SATELLITE RADIO
Consumer Research

Recent XM Activation Satisfaction Study
~ Report~

July 25, 2006

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FINAL

SX Trial Ex. 15

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Background, Objectives & Methodology

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Background

- XM is interested in measuring the satisfaction levels of new subscribers (subscribed in the 90 days) and determining the reasons for subscribing.
- XM also needs to understand changes over time in satisfaction and reasons for subscribing.

Research Objectives

- To understand the awareness & consideration when deciding to choose XM
- To measure the overall satisfaction with XM & satisfaction with specific features

Methodology

- Online study using Survey Monkey, field 6/6 thru 6/23 among current Aftermarket XM subscribers
- Among recent paying Aftermarket XM Subscribers (paying less than 90 days), 3 cells:
  - Cell 1, Aftermarket recent subscribers June 2006, n= 972
  - Cell 2, Aftermarket recent subscribers, March 2006, n= 649
  - Cell 3, Aftermarket recent subscribers, July 2005, n= 602
- Due to relatively small sample sizes, the margin of error averages +/- 2.9%, range from per cell of +/- 3 07% (n= 972), +/-3.78% (n=649), +/-3.93% (n=602)

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Executive Summary

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Awareness and Consideration

- Word of mouth is among the top sources respondents used to learn about XM The second is online/internet, followed by "saw it" at a retail store.
- About a third of recent XM subscribers considered choosing another brand, lower than July 2005 (49%). Two-thirds of current subscribers made their own decision in subscribing with XM, higher than last year.
- The majority seriously considered "for more than one day and less than two weeks" before making the actual purchase.
- 78% of recent subscribers had the specific intent to purchase satellite radio when visiting the retail store, unchanged since March 2006. This is in line with 71% who said that they were certain of purchasing a satellite radio before visiting the retail store.
- Among recent XM subscribers, content and programming is the main reason for selecting XM, followed by fewer commercials. In line with other research, in 2005 content/programming and fewer commercials were the main reasons to sign-up.

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Executive Summary

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Satisfaction with XM

- Satisfaction decreased since March (not significant). However, there was a significant decline in satisfaction for "value for the money" from March '06 to June '06.
- Likelihood to recommend and continue to subscribing to XM is very high.
- Satisfaction with music and sports programming declined in June 2006 to lower ratings than its July '05 levels (significant decline from March to June at a 90% confidence level).
- XM Radio Online experienced a significant satisfaction increase since July 2005.
- Comedy, Talk & Entertainment experienced a significant increase in satisfaction from July 2005 to March 2006, but declined to its previous ratings in June 2006.

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Conclusions

- Ensure that high music satisfaction continues and variety of programming continues
- Continuation of effective messaging in all marketing channels is essential since a large number of respondents knew that they wanted to get XM prior to being in the retail store.
- Given that 37% of new XM subscribers used online/internet to learn about the service, it is imperative that the website maintain (or improve) its ease of use.
- Closely monitor our overall satisfaction ratings with XM and value for the money.

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Awareness & Consideration

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Device Types of New Activators

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- For Aftermarket subscribers, Roady2/Roady XT remains the most popular type of receiver activated.

Types of receiver most often used:	July 2005	March 2006	June 2006
Roady2/Roady XT	16%	44%	37%
XM 2 Go/MyFi	36%	23%	17%
SKYFi/SKYFi2	13%	12%	13%
XM receiver installed in car dashboard, after purchase of car	17%	11%	12%
Other	7%	6%	9%
Pioneer Inno	-	-	6%
XPress	-	1%	2%

S2 Q1 Thinking of the radio you most recently activated, please check which type of radio it is

Awareness of Satellite Radio

- Not surprisingly, among XM subscribers, awareness is high
- Among the US population Sirius' awareness is significantly higher than that of XM (Source The Brandware Group)

	July 2005	March 2006	June 2006
XM Satellite Radio	96%	99%	98%
Sirius Satellite Radio	95%	95%	94%
n-Wave Satellite Radio	2%	3%	2%
Sonicast Satellite Radio	3%	3%	3%

Dummy answers

55 Q1 Please select all the brands of satellite radio you have ever heard of, even if you're not very "familiar with" them

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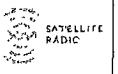
First Source of Awareness for XM



