

# 17 - Satellite Radio

- **SiriusXM will reportedly drop Clear Channel stations soon**
- *Posted by:* [Paul Maloney](#)
- **It looks** as if the existence of **Clear Channel programming in SiriusXM's** channel lineup will be coming to an end soon.
- **CCE was an early** XM Satellite Radio investor, and the satellite operator carried some Clear Channel station programming (like Top 40s KIIS/Los Angeles and Z100 WHTZ/New York, AC Lite WLTW/New York, Country WSIX/Nashville, and Urban WGCI/Chicago). But after Clear Channel announced during its Q2 conference call that the company had completely divested of any and all ownership in satellite radio company SiriusXM, it was revealed that the CC channels would soon disappear, according to Tom Taylor Now.
- **Originally slated** to get the axe by the end of this month, "there's speculation that there's a reprieve until sometime in October. One theory about the extra time is that Clear Channel had commitments to advertisers that needed to be fulfilled," Taylor wrote today.

**Sirius XM focuses on merging satellite and internet delivery in the car.** Sirius XM Radios are now installed (though not necessarily activated) in more than 50 million vehicles and once the Agero deal closes later this year the company will begin offering end-to-end telematics services to more auto brands. The list includes Nissan, which earlier this year the satcaster said it would begin providing telematics and entertainment to under a first-of-its-kind deal that also included AT&T. It has also launched an in-car web streaming app for Ford cars that when tied to its mobile app, will give drivers features like an on-demand and personalized music service. "Our effort with Ford is just the beginning and we are holding discussions with all of the major [carmakers] about including our app on their platforms," CEO Jim Meyer said during last month's conference call. "Ultimately, we believe that merging satellite and IP connectivity in the car will provide a superior service for subscribers." Meyer said telematics will also "protect and nurture" Sirius XM's relationship with auto companies, and make the core satellite radio business "more sticky" with drivers. Wall Street likes where he's driving the company. "We expect telematics to develop into a meaningful business for Sirius XM over time," Piper Jaffray analyst James Marsh tells clients in a research note. He says investors can also take comfort that the satcaster has something to gain from the digital dashboard, "rather than simply facing more audio competition

## ***SiriusXM adds an in-vehicle connection***

By [dseyler](#) on Aug, 15 2013 with [Comments 0](#)

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Cementing its place inside the automobile, SiriusXM is investing more than half a billion dollars to acquire Agero Inc., which provides services to connect vehicles to the world wide web.

The price for the service, which is said to be "...the leading provider of innovative telematics services, offering safety, security and convenience services for drivers and end-to-end, turnkey solutions for automakers," is \$530M.

Acura, BMW, Honda, Hyundai, Infiniti, Lexus, Nissan and Toyota are among Agero's current customers.

“The acquisition of Agero's connected vehicle business is a natural fit for Sirius XM. As the world's leading provider of in-vehicle subscription services, SiriusXM is uniquely positioned to offer world-class end-to-end telematics services,” said Jim Meyer, Chief Executive Officer, SiriusXM. “The transaction accelerates SiriusXM's development in architecture supporting connected vehicle services, as well as the ability to provide services over both satellite and cellular networks. Agero's connected vehicle team is known for their experience, innovation and technology, and we look forward to welcoming them to SiriusXM as we work to capture the significant growth opportunities in connected vehicle services.”

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- **Now drivers can get an oil change and a satellite radio subscription in one stop.** Sirius XM Radio is projecting 1.5 million new customers will come from pre-owned car buyers by the end of this year. To help the company hit that target, its new Service Lane Program is designed to not only target used car buyers with inactivated satellite radios, but also people who drive into dealer service bays. It's an expansion of an earlier program that targets pre-owned car buyers. Service Lane will allow owners who otherwise wouldn't qualify to get a trial subscription. CEO Jim Meyer said on a recent conference call that it is designed to get used car buyers to convert to satellite radio customers in greater numbers than in the past. “By getting those dealers motivated to offer a free trial to those vehicles when they come in for an oil change or some type of maintenance — I think that's going to be a pretty target rich area,” Meyer said. Sirius XM has so far not released any figures for how that conversion effort is working. But CFO David Frear said what business it has picked up is highly profitable since the company doesn't need to reinstall a radio. Used car buyers are also no more likely to cancel than new car buyers. “Once people become self-pay subscribers, we don't see radically different sort of either behavioral responses,” Frear told analysts. About 10,000 dealers are already participating in the pre-owned vehicle program, and the Service Lane program could potentially add repair shops and national chains like Jiffy Lube. For dealers the only benefit is a customer service — Sirius XM doesn't share any revenue with the local business. As time goes on Meyer said the satcaster will work to reach smaller, independent dealers who will see their satellite radio-equipped inventory grow in the coming years. He says their automotive remarketing department is also looking at how to use “big data” to find drivers who have an inactivated receiver. “We buy lots of lists,” Meyer said.
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## SIRIUSXM REPORTS 25 MILLION SUBSCRIBERS

