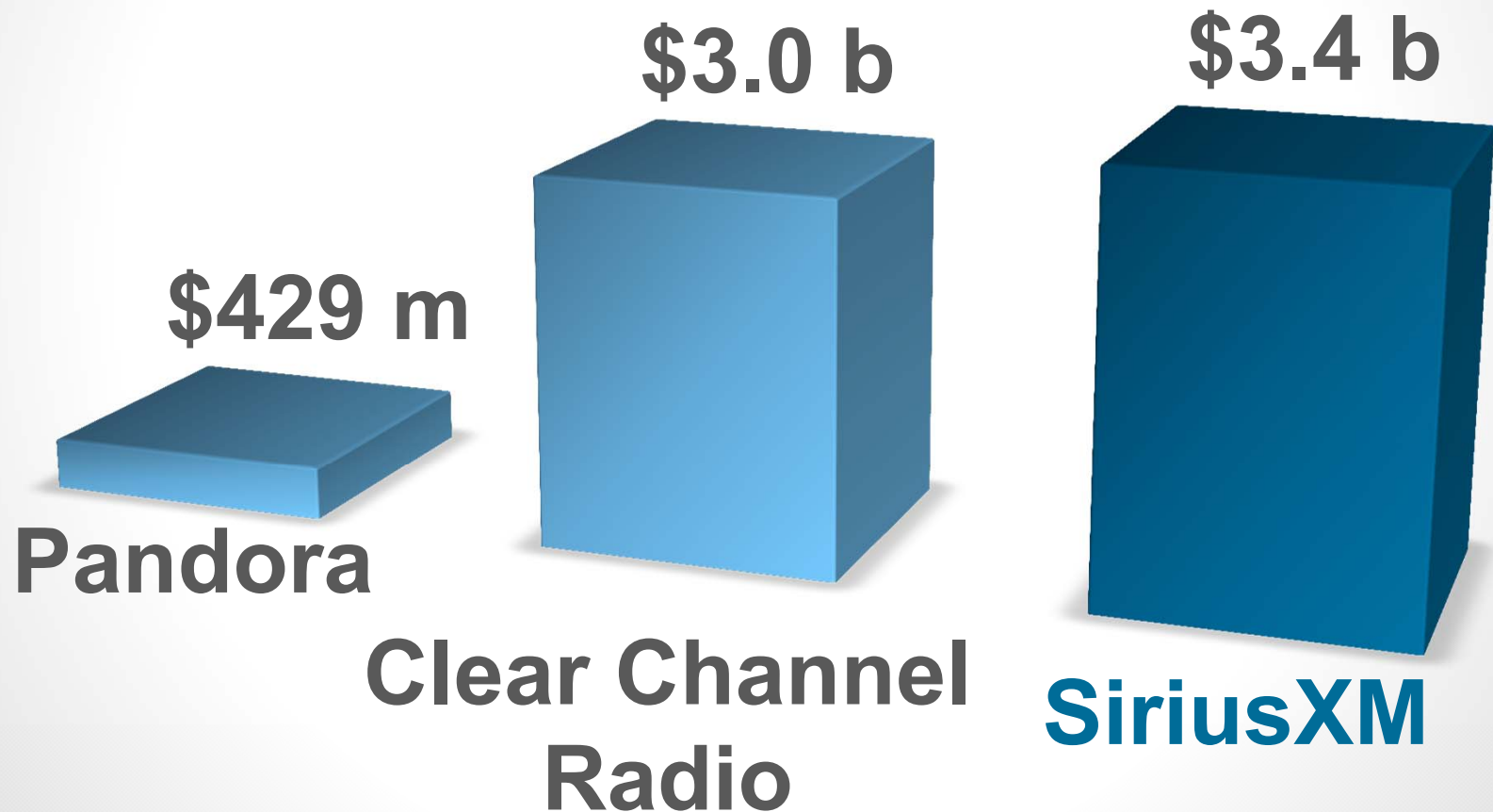
# Total Radio Industry: Competition Dominated by Terrestrial Radio

	Revenue 2001	Revenue 2012E	
Terrestrial Radio:	\$18 b (100%)	\$15 b (77%)	12,000 stations; hundreds of companies
Satellite Radio:	nil	\$3.4b (18%)	ONE company
IP Radio:	nil	\$1 b (5%)	Hundreds of services; more coming
TOTAL	<hr/> \$18.0 b	<hr/> \$19.4 b	

Source: Analyst estimates and industry reports




# 2012E Revenue Projections Selected Companies



Source: Based on Wall St. research estimates and company guidance; Pandora fiscal year ending 1/2013

# Competitive Positioning

- **Focused, pure-play satellite radio**
  - **Satellite delivery system with seamless continental U.S. coverage**
  - **Over 135 channels of curated content**
  - **Long term agreements with OEMs**
  - **Over \$7 billion of gross NOLs**
  - **Subscription model with consistent and predictable cash flows**
- 