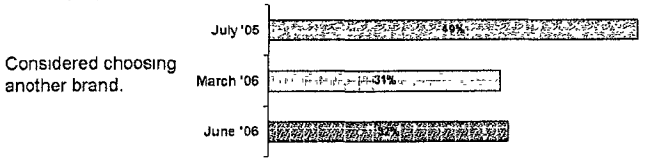
- Word of mouth is among the top source of first hearing about XM.
- The second most popular source of awareness is online/internet, followed by saw it at a store/store display

	July '05	March '06	June '06
Word of mouth	45%	46%	43%
Online/Internet	19%	39%	37%
Saw it at a store/store display	22%	41%	30%
Print advertising	16%	28%	23%
Car or truck dealership/salesperson	7%	20%	19%
TV advertising	26%	19%	18%
News	14%	15%	15%
Radio	24%	16%	12%
MLB game	4%	3%	5%
Received something via e-mail	0%	6%	4%
Received something via mail	1%	5%	3%
Other	8%	22%	20%

35 Q4 At what sources did you use to learn about XM?

Purchase Influencers

- A third of recent subscribers considered choosing another brand, however, this is lower than July 2005.
- Two-thirds make their own decision in 2006—this is higher than in July 2005. This may indicate that people now know more about satellite radio.



Other people who influenced decision to subscribe:	July 2005	March 2006	June 2006
I made the decision by myself	53%	66%	65%
Spouse/significant other	17%	18%	17%
Friend who do not live with you	22%	17%	16%
Co-worker	2%	8%	8%
Salesperson at dealership	12%	4%	4%
Sibling/family who do not live with you	7%	7%	5%
Salesperson at retail store	5%	6%	5%
Child aged 18 or older	7%	4%	4%
Child under the age of 18	5%	2%	1%
Roommate or friend/family who live with you	1%	2%	1%

S6 Q1 Please tell me if any of the following people influenced your decision to subscribe to XM Satellite Radio? How about...

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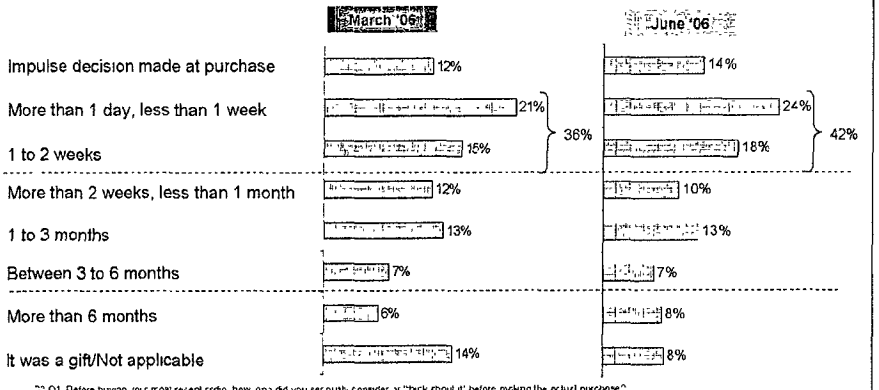
Consideration Time Before Purchasing

- The majority seriously considered "for more than one day but less than two weeks" seriously before purchasing Satellite Radio (increase since March).



DS Q1 Before buying your most recent radio how long did you seriously consider or "think about it" before making the actual purchase?
Note Question not asked in July 2005

Retail Store (s)/Online Purchase XM

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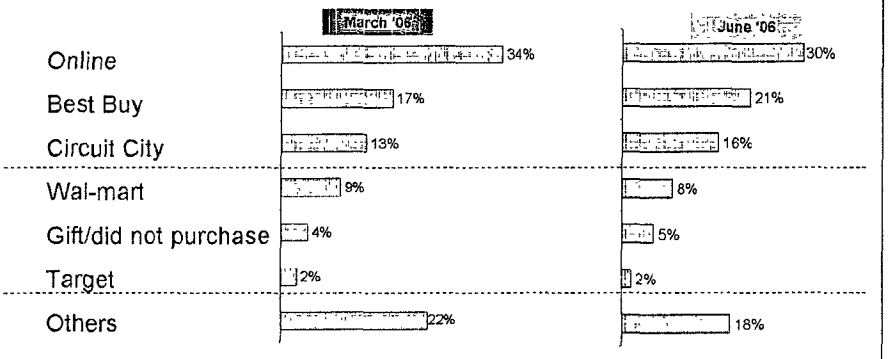
- About a third of respondents bought XM online, followed by Best Buy (Note: self reported data and may be higher than actual data).