7-9-13

Thanks to strong automotive sales, SiriusXM says it added 715,000 net new subscribers in the second quarter, bringing its total subscribers to more than 25 million. The company also announced that it was raising full-year guidance for total net subscriber additions to 1.5 million from its previous guidance of 1.4 million. The company also reiterated its existing 2013 guidance for 1.6 million self-pay net subscriber additions.

SiriusXM CEO Jim Meyer said, "The new subscriber additions in the quarter have helped SiriusXM reach an exciting new milestone that reflects the popularity and reach of SiriusXM programming and services. The quarterly results bolster SiriusXM's leadership position in a dynamic audio entertainment marketplace as we continue our trend of strong, profitable growth. Additionally, we are raising 2013 subscriber guidance to 1.5 million net additions based on our record performance in the quarter

**Auto sales growth speeds Sirius XM forward.** With seven of ten new cars now equipped with Sirius XM Radio, the continued strong pace of auto sales is helping fuel the growth of satellite radio subscribers. "The wind has certainly been at our backs with increasing auto sales and we expect that to continue for the rest of the year," CEO James Meyer says. He told analysts in a conference call yesterday that 54.4 million vehicles on the road today have a satellite radio receiver in the dashboard, and he's confident that will reach 100 million by the end of 2017. Starting with the 2014 models rolling out later this year, Chrysler and other carmakers will begin building receivers with the next generation chipset that Sirius XM says will allow it to deliver more content and additional functions into the dashboard. "Our used car initiative is also well on track," Meyer said, forecasting the satcaster will add 1.5 million used car buyers this year. For now, Sirius XM paid subscriptions total 25.1 million, up 9% from last year. And that helped the company post a record quarter, with total revenue growing 12% to \$940 million. That beat Wall Street expectations — and Meyer points out it was the sixth consecutive quarter of double-digit revenue growth. Advertising sales grew too, increasing 5% to \$21.8 million. On the programming front, Meyer says the company is still working on a new deal with Fox News Channel to keep its simulcast from going dark at the end of August when the current contract expires. Executives say that although Fox News is a "valuable part" of Sirius XM's lineup, they have to trade that off against the economics of having it. "There is always a price that's too much," CFO David Frear told analysts.

» [Broadcast News](#) » **SiriusXM Q2 was up 12%**

### ***SiriusXM Q2 was up 12%***

By [cmaruccci](#) on Jul, 25 2013 with [Comment 1](#)

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SiriusXM scored record revenue of \$940 Million, up 12% from Q2 2012's revenue of \$838 million. Net income for the Q2 2013 and Q2 2012 was \$126 million and \$3.1 billion, respectively. The big difference was due to a \$3 billion reversal of deferred income tax valuation allowances.

Net subscriber additions in the quarter were 715,762, up from 622,042 in the quarter, marking the largest quarterly gain since Q4 2007. Our total paid subscriber base reached a record 25.1 million, up 9% from the prior year period. Self-pay net subscriber additions were 423,076, while the self-pay subscriber base reached a record high of 20.3 million,

up 9% from the prior year period. Total paid and unpaid trials grew by 528,000 from Q1 2013 to 6.7 million.

**Sirius XM partners with AT&T to provide telematics and entertainment for Nissan.** In a first of its kind deal, Sirius XM Radio and AT&T have partnered to provide online services for Nissan in North America. The partnership will marry the satellite broadcaster's one-to-many architecture with the cellular company's one-to-one infrastructure to give Nissan vehicle owners things like emergency assistance and theft tracking. But the two companies hint at "additional services" to be revealed later, including "a comprehensive set of telematics, information and entertainment services in their vehicle." Sirius XM describes itself as "a connected vehicle services provider" for Nissan and says the combination of satellite and cellular networks will expand features for consumers. "Your future car is going to be a smartphone with four wheels," said Glenn Lurie, president of AT&T emerging **enterprises and partnerships organization, in a release announcing the alliance. "By adding fast, reliable and built-in mobile internet for Sirius's forthcoming in-car experience, we are powering a connected experience inside Nissan automobiles for both drivers and passengers." The combination of one-to-many and one-to-one technology is also being used by Sprint and Emmis to enable interactive features in the forthcoming NextRadio mobile app**

### ***Satellite and internet radio metrics show growth***

By [dseyler](#) on Jul, 9 2013 with [Comments 0](#)

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Sirius XM Radio says it's benefitting from strong automobile sales to the extent that it is raising its guidance for net subscriber gains for the full year. Meanwhile, Pandora says it's continuing to grow and grabbed another chunk of the radio audience compared to where it was a year ago.

