



XM Ranks as Fastest-Selling Audio Product in 20 Years with Extremely High Customer Satisfaction, Research Shows

Washington D.C., January 07, 2002 -- XM Satellite Radio (Nasdaq: XMSR), America's first nationwide digital satellite radio service, ranks as the fastest-selling new audio product in 20 years with 30,000 paying subscribers in its first 60 days of national availability, according to independent data, the company announced. Further, XM customers were universally satisfied, according to research results XM also announced today.

"XM is rapidly becoming a consumer electronics entertainment standard just as the CD, VCR, DBS and DVD did before it," XM President and CEO Hugh Panero said today at a news conference at the Consumer Electronics Show. "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."

XM released results of two independent research studies: A survey by The Yankee Group, a technology research and strategic consulting firm, of top retail executives whose companies represent a combined 33 percent of consumer electronics sales; and a survey by Greystone Communications, a media research and planning firm, of 100 random XM customers.

XM On Track to Top First-Year Sales of CD and DVD Players

Consumers bought more than 30,000 XM radios in the company's first 60 days of national availability (since Nov. 12, 2001), far exceeding comparable performance of such other top consumer electronics products as CD players, DVD players, DVD audio and DVRs, the Yankee Group found. XM is on track to top first-year sales of CD and DVD players and parallel first-year growth of DBS, the Group reported.

"Retailers are more excited about the market potential for satellite radio than any other mobile electronic product," said Yankee Group analyst Ryan Jones. "As the first satellite radio provider, XM has succeeded in driving new types of consumers to purchase mobile electronics and consequently has changed the way retailers approach selling mobile electronics."

"More consumers exhibit interest in satellite radio (39%) during its first year than any other audio consumer electronics product," the Yankee Group found, noting that interest correlates to sales.

The Yankee Group survey was compiled principally by Jones, an analyst with the group's media and entertainment strategies planning service whose expertise includes converging media and entertainment products and services among consumers.

Consumer Reactions Range from "Very Good" to "Fabulous"

Greystone found 94 percent of XM customers surveyed 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.

The Greystone survey was compiled principally by John Carey, the firm's managing director, who has conducted studies for a host of top media and communications companies and is also an adjunct professor in the Graduate School of Business at Columbia University, where he teaches a course on demand for new media. Carey is scheduled to speak at the CES "Emerging Technology Supersession" panel at 2 pm Wednesday. "Respondents gave XM very high ratings," Carey reported. "Reactions to the overall service ranged from 'it's very good' to 'it's fabulous.' No one had a negative or even a mixed reaction. . . . A number of people commented that they could never go back to regular radio now that they have experienced XM." Customer responses included:

"Whatever my heart desires, I can find it on XM." (Fort Worth, Texas, customer)

"It's really worth it. There's nothing like it." (Citrus Heights, Calif., customer)

XM Subscribers Evenly Divided Among Age Groups

Panero noted that XM's customer base was distributed evenly across age groups 18-24, 25-29, 30-34, 35-39, 40-44, 45-49 and 50-54, according to XM's own data. Consumer electronics products rarely hold such wide appeal at such an early stage of introduction. "XM is clearly a mass market product across all age groups and areas of the country," Panero said.

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 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, Sound Advice, The Wiz, PC Richards; 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.

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. 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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