S3 Q2 At what retailer or store did you purchase your XM Radio?

Visit Intention/Certainty of Purchase

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- 78% of recent subscribers had the specific intent to purchase satellite radio when visiting the retail store, this has not changed since March 2006
- This is in line with 71% who were certain of purchasing a Satellite Radio before visiting the retail store, this has not changed since March 2006

	March '06	June '06
Specific intent to purchase Satellite Radio	78%	78%
No Specific intent to purchase Satellite Radio	22%	22%

Certainty of purchase before visiting retail store:

	March '06	June '06
Very certain	53%	53%
Somewhat certain	18%	18%
	71%	71%
Neither certain nor uncertain	8%	10%
Somewhat uncertain	4%	2%
Very uncertain	16%	18%

S4 Q1 Do you specifically visit the retail store with the intention of purchasing a satellite radio?

S4 Q2 How certain were you that you would purchase a satellite radio before visiting the retail store?

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Purchase Considerations: XM vs. Sirius-June 2006

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- Among new subscribers, XM is seen as better than Sirius in all areas, this has not changed since March 2006.
- The top 3 purchase considerations XM performs well in are programming, reputation, and receiver design/features

March 2006

	Sirius	Parity	XM
Programming	6%	31%	63%
Reputation	2%	32%	67%
Receiver design/features	4%	39%	57%
Price of receiver	3%	44%	53%
Monthly subscription fee	2%	53%	44%
Size and visual appeal of the retail display	5%	50%	45%
Information on the retail display	4%	54%	42%
Recommendation from the retail salesperson	5%	56%	40%
Number of stores/chains where I can buy the radio	2%	59%	38%

June 2006

	Sirius	Parity	XM
Programming	6%	29%	64%
Reputation	2%	36%	62%
Receiver design/features	3%	40%	56%
Price of receiver	4%	48%	48%
Monthly subscription fee	2%	53%	44%
Size and visual appeal of the retail display	6%	52%	43%
Information on the retail display	5%	55%	41%
Recommendation from the retail salesperson	4%	56%	40%
Number of stores/chains where I can buy the radio	3%	58%	39%

S4 Q3 Think back to when you were in the store purchasing your satellite radio. For each of the following purchase considerations please rate how well XM performed relative to Sirius

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Influence on Selecting XM

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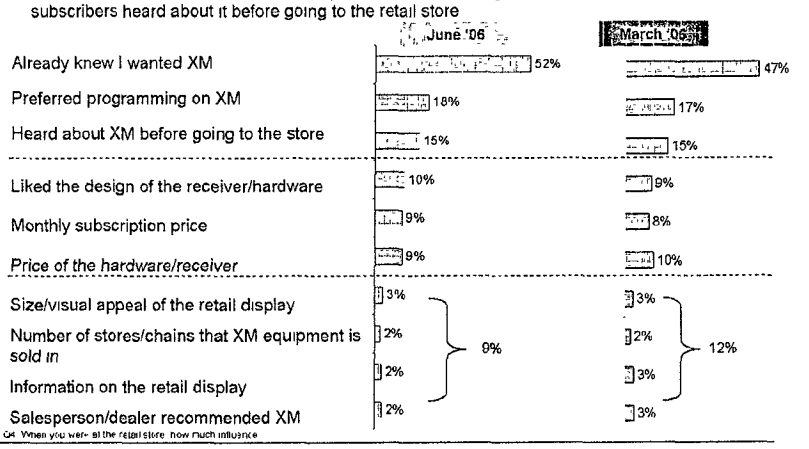
- Half of all respondents already knew they wanted XM at the time of purchase
- The other main influence was that their preference for the programming on XM. Additionally, new subscribers heard about it before going to the retail store



Q4 Q4. When you were at the retail store, how much influence

Reasons for Choosing XM

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- Among recent XM subscribers, content and programming is the main reason for selecting XM -- "Content and programming" is cited more often as a reason for sign-up than "fewer commercials" (although, 'fewer commercials" is still important and ranked #2)
- In line with other research in 2005, content and programming and fewer commercials were the main reasons for sign-up.
- MLB was less of a reason to sign-up with XM in June '06 than it was in July '05 This is in line with a decline in awareness that XM is offering MLB programming

