



XM Signs Over 30,000 Subscribers in First 8 Weeks

Ranks as Fastest-Selling Audio Product of Last 20 Years

Washington D.C., January 07, 2002 -- XM Satellite Radio (Nasdaq: XMSR), America's first nationwide digital satellite radio service, already has more than 30,000 paying subscribers, making XM the fastest-selling audio product of the last 20 years, company President and CEO Hugh Panero announced today at a Noon news conference at the 2002 International Consumer Electronics Show (CES).

"In 12 short months, XM Radio has gone from a PowerPoint presentation to the 'Product of the Year,'" Panero said, referring to the recent honor by *Fortune Magazine*. "I am proud to announce that after being fully national for only 56 days, XM has over 30,000 paying subscribers with roughly 28,000 reported at year-end, exceeding most Wall Street analyst year-end estimates."

Panero added: "The company achieved this without the full benefit of its total distribution network due to early product constraints that have since been resolved." As another reference point, Panero noted, Echostar, the DBS provider, at the end of its first 70 days of national operations had 31,000 subscribers.

"Will people pay for radio?" Panero asked. "The answer is a resounding Yes. . . In fact, we have created the 'car potato,' people across the nation finding excuses to drive around to listen to XM or stuck sitting in their driveway listening to great music."

Since last year's CES, XM launched its two satellites; completed its chipset technology, allowing several months lead time required for testing, manufacturing, shipping and merchandising; and completed its national rollout Nov. 12, just 45 days after launching in its two lead markets, because its technology had been proven months earlier. "Simply put, we've executed our plan and kept our rollout promises made at last year's CES," Panero said. "Rather than being one year behind our competitor to market, we have a nine-month nationwide lead."

XM Releases Compelling Results of Retail and Customer Satisfaction Research

XM's performance makes it the fastest-selling audio product in 20 years, according to independent research results the company released. The compact disc player sold 7,800 units in its first 60 days, based on Consumer Electronics Association data (35,000 units in its first nine months), and the DVD player sold 8,600 units in its first 60 days, according to NPD Intellect data.

"XM is rapidly becoming a consumer electronics entertainment standard just as the CD, VCR, DBS and DVD did before it," Panero said. "The positive consumer acceptance of XM is particularly gratifying in light of the challenging economy: what merchandisers call the most difficult retail environment in a decade. In the face of all this, consumers reacted strongly to XM and we are the economic stimulus for the audio product category."

XM proved one of the hottest Christmas gifts, according to a survey conducted for the company by the Yankee Group, a leading technology research and strategic consulting firm. The telephone survey of top consumer electronics retailers concluded that retailers are more excited about the market potential for satellite radio than for any other mobile electronics product. XM is on track to top first-year sales of CD and DVD players and parallel first-year growth of DBS, the Group reported.

Consumers also embraced XM. In a customer satisfaction telephone survey recently conducted for XM by Greystone Communications, a media research and planning firm, 94 percent of respondents rated XM's overall service "excellent" and 92 percent called the sound quality "excellent." And 99 percent said XM was a "good" or "excellent" value at \$9.99 a month.

Feedback from the CEOs of leading consumer electronics retailers has been outstanding. "XM was one of our hottest new products during the 2001 holiday season," said Allen Lenzmeier, President of Best Buy Retail, one of several top retail executives featured in video testimonials at XM's news conference. "Customer feedback has been incredibly positive."

In 2002, XM Expands Radio Product Line and Retail Distribution, Augments Website

XM is already working on the next wave of products and technology advances and expanding retail outlets, Panero announced, offering several examples:

- XM intends to achieve significant sales in 2002 from expanded distribution through Sears and participating RadioShack dealers and franchisees.
- Sony, building on the success of the "Plug-and-Play" unit, will now offer XM radios as part of its Xplod car-stereo lineup, with 12 different XM-ready models. In addition, 1.5 million Sony car stereos sold in '00 and '01 are backward-compatible with XM. Sony will increase production of the "Plug-and-Play" home kit to meet strong market demand.
- Alpine will also begin offering a universal receiver that will enable any existing car stereo to receive XM.
- Blitzsafe, a world leader in audio integration products, is creating an inexpensive line of adapter cables that will digitally connect an XM tuner box to a wide range of new car and aftermarket radios and significantly reduce the install time on premium vehicles with pre-wiring harnesses.
- XM's website, www.xmradio.com, which has generated more than 50,000 subscriber leads, has recently been upgraded to add a variety of new features such as programming highlights; the creation of the XM Signal, XM's weekly email newsletter; online voting for favorite pop hits to be played on XM's top 20 channel, 20-on-20; improved on-line subscriber activation features; an increased number of retailers available on XM's dealer-locator screen; and a dealer extranet.