# The Digital Music Ecosystem: Complicated and Crowded

 **tunein**

 **DEEZER**

 **rovi**

**last.fm**

 **the echonest**

 **Songza**  
Playlists For Everything

 **Google**

 **Spotify**

 **MOG**

 **aspiro**

 **zune**

 **gracenote**

 **amazon.com**

 **PANDORA**

 **OMNIFONE**

 **rara.com**

 **medianet**

 **iheartradio**

 **Rhapsody**



**Grooves shark**



**Music Unlimited**



 **iTunes**

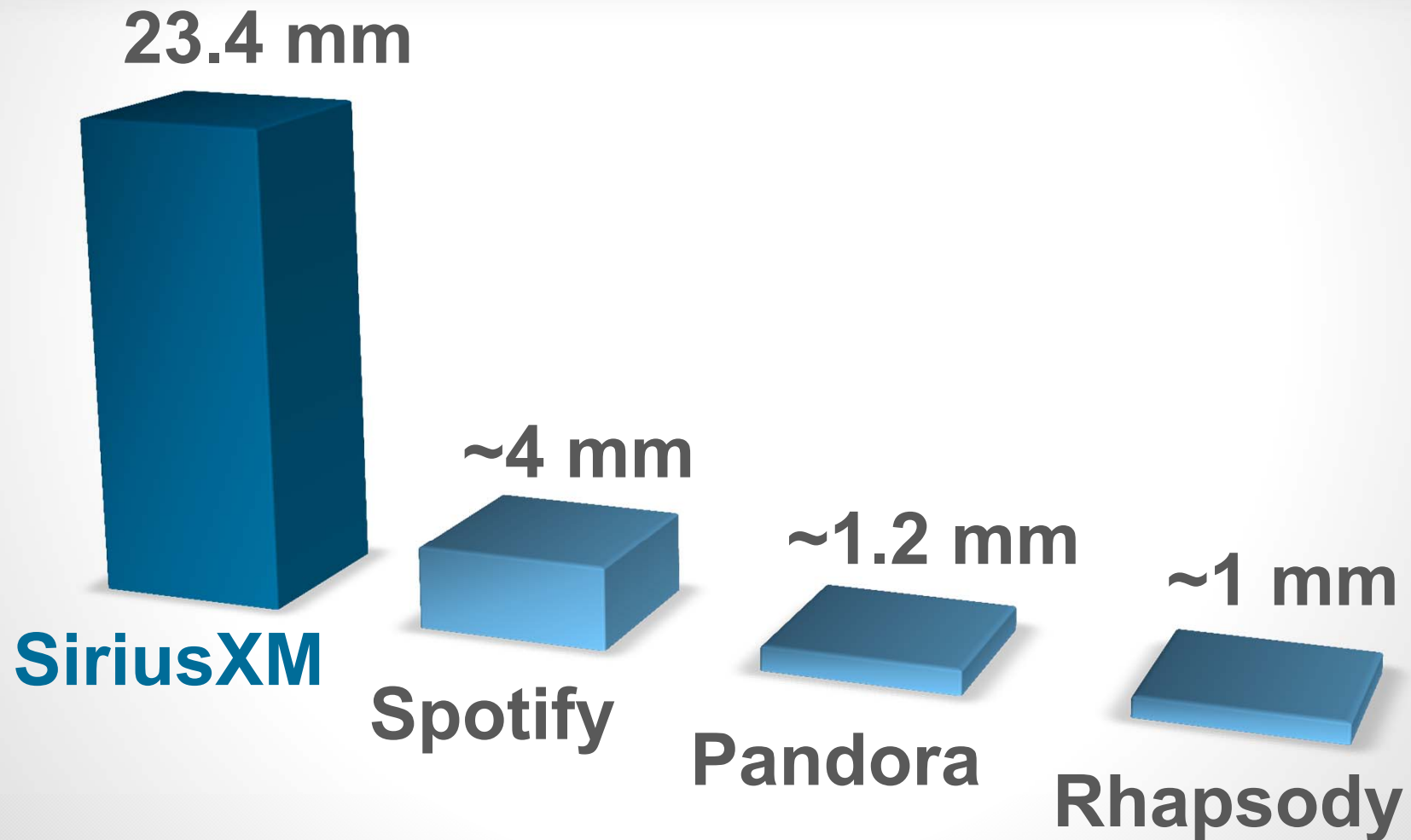
 **thumbplay**

 **rdio**

 **7digital**

 **myspace**  
a place for friends

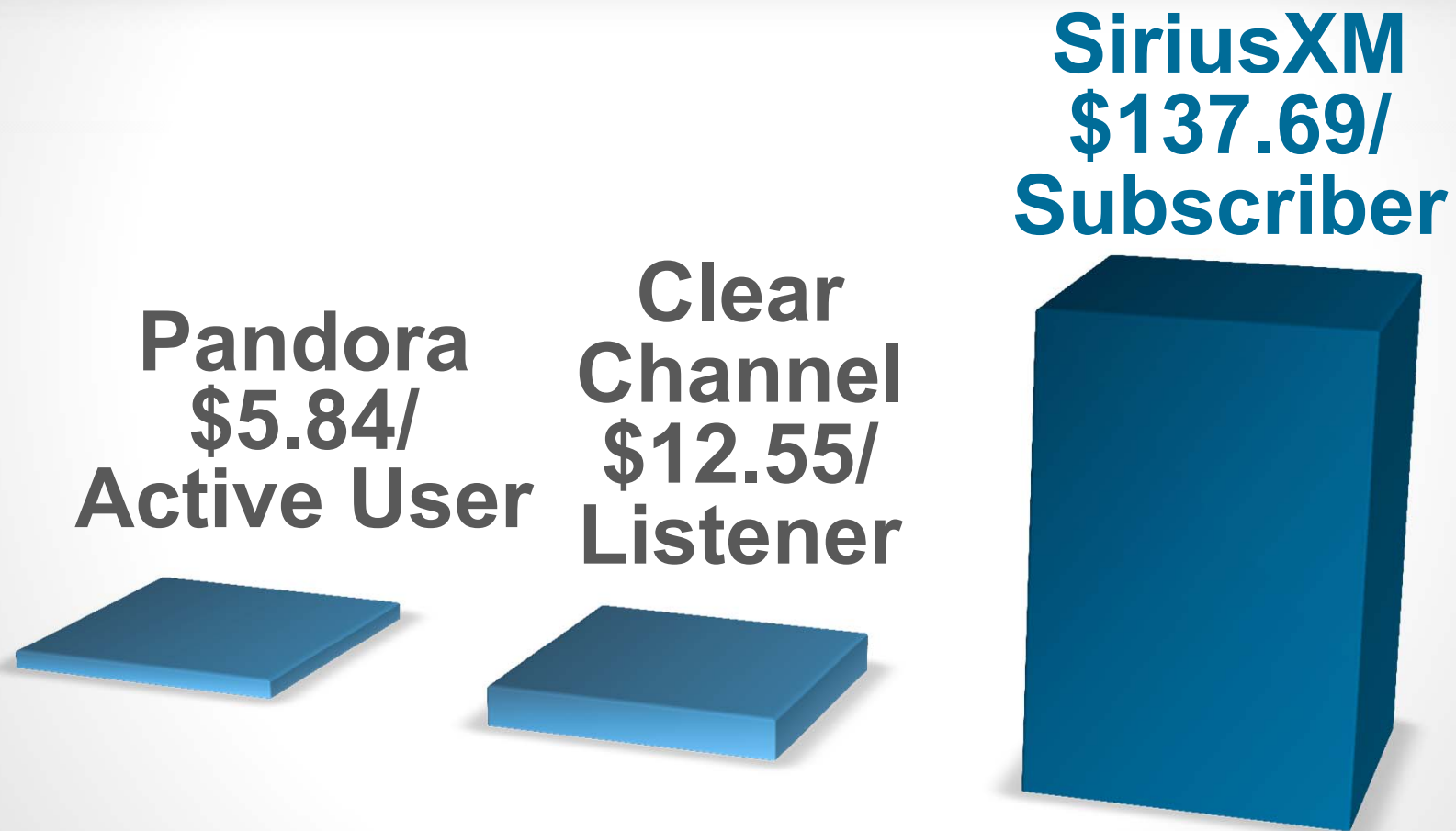
# Paying Subscribers Digital Music Services



NOTE: SiriusXM 3Q12. Pandora and Spotify numbers based on Wall St. research estimates. Total Spotify subscribers numbers are global.



# SiriusXM's Superior Revenue Model



**Based on 2011 Revenue**

Source: Based on company filings. Pandora fiscal year ending 1/2012

# SiriusXM Radio 2.0

- Commitments with OEMs for chip installation in 2012 and beyond
- **Xtra online** channels and live sports enhance blended satellite and online experience
- New features like **On Demand** provide more control and convenience
- Coming soon: **Personalized Radio**



# Latest Features



**On  
Demand**  
Hundreds of  
shows anytime



**Start Now**  
Go back  
up to 5 hours



**Tune Start**  
Start from  
the beginning



**Pause Live Radio**  
Go back  
up to 5 hours



**Show Alerts**  
Set alerts for  
favorite shows

# Listen Anytime, Anywhere

- Web Player: Now with On Demand
- Mobile Apps: iPhone, iPad, iPod touch, Android and Blackberry
- Lynx Radio: Satellite and portable internet radio
- SiriusXM internet radio preloaded on over 100 devices from leading brands
- Coming Soon to Google TV and other connected home devices