	July 2005	March '06	June '06
I can get content and programming that I cannot get on AM/FM radio	43%	63%	56%
There are fewer commercials	42%	53%	48%
It offers more variety/diversity that interests me	42%	58%	45%
There are more stations/formats from which to choose	39%	54%	45%
There is less DJ chatter	34%	45%	38%
Better sound quality than AM/FM	30%	45%	36%
I want uncensored radio	24%	29%	28%
I like XM Radio's devices/equipment	21%	27%	27%
It offers more talk shows	24%	35%	25%
It offers more news coverage that interests me	29%	27%	23%
I want Major League Baseball	23%	22%	17%
Friends/family recommended it	28%	13%	11%
It has Opie & Anthony's show	5%	13%	10%
It has Bob Edwards' show	5%	3%	4%
A salesperson recommended it	7%	3%	3%

SG Q2 *Why did you choose to sign up with XM Radio?*

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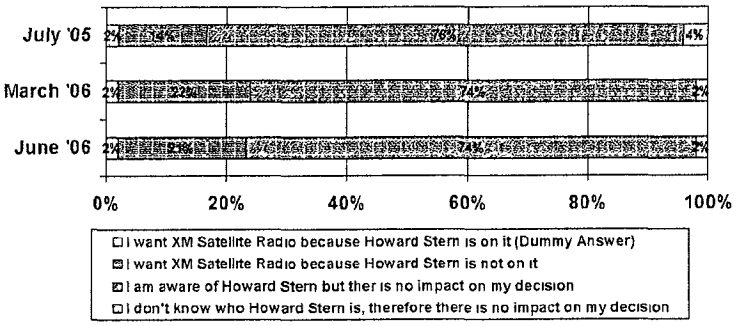
Impact of Howard Stern

- For the majority of new activators, Howard Stern had no impact on their decision to subscribe to XM.
- 74% of the recent subscribers did not take "Howard Stern" into consideration in their decision to subscribe
- Interestingly, about 2% selected XM because they think Howard is (or will be) on XM.



Sb u3 Which of the following statement best describe your decision process when considering which satellite radio brand to subscribe?

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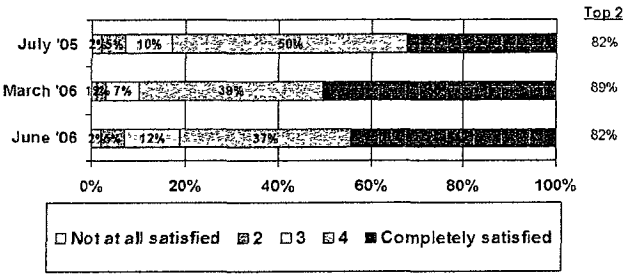
Satisfaction with XM services & features

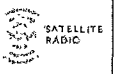
Overall Satisfaction of XM

- Satisfaction decreased since March, but not significantly.

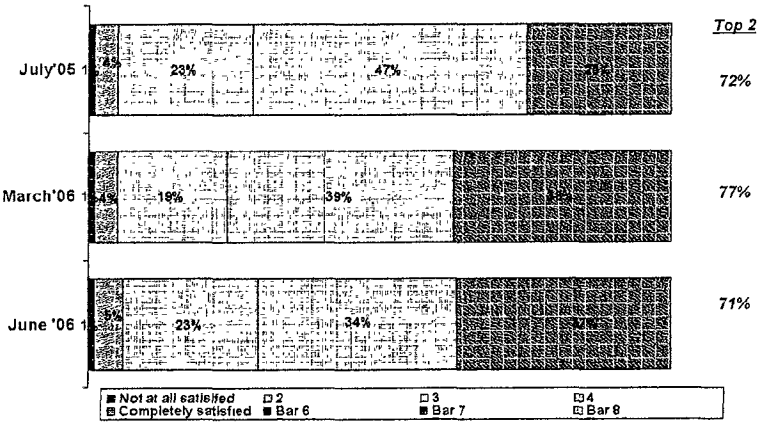


Sa Q1 How satisfied are you of the following

Value for Money of "XM Satellite Radio":



- There is a significant decline in satisfaction for "value for money" from March '06 to June '06.



