SIRIUS XM RADIO INC.

FORM 8-K
(Current report filing)

Filed 05/27/09 for the Period Ending 05/27/09

Address	1221 AVENUE OF THE AMERICAS 36TH FLOOR NEW YORK, NY 10020
Telephone	212-584-5100
CIK	0000908937
Symbol	SIRI
SIC Code	4832 - Radio Broadcasting Stations
Industry	Broadcasting & Cable TV
Sector	Services
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 27, 2009

SIRIUS XM RADIO INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**001-34295**	**52-1700207**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1221 Avenue of the Americas, 36 th Fl., New York, NY	**10020**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 584-5100**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 FD Disclosure

On May 27, 2009, Mel Karmazin, our Chief Executive Officer, spoke to stockholders at our 2009 Annual Meeting of Stockholders. A copy of the slides used during his presentation to stockholders are attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 7.01.

Pursuant to General Instruction B.2. to Form 8-K, the information set forth in this Item 7.01, including the exhibit attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits

(a) Not Applicable.

(b) Not Applicable.

(c) Not Applicable.

(d) Exhibits.

The Exhibit Index attached hereto is incorporated herein.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SIRIUS XM RADIO INC.

By: /s/ Patrick L. Donnelly
Patrick L. Donnelly
Executive Vice President, General Counsel and Secretary

Dated: May 27, 2009

EXHIBITS

Exhibit	Description of Exhibit
99.1	Presentation slides dated May 27, 2009 for 2009 Annual Meeting of Stockholders

SIRIUS | XM SATELLITE RADIO

Annual Meeting of Stockholders

MAY 27, 2009

Disclaimer on forward-looking statements

The guidance contained herein are based upon a number of assumptions and estimates that, while considered reasonable by us when taken as a whole, are 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, synergies, revenue, and 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 the benefits of the business combination transaction involving SIRIUS and XM, including potential synergies and cost savings and the timing thereof, future financial and operating results, the combined company's plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by word such as "will likely result," "are expected to," "anticipate," "believe," "plan," "estimate," "intend," "will," "should," "may," or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of SIRIUS' and XM's management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of SIRIUS and XM. Actual results may differ materially from the results anticipated in these 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 statement: our substantial indebtedness; the businesses of SIRIUS and XM may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; the useful life of our satellites; our dependence upon automakers and other third parties; our competitive position versus other forms of audio and video entertainment; and general economic conditions. Additional factors that could cause SIRIUS' and XM's results to differ materially from those described in the forward-looking statements can be found in SIRIUS' Annual Report on Form 10-K for the year ended December 31, 2008 and XM's Annual Report on Form 10-K for the year ended December 31, 2008, which are filed with the Securities and Exchange Commission (the "SEC") and available at the SEC's internet site (http://www.sec.gov). The information set forth herein speaks only as the date hereof, and SIRIUS and XM disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this communication.

Corporate Priorities

Obtain license
1990-1997

< 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 >

SIRIUS | XM SATELLITE RADIO

Corporate Priorities

Develop radio chipsets and launch satellites
2000-2001

< 1997 1998 1999 **2000** **2001** 2002 2003 2004 2005 2006 2007 2008 2009 >

Corporate Priorities

Develop content and auto arrangements

2000-2004

< 1997 1998 1999 **2000 2001 2002 2003 2004** 2005 2006 2007 2008 2009 >

Corporate Priorities

Rapidly build subscriber base

2003-2007

< 1997 1998 1999 2000 2001 2002 **2003 2004 2005 2006 2007** 2008 2009 >

Corporate Priorities

Complete merger

February 2007 - July 2008

< 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 **2007** **2008** 2009 >

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Corporate Priorities

Cut costs

2008-2009

< 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 **2008** **2009 >**

Corporate Priorities

Focus on cash flow

2009 and beyond

< 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 **2009 >**

SIRIUS | XM SATELLITE RADIO

Complete Diverse Programming

Over 85 Channels of Commercial-Free Music

Live Coverage of Every Major Sport

The Best in News, Talk and Entertainment

Social Media to Drive Subscriber Growth and Interaction

Twitter, MySpace, YouTube, Facebook

Tiered Selling Began Seven Months Ago

- No price alternatives prior to merger
- No base price increase before August 2011

"Best of Package"	
SIRIUS	544 k
XM	204 k
Total	748 k
$9.99 packages	97 k
A la carte	4 k

Source: Company reports as of 5/17/09

Operating Costs Improve Across the Board

- Programming and content — ↓ 10%
- Satellite and transmission — ↓ 23%
- General and administrative — ↓ 32%

