



XM Satellite Radio Holdings Inc Announces Fourth Quarter 2001 Results

Successfully Launched the First U.S. Satellite Radio Service

Closed \$164 million In Additional Financing

Introduced First XM-Factory Installed GM Cars and Expanded 2002 Lineup for '03 Model Year

Washington D.C., January 24, 2002 -- XM Satellite Radio Holdings Inc. (Nasdaq: XMSR) today reported financial and operating results for the fourth quarter ended December 31, 2001, which marked the rollout of America's first nationwide digital satellite radio service. In its first eight weeks of nationwide operation, XM signed up more than 30,000 customers, including 27,733 subscribers through December 31, 2001, making it the fastest-selling audio product in 20 years. XM was launched nationwide on November 12, 2001, with a lineup of 100 channels of music, news, sports and entertainment and has drawn acclaim from subscribers, listeners, retailers and the press, including being named "Product of the Year" by Fortune. In addition, during the quarter XM raised an additional \$164 million in gross funding, fully funding the company into the fourth quarter of 2002. The company has now raised more than \$1.6 billion in gross funding. XM and General Motors completed one of the fastest technology rollouts in automotive history by introducing the first production XM-equipped Cadillacs into the new car market in November 2001.

This month, XM announced a number of milestones including an expanded radio product line and an upgraded consumer web site. In addition, XM and General Motors announced that beginning in model year '03, XM radios will be available in 23 car and truck models, expanded from GM's two XM-equipped Cadillac models rolled out in November. GM is targeting a wide array of customer demographics that matches the distribution of XM's subscriber base.

Fourth Quarter and Year End Financial and Operating Results

For the three months ended December 31, 2001, XM reported consolidated revenue of \$532 thousand, a consolidated operating loss (EBIT) of (\$135.3) million, a consolidated net loss of (\$144.0) million, and a consolidated net loss available to common shareholders of (\$149.8) million, or (\$2.26) per share. In comparison, for the three months ended December 31, 2000, XM had no consolidated revenue, a consolidated operating loss of (\$20.5) million, a consolidated net loss of (\$14.0) million, and a consolidated net loss available to common shareholders of (\$19.8) million, or (\$0.40) per share. Earnings (losses) before interest, taxes, depreciation, and amortization (EBITDA) during the fourth quarter 2001 totaled (\$113.3) million, which includes one-time costs of \$26.3 million related to terrestrial repeater sites no longer required, compared to (\$19.3) million during the same period in 2000.

For the year ended December 31, 2001, XM reported consolidated revenue of \$533 thousand, a consolidated operating loss (EBIT) of (\$281.6) million, a consolidated net loss of (\$284.4) million, and a consolidated net loss available to common shareholders of (\$307.5) million, or (\$5.13) per share. In comparison, for the year ended December 31, 2000, XM had no consolidated revenue, a consolidated operating loss of (\$79.5) million, a consolidated net loss of (\$51.9) million, and a consolidated net loss available to common shareholders of (\$201.3) million, or (\$4.15) per share. Earnings (losses) before interest, taxes, depreciation, and amortization (EBITDA) during the year ended 2001 totaled (\$238.9) million compared to (\$75.9) million during the same period in 2000.

XM Rolls Out Nationwide

XM was able to complete its nationwide launch November 12, 2001, just 45 days after rolling out service in its two lead markets, San Diego and Dallas/Fort Worth, because its technology was proven months earlier and key manufacturing, retail and distribution partners provided strong support.

XM President and CEO Hugh Panero asked in his speech on January 7 at the International Consumer Electronics Show, "Will people pay for radio? The answer is a resounding YES!" XM has trained thousands of retail salespeople to sell the XM service and 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.

Despite what merchandisers called the most difficult retail environment in a decade, consumers met the introduction of XM Radio enthusiastically. According to a customer satisfaction survey conducted by Greystone Communications, 94 percent of the respondents rated the overall service "excellent"; 92 percent said the sound quality was "excellent," and when asked about the value of XM at \$9.99/month, 99 percent said XM was a "good" or "excellent" value.

During the quarter, XM received acclaim from the press. Fortune, in naming XM its "Product of the Year", called XM "way, way above the rest" of 2001's new technologies. Time named XM a "2001 Invention of the Year" and Popular Science, the world's largest science and technology magazine, awarded XM its 2001 "Best of What's New" Grand Award in the electronics category. AMI Auto World named XM one of the best new car options in the publication's "Best of 2002" issue. In addition, The Wall Street Journal named Sony and Pioneer XM Satellite Radios as "our picks" among high-tech car gadgets as part of the "Gizmos by the Carload" article and TERK Technologies and XM were honored with a second consecutive CEA (Consumer Electronics Association) Innovations award at this year's CES Design and Engineering Showcase.

XM Raises Additional Funds and Reduces Risk

Also in the quarter, XM closed on a \$129 million public offering of Class A common stock and a \$66 million financing package with Boeing, including \$35 million in new debt financing. With these new funds and the use of sound fiscal management, XM is financed into the fourth quarter of 2002.

XM Makes Other Key Announcements at CES 2002

During CES 2002, XM announced an expanded radio product line for 2002 including 12 different XM-ready models of Sony car stereo head-units in the Xplod lineup. In addition, 1.5 million Sony car stereos sold in '00 and '01 are backward-compatible with XM. Alpine will begin offering a universal receiver that will enable any existing car stereo to receive XM and 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. In addition, with its technology in place the company has begun to enhance its products. At CES 2002, following last year's CES award of "Best of Show" in the automotive category, XM and its antenna partner Terk received the 2002 "Best of Innovations" award for the SR-1 glass mount antenna.

XM announced a sales agent agreement with O'Rourke Brothers Distributing to support XM's marketing efforts to independent satellite television retailers and installers. O'Rourke plans to sell the Sony XM Plug-n-Play receiver with the Sony home kit beginning in the first quarter of 2002.

Also during CES 2002, XM announced a significant upgrade of the company web site including the addition of programming highlights; the creation of the XM Signal, XM's weekly email newsletter; improved on-line subscriber activation features; an increased number of retailers available on XM's dealer-locator screen; and a dealer extranet.

About XM Satellite Radio

XM will transform radio, an industry that has seen little technological change since FM, almost 40 years ago. XM is offering its 100 channels of digital-quality, coast-to-coast sound for \$9.99 a month. Leading manufacturers including Sony, Alpine and Pioneer are offering a broad array of XM radios including universal models that will easily enable any existing car stereo system to receive XM service (Sony Plug-n-Play, Pioneer Universal Receiver), and new AM/FM/XM systems offering many other great features.

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 has a distribution agreement with General Motors to integrate XM radios into its vehicles commencing in 2001. For more information, please visit XM's web site: www.xmradio.com.