Sirius issued its Q2 figures, saying it picked up 715K new subs, pushing its total number past **25M and representing a 15% gain over Q2** 2012 additions. It also upped its prediction for end-of-the-year gains 100K to 1.5M, and says that the net gain in self-pay subscribers remains on track for a 1.6M total.

"The new subscriber additions in the quarter have helped SiriusXM reach an exciting new milestone that reflects the popularity and reach of SiriusXM programming and services," said Jim Meyer, CEO, SiriusXM. "The quarterly results bolster SiriusXM's leadership position in a dynamic audio entertainment marketplace as we continue our trend of strong, profitable growth. Additionally, we are raising 2013 subscriber guidance to 1.5 million net additions based on our record performance in the quarter."

Meantime, Pandora said it registered an increase of 17% in listener hours for the month of June to 1.25B, up from 1.08B in June 2012. It claims 7.04% of total US listening, up more than a percent from the 5.98% registered the previous June. Active listeners are said to be up 30% from 54.5M to 71.1M.

J.D. Power and LMC Automotive said June sales will show a seasonally adjusted annualized rate of 15.7 million vehicles sold, up 7.6 percent from a year ago and the best showing since December 2007. "There is little question that the automotive market has strong momentum as we close out the first half of 2013," said Jeff Schuster, head of forecasting at LMC Automotive. "Looking forward, all the key fundamentals are in alignment to continue the current growth trend, with production capacity limitations being the only major visible risk."

Additionally, on Wednesday [Sirius and Ford jointly announced](#) that:

Ford will be the first automaker to give its customers in-vehicle access to the [SiriusXM Internet Radio](#) App in Ford vehicles equipped with SYNC® AppLink®. Ford drivers will be the first to enjoy access to the [MySXM](#) and [SiriusXM On Demand](#) features of [SiriusXM Internet Radio](#) alongside satellite radio all by using voice commands, steering wheel or radio controls. Customers purchasing any new Ford vehicle equipped with satellite radio will receive a six-month subscription to SiriusXM's All Access Package with access to SiriusXM's premium programming lineup via satellite, including every NFL game, Howard Stern, every NASCAR® race, Oprah Radio® and MLB Network Radio™, and more, plus access to SiriusXM Internet Radio on smartphones and other connected devices as well as online at [siriusxm.com](http://siriusxm.com).

The new technology will be available on over one million Ford vehicles. This will offer drivers the ability to listen to personalised Sirius XM internet radio "hands and eyes free." According to Ford, [SYNC is currently available in 80% of its cars](#). Officials credit it with attracting a new younger more satisfied customer compared to other auto makers.



As I have [mentioned in several articles](#), internet radio is dependent on data reception, which can be hard to find in rural areas. On a recent trip from Dallas to Houston, I hit a stretch of Interstate 45 which had no internet or cell phone reception. But my brand new Ford Focus rental kept playing Sirius XM satellite without skipping a beat. This gives Sirius an edge over "internet only" personalised radio companies like Pandora ([P](#)). Here is a current [AT&T data coverage map](#):

### ***Ford to offer SiriusXM Internet Radio on SYNC***

By [cmarcucci](#) on Jun, 19 2013 with [Comments 0](#)

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Ford will be the first automaker to give its customers in-vehicle access to the SiriusXM Internet Radio App in Ford vehicles equipped with SYNC AppLink. Ford drivers will be the first to enjoy access to the MySXM and SiriusXM On Demand features of SiriusXM Internet Radio alongside satellite radio. via voice commands, steering wheel or radio controls.



The SiriusXM Internet Radio App can be used in more than one million Ford vehicles equipped with SYNC AppLink, a feature that provides drivers with control of their favorite mobile applications with voice commands, steering wheel or radio controls while they keep their eyes on the road and hands on the wheel. Once SiriusXM Internet Radio subscribers download the latest version of the SiriusXM Internet Radio App for their compatible iPhone or Android smartphone, they can connect to SYNC AppLink for safer in-vehicle control of MySXM and On Demand.