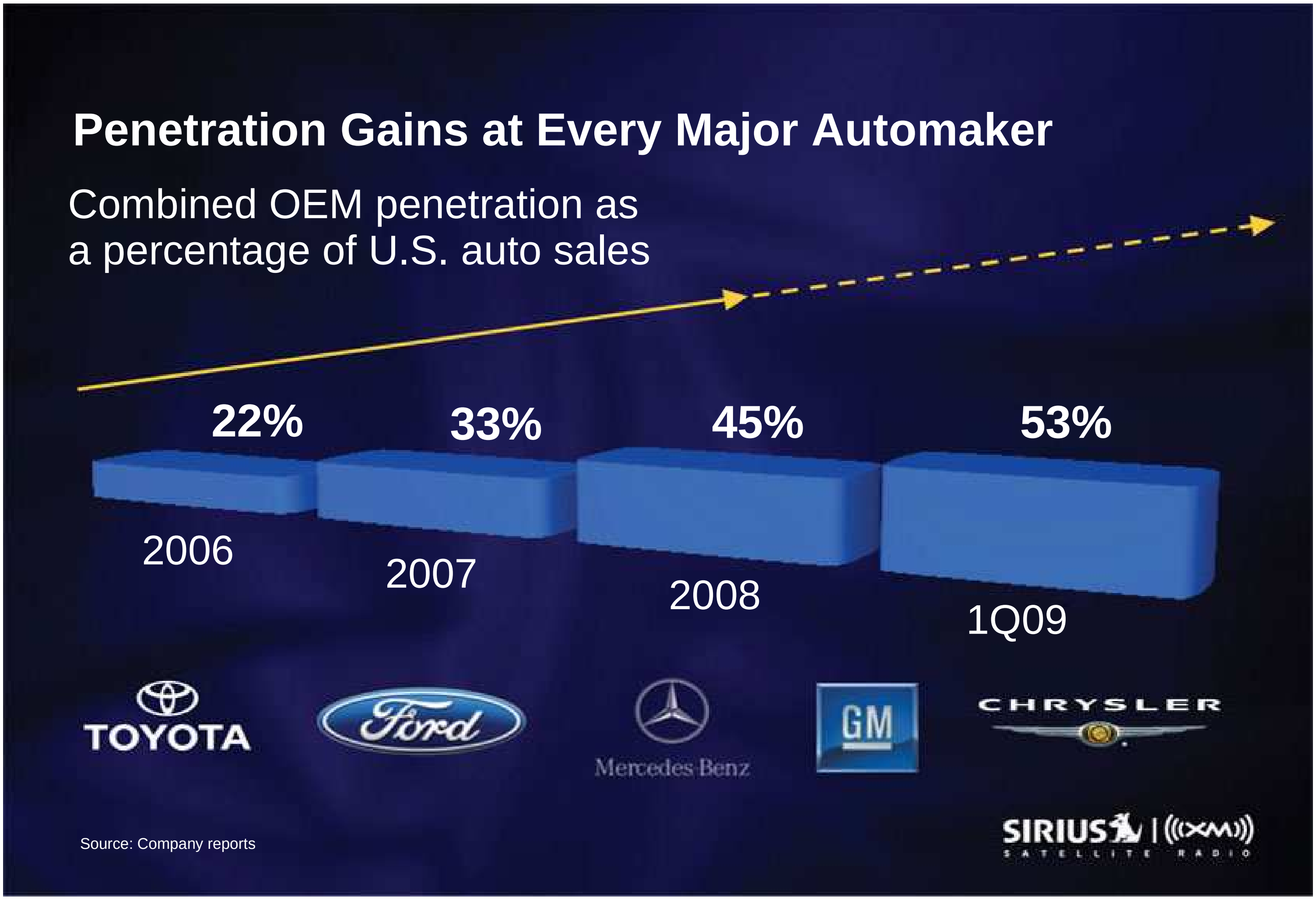
Source: Company reports

SIRIUS | XM SATELLITE RADIO

Operating Costs Improve Across the Board

- Sales and marketing — ↓ 36%
- Engineering, Design & Development — ↓ 48%
- Subscriber acquisition costs — ↓ 48%

Source: Company reports



Penetration Gains at Every Major Automaker
Combined OEM penetration as
a percentage of U.S. auto sales
22%
33%
45%
53%
2006
2007
2008
1Q09
TOYOTA
Ford
Mercedes-Benz
GM
CHRYSLER
Source: Company reports
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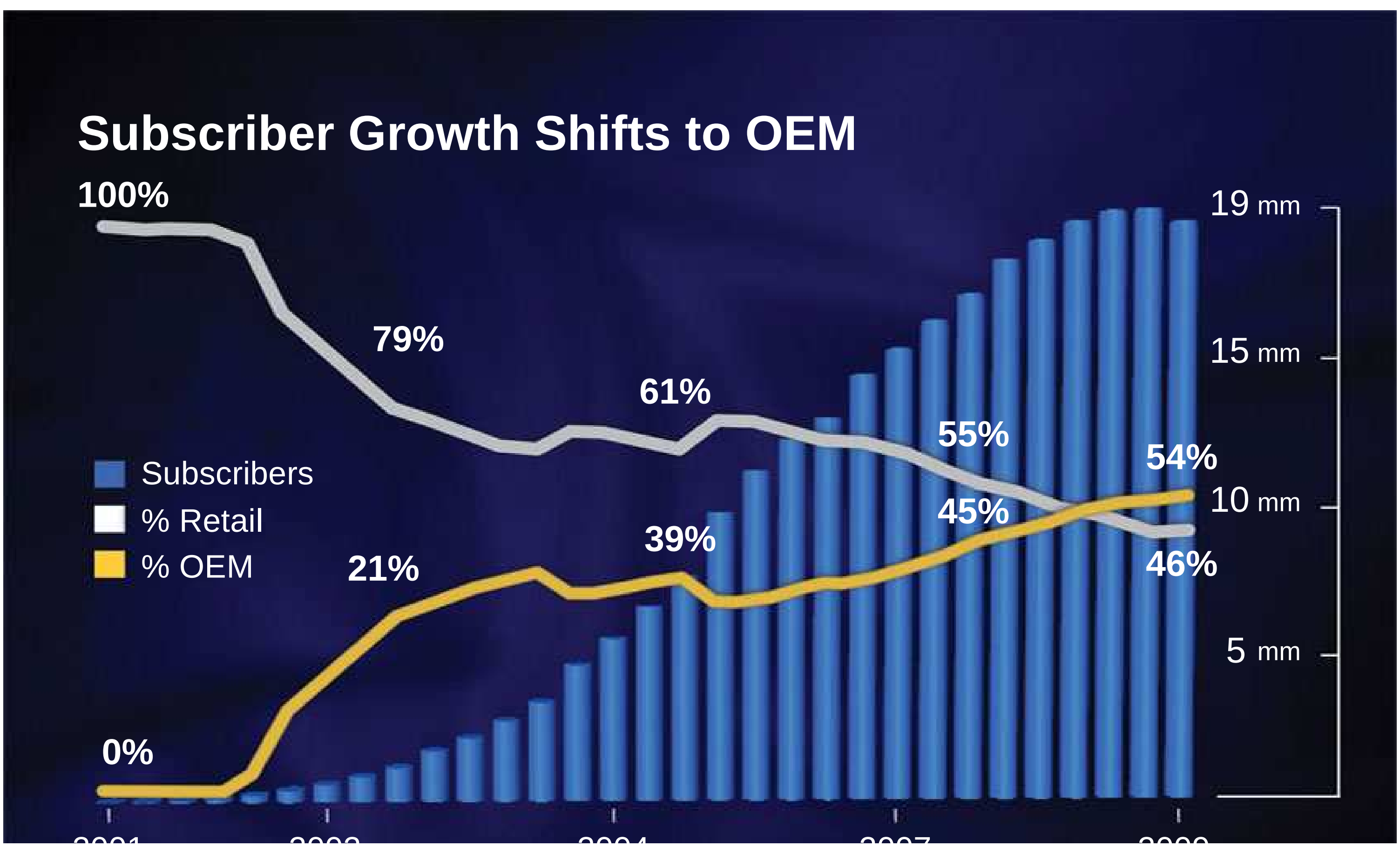