38 D1 How satisfied are you or the following

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Likelihood to Recommend and Continue to Subscribe in Future 6 Months

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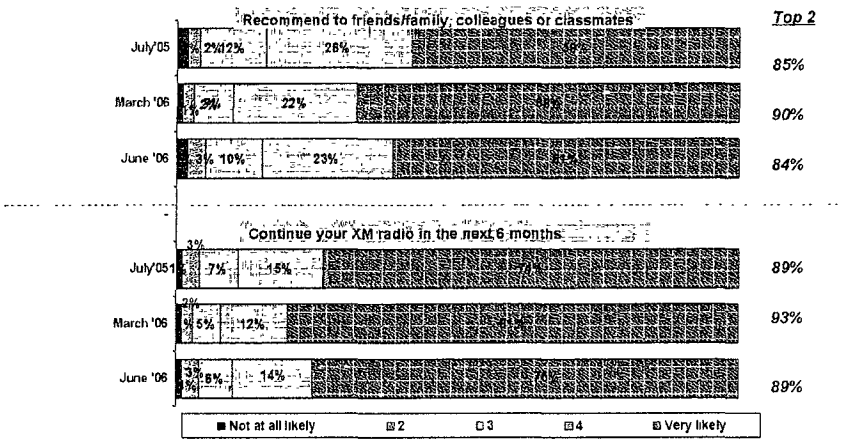
- Likely to recommend and continue to subscribe to XM is over 80%



38 Q2 How likely are you to ?

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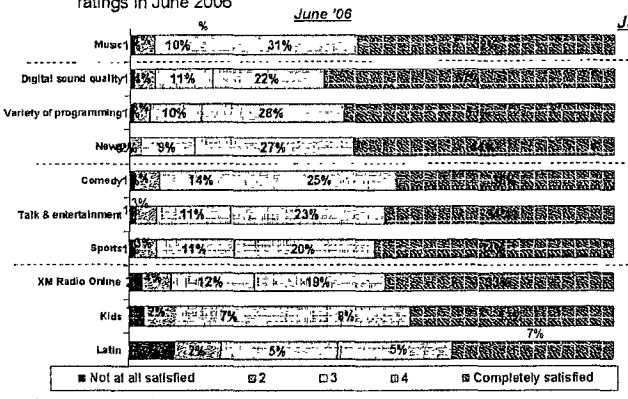
Satisfaction of Each Feature/Programming

- Music and sports programming increased in March 2006, but declined in June 2006 to lower ratings than July '05 (significant decline from March to June at a 90% confidence level)
- XM Radio Online experienced a significant increase since July 2005
- Comedy, Talk & Entertainment experienced an increase in March 2006, but declined to July '95 ratings in June 2006



	July '05	March '06	June '06
Music	89%	92%	84%
Digital sound quality	73%	81%	79%
Variety of programming	78%	81%	80%
News	68%	72%	71%
Comedy	58%	68%	61%
Talk & entertainment	58%	67%	57%
Sports	58%	60%	54%
XM Radio Online	42%	52%	52%
Kids	18%	23%	21%
Latin	11%	13%	12%

S1. Q4. Overall, how satisfied are you with the following

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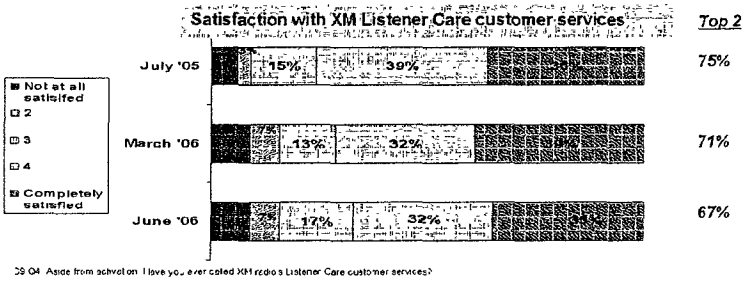
XM radio's Listener Care Customer Services

- The percentage of respondents who called customer care has increased since June '05 (44% vs. 58%)
- Among those who called, satisfaction level is good (around 67%).
- This satisfaction level is consistent with the Listener Care Tracking Study among the call centers that primarily handle new activations

Incidence of calling XM Listener Care customer services

July '05: 44% March '06: 56% June '06: 58%

Satisfaction with XM Listener Care customer services



S9 Q4 Aside from activation, have you ever called XM radio's Listener Care customer services?

