



XM SATELLITE RADIO HOLDINGS ANNOUNCES SECOND QUARTER 2000 RESULTS

**XM Raises \$235 Million, Now Fully Funded Through Commercial Launch;
Signs Best Buy, Circuit City and Other Retailers to Sell, Market and Distribute XM Radios**

National, July 26, 2000 -- XM Satellite Radio Holdings Inc. (Nasdaq: XMSR), ("XM Radio"), an innovator in radio entertainment, today reported financial and operating results for the second quarter ended June 30, 2000. During the quarter XM Radio announced sales, marketing and distribution agreements with Best Buy Co. Inc., Circuit City Stores Inc., and several other retailers. XM also announced an agreement with Honda Motor Co., Ltd. and Onstar, a wholly owned subsidiary of General Motors Corp., to jointly develop opportunities for future telematics and data applications.

In July, XM Radio completed its funding through commercial launch with commitments for a \$235 million placement of 8.25% Series C convertible preferred stock. AEA Investors Inc led the investment group and American Honda Motor Co., Inc. joined as a strategic investor. The group also included existing investors Madison Dearborn Partners, Baron Asset Fund, DIRECTV and Columbia Capital.

Second Quarter Financial and Operating Results

The company reported second quarter 2000 operating loss (EBIT) of (\$13.9) million, a net loss of (\$5.1) million, and a net loss available to common shareholders of (\$7.3) million, or (\$.15) per share, as compared to an operating loss of (\$4.0) million, a net loss of (\$4.0) million, and a net loss available to common shareholders of (\$4.0) million, or (\$.60) per share, for the second quarter of 1999.

XM Completes Financing Through Commercial Launch

In July, XM Radio completed its funding through commercial launch with commitments for a \$235 million placement of 8.25% Series C convertible preferred stock. XM Radio has now raised over \$1.3 billion in gross proceeds and will be fully funded through launch of its commercial service in the first half of 2001. The investment included \$60 million from AEA Investors Inc., \$50 million from Madison Dearborn Partners, \$35 million from Baron Asset Fund, \$20 million from DIRECTV Inc. and \$20 million from Columbia Capital. The investment also includes \$50 million from American Honda.

"XM is thrilled to add American Honda Co., Inc. and AEA to our group of highly-respected strategic and financial partners," said Hugh Panero, XM's President and CEO. "In addition, about half of the investment came from existing shareholders, which demonstrates their continued commitment to satellite radio. What a blockbuster year this has been, in just 12 months XM has raised over a billion dollars, completing our financing through commercial launch," he added.

The strategic investment by Honda follows an agreement in May between OnStar, a wholly owned subsidiary of General Motors Corp. (GM), Honda and XM to jointly develop opportunities for future telematics and data applications in Honda and Acura vehicles. Honda and XM Satellite Radio are also negotiating to provide digital satellite radio service to Honda and Acura customers in the United States.

XM Radio Announces Key Distribution Agreements

XM Radio significantly strengthened its distribution, marketing and sales channels by announcing deals with America's largest consumer electronic retailers Best Buy and Circuit City, regional retail leaders Tweeter, Good Guys, Ultimate, Al and Ed's, CarToys, Sound Advice and Mobile-One and one of the nation's leading catalog and on-line retail outlets, Crutchfield. The retailers plan to sell and market XM-Ready radios from leading consumer electronics manufacturers and XM service throughout their stores beginning with launch of XM programming in the first half of 2001.

"We believe that retail car stereo sales will be critical to building a mass-market subscription base at the inception of our satellite-radio service next year," said Hugh Panero, President and CEO of XM Satellite Radio. "These retail partners will distribute XM Radios manufactured by Sony, Pioneer, Sharp and Alpine for the car, home and portable environments and promote the service to consumers ready for the next generation of radio," he added.

XM Radio Opens New Headquarters at Eckington Place

In July, XM opened its new 150,000-sq. ft. headquarters in the heart of Washington, DC, including a digital radio broadcast facility that is both the largest in the US and the first end-to-end digital radio complex ever built. XM's new Programming Center will contain a network of more than 80 inter-connected audio studios including a two-story 2,300-square-foot performance studio large enough to accommodate a full orchestra and more than a dozen stand-alone studios equipped to broadcast live performances.

About XM Satellite Radio

XM Satellite Radio is developing a new band of radio. It will create and package up to 100 national channels of digital-quality music, news, sports, talk and children's programming. The service will be uplinked to XM's powerful satellites and transmitted directly to vehicle, home and portable radios across the country. Its first satellite is scheduled to launch in mid-November 2000. XM-Ready radios will be manufactured by such household names as Sony, Alpine, Pioneer Electronics Corporation and sold by automotive and retail outlets such as Best Buy and Circuit City. XM's consumer service is slated to begin during the first half of 2001 for a monthly subscription fee of \$9.95. First there was AM, then FM and soon. . . XM Satellite Radio. For more information, please visit XM's website: www.xmradio.com.

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Factors that could cause actual results to differ materially from those in the forward-looking statements in this press release include uncertainties associated with the launch of our satellites, our dependence on third party vendors, our 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 2/25/00. Copies of the filing are available upon request from XM Radio's Investor Relations Department.