

**Before the
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Washington, D.C.**

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| In the Matter of |) | |
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| |) | |
| |) | Docket No. 2006-1 CRB DSTRA |
| Adjustment of Rates and Terms for |) | |
| Preexisting Subscription and Satellite |) | |
| Digital Audio Radio Services |) | |
| |) | |

WRITTEN DIRECT TESTIMONY OF MICHAEL J. MOORE

(On behalf of Sirius)

Background and Experience

1. My name is Michael J. Moore. I am the Vice President, Customer Care at Sirius Satellite Radio Inc. ("Sirius"). I offer this testimony to discuss Sirius' extensive efforts to establish and maintain positive, long-term relationships with its subscribers.

2. I have been with Sirius since October 1999. In my present capacity as Vice President, Customer Care, I am responsible for overseeing operations in which Sirius interacts with its subscribers. These operations include Sirius' customer call centers, which are responsible for system activation, responding to customer inquiries, account management, billing, and renewal. I select service providers, develop training for our customer call centers, monitor the quality of service provided on customer service calls, and am responsible for forecasting future customer call center volumes. I have also been significantly involved in design, development, and maintenance of our subscriber management system (SMS), which is used to manage interactions with subscribers. A staff of approximately 12 people reports directly to me.

3. Prior to joining Sirius, I was employed by Time Warner for approximately sixteen years, where I worked with cable television, residential telephony, customer service, sales, and marketing. I also oversaw the development of the customer care operation for Road Runner, a high-speed Internet cable service offered by Time Warner.

Summary of Testimony

4. Although most subscribers are initially attracted to Sirius because of our technology and programming, it is essential that our subscribers' direct interactions with Sirius be positive. Continued growth depends, in part, upon subscribers renewing and extending their subscriptions. A bad experience while interacting with Sirius can easily cause a subscriber to cancel or not renew his or her subscription. Thus, Sirius devotes significant time and resources to customer care. Sirius' commitment to customer service was recognized by J.D. Power and Associates, the leading independent evaluator of customer service quality. The need to provide active customer service to subscribers distinguishes Sirius from music content providers such as Music Choice and Muzak, which need not concern themselves with customer acquisition and retention. I base this testimony on my experience and on information I have learned in my work and on sources that are available to me and upon which I commonly rely in carrying out my business responsibilities.

Overview of Customer Care Operations

5. Customer service is a vitally important aspect of any subscription-based service that must deal directly with the end consumer. Sirius has devoted significant resources in both time and money to developing systems and procedures for attracting customers as well as establishing and fostering positive long-term relationships with subscribers.

6. My group is responsible for radio activations, and in many instances is the first direct contact that a new subscriber will have with a Sirius representative. We are also

frequently in contact with subscribers during the renewal process. Thus, our contact with customers often occurs at critical points in the subscriber relationship. However, depending on how it is handled, any customer contact has the potential to support or undermine a subscriber's relationship to Sirius. Regardless of what event triggers a subscriber's call or email to Sirius, subscribers expect a prompt, knowledgeable, courteous response. Because Sirius now has more than five million subscribers, achieving this seemingly straightforward goal represents a significant technical and management challenge.

Sirius' Subscriber Management System ("SMS")

7. In order to meet the technical challenge of managing the subscriber relationship, Sirius has devoted significant time and resources to developing an SMS that provides integrated customer service and billing solutions. Sirius first attempted to work with other companies to develop an SMS, but experienced several problems with those systems. Ultimately, Sirius decided to participate in the design and development of its own SMS. This system tracks a subscriber's radio identification number, name, address, and phone number, and identifies the type of contract under which that subscriber receives Sirius' service. The system also enables Sirius to communicate electronically with subscriber radios to activate and deactivate service. The SMS also permits subscriber interaction with Sirius through the Internet and other electronic means. Through the SMS, Sirius can track the service status of each subscriber in real time, regardless of whether that subscriber is listening to the service. To manage the subscriber relationships effectively, all customer contacts with the call centers are recorded in the SMS.

Customer Care Center Operations

8. Sirius has five customer care centers staffed at all times with customer service representatives to handle incoming calls and emails from Sirius' subscribers. These call centers are operated by Stream International, Inc. pursuant to an agreement with Sirius. The customer

care representatives have the ability to access the Sirius SMS billing and accounts system to facilitate account activation (which often includes responding to hardware set-up issues), respond to billing inquiries, implement program service and address changes, and to perform other account updates. Where necessary, the representatives can escalate technical concerns to Sirius or an appropriate equipment manufacturer. Sirius' customer call care centers handled more than 6.9 million calls and emails in 2005 and I expect them to respond to more than 13 million calls and emails in 2006. Because of the growing volume of calls, Sirius expects to add a second customer service vendor to handle call center operations in 2007. This will result in substantial additional expense to Sirius; however, it is necessary to provide the level of customer service that Sirius subscribers expect.