S10 Q1 How satisfied are you

Activation Satisfaction

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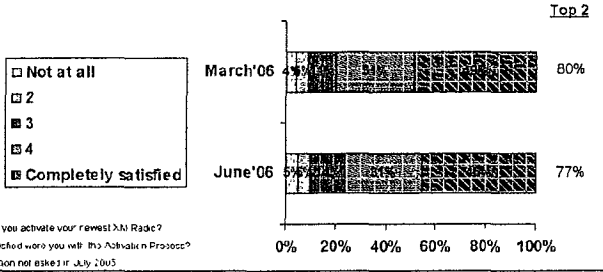
- Aftermarket subscribers activate via telephone through listener care.
- Aftermarket subscribers are satisfied with the activation process.

	March '06	June '06	Overall Satisfaction	Value for $
Listener care	57%	58%	84%	73%
Online	43%	40%	80%	70%



S9 Q1 How did you activate your newest XM Radio?
S9 Q2 How satisfied were you with the Activation Process?
Note: This question not asked in July 2005

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XM Signal- Incidence and Usefulness

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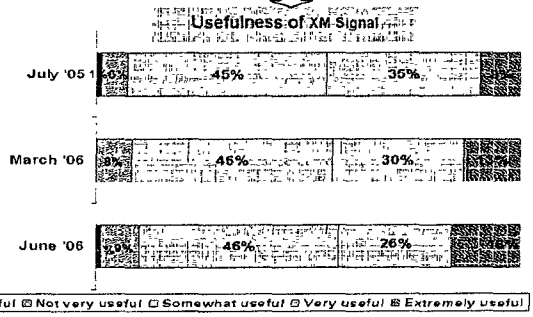
- Incidence of using XM Signal is higher than last year.
- Among those who used this feature, 42% of them think it is very/extremely useful (constant since last year).

Incidence of using XM Signal

July '05: 44% — March '06:55% — June '06: 52% ⟹ Overall Satisfaction: 81% — Value for $: 70%

Usefulness of XM Signal



S11 Q5 Have you ever used either of these XM online information tools?

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Usage of XM Services & Features

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Awareness of XM's Benefits/Features/Programming

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- Awareness of XM Radio Online has significantly increased since last year.
- Increase in Kids Programming

	July '05	March '06	June '06
Commercial-free music	86%	93%	88%
You can view the song title & artist with the radio display	87%	92%	88%
Can listen to the XM Radio outside your car	85%	92%	88%
Music from every genre	86%	91%	87%
Coast-to-coast signal coverage	85%	88%	86%
Comedy	88%	90%	85%
News	84%	90%	84%
Sports	87%	87%	80%
The ability to listen to XM Radio Online	80%	81%	80%
Local Traffic and Weather channels	81%	88%	79%
MLB programming	81%	82%	76%
Kids programming	58%	70%	64%
XM Signal (e-newsletter	60%	67%	60%
24 hrs NASCAR programming	60%	64%	60%
Latin channels	58%	60%	59%
Parental control/blocking option	44%	54%	48%
XM testdrive com	26%	28%	26%

S1 Q1 Are you aware

Top 3 channels listening most often- July 2005

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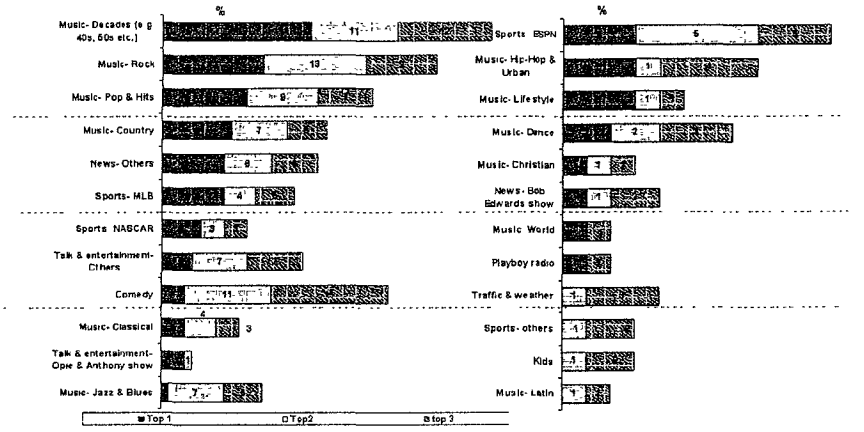
- Besides music, news and sports were most popular



51 Q3 Which three channels/programs do you listen most often

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Top 3 channels listening most often- March 2006