SIRIUSXM  
ON DEMAND

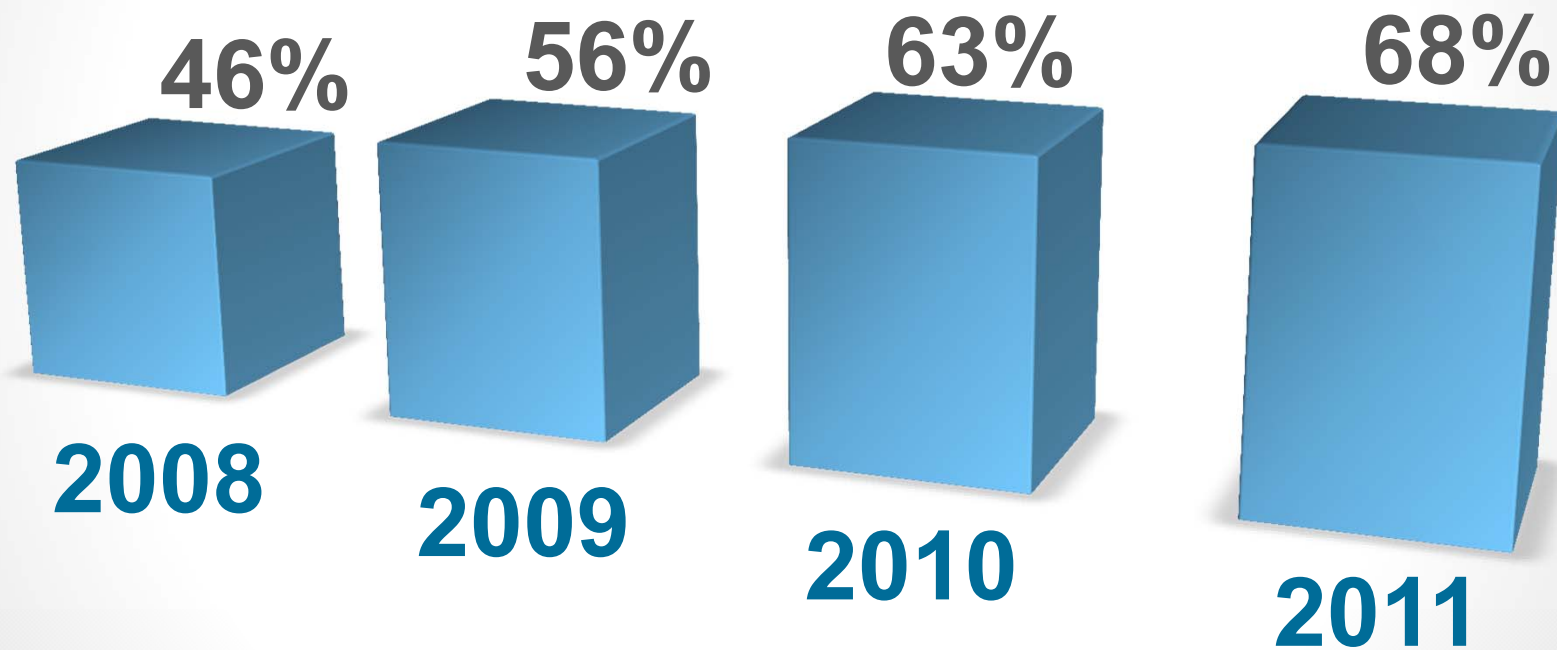


Listen to **SiriusXM Internet Radio** Virtually Anywhere



# Penetration Gains at Automakers

OEM penetration as a percentage of U.S. auto sales



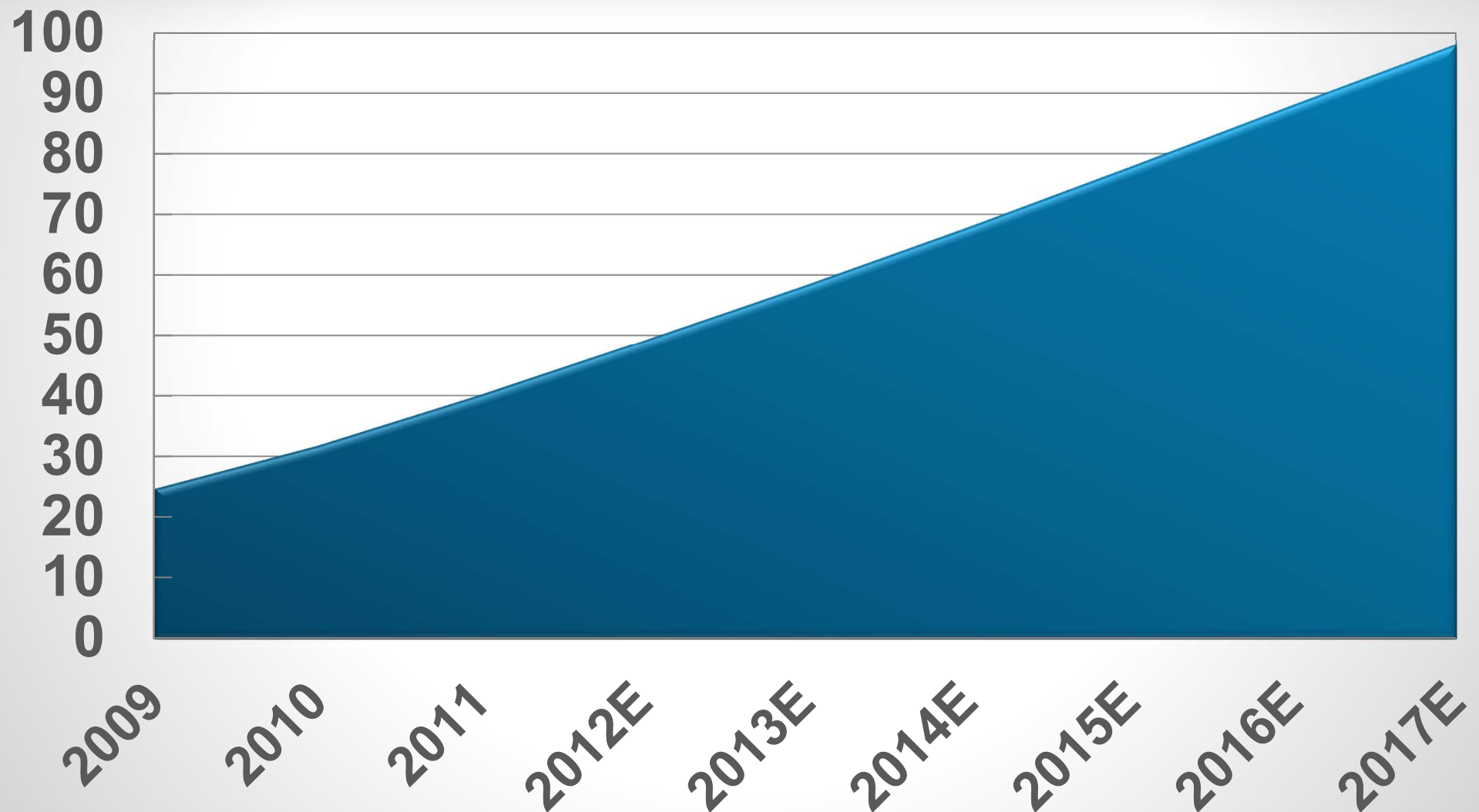
Mercedes-Benz



Source: Total US light vehicle sales per Global Insight and company estimates of SiriusXM enabled sales; Represents factory and port installs only.