“SiriusXM Internet Radio’s MySXM and On Demand features are entering the car alongside satellite radio for the first time, enhancing the SiriusXM listening experience by giving Ford customers using SYNC AppLink the ability to hear personalized music channels and programming when they want it, while continuing to enjoy the seamless nationwide coverage provided by live satellite radio,” said Jim Meyer, SiriusXM CEO. “We are excited that Ford sees the advantage of being the first automaker to give its customers easy, safe access to our unparalleled audio entertainment through the SiriusXM Internet Radio App and satellite radio in the connected car.”

“Ford’s long relationship with SiriusXM demonstrates our commitment to offering the best in-vehicle audio experience, including new technologies for our customers,” said Ford Chief Technical Officer, Paul Mascarenas. “This is an exciting opportunity to let Ford customers experience the quality and variety of SiriusXM’s satellite and internet radio offerings side by side, and gives drivers another way to personalize their audio entertainment and driving experience to their tastes.”

Customers purchasing any new Ford vehicle equipped with satellite radio will receive a six-month subscription to SiriusXM’s All Access Package with access to SiriusXM’s premium programming lineup via satellite, plus access to SiriusXM Internet Radio on smartphones and other connected devices as well as online at [siriusxm.com](http://siriusxm.com).

**RBR-TVBR observation:** It’s a good play for SiriusXM, because it gets the company into the personalized music channels space, competing in that nook of the dash with Pandora, Slacker, iHeartRadio, etc. The on-demand offering will help set the app apart from the competitors and further underscore to subscribers how much they’re getting for that monthly fee.

**Will customers pay for personalization? Sirius XM will be the test.** Clear Channel’s iHeartRadio has it; so does Pandora. Now Sirius XM Radio will offer users of its online streaming service the ability to personalize the satellite radio company’s commercial-free music and comedy channels. The feature, called MySXM, has been in the works since last year and is part of Sirius XM’s effort to put more of a focus on its streaming products. The company is positioning its mobile app as a fusion between its curated channels and personalization. Users can create more than 100 variations of each of more than 50 channels – that number will grow in the future — and tailor characteristics like library depth, familiarity, music style, tempo, region, and other attributes. “We are not asking listeners to start from scratch like other personalized services,” interim-CEO Jim Meyer said on a recent conference call. **Users will also be able to skip songs, and rewind back up to five hours — or as little as the start of the current song playing.** But they’ll also have to do something that Pandora and

iHeartRadio don't require: pay for it. Sirius XM charges \$4 a month to add the service and Meyer said they have "no plans to change that." In fact, he said an improved service will be easier to convince subscribers to take as an add-on to their bill. "At the heart of it, though, is our basic belief, which is a more-engaged subscriber is more likely a subscriber that's going to stay with us over the long term," he said. Sirius XM reorganized its digital business last summer in order to speed up innovation in the fast-growing space, bringing a former Microsoft executive Enrique Rodriguez onboard to lead the effort. Meyer said ultimately the new online capabilities will make their way into the dashboard. "Having both a satellite connection and an IP connection into vehicles will prove to be a durable advantage versus IP-only competitors in a connected car world," he told analysts

## SiriusXM reports record EBITDA, subscribers

By [cmarcucci](#) on Apr, 30 2013 with [Comments 0](#)

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Q1 saw revenue of \$897 million, up 12% from Q1 2012's revenue of \$805 million. Net income for Q1 2013 and 2012 was \$124 million and \$108 million, respectively. Adjusted EBITDA for the first quarter reached a record \$262 million, up 26% from \$208 million in Q1 2012.

"SiriusXM's first quarter results show a continuation of our trend of strong, profitable growth. We turned in our best first quarter for subscriber additions since the merger, and with our continuing sharp focus on costs, we set an all-time high for adjusted EBITDA. With our strong free cash flow and low leverage, we repurchased 209 million shares so far and have now returned nearly \$1 billion in total to our stockholders since the end of December via stock buybacks and a special dividend," said Jim Meyer, SiriusXM's newly-appointed CEO. "We continue to focus on profitable subscriber growth first and foremost. We expect to achieve record adjusted EBITDA margins this year, which is all the more impressive considering our investments in new content, services, and expanding our distribution in the previously-owned vehicle market. We are off to a great start for the year and are confident in achieving our guidance."