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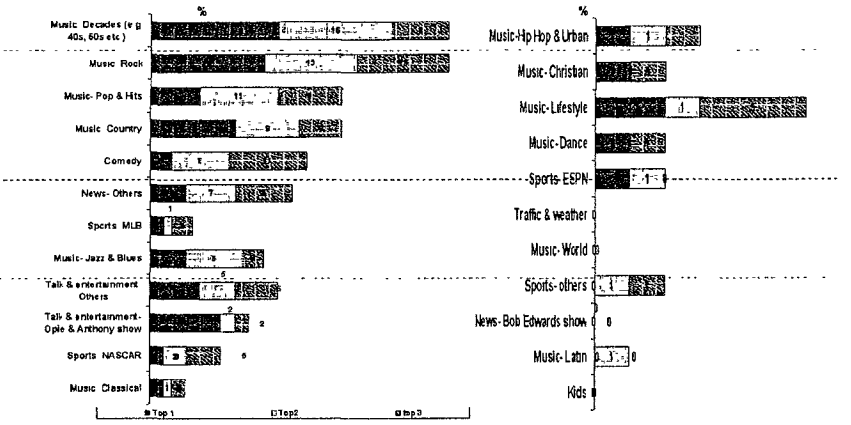
- The most popular channels were music-decades, and music-rock



S1 Q3 Which three XM channels/programs do you listen most often

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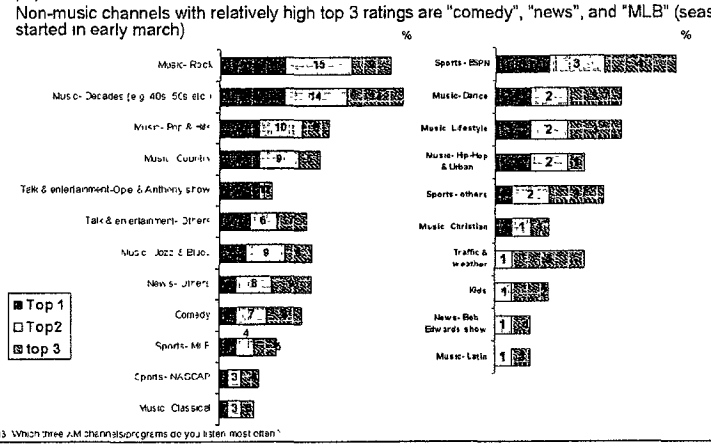
Top 3 channels listening most often- June 2006

- Arbitron numbers fall in line with findings of music-decades channel being most popular.
- The most popular top 1 channel is the music-decades group, followed by "music-rock" and "music-pop & hits".
- Non-music channels with relatively high top 3 ratings are "comedy", "news", and "MLB" (season started in early march)



S1 Q3 Which three XM channels/programs do you listen most often?

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Number of hours listening to XM per week

- About a third of XM subscribers listen more than 25 hours a week

	July '05	March '06	June '06
Less than 1 hr	3%	0%	0%
1-4 hrs	13%	8%	7%
5-9 hrs	22%	18%	18%
10-14 hrs	24%	21%	20%
15-19 hrs	11%	12%	14%
20-24 hrs	7%	10%	10%
25 hrs or more	20%	32%	30%

18:11

Arbitron (average number of hours spent listening per week)

512 Q1 Approximately how many hours do you listen to XM PER WEEK?

Location of Listening to XM Most Often

- The location most often for listening to XM is in the car, but decreased since last year .
- Listening to XM in the office increased.

	July '05	March '06	June '06
Car	73%	70%	68%
Home	16%	15%	13%
Office	6%	10%	13%
Online with computer	1%	2%	3%
Other locations	5%	2%	2%

S1. Q2 Where do you listen to XM Radio most often?

Sharing of XM Radio

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- Most listen to XM Radio alone Some listen with their family

	July '05	June '06	March '06
Alone	75%	73%	78%
With family	18%	19%	15%
With friends	3%	4%	3%
With co-workers	3%	4%	3%

S1. Q3 Do you usually listen to XM Radio ?