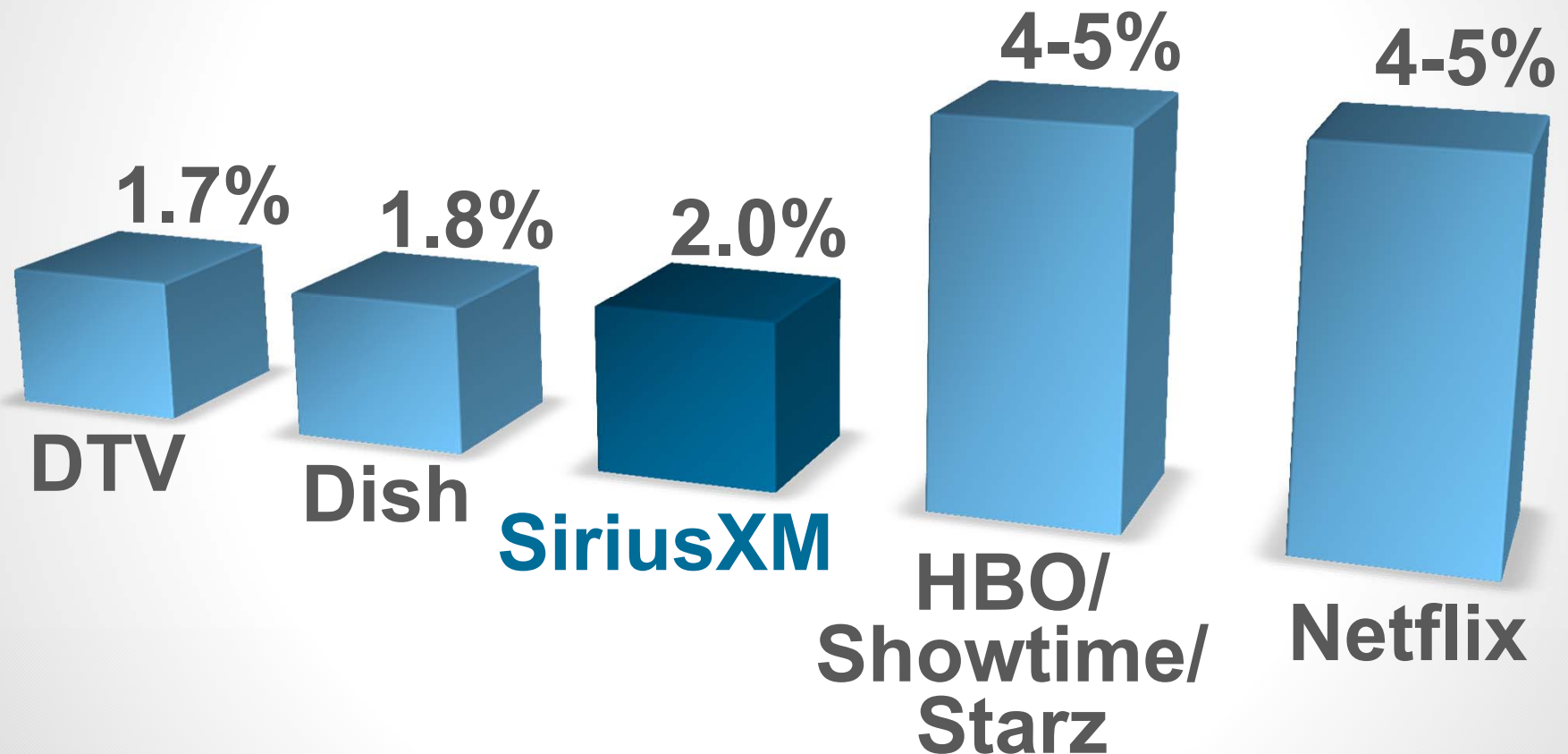


# Factory-Enabled Vehicles in Operation to Increase Dramatically (millions)



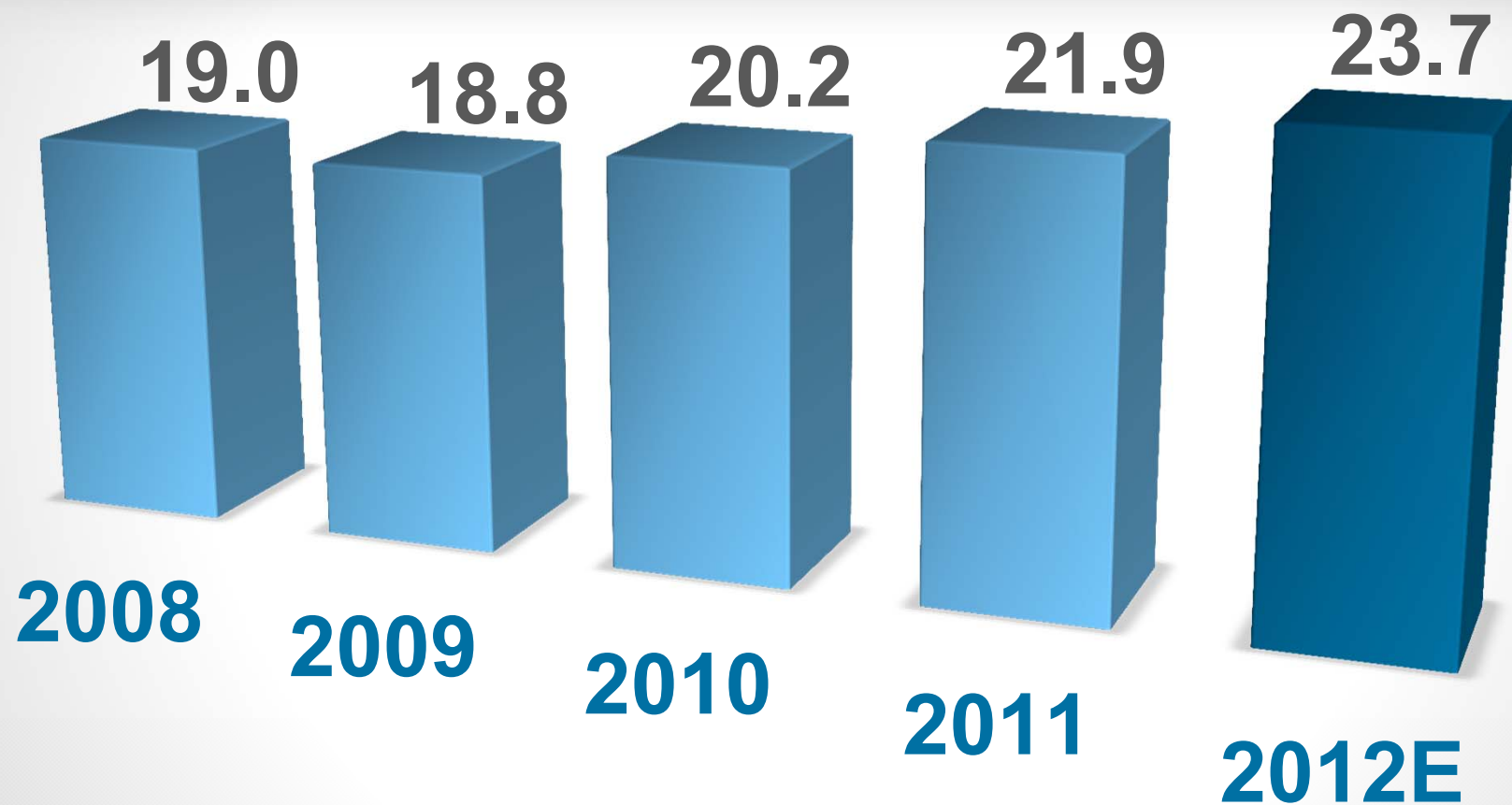
Source: Company estimates based on external industry estimates of 2012-17 automotive sales

# Focus on Subscriber Retention Yields Results



**3Q12 Comparative Monthly Churn Rates**

# Continuing Growth Delivers Record Number of Subscribers



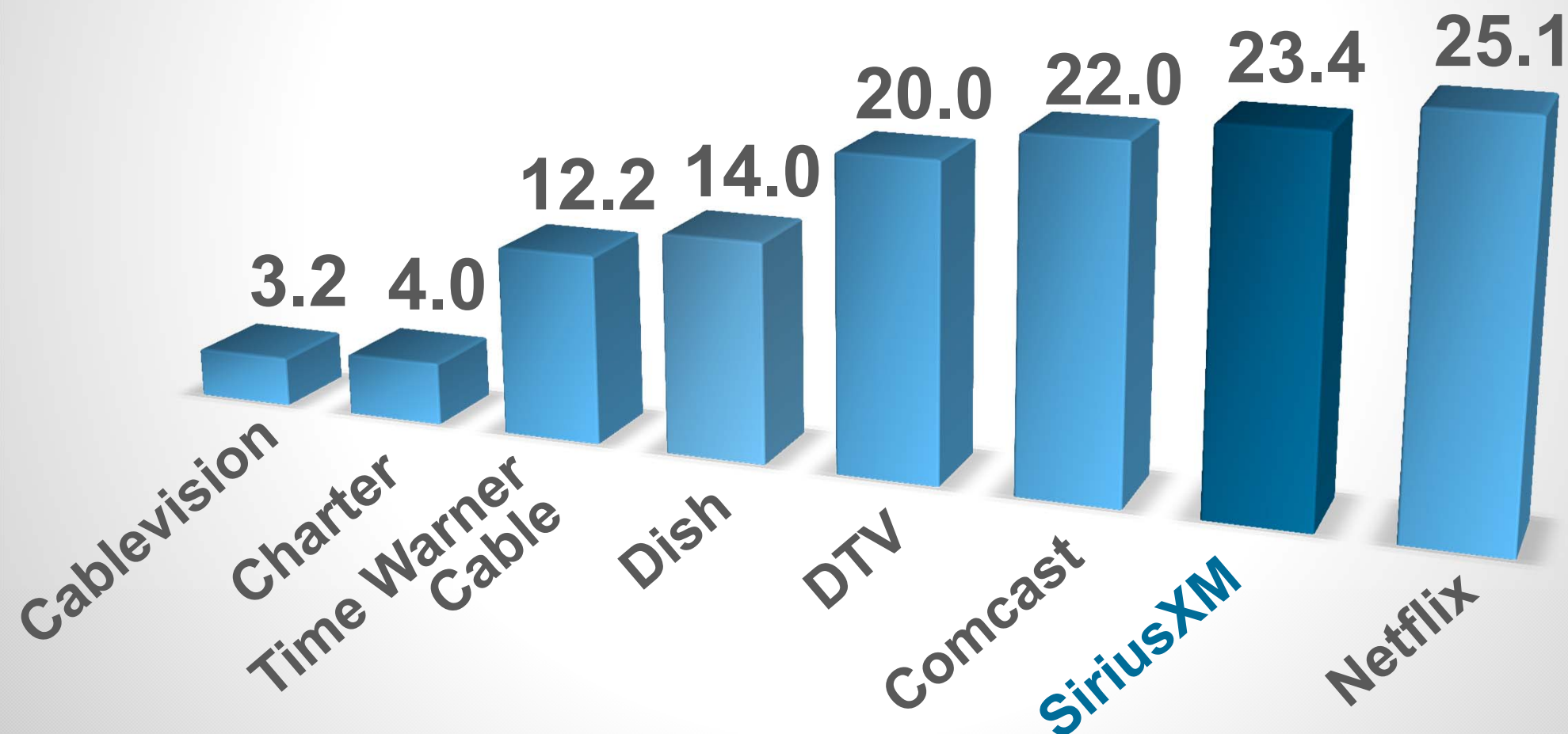
Ending Subscribers 2008-2012E (mm)

**Household Penetration: 13% in 2012E**

Source: Company filings and estimates

# Among Largest U.S. Subscription Media Businesses

3Q12 Total Basic Paid Subscribers (mm)



Source: Public filings. DTV and Netflix streaming subscriptions represent domestic figures only.