The total paid subscriber base reached a record 24.4 million, up 9% from the prior year. Self-pay net subscriber additions were 304,000, a slight increase from Q1 2012, while the overall self-pay subscriber base reached a record high of 19.9 million, up 9% from a year prior. Total paid and unpaid trials grew by 443,000 year over year to 6.2 million.

While gross additions climbed 16%, total subscriber acquisition costs excluding purchase price accounting adjustments fell slightly YOY to \$138 million in Q1, driving an



improvement in SAC per gross addition of 15% to \$51 from \$60 in the first quarter of 2012.

Free cash flow also hit a new record, jumping to \$142 million, up from \$15 million in Q1 2012.

SIRI raised its free cash flow guidance and reiterated its 2013 guidance for subscriber growth, revenue, and adjusted EBITDA:

–Self-pay net subscriber additions of approximately 1.6 million,

–Total net subscriber additions of approximately 1.4 million,

–Revenue of over \$3.7 billion,

–Adjusted EBITDA of over \$1.1 billion, and

–Free cash flow of \$915 million.

**RBR-TVBR observation:** Along with offering free subscription packages for new and used car buyers (Kia used car dealers being the latest), SiriusXM isn't sitting on its laurels. The company keeps adding concerts and specials across most of its channels, special feature channels with artists and new offerings such as the MySXM online music service. Of course, it also doesn't hurt that they're now the only satellite-delivered audio content provider in town...

**Sirius XM is focused on the dashboard.** While HD Radio is making inroads with automakers and more than a quarter of new cars are now built with the digital radio technology, Sirius XM Radio says it has a head start: two-thirds of cars that were built during the first quarter have satellite radio installed. Sirius XM says 52 million cars currently have one of its receivers, representing 22% of all registered vehicles on the road. As more cars drive off dealer lots — it's estimated more than 15 million new cars will be sold this year — the company believes it's in a good position to grow further in 2013. "Sirius XM continues to benefit from a tailwind in the new car market," CEO Jim Meyer told analysts yesterday. "By the end of 2017, we should have around 100 million satellite-equipped vehicles on the road." Those numbers will be revved up by used cars. Within a few years, more used cars will be sold with Sirius XM radios installed than new ones, according to projections. As a result of car sales, 6.2 million drivers are now using Sirius XM on a "trial" program, accounting for one-in-four of its total subscriber base. So while advertising revenue grew 8% to \$20.2 million, it remains in the backseat. "Growing subscribers and household penetration continues to be our number one priority," Meyer said. The satellite broadcaster will get a bump from Asian automakers over the next few years, as Meyer said several are cueing announcements of "broadening" their commitment to the technology.

**New CEO says FM/AM remains biggest threat to satellite radio.** Like broadcast radio, Sirius XM Radio is keeping a close eye on what's happening in the dashboard. But CEO Jim Meyer thinks the potential threat of in-car streaming has been overblown, telling analysts, "We have lots of competition from lots of places." Meyer said that automakers are already working on the 2017-2018 model years, and there's a growing battle for what will be included in the dashboard. "Everybody is looking for chair at the table right now, and I think it's really important that Sirius XM occupy one of those chairs," he told analysts. But in his view, Sirius XM's target has largely not changed over the past decade. "Our biggest competitor continues to be terrestrial radio — it's

still a multiple bigger than us and all of the streaming radio services in the U.S. today added up," Meyer said. For now, the company added 9% more users in the first quarter — raising its subscriber total to 24.4 million.

**BMW of North America and Sirius announced that BMW and MINI customers will receive a one-year subscription to SiriusXM's All Access Package when purchasing any Model Year 2013 or newer BMW vehicle, MINI vehicle or BMW Motorcycle equipped with a satellite radio starting this month. The All Access Package offers SiriusXM's complete programming line-up, including premium channels and access to SiriusXM Internet Radio.**

**"Our customers expect exceptional performance, and giving them access to every premium channel available on their Satellite Radio in the vehicle as well as SiriusXM Internet Radio anywhere makes SiriusXM an even better value," said Ludwig Willisch, President and CEO of BMW of North America. "All Access will allow our customers to listen to the programming they love outside the vehicle, making their SiriusXM experience better than ever."**

Yesterday [SiriusXM](#) launched their new personalized streaming platform MySXM, a streaming option available to its subscribers for an add-on fee. The service features 50 channels that can be adjusted using "slider bars" to suit the listener's personalized tastes. It's described as more interactive than [Pandora](#), with on-demand features that go beyond what Pandora offers. Backend music intelligence platform The [Echo Nest](#) provides the service with its personalization, and Omniphone provides cloud based services.