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Percentage of Time Spent Listening Before & After Getting XM Radio

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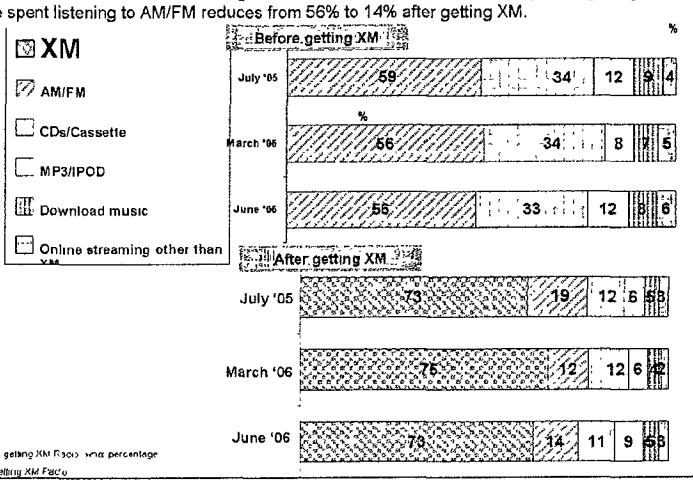
- The time allocated to XM is much higher than the time allocated to AM/FM prior to getting XM.
- Time spent listening to AM/FM reduces from 56% to 14% after getting XM.



S1- Q1 BEFORE getting XM Radio: what percentage
S1- Q2 AFTER getting XM Radio

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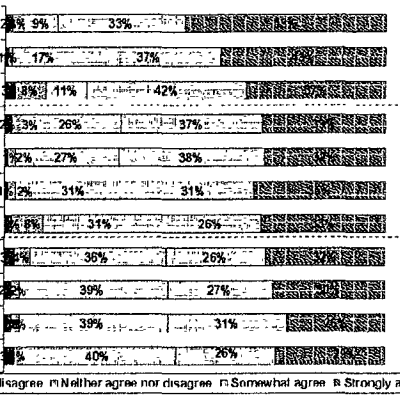
Overall Impression of XM Satellite Radio

Impression of "XM Satellite Radio"

- XM is perceived as "easy to use", "fun", and "reliable" but rated lower than in previous waves.
- The recent subscribers have lower association with "approachable" and "gives a sense of discovery" than in March 2006, but about even with July 2005
- Since March, there have been changes in impressions of "fun," "reliable", "relevant," "trustworthy"



	July '05	March '06	June '06
Easy to use	81%	90%	86%
Fun	79%	86%	80%
Reliable	72%	85%	79%
Unique	74%	73%	70%
Creative	69%	70%	70%
Relevant	60%	72%	66%
Limitless	56%	62%	59%
Trusthworthy	48%	66%	58%
Cool/hip	58%	62%	57%
Gives a sense of discovery	56%	61%	57%
Approachable	49%	62%	55%

37. Q1. We would like to get your impressions of "XM Satelite Radio"

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SATELLITE RADIO

Others

XMCRB 00016261

Number of XM Channels Saved as "Preset"

- There has been a substantial increase in the number of presets subscribers are using since last year.

	July '05	March '06	June '06		Overall Satisfaction	Value for $
1-4	11%	10%	12%			
5-9	20%	35%	36%			
10-15	19%	24%	23%			
16-19	5%	5%	4%			
20-24	5%	2%	4%			
25-30	4%	5%	6%			
Do not use preset buttons	36%	19%	16%	⇨	79%	59%

Q1- 03 A preset is a button on the device

Ownership of high tech devices

SATELLITE RADIO

- Majority of current subscribers own cell phone and digital camera
- Ownership of MP3 player/IPOD is around 46%
- Ownership of Digital camera, MP3 player/IPOD has significantly increased since last year.

	July '05	March '06	June '06
Cellular Phone	96%	98%	98%
Digital Camera	79%	85%	89%
Mp3 player/IPOD	33%	43%	46%
PDA (i.e. blackberry)	37%	34%	39%
Portable game player (e.g. Gameboy, PSP)	20%	22%	22%
Portable video player (e g. iRiver, Creative Zen)	8%	10%	13%
None of the above	2%	1%	1%

Q14 Do you own the following (Select all that apply)

Currently Subscribing to Satellite TV

- Around 41% of XM recent subscribers have satellite TV
- 29% of those use DirecTV

	July '05		March '06		June '06	
Yes- DirecTV	29%	40%	27%	44%	29%	41%
Yes- Dish Network	9%		12%		11%	
Yes- other company	2%		2%		1%	
No	61%		59%		59%	

S14 Q6 Do you currently subscribe to satellite TV?

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