SIRIUS News Channel Evaluation

August 2005

FINAL

SIR00031589

SX Trial Ex. 33

BACKGROUND

SIRIUS SATELLITE RADIO

Purpose

Provide fast-turnaround assessment of impact of FOX on customer retention and prospect acquisition relative to other news and non-news SIRIUS "staples" to inform contract negotiations

Services evaluated:

- FOX News Channel – 24/7 broadcast of the FOX TV news
- CNN - 24/7 broadcast of the CNN TV news
- NPR, National Public Radio
- CNBC – broadcast of CNBC TV news
- Complete NFL games coverage and talk
- ESPN Radio – sports news and talk all day
- 65 music channels of all types of music commercial-free

Sample & Method

- 347 SIRIUS customers evaluated FOX, NFL, CNN, NPR, CNBC, and Music. 101 evaluated ESPN.
  - Random phone interviews of SIRIUS customers (sub list activations through 6/30/05).
  - 72% of respondents are male (vs. 81% of CSAT respondents).
- 106 non-satellite radio customers who are aware of and interested in getting satellite radio evaluated FOX, NFL, CNN, NPR, CNBC, and Music. 86 evaluated ESPN.
  - Random dialing of general population >18.
  - 65% of respondents are male.
  - With 9% of the population interested in getting satellite radio it was only feasible to complete 106 prospect interviews within timeframe, rather than the goal of 300.

Field Period

August 5 – August 10, 2005 (ESPN added August 8)

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All data is subject to a margin of error based on sample size:

Subscribers:

- ± 5.3 percentage points with statistical confidence level of 95% for FOX, NFL, CNN, NPR, CNBC, and Music
- ± 9.8 percentage points with statistical confidence level of 95% for ESPN

Prospects:

- ± 9.5 percentage points with statistical confidence level of 95% for FOX, NFL, CNN, NPR, CNBC, and Music
- ± 10.6 percentage points with statistical confidence level of 95% for ESPN

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Conclusions

SIRIUS SATELLITE RADIO

SIRIUS Subscribers

For the majority of SIRIUS current subscribers FOX is not a make or break property; for 91% dropping FOX would not effect their likelihood to continue their SIRIUS service. The loss of NFL, ESPN or the 65 commercial-free music channels would have broader negative impact.

However, conversely there is a contingent for who FOX is an important factor. 7% are willing to pay an additional $2/month for FOX and 8% would cancel their subscription if FOX were no longer available on SIRIUS. This is on par with CNN, CNBC – the other TV news audio feeds.

Additionally, we know from Customer Satisfaction that consistently about 1/3 of subscribers listen to FOX on SIRIUS and consistently it is in the Top 5. FOX is also consistently in the Top 5 on % Very Satisfied ratings.

Satellite Radio Prospects

Prospects claim greater awareness and importance of in the 65 commercial-free music channels than any one news or sports channels tested. The importance of FOX, CNN and CNBC to SIRIUS among Prospects is statistically equal.

The contingent for who FOX is important is greater among Prospects than among Subscribers; 22% say they are willing to pay $2/month for FOX and 27% would be less likely to subscribe to SIRIUS without FOX.

Note

The absolute proportion who would pay for FOX, of SIRIUS subs who would churn if FOX were no longer available and the loss in opportunity share among Prospects is unknowable. Consumer actions will be dependent on the how any possible change is managed ; press, positioning, replacement content and competitive response.

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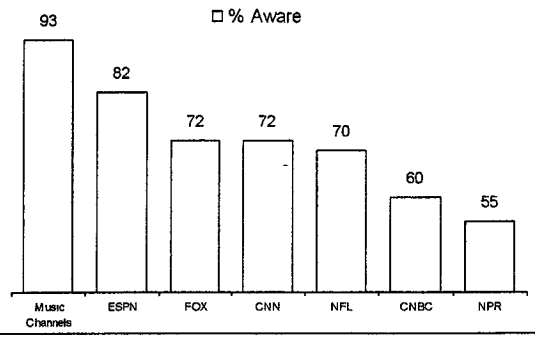
SIRIUS SATELLITE RADIO

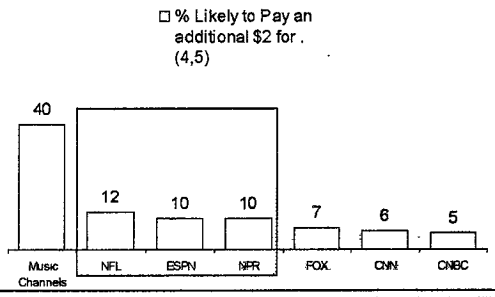
AWARENESS OF SERVICES ON SIRIUS

"To your knowledge, which of the following services are available on SIRIUS?"