# Multi-Year Revenue Growth (billions)



2008 figure is adjusted for the merger of Sirius and XM

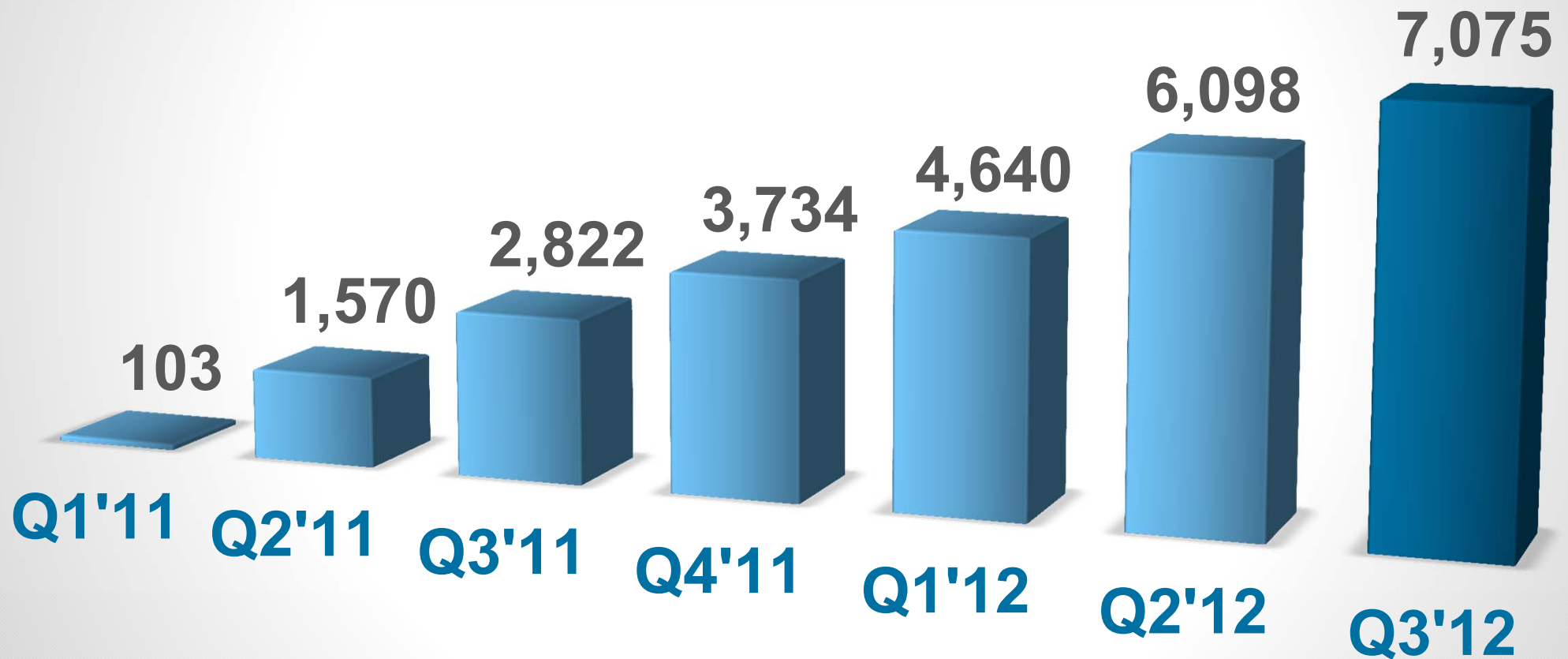


# Pre-Owned Vehicle Market

- Certified Pre-Owned Program (CPO):  
Launched with nearly all major automakers
- OEM revenue sharing creates shared interest
- Expecting approximately 1 million gross activations in 2012 from used cars