Subscriber Growth Shifts to OEM
100%
79%
61%
55%
54%
0%
21%
39%
45%
46%
Subscribers
% Retail
% OEM
19 mm
15 mm
10 mm
5 mm

2001 2002 2004 2007 2009

Source: Company reports

Portable Radios + MP3

Portable Stiletto 2

Portable XMp3

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Introduced Interoperable and a la Carte Radios

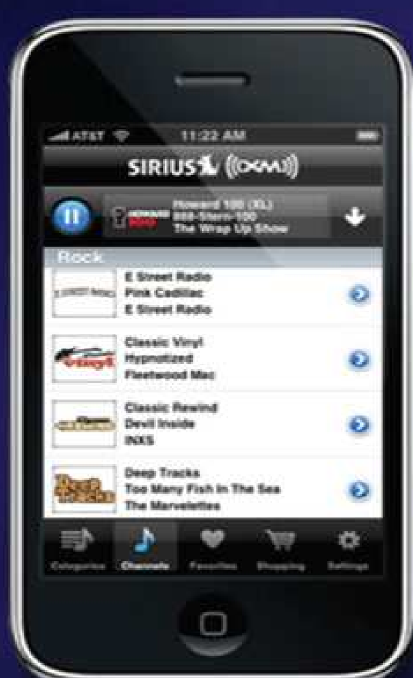
MiRGE Radio

Starmate 5
Dock & Play Radio

Certified Preowned Program (CPO)

- Launched with Honda, GM, Acura, Volvo, Porsche, Volkswagen and Ford (regional)
- 4 additional programs to be launched soon
- Low subscriber acquisition costs

Launching Apple iPhone/iPod Touch and Smart Phone Applications



Focus on EBITDA / FCF
Will Impact Subscriber Growth

- Streaming now $2.99 / month vs. free
- Family plan now $8.99 / month vs. $6.99 / month
- Content cost control
- Improved OEM & Retail contracts
- OEM penetration adjustments
- Channel rationalization

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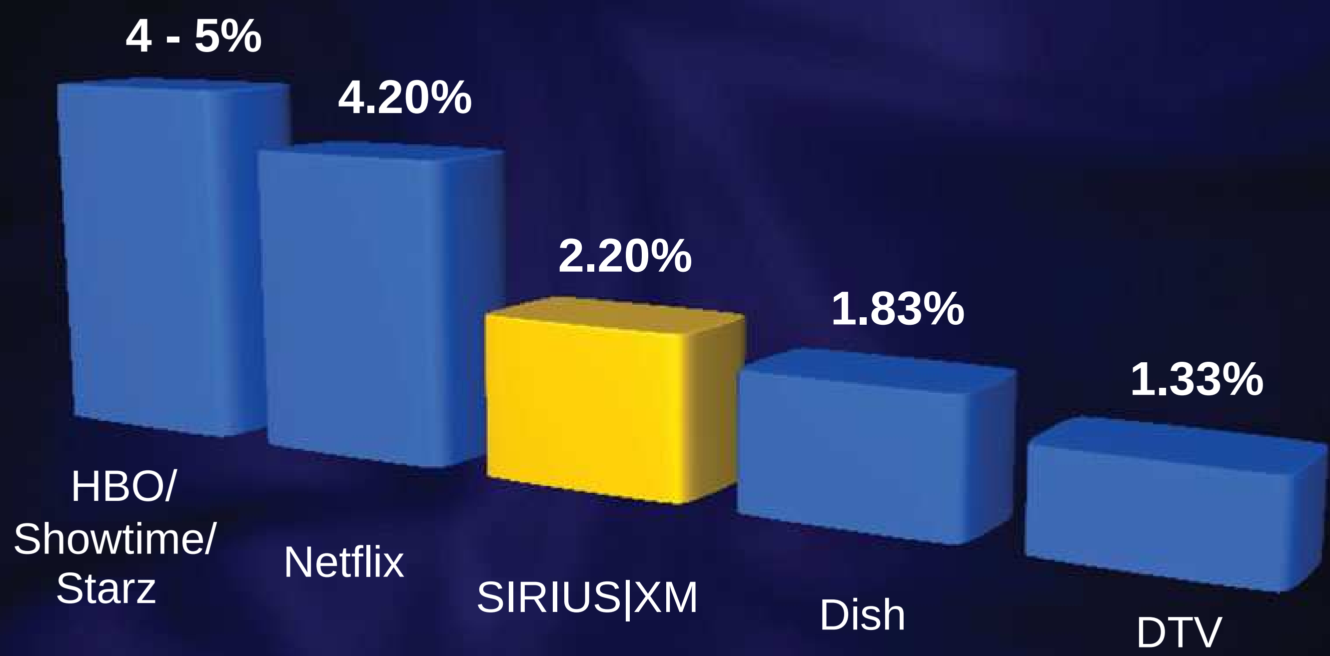
Focus on Profitable Growth