XM Revolutionizes Radio with Programming Depth, Breadth and Reach

"What is clear is that our listeners love the programming," Panero said. With 82 state-of-the-art digital studios, XM is transforming radio, an industry that has seen little technological change since FM, almost 40 years ago. XM's programming lineup features 100 coast-to-coast digital channels: 71 music channels, more than 30 of them commercial-free, from hip hop to opera, classical to country, bluegrass to blues; and 29 channels of sports, talk, children's and entertainment. XM also brings to the car, for the first time on radio, the same diverse selection of 24-hour news sources available in the home on cable and DIRECTV.

"XM, at our core, is music," Panero said. Since XM launched nationally, it has created over 90,000 hours of amazing radio for its music channels alone, playing more than 1.4 million songs across every genre. And XM has only scratched the surface, with more than two million songs in its music library, one of the largest collections on the planet. In addition, XM has recorded more than 40 live performances, interviewed more than 160 celebrities and artists and archived more than 1,100 interviews with musicians recorded over the years.

XM has also aired the first coast-to-coast radio broadcasts of NASCAR events through its exclusive relationship on its dedicated NASCAR channel, the World Series and more recently the College Football Bowl Championship Series on its ESPN Radio channel; world premieres of new albums from Prince, Pink Floyd, and an unreleased 1963 Rat Pack performance featuring Frank Sinatra, Sammy Davis Jr. and Dean Martin. XM also aired a number of "live" concerts including Handel's "Messiah" from Trinity Church, 600 feet from ground zero; a Sting concert and a five-hour concert from VH1 to benefit the NYC victims of Sept. 11. When George Harrison passed away, XM honored the ex-Beatle immediately with a four day tribute - commercial free. Wynton Marsalis, hailed as the outstanding Jazz musician of his generation, broadcast live from New York when XM capped its national launch. Marsalis and legendary impresario Quincy Jones, who will be among the host of artists at XM's CES booth this week, are both members of XM's artist family and are creating radio shows exclusively for XM.

"Listeners continue to comment how deep our channels are and how they hear songs long forgotten by mainstream radio," Panero said.

XM was named "Product of the Year" by *Fortune*, an "Invention of the Year" by *Time* and won *Popular Science's* 2001 "Best of What's New" Grand Award in the electronics category. XM won several awards at the 2001 CES, including "Best of CES" in the automotive category.

XM radios are available at major electronics retailers nationwide including Best Buy, Circuit City, Tweeter, Ultimate Electronics, participating RadioShack Dealers and Franchisees, Crutchfield, Good Guys, CarToys, Audio Express and Sound Advice; and at independent retailers. Leading manufacturers such as Sony, Alpine and Pioneer offer a broad array of XM radios including models that will easily enable any existing car stereo system to receive XM service (the Pioneer Universal Receiver and the Sony Plug-and-Play) and over 20 models of new AM/FM/XM systems offering many other great features. General Motors in November rolled out factory-installed Delphi-Delco XM radios in Cadillac DeVille and Seville models, and will expand to more than 20 GM models this year. XM's strategic investors include America's leading car, radio and satellite TV companies -- General Motors, American Honda Motor Co. Inc., Clear Channel Communications and DIRECTV. For more information, please visit XM's web site: www.xmradio.com.

Factors that could cause actual results to differ materially from those in the forward-looking statements in this press release include uncertainties associated with demand for the company's service, the company's dependence on third party vendors, its continuing need for additional financing, as well as other risks described in XM Satellite Radio Holdings Inc.'s Form 8-K filed with the Securities and Exchange Commission on 12-6-2001. Copies of the filing are available upon request from XM Radio's Investor Relations Department.

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