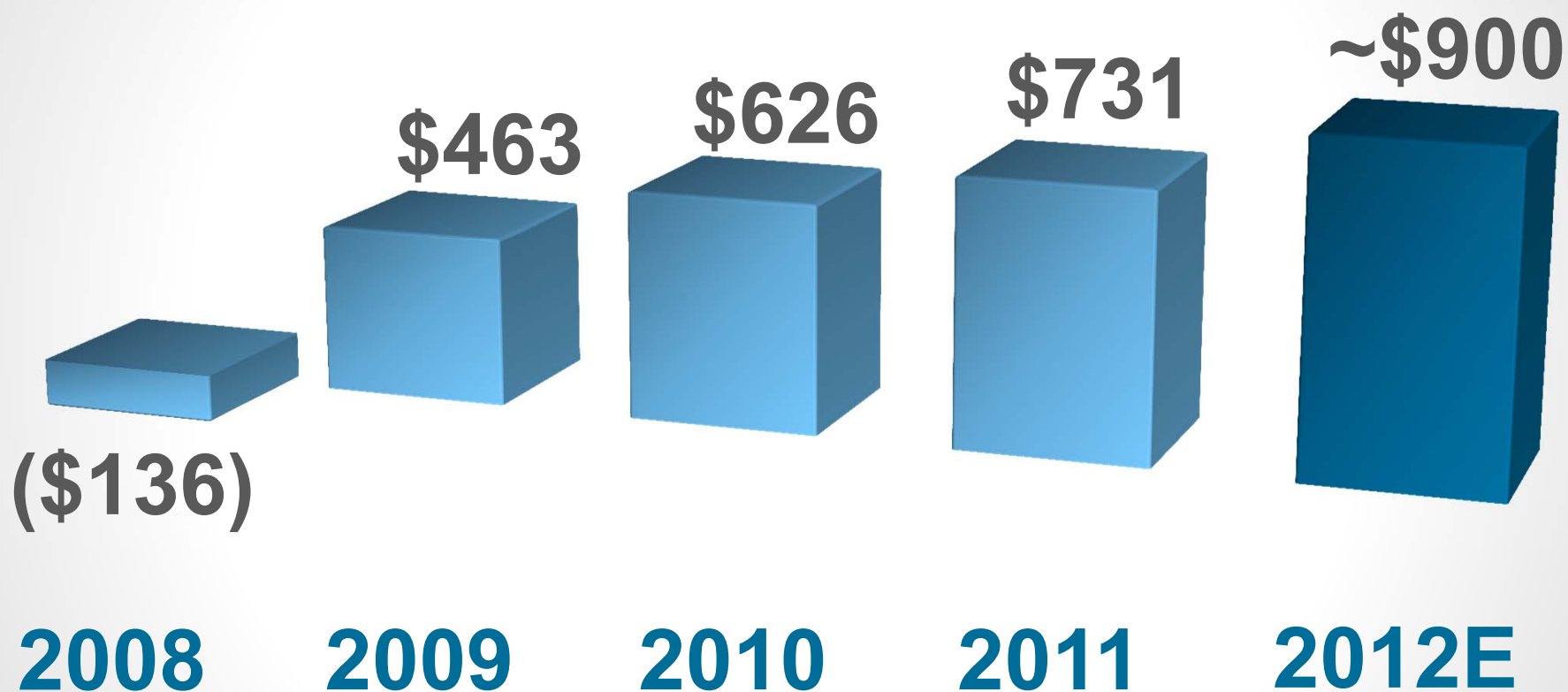


# Direct-to-Dealer Pre-owned Program Ramp



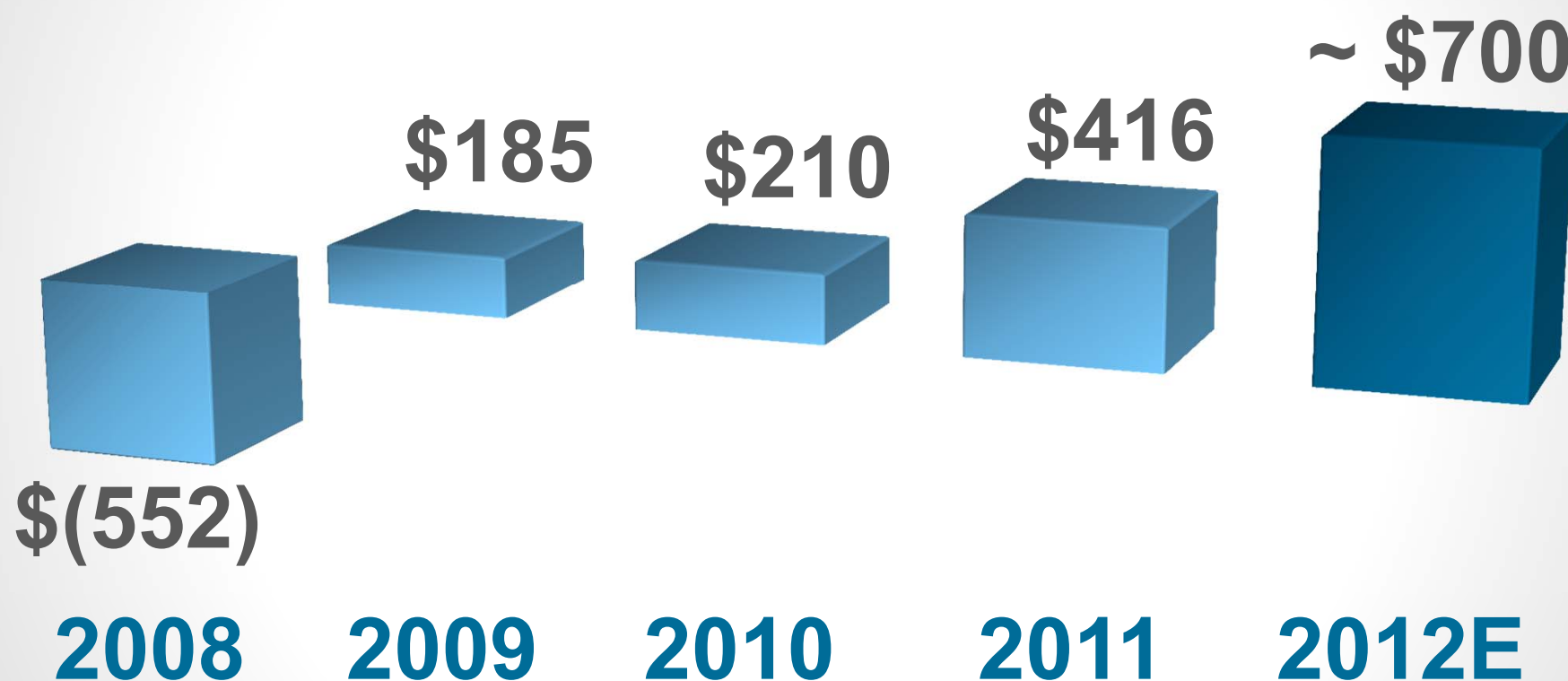
**Participating Dealer Locations**

# Significant Adj. EBITDA Growth (millions)



2008 figure is adjusted for the merger of Sirius and XM.

# Strong FCF Growth (millions)



2008 figure is adjusted for the merger of Sirius and XM


# Growth Statistics and Improvements Since Merger (\$ in millions)

	3Q09	3Q10	3Q11	3Q12
<b>Subscribers</b>	<b>18.5 mm</b>	<b>19.9 mm</b>	<b>21.3 mm</b>	<b>23.4 mm</b>
<b>Revenue</b>	<b>\$619</b>	<b>\$718</b>	<b>\$763</b>	<b>\$867</b>
<b>Adj. EBITDA</b>	<b>\$106</b>	<b>\$170</b>	<b>\$197</b>	<b>\$245</b>
<b>FCF</b>	<b>\$27</b>	<b>\$62</b>	<b>\$75</b>	<b>\$195</b>

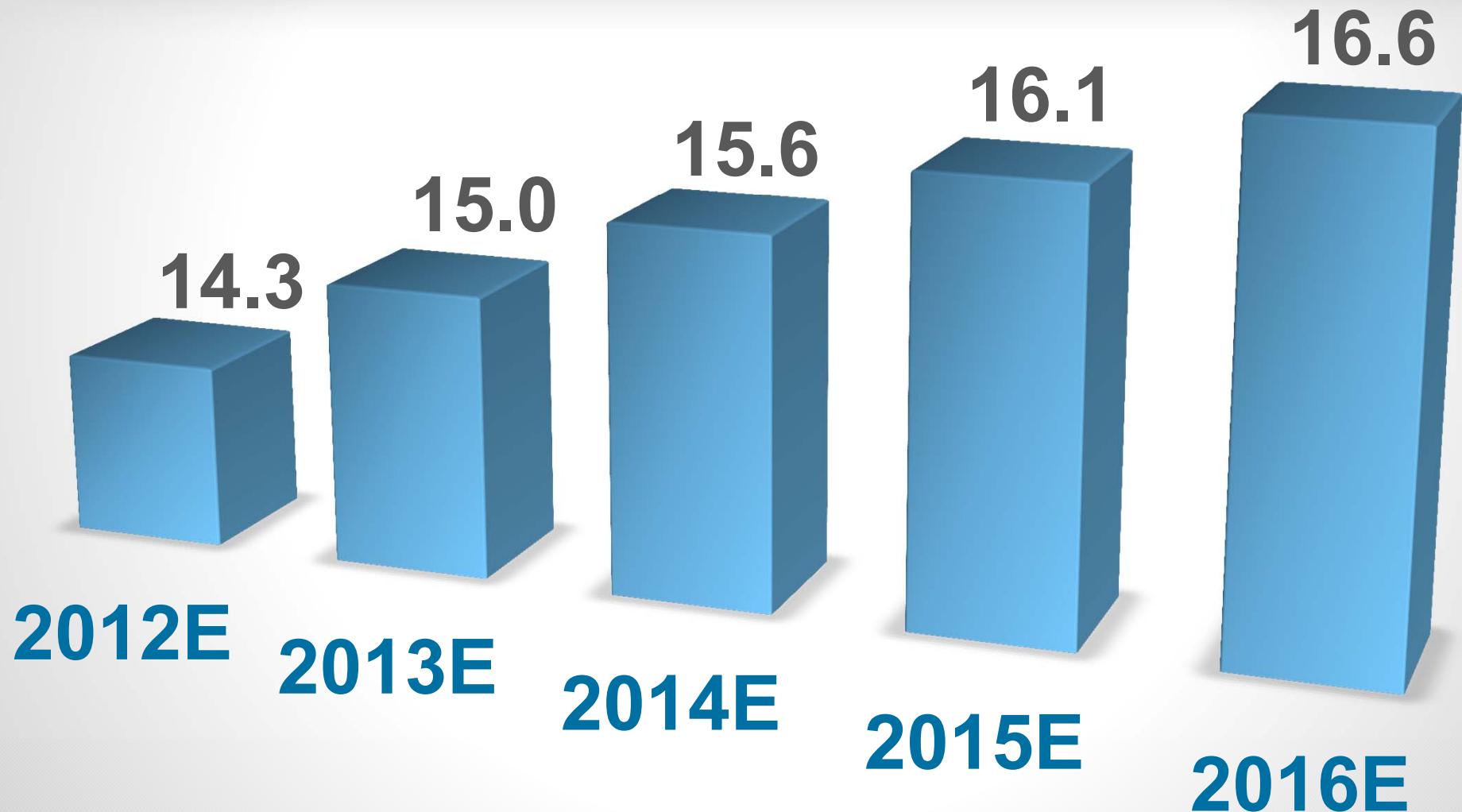


# 2012 Outlook

## 2012 guidance:

- Revenue of approx. \$3.4 billion
  - Adj. EBITDA of approx. \$900 million
  - FCF of approx. \$700 million
  - 1.8 million net subscriber additions
- 