9. One difficulty of managing our customer care center operations is that Sirius' sales (and, thus, corresponding activations and initial set-up issues) are heavily weighted to the fourth quarter and the holiday season. In particular, the biggest day of the year in the customer care centers historically is Christmas Day itself. This year, we expect to need over 2,500 customer service representatives to handle calls, more than double our standard complement. Because of the periodic need to expand the customer care center staff so dramatically, as well as the overall growth trend, it is essential that the system be closely monitored and permit rapid training so that all customer care representatives can respond effectively to Sirius customers.

10. In addition to its customer call care centers described above, Sirius also provides full time customer service on direct sales of hardware. Approximately 50% of these customer service calls relate to new customer activations; others relate to general customer care issues, including account management, address changes, and radio updates. Particularly in view of the popularity of newer, more complex and wearable products such as the S50 and Stiletto 100, our

customer care staff must also provide support on how our products are operated. In addition, Sirius is also required to respond promptly to warranty issues with respect to hardware.

11. In 2005, J.D. Power and Associates honored Sirius for call center operation customer satisfaction excellence under its Certified Call Center Program – the first such certification in the satellite and broadcast radio industries. To achieve that distinction, Sirius underwent a rigorous audit of its customer call center processes. J.D. Power also conducted random surveys of several thousand Sirius customers who recently had contacted Sirius' call centers and evaluated Sirius' customer service based on the courtesy of the customer service representative ("CSR"), the knowledge of the CSR, the CSR's concern for the customer questions and/or problem, the usefulness of the information provided, the convenience of customer service operating hours, the ease of getting through to a CSR, and the timely resolution of the customer's problem, question or request. The press release announcing this notable achievement is SIR Ex. 14.

Website

12. Sirius offers interactive voice response technology and e-mail customer service through its website, as well as an automatic service activation section on the Sirius website. Presently, about 25% of all activations are through the website. As was true of the call center customer care interface, the user interface of the www.sirius.com website was designed by Sirius. The website also provides a wealth of information about Sirius, including upcoming events, channel samples, company developments, programming highlights, and other information about Sirius and its products and services to build customer relationships even further. Sample pages from the website are SIR Ex. 15.

13. Sirius also fosters strong customer relationships by providing welcome kits to new customers, including a welcome letter and information guide. Copies of these materials are SIR Ex. 16. There is also an electronic version of the welcome kit that is sent via email to subscribers who prefer to communicate electronically. Sirius communicates regularly with its customers through an electronic newsletter, which contains useful and interesting information about Sirius and its service, as well as through mailings about changes in the service and program line up. These regular communications enable Sirius to continue to build upon the initial positive business relationship with its customers that first persuaded them to choose Sirius.

14. To ensure that Sirius is meeting customer needs, Sirius also continuously monitors the quality of its customer care operations through its Customer Satisfaction Monitor. I look closely at the Customer Satisfaction Monitor to ensure that the level of customer care that is being provided will permit subscribers to get the value they seek from their subscriptions.

Customer Retention Efforts Through The Call Centers

15. The customer care call centers described above do not just handle ongoing customer service issues; they play a significant role in handling renewals and in ensuring that Sirius' subscribers who originally came in through the new vehicle or "OEM" channel will renew their subscriptions past their initial subscription term.

16. Cindy Ricciardi, Sirius' Vice-President of Customer Relationship Marketing, heads up the OEM conversion efforts. When an OEM subscriber's initial term (typically either six or twelve months) is up, Ms. Ricciardi's team works with my team that supervises the customer call center to encourage those subscribers to renew their subscriptions. The department is also responsible for limiting subscriber churn and for keeping people engaged in and excited about the Sirius service.

Comparison to Programming Only Services

17. Through my work at Time Warner, I am familiar with the Music Choice service that provides certain music programming to cable TV subscribers at no additional charge. In addition to the obvious programming difference, a fundamental point of distinction between the businesses of Music Choice and Sirius is that Music Choice does not need to perform the costly customer care functions that my group performs to maintain and expand the Sirius subscriber database. I am familiar with the fact that, as originally conceptualized, Music Choice required a monthly fee for service or fee for activation. However, that model proved unsuccessful and Music Choice became a free, included service with no need for the customer care and subscriber management functions that my team provides.

Conclusion

18. Providing high-quality customer service is a critical important aspect of Sirius' operations. Sirius has devoted significant time and money to creating and maintaining strong relationships with its customers, and these efforts play a significant role in subscriber acquisition and retention above and beyond Sirius' programming itself. Moreover, Sirius stands apart from companies that merely supply programming content to, for instance, a cable or satellite television operator for agreed-upon fees in advance and that therefore are not required to devote the time and money to acquiring subscribers that Sirius does.

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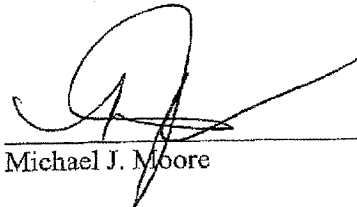
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DECLARATION OF MICHAEL J. MOORE

I, Michael J. Moore, declare under penalty of perjury that the statements contained in my Written Direct Testimony in the above-captioned matter are true and correct to the best of my knowledge, information and belief. Executed this ____ day of October 2006 at New York, New York.



Michael J. Moore