	Sample High Converting Vehicle	Sample Low Converting Vehicle
Conversion Rate	70%	30%
SAC payback months	12	29

Source: SIRIUS XM estimates based on select sample data

Focus on Churn Management



Source: Company reports and estimates

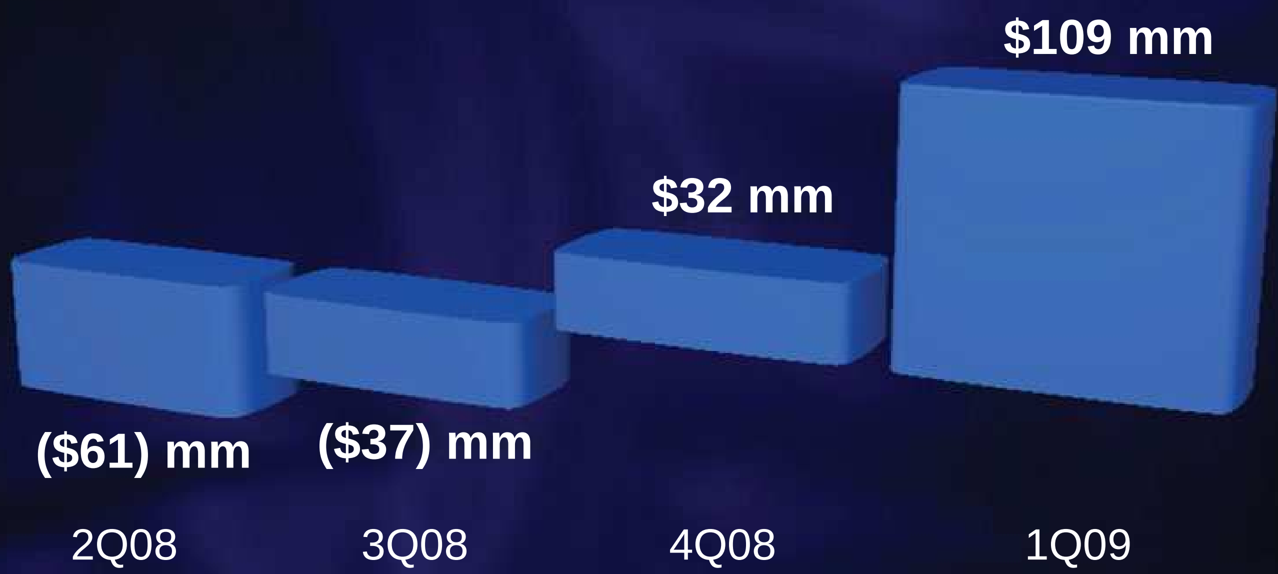
SIRIUS | XM SATELLITE RADIO

Growth Statistics and Improvements

	PF 1Q08	PF 1Q09	% Improvement
Subscribers	17.9 mm	18.6 mm	3%
Revenue	$579 mm	$606 mm	5%
Cash operating expenses	$649 mm	$497 mm	(23%)
Adjusted EBITDA	($70) mm	$109 mm	NMF