# Auto Sales Forecast (millions)



Source: Based on external industry estimates of 2012-16 automotive sales

# Investment Thesis: Operational Leverage Drives EBITDA

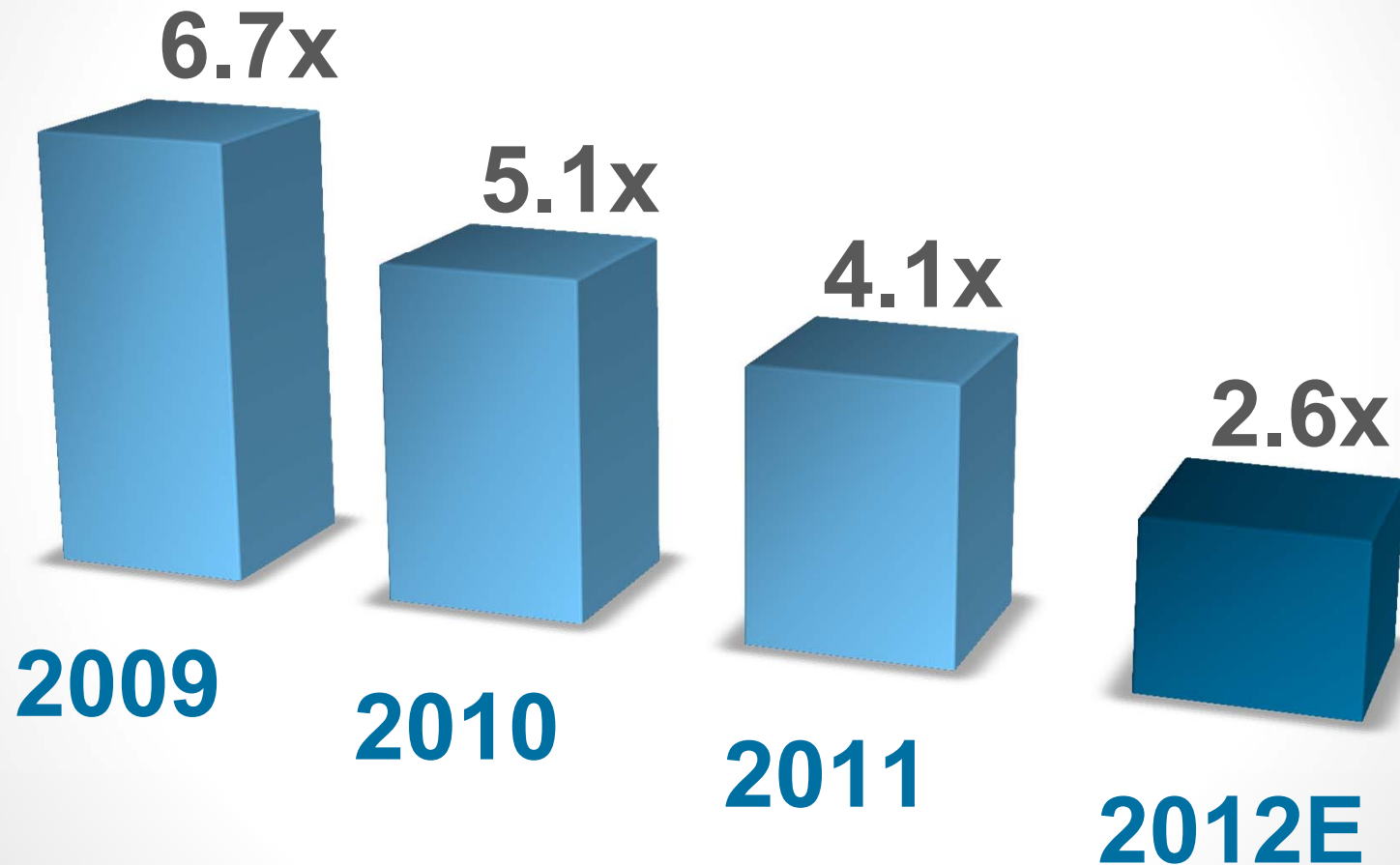
**Contribution margin of approximately 70%**

**EBITDA margin improves dramatically as we scale subscribers and revenue**

## Adjusted EBITDA Margins

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	At <u>Maturity</u>
(6%)	18%	22%	24%	27%	40%+

# Lower Annual Leverage Ratios



**Gross Debt to Adj. EBITDA**

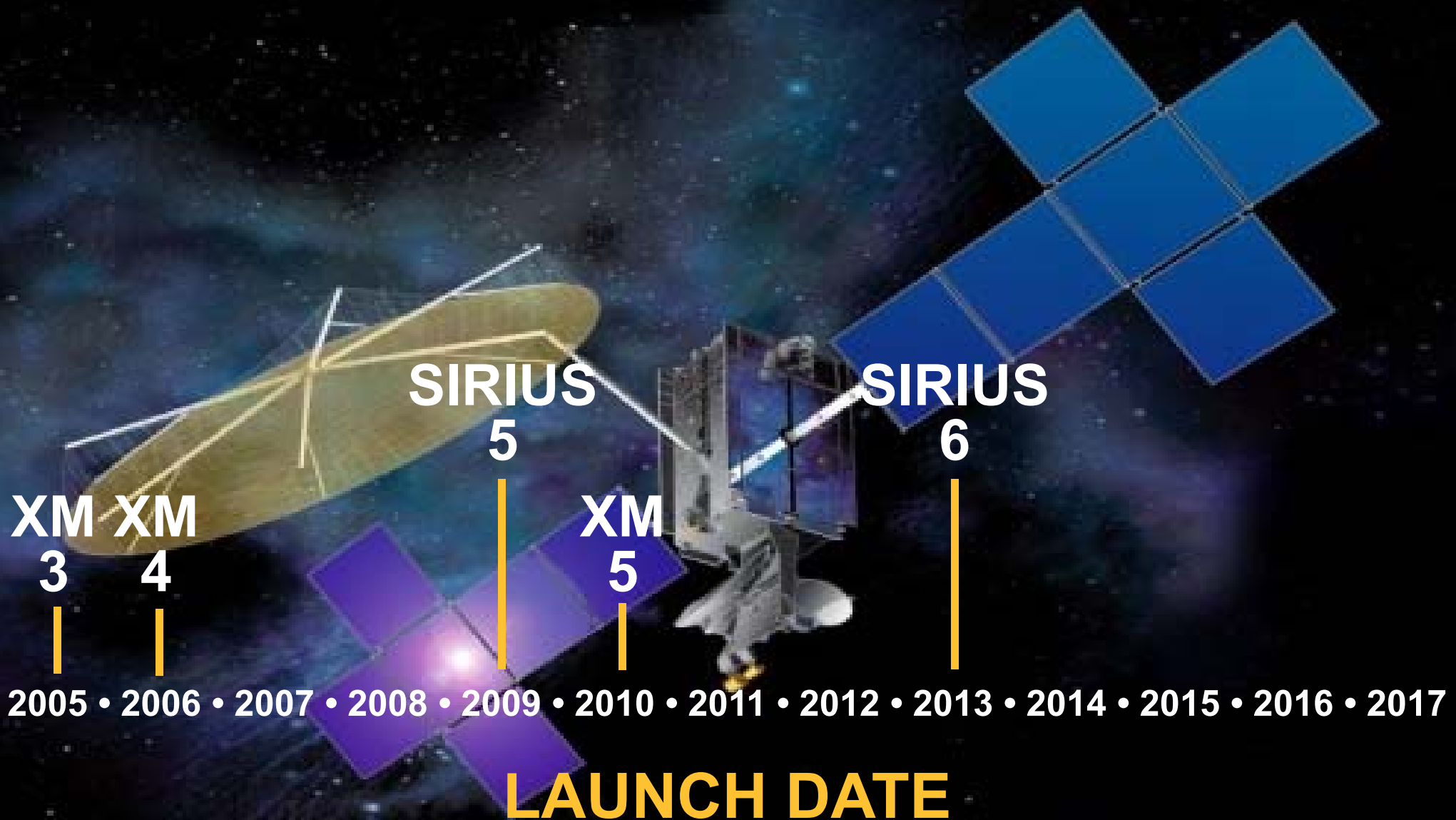
# Investment Thesis: Significantly Improved Borrowing Costs

February 2009	15% secured (REPAID)
June 2009	11.25% secured (REPAID)
August 2009	9.75% secured (REPAID)
March 2010	8.75% <u>unsecured</u>
October 2010	7.625% <u>unsecured</u>
August 2012	5.25% <u>unsecured</u>

Note: Secured transactions in June and August 2009 also included OID.  
February 2009 transaction also included fees and equity issuance.