Make no mistake, SiriusXM is still a satellite company, and this new offering is all about protecting its subscriber base. With an [estimated 120 million](#) folks in the US listening online in the past month, streaming is the fastest growing radio platform. Offering that as an option is a way to preserve its subscriber base.

According to year end reports, SiriusXM had close to 24 million subscribers at the end of last year, while Pandora has 200 million subscribers, 70 million of whom are actively monthly users. SiriusXM does not provide information other than subscribers

## Sirius XM's Take on Personalization



Personalization is a rainbow extending all the way from "lowest common denominator" to "all mine." The former is what you get on the radio while the latter is what you find in the iTunes store.

[SXM's version of personalization](#), which [appeared in the iTunes store](#) this past weekend, is closer to the former than the latter, not that there's anything wrong with that.

Want to skip songs or create your own custom channels? Sorry, Charlie. This isn't the place for you (assuming you're listening "live," whatever that means) – but then you knew that already.

But if you have a favorite Sirius XM channel or two and want to tweak those channels this way or that, your dreams have officially come true.

For example, the Coffee House channel allows users to turn the dial from "Depth" to "Familiar," from "Older" to "More Recent," and from "Coffee Covers" to "Originals."

The tweaks are different depending on what the channel is, which makes sense.

For the "40's on 4" channel, it's "Supporting Acts/Headliners," "Vocals/Instrumentals," and "Slower/Faster."

For "Hair Nation," it's "Club Acts/Arena Acts," "Lighter Songs/Amp Shakers," and

the comparatively blandly titled "Depth/More Hits."

**This is flavoring – spice – as personalization, and for a large swath of Sirius XM subscribers – folks who are largely content to let SXM make the choices, this is more than sufficient.**

Indeed, you can be "personal-ish" and still be "personal."

It's not all about custom channels and skipping songs.

And that's the key point. Personalization has always been about making products and services more personal in every way, not simply picking your own songs.

Want the content you want when you want it on demand? That's personalization.

Want the website to look different when you sign in? That's personalization.

Want the traffic updates from your favorite N/T station to be sent to you via TXT? That's personalization.

Want the ability to nudge a mix one way or another without having to "work" to skip or ban or add songs? That's personalization.

Want commercials that relate to who you are and what you want? That's personalization.

I doubt the new SXM function will be widely used, but that's not the point. It's a benefit at the margin.

Plus, use it once and you can ignore the sliders forever. What better way to make dozens of music channels into thousands – without copycatting Pandora and without creating an ever-more confusing array of barely distinguishable choices that are impossible to communicate?

It's not "more channels" – it's fewer channels that *do more*.

Nicely done.



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## [SiriusXM Plays Defense With MySXM](#)

Posted: 06 Feb 2013 05:01 AM PST



While the connected dashboard is a concept that holds lots of promise for streaming stations, it's no secret that it poses a point of concern for platforms that already own the dashboard real estate – like broadcast and satellite. Last year [Sirius XM](#) added 2 million net subscribers, and a lot of those came from folks who bought cars with the product

already installed. That's a big source of new audience for Sirius XM. While the streaming industry is busy declaring victory with every new car that integrates [Pandora](#), iHeartRadio, Aha or [TuneIn](#), Sirius is busy thinking about protecting its turf from the new dashboard.

Enter MySXM, the satellite company's streaming option for listeners. **CEO Jim Meyers** [positions](#) the new streaming platform as a defensive move, pointing out that SiriusXM will have an advantage by offering both satellite and IP options in the dashboard. "Listeners also don't need to constantly lean forward to create a tailored listening experience. They can just tune to the music channels they already like and adjust the channel's unique slider controls and set them once for good or change them any time they want....This new feature will further enhance our IP offering, which has been greatly improved over the past year and now includes the ability to time shift up to five hours on many stations, start songs at the beginning when tuning to a music channel and the ability to play thousands of hours of talk and entertainment from over 300 shows from our library of on-demand content.