Source: Most recent Sirius XM 10Q filing. Figures are pro forma

SIRIUS XM is Now a Cash Flow Growth Story

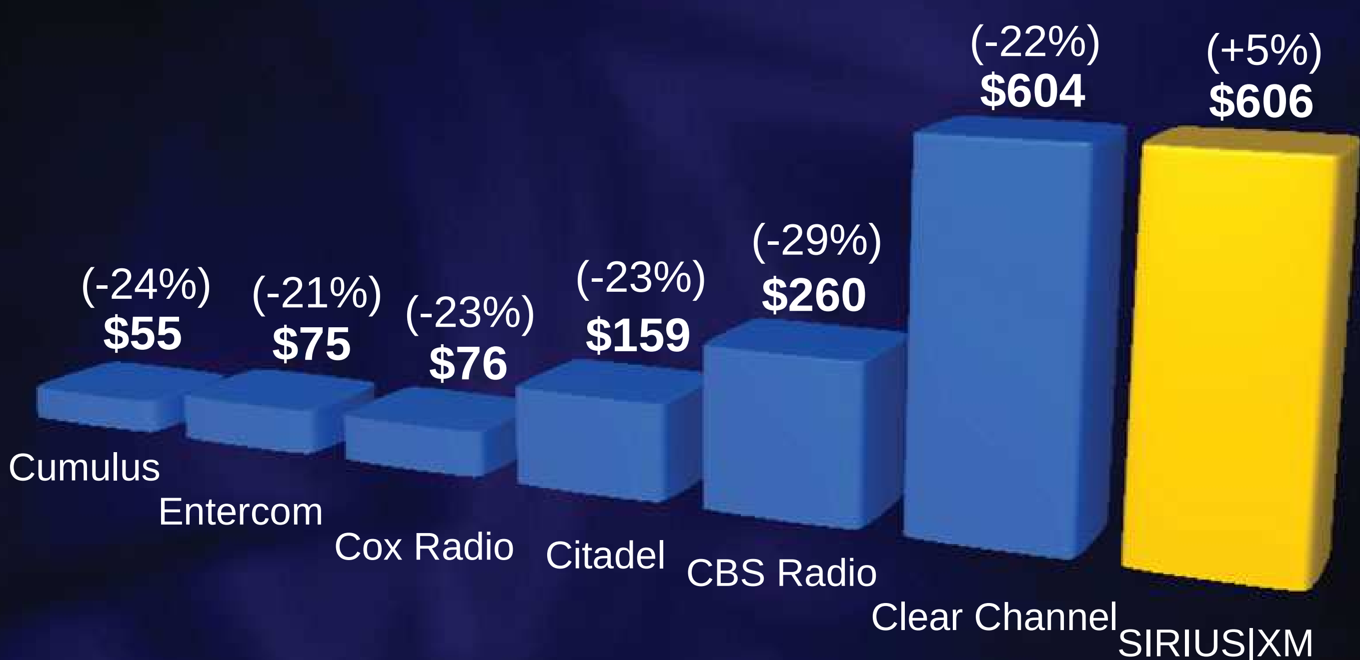


Pro Forma Adj. EBITDA

Source: Company reports

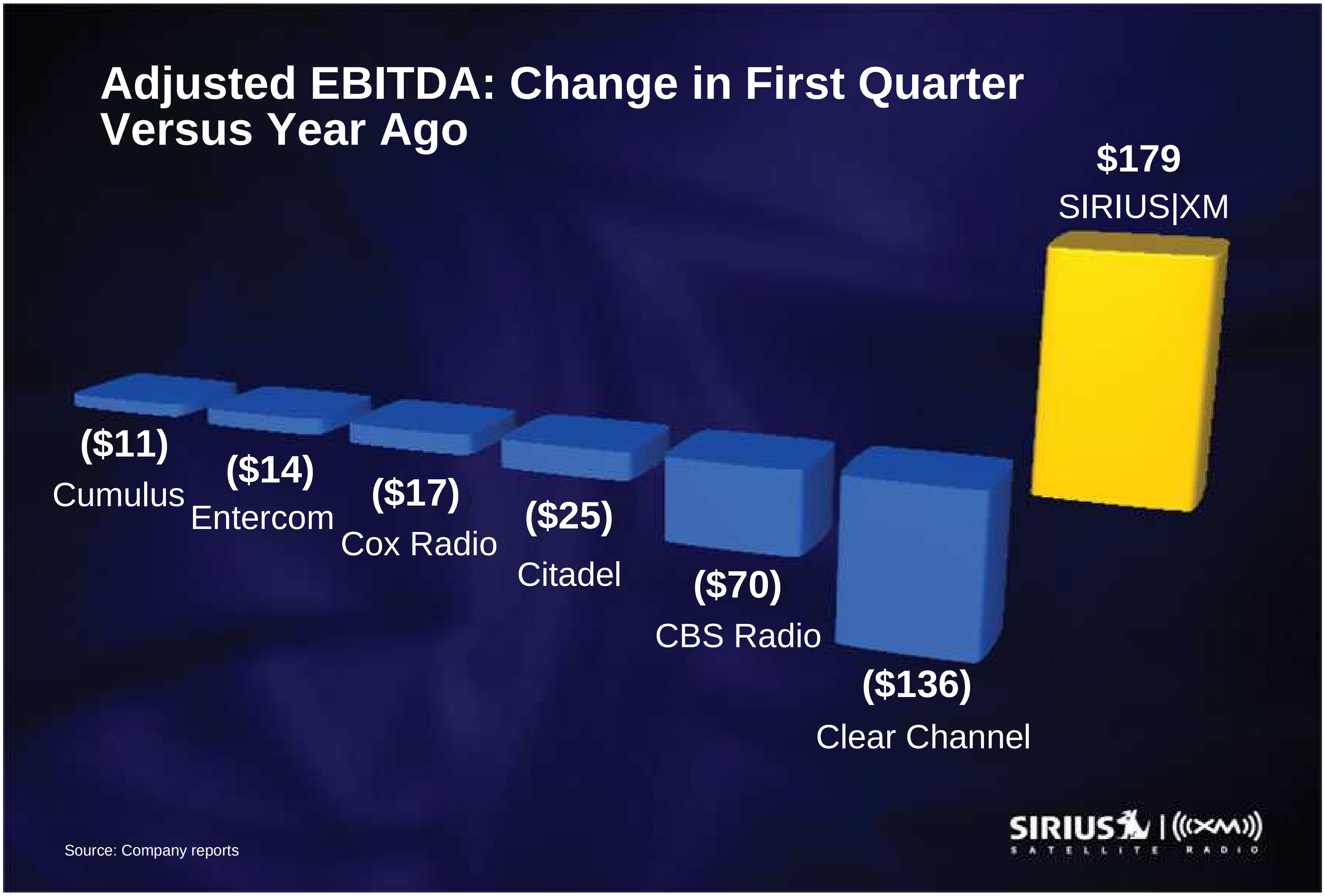
SIRIUS | XM SATELLITE RADIO

SIRIUS XM is Now the Largest Radio Company based on First Quarter Revenue



1Q09 Radio Revenue (% change versus 1Q08)