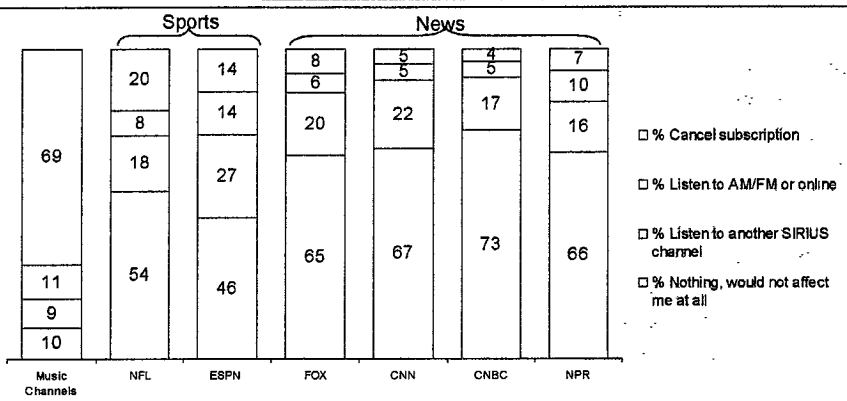
LIKELIHOOD TO PAY $2 MORE FOR SERVICES

"How likely would you be to pay $2 in addition to the basic monthly charge in order to receive this service using a 5 point scale where '5' is highly likely and '1' is not at all likely"



ACTION IF SERVICES WERE REMOVED

"If [service] were no longer available on SIRIUS, which of the following best describes what you would do? (choose one)"



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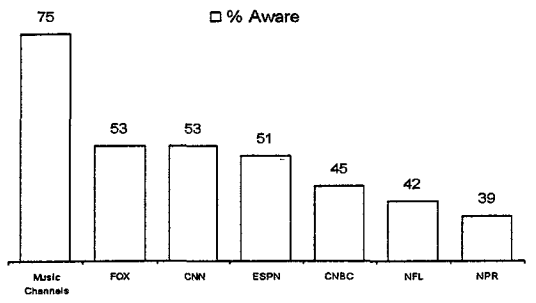
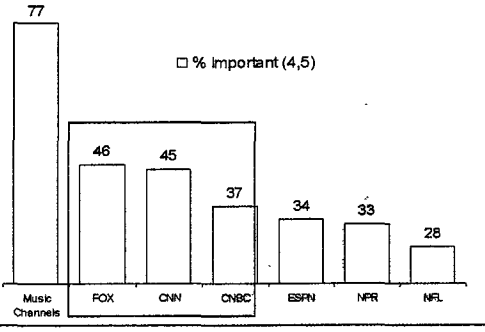


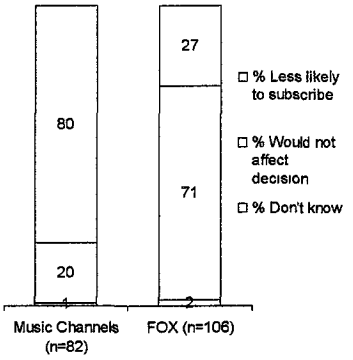
IMPORTANCE OF SERVICES ON SIRIUS

"On a 5 point scale where '5' is extremely important and '1' is not at all important, how important to you is it that SIRIUS have [service]?"



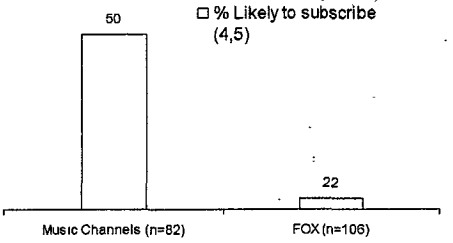
ACTION IF SERVICES WERE REMOVED

"If [FOX plus any service with 4,5 importance] were no longer available on SIRIUS, would you be less likely to subscribe or would it not affect your decision?"



LIKELIHOOD TO PAY $2 MORE FOR SERVICES

"How likely would you be to subscribe to SIRIUS if the price was $12.95 for the basic service that includes over a hundred music, news, sports, and entertainment channels, plus an additional $2 per month to receive [FOX plus any channel with 4,5 importance]?"



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