# Investment Thesis: Completion of Satellite Build Translates to More FCF



# Investment Thesis: Free Cash Flow

- + Subscriber Growth**
  - + Revenue Growth**
  - + Lower Interest Expense**
  - + Lower Capital Expenditures**
  - + Cash Savings from NOL Use**
- 

**= Free Cash Flow Growth**

# Acquisitions and Returns of Capital

- **Free Cash Flow creates opportunities to enhance the business or return capital to stockholders**
  - **Acquisitions**
  - **Dividends**
  - **Stock buybacks**

# Reconciliation for SiriusXM

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY 2011
As Reported Total Revenue	723,839	744,397	762,550	783,738	804,722	837,543	867,360	242,245	637,235	922,066	1,663,992	2,472,638	2,816,992	3,014,524
Predecessor Financial Information	-	-	-	-	-	-	-	558,266	933,417	1,136,542	731,194	-	-	-
Purchase Price Accounting Adjustments	3,722	2,938	2,292	1,958	1,880	1,867	1,854	-	-	-	41,554	54,065	21,906	10,910
Adjusted Total Revenue	727,561	747,335	764,842	785,696	806,602	839,410	869,214	800,511	1,570,652	2,058,608	2,436,740	2,526,703	2,838,898	3,025,434
As Reported Total Operating Expenses	559,667	571,415	578,062	629,263	605,484	609,601	635,611	1,071,385	1,704,959	1,435,156	6,700,741	2,244,312	2,351,578	2,338,407
Predecessor Financial Information	-	-	-	-	-	-	-	1,113,801	1,336,515	1,647,979	961,663	-	-	-
Purchase Price Accounting Adjustments	67,972	68,623	68,878	71,785	74,024	73,423	73,049	-	-	-	(4,661,812)	240,891	261,832	277,258
Adjusted Total Operating Expenses	627,639	640,038	646,940	701,048	679,508	683,024	708,660	2,185,186	3,041,474	3,083,135	3,000,592	2,485,203	2,613,410	2,615,665
As Reported Income (Loss) from Operations	164,172	172,982	184,488	154,475	199,238	227,942	231,749	(829,140)	(1,067,724)	(513,090)	(5,036,749)	228,326	465,414	676,117
Predecessor Financial Information	-	-	-	-	-	-	-	(555,535)	(403,098)	(511,437)	(230,469)	-	-	-
Purchase Price Accounting Adjustments	(64,250)	(65,685)	(66,586)	(69,827)	(72,144)	(71,556)	(71,195)	-	-	-	4,703,366	(186,826)	(239,926)	(266,348)
Adjusted Income (Loss) from Operations	99,922	107,297	117,902	84,648	127,094	156,386	160,554	(1,384,675)	(1,470,822)	(1,024,527)	(563,852)	41,500	225,488	409,769
As Reported Depreciation and Amortization	68,400	67,062	65,403	67,015	66,117	66,793	66,571	98,555	105,749	106,780	203,752	309,450	273,691	267,880
Predecessor Financial Information	-	-	-	-	-	-	-	145,870	168,880	187,196	88,749	-	-	-
Adjusted Depreciation and Amortization	68,400	67,062	65,403	67,015	66,117	66,793	66,571	244,425	274,629	293,976	292,501	309,450	273,691	267,880
As Reported Share-based Payment Expense	12,856	10,735	13,983	15,614	14,951	13,917	17,492	163,078	437,918	78,900	87,405	73,981	60,437	53,188
Predecessor Financial Information	-	-	-	-	-	-	-	5,966	68,046	86,199	34,485	-	-	-
Purchase Price Accounting Adjustments	181	-	-	-	-	-	-	-	-	-	2,729	4,801	2,872	181
Adjusted Share-based Payment Expense	13,037	10,735	13,983	15,614	14,951	13,917	17,492	169,044	505,964	165,099	124,619	78,782	63,309	53,369

# Reconciliation for SiriusXM

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY 2011
As Reported Restructuring, Impairments and Related Costs	-	-	-	-	-	-	-	-	10,917	-	10,434	32,807	63,800	-
Predecessor Financial Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Price Accounting Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Restructuring, Impairments and Related Costs	-	-	-	-	-	-	-	-	10,917	-	10,434	32,807	63,800	-
As Reported Impairment Goodwill	-	-	-	-	-	-	-	-	-	-	4,766,190	-	-	-
Predecessor Financial Information	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase Price Accounting Adjustments	-	-	-	-	-	-	-	-	-	-	(4,766,190)	-	-	-
Adjusted Impairment of Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Total Operating Expenses	627,639	640,038	646,940	701,048	679,508	683,024	708,660	2,185,186	3,041,474	3,083,135	3,000,592	2,485,203	2,613,410	2,615,665
Less Adjusted:														
Depreciation and Amortization	68,400	67,062	65,403	67,015	66,117	66,793	66,571	244,425	274,629	293,976	292,501	309,450	273,691	267,880
Share-based Payment Expense	13,037	10,735	13,983	15,614	14,951	13,917	17,492	169,044	505,964	165,099	124,619	78,782	63,309	53,369
Restructuring, Impairments and Related Costs	-	-	-	-	-	-	-	-	10,917	-	10,434	32,807	63,800	-
Impairment of Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted Cash Operating Expenses	546,202	562,241	567,554	618,419	598,440	602,314	624,597	1,771,717	2,249,964	2,624,060	2,573,038	2,064,164	2,212,610	2,294,416
Adjusted Income (Loss) from Operations	99,922	107,297	117,902	84,648	127,094	156,386	160,554	(1,384,675)	(1,470,822)	(1,024,527)	(563,852)	41,500	225,488	409,769
Add back Adjusted:														
Depreciation and Amortization	68,400	67,062	65,403	67,015	66,117	66,793	66,571	244,425	274,629	293,976	292,501	309,450	273,691	267,880
Share-based Payment Expense	13,037	10,735	13,983	15,614	14,951	13,917	17,492	169,044	505,964	165,099	124,619	78,782	63,309	53,369
Restructuring, Impairments and Related Costs	-	-	-	-	-	-	-	-	10,917	-	10,434	32,807	63,800	-
Impairment of Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	181,359	185,094	197,288	167,277	208,162	237,096	244,617	(971,206)	(679,312)	(565,452)	(136,298)	462,539	626,288	731,018



# Reconciliation for SiriusXM

ARPU is derived from total earned subscriber revenue, net advertising revenue and other subscription-related revenue, net of purchase price accounting adjustments, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. Other subscription-related revenue includes the U.S. Music Royalty Fee. Purchase price accounting adjustments include the recognition of deferred subscriber revenues not recognized in purchase price accounting associated with the Merger. ARPU is calculated as follows (in thousands, except for subscriber and per subscriber amounts):

	Unaudited			
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Subscriber revenue (GAAP)	\$757,672	\$660,837	\$2,188,199	\$1,922,917
Net advertising revenue (GAAP)	20,426	18,810	59,881	53,595
Other subscription-related revenue (GAAP)	60,095	58,168	176,569	174,341
Purchase price accounting adjustments	41	479	161	3,513
	\$838,234	\$738,294	\$2,424,810	\$2,154,366
Daily weighted average number of subscribers	23,008,693	21,107,540	22,519,544	20,688,641
ARPU	\$12.14	\$11.66	\$11.96	\$11.57

# Reconciliation for SiriusXM

	Unaudited			
	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>Cash Flow information</b>				
Net cash provided by operating activities	\$219,809	\$115,144	\$513,532	\$328,634
Net cash used in investing activities	(24,602)	(39,767)	(73,546)	(104,698)
Net cash used in financing activities	(507,267)	888	(657,706)	(206,035)
<b>Free Cash Flow</b>				
Net cash provided by operating activities	\$219,809	\$115,144	\$513,532	\$328,634
Additions to property and equipment	(24,602)	(39,767)	(73,546)	(115,065)
Restricted and other investment activity	—	—	—	10,367
<b>Free cash flow</b>	<b>\$195,207</b>	<b>\$75,377</b>	<b>\$439,986</b>	<b>\$223,936</b>