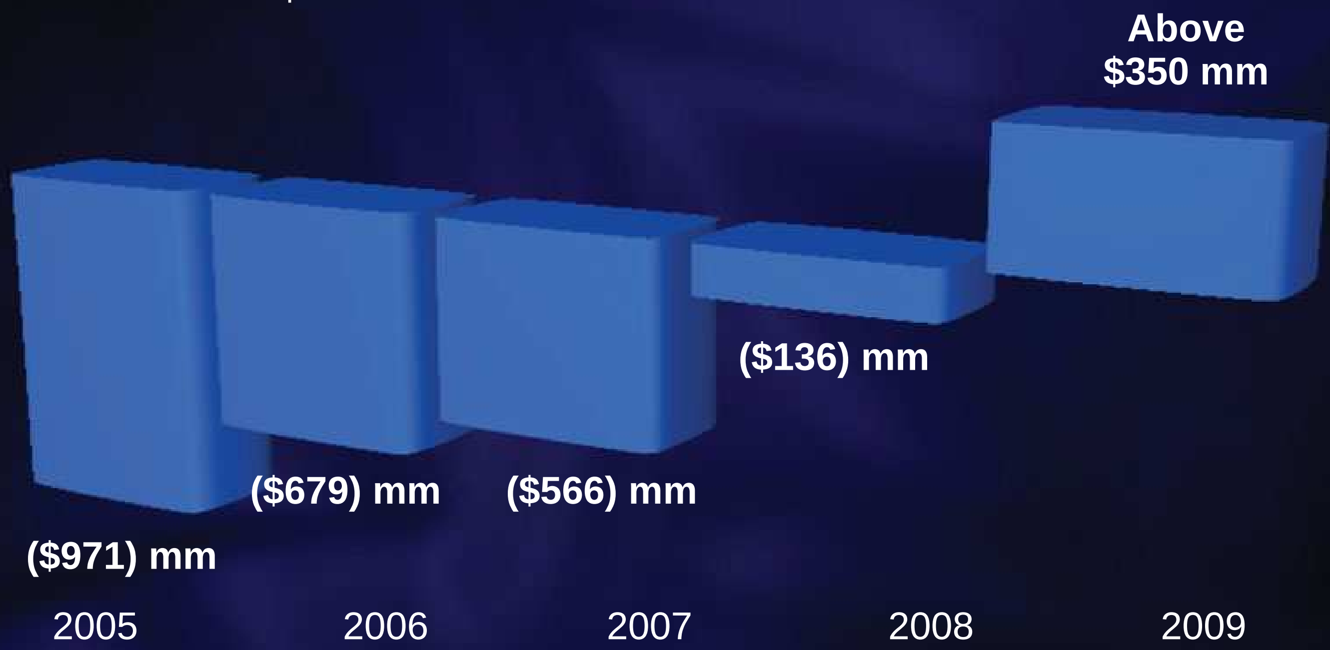
Source: Company reports


Adjusted EBITDA: Change in First Quarter Versus Year Ago
$179
SIRIUS|XM
($11)
Cumulus
($14)
Entercom
($17)
Cox Radio
($25)
Citadel
($70)
CBS Radio
($136)
Clear Channel
SIRIUS | XM SATELLITE RADIO
Source: Company reports


Internet Radio Searches for Business Model
$2.4 B
<$25 M
<$100 M
<$100 M
$161 M
Pandora
lastFM.com
Slacker
Rhapsody/
RadioPass
SIRIUS|XM
2008 Revenue

Source: Company reports and estimates

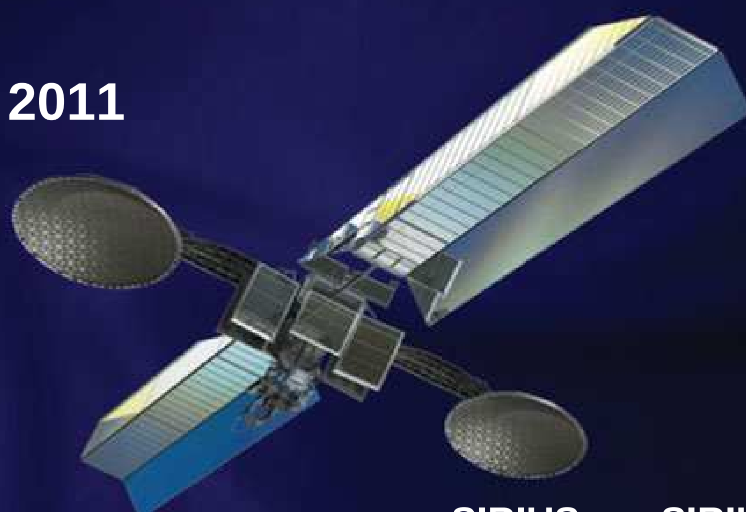
Pro Forma Adjusted EBITDA: Now Expecting More than $350 mm in 2009