Though there is no official launch date for MySXM yet, information from the call yesterday was that the platform will be available across all platforms and devices

## 2/5/13: PC Magazine reviewer eagerly awaiting SiriusXM personalized radio feature

"MySXM," SiriusXM customized streaming, filters music by Style, Era, and Popularity

Posted by: [Paul Maloney](#)



SiriusXM's custom streaming radio service is still in beta, and PCMag.com's

Jeffrey Wilson can't wait for the official launch. He concluded his review, "MySXM gave me the **personalization features I longed for** while delivering the unexpected ability to **filter my channels by favorite music eras.**"

The "MySXM" -- this is only for Internet streaming, and only for the desktop -- is currently limited to 40 channels. After launching a channel, the listener can customize the stream by adjusting three "sliders." The sliders scale the proportion of music of different **Style, Popularity, and Era** (in the image, the "My 70s on 7" channel can be balanced between "Soul/Disco" or "Rock" for Style).

SiriusXM hasn't yet announced when they plan to officially launch MySXM, but it will reportedly be available only on the desktop to start (though it seems likely to be ported to mobile devices as well).

## Hyundai Ties Up Three-Year Sirius Deal

Hyundai Motor America and Sirius XM Radio have inked an agreement that extends SiriusXM's relationship with Hyundai for three years, including a provision for further extension through August of 2017.

As part of the deal, all Hyundai customers will receive a 3-month SiriusXM subscription with the purchase of any new Hyundai vehicle with a factory-equipped satellite radio, per the companies.

"Hyundai created significant customer and dealer satisfaction by making satellite radio standard across its vehicle lineup," said Steve Cook, Group Vice President and General Manager, Automotive Division, SiriusXM.

By [Carl Marcucci](#) on Nov, 1 2012 with [Comments 0](#)

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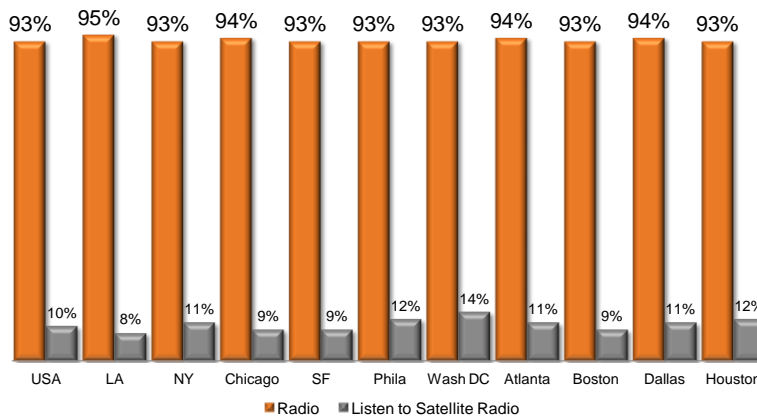
"SiriusXM delivered a very strong third quarter for our shareholders, with 446,000 net subscriber additions, double-digit growth, and record levels of revenue, adjusted EBITDA, and free cash flow. The Company has produced more free cash flow in the first nine months of this year than in any full year in its history, and we've used this cash to reduce our debt to its lowest level since the merger of Sirius and XM," noted Karmazin. "We're excited about the increase in subscriber guidance to 1.8 million net additions that we reported earlier this month, as we believe growth in the fourth quarter will continue. We continue to make investments across our business, particularly in R&D, customer care, infrastructure, and programming. We are also investing in new businesses, such as the telematics service we announced in the third quarter with Nissan, and we believe these investments will reward our shareholders in the years to come."

The total paid subscriber base rose to a record high of 23.4 million subscribers. Strong auto sales helped lift total paid and unpaid trial inventory by approximately 115,000 from the second quarter of 2012 to 6.2 million.

Self-pay monthly churn was 2.0% in Q3, compared to 1.9% reported in the third quarter of 2011. New vehicle consumer conversion rate was 44% in Q3, unchanged from the third quarter of 2011.



## Satellite Radio Doesn't Deliver Consumer Targets in USA or Top Markets



Source: Scarborough Release 1 2012 (Feb 2011 – Feb 2012) Adults 18+, M-Su 6a-Mid Metro Area

**Sirius XM: 23 million now pay for radio.** New car sales are growing and many are rolling off the lot with several months of free Sirius XM Radio service. That's helping the satcaster grow its subscriber numbers as it added 445,921 users in the third quarter. That brings its total subscriber base to 23,365,383. CEO Mel Karmazin says he's not worried people will give up on a pay radio service for free internet radio in their dashboard. "It has had zero effect on our churn," he said. "Maybe it's because the people who have that are the early adopters and they also want everything, but we continue to watch it and we feel really good about where we are." Sirius XM has also raised its estimate for net additions to 1.8 million for 2012, up from a previously-forecast 1.6 million.

