



XM Satellite Radio Reaches Agreement with Holders of a Majority of Outstanding 9.75% Senior Notes Due 2014

WASHINGTON, July 18 /PRNewswire-FirstCall/ -- XM Satellite Radio Holdings Inc. (NASDAQ: XMSR), the nation's leading satellite radio company, today announced that it had entered into a written agreement with holders of a majority of XM Satellite Radio Inc.'s outstanding 9.75% Senior Notes due 2014. Pursuant to the agreement, these holders have agreed to waive XM's change of control repurchase obligation of the 9.75% Notes with respect to the consummation of the previously announced merger of XM Satellite Radio and Sirius Satellite Radio Inc. Pursuant to the terms of the indenture governing the 9.75% Notes, the waiver is effective for all holders of the 9.75% Notes.

The waiver provides that, promptly following the closing of the merger, XM will commence an offer to exchange the 9.75% Notes for a combination of at least \$400 million of cash and up to \$200 million aggregate principal amount of a new series of senior notes to be issued by XM. The waiver is subject to the consummation of the merger and the satisfaction of certain conditions in connection with various other merger-related refinancing transactions to be undertaken by XM prior to August 31, 2008. If the merger and the satisfaction of such other conditions have not occurred by August 31, 2008, the waiver, unless extended, will cease to be effective.

The exchange notes will mature in 2014, or 2013 in certain circumstances. The yield to maturity on the exchange notes (calculated solely on the basis of interest rate on the exchange notes and the price at which they are offered in exchange for 9.75% Notes) will be calculated on the basis of the selling price of and interest rate on certain other senior notes expected to be issued by XM in connection with its merger-related refinancing transactions. The effective yield on the exchange notes will not be less than 13.92% per annum. In the event that XM issues less than \$150 million aggregate principal amount of other senior notes in connection with its merger related refinancing transactions, the effective yield on the exchange notes will not be less than 15% per annum.

The senior notes expected to be issued by XM will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Nothing in this press release should be construed as a solicitation of an exchange or offer to purchase, or an offer to sell, any of XM's or XM Satellite Radio Holdings Inc.'s securities. Any offer to exchange, purchase or sell any of XM's or XM Satellite Radio Holdings Inc.'s securities will be made only upon the terms and conditions set forth in an offering document related thereto.

About XM

XM is America's number one satellite radio company with more than 9.3 million subscribers. Broadcasting live daily from studios in Washington, DC, New York City, Chicago, Nashville, Toronto and Montreal, XM's 2008 lineup includes more than 170 digital channels of choice from coast to coast: commercial-free music, premier sports, news, talk radio, comedy, children's and entertainment programming; and the most advanced traffic and weather information.

XM, the leader in satellite-delivered entertainment and data services for the automobile market through partnerships with General Motors, Honda, Hyundai, Nissan, Porsche, Ferrari, Subaru, Suzuki and Toyota, is available in 140 different vehicle models for 2008. XM's industry-leading products are available at consumer electronics retailers nationwide. XM programming is also available through XM Radio Online, the exclusive home on the Internet for XM's commercial-free music channels; as downloads of original XM shows via podcasts from XM's Web site or the Apple's iTunes Store; and as streams of commercial-free XM music channels to AT&T and Alltel wireless customers through XM Radio Mobile. For more information about XM hardware, programming and partnerships, please visit <http://www.xmradio.com/>.

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 results of XM's second quarter operating results and other statements identified by words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "will," "should," "may," or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of XM's management and are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those contemplated by such forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements in this press release include demand for XM Satellite Radio's service, the Company's dependence on technology and third party vendors, its potential need for additional financing, as well as other

risks described in XM Satellite Radio Holdings Inc.'s Form 10-K filed with the Securities and Exchange Commission on 2-28-08. Copies of the filing are available upon request from XM Radio's Investor Relations Department. All programming subject to change.

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PRN Photo Desk, photodesk@prnewswire.com

SOURCE: XM Satellite Radio Holdings Inc.

CONTACT: Investors: Joe Wilkinson, +1-202-380-4008, joe.wilkinson@xmradio.com, or Richard Sloane, +1-202-380-1439, richard.sloane@xmradio.com; Media: Nathaniel Brown, +1-212-708-6170, nathaniel.brown@xmradio.com, or Chance Patterson, +1-202-380-4318, chance.patterson@xmradio.com, all of XM Satellite Radio Holdings Inc.

Web site: <http://www.xmradio.com>