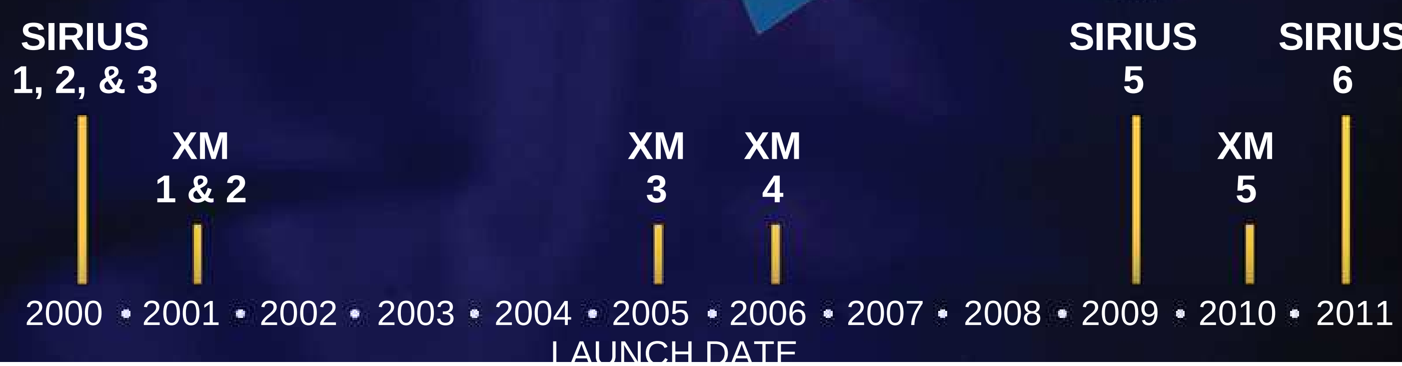


Guidance increased from more than $300 mm

Source: Company reports

Satellite Expenditures Sharply Reduced After 2011



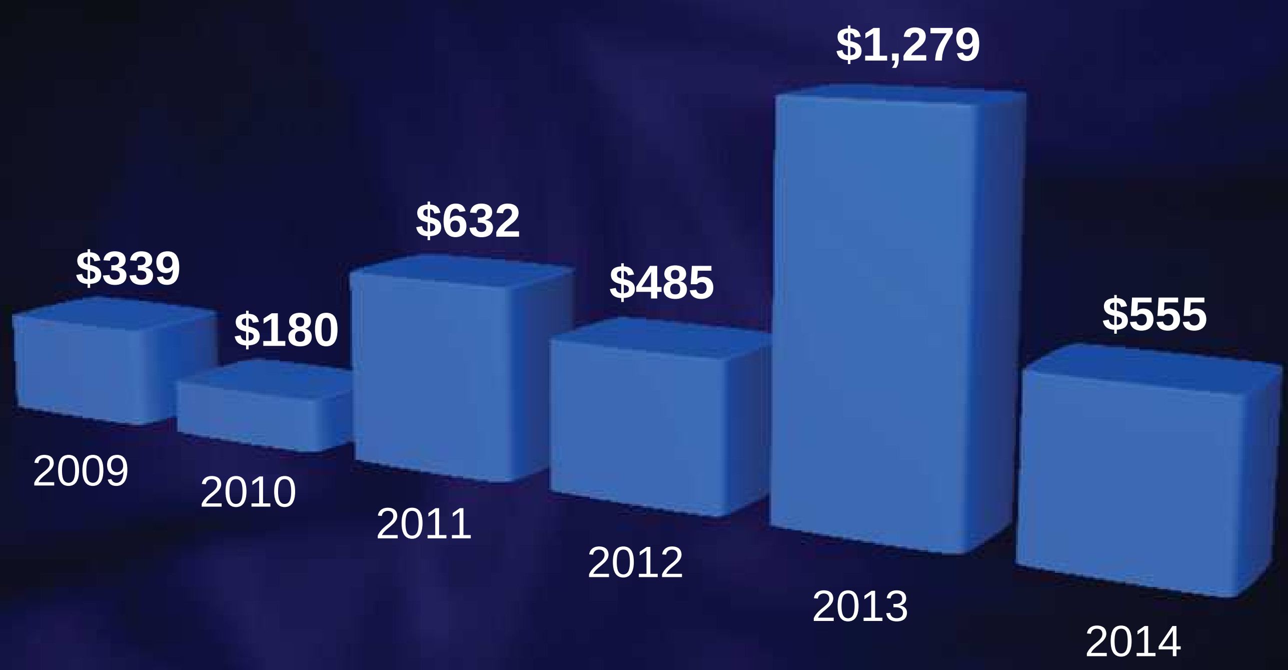


LAUNCH DATE

Completed Refinancing

- Firm plan to meet all 2009 / 2010 maturities
- Liberty Media committed to $530 mm, received a 40% equity stake
- Bank debt renewed and extended

Debt Maturities ($ millions)



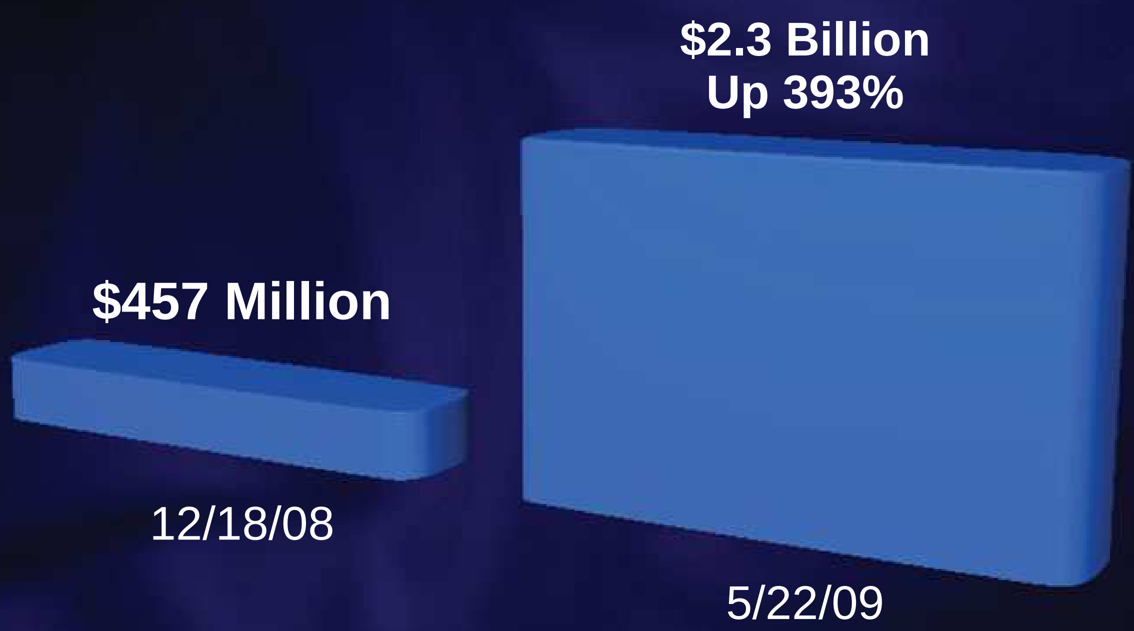
Source: Company reports

Strong Market Value

- SIRIUS|XM is the 140th most valuable company on NASDAQ (out of nearly 3,000 companies)
- Other companies with similar valuations: DreamWorks and Netflix

Source: NASDAQ as of May 20, 2009

Improved Market Value



Source: NASDAQ and company reports

Highlights of the Past Year

- Closed merger (17 months)
- Refinanced $2.2 billion of $3.3 billion debt
- Seamless integration
- Achieved more synergies
- Introduced and successfully marketed tiered pricing

Highlights of the Past Year continued

- Initiated preowned certified programs
- Achieved first positive Pro Forma Adj. EBITDA quarter in 4Q08: +$32 m vs. ($224) m in 4Q07
- Strong Pro Forma Adj. EBITDA Growth in 1Q09 to $109 m vs. ($70) m in 1Q08

Near Term Concerns

- U.S. auto sales
- Churn
- Debt

Management Priorities

- Grow revenue
- Manage churn
- Continue cost reductions
- Position for auto rebound
- Expand new platforms
- Manage balance sheet
- **Cash flow growth**

- Cash flow growth

Everything Worth Listening To Is Now On

SIRIUS | XM

SATELLITE RADIO

We refer to net loss before interest and investment income, interest expense net of amounts capitalized, income tax expense, loss from redemption of debt, loss on investments, other expense (income), restructuring and related cost, depreciation and amortization, and share related payment expense as adjusted EBITDA. Adjusted EBITDA is not a measure of financial performance under U.S. GAAP. We believe adjusted EBITDA is a useful measure of our operating performance. We use adjusted EBITDA for budgetary and planning purposes; to assess the relative profitability and on-going performance of our consolidated operations; to compare our performance from period-to-period; and to compare our performance to that of our competitors. We also believe adjusted EBITDA is useful to investors to compare our operating performance to the performance of other communications, entertainment and media companies. We believe that investors use current and projected adjusted EBITDA to estimate our current or prospective enterprise value and to make investment decisions.

Because we fund and build-out our satellite radio system through the periodic raising and expenditure of large amounts of capital, our results of operations reflect significant charges for interest and depreciation expense. We believe adjusted EBITDA provides useful information about the operating performance of our business apart from the costs associated with our capital structure and physical plant. The exclusion of interest and depreciation and amortization expense is useful given fluctuations in interest rates and significant variation in depreciation and amortization expense that can result from the amount and timing of capital expenditures and potential variations in estimated useful lives, all of which can vary widely across different industries or among companies within the same industry. We believe the exclusion of taxes is appropriate for comparability purposes as the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the various jurisdictions in which they operate. We believe the exclusion of restructuring and related costs is useful given the non-recurring nature of these transactions. We also believe the exclusion of share-based payment expense is useful given the significant variation in expense that can result from changes in the fair market value of our common stock. To compensate for the exclusion of taxes, other income (expense), depreciation and amortization and share-based payment expense, we separately measure and budget for these items.

There are material limitations associated with the use of adjusted EBITDA in evaluating our company compared with net loss, which reflects overall financial performance, including the effects of taxes, other income (expense), depreciation and amortization, restructuring and related costs, and share-based payment expense. We use adjusted EBITDA to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Investors that wish to compare and evaluate our operating results after giving effect for these costs, should refer to net loss as disclosed in our unaudited condensed consolidated statements of operations. Since adjusted EBITDA is a non-GAAP financial measure, our calculation of adjusted EBITDA may be susceptible to varying calculations; may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. Please see our most recent filings on Form 10-Q and Form 10-K for additional information.

The following tables reconcile our GAAP income (loss) from operations to our non-GAAP pro forma unadjusted income (loss) from operations.

	As Reported Income (Loss) from Operations	Predecessor Financials	Purchase Price Accounting Adjustments	Pro Forma Income (Loss) from Operations
2005	(829)	(556)	-	(1,385)
2006	(1,068)	(403)	-	(1,471)
2007	(513)	(512)	-	(1,025)
2008	(5,037)	(231)	4,750	(517)

	As Reported Income (Loss) from Operations	Predecessor Financials	Purchase Price Accounting Adjustments	Pro Forma Income (Loss) from Operations
4Q07	(150)	(202)	-	(352)
1Q08	(89)	(93)	-	(182)
2Q08	(68)	(83)	-	(151)
3Q08	(4,827)	(54)	4,743	(138)
4Q08	(53)	-	7	(46)
1Q09	41	-	(6)	35

The reconciliation of the pro forma income (loss) from operations to the pro forma adjusted EBITDA is calculated as follows.

	FY 2005	FY 2006	FY 2007	FY 2008
Pro forma (loss) income from operations	(1,385)	(1,471)	(1,025)	(517)
Impairment of parts	-	11	-	-
Restructuring and related costs	-	-	-	10
Depreciation and amortization	244	275	294	246
Share-based payment expense	170	506	165	125
Adjusted pro forma EBITDA	(971)	(679)	(566)	(136)

	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
Pro forma (loss) income from operations	(352)	(182)	(151)	(138)	(46)	35
Impairment of parts	-	-	-	-	-	-
Restructuring and related costs	-	-	-	7	3	1
Depreciation and amortization	75	72	60	64	50	51
Share-based payment expense	53	40	30	30	25	22
Adjusted pro forma EBITDA	(224)	(70)	(61)	(37)	32	109