- By [Rick Aristotle Munarriz, The Motley Fool](#) Posted 2:30PM 10/13/12 Posted under: [Investing](#)
- The market in general may have tanked this week, but leave it to satellite radio to buck the trend.
- Sirius XM Radio (NAS: [SIRI](#)) moved higher -- coasting along to hit a fresh four-year high -- after a busy week that began with a bullish analyst note that was quickly followed by the revelation of strong third-quarter subscriber acquisitions, a boost in the company's subscriber forecast for all of 2012, and a well-received presentation by CEO Mel Karmazin before Liberty Media (NAS: [LMCA](#)) investors.

- **A timely bullish call**  
ISI Group analyst Vijay Jayant kicked things off with [an upbeat note](#), when he propped up his outlook for net subscriber acquisitions for the third quarter that ended last month.
- Jayant was perched at 336,000 net additions but thought that healthy auto sales and encouraging conversion and retention trends would have Sirius XM reporting the addition of closer to 456,000 net subscribers during the three-month period.
- He made the right call. Sirius XM chimed in on Wednesday afternoon with a press release preannouncing that it had closed out the third quarter with [445,921 more subs](#) than it had three months earlier.
- The good news didn't stop there. The media giant is now expecting to gain 1.8 million subscribers for all of 2012.
- Sirius XM loves to issue conservative guidance that it can inch higher along the way, but this is a metric that even some ardent bulls didn't see coming.
- **A year of upticks**  
**Back in February, when Sirius XM closed out 2011 with 1.7 million net additions, investors weren't necessarily put off by the company's target of just [1.3 million net subscribers](#) on its rolls in 2012. Between** the iffy economic recovery, the growing popularity of Pandora (NYS: [P](#)) integration in new car dashboard interfaces, and a the 12% price increase that rolled out in January, it was easy to fathom that subscriber growth would decelerate.
- Well, 2012 has been a year of refreshing upside surprises.
- Pandora itself has certainly been successful. **The music-discovery service closed out September with 58.3 million active listeners, 49% ahead of where it was a year earlier. These users -- while largely free ad-based accounts -- are spending more time with the service. Listener hours are up at a heartier pace -- 67% -- than the active user count.**
- However, this hasn't gotten in the way of Sirius XM's success. Churn didn't spike, and new user conversion rates held firm,

suggesting that the market was more than willing to pay \$14.49 a month for Sirius or XM.

- With all of these dynamics in place, it's been simply a matter of seeing Sirius XM push up its account targets. From 1.3 million in February to 1.5 million in May to 1.6 million in July to 1.8 million now, Sirius XM will now probably surpass last year's net additions.
- Into the belly of the whale  
It was easy to be concerned when Karmazin was invited to speak at Liberty Media's annual investor meeting. Karmazin and Liberty Media CEO Greg Maffei seemed to be volleying choice words concerning Karmazin's role at Sirius XM after his contract expires at the end of this year.
- Well, Wednesday's meeting went well.
- **Karmazin was able to sell investors on the upside of Sirius XM, touching on the benefits of satellite radio in terms of revenue per user compared with Pandora and terrestrial radio. He pointed out how Sirius XM's 22.9 million subscribers now makes it larger than any single satellite or cable television provider. Among media business, only Netflix (NAS: NFLX) -- with 23.9 million domestic streaming customers -- is larger.**

**Radio and Sirius XM have a new dashboard rivalry.** It's not just on-air programming where broadcast and satellite radio are competing. Both also have their sights set on winning a piece of the telematics services business. That includes things like supplying data to dashboard navigation units, roadside assistance, emergency support for accidents and stolen car recovery. Broadcasters like Clear Channel and the 20-group Broadcaster Traffic Consortium are already working with tech companies, including Tom Tom, Mio and Garmin, to piggyback data on HD Radio streams. Sirius XM Radio aims to do the same, leveraging its existing radio business in the dashboard. "Offering telematics services is a logical next step for Sirius XM," CEO Mel Karmazin says, pointing out the satcaster has experience in providing a national service to drivers. Nissan North American has just announced it'll become the first automaker to sign Sirius XM as an exclusive provider of telematics services in its cars. Nissan Connected Services director Trisha Jung says the move is in response to "the growing expectations of the connected driver." The pitch to customers is it'll be easier since the telematics will be on a consolidated bill that also includes their satellite radio service. Longer-term Sirius XM says it plans to use its satellite coverage to go places where traditional cell phone-based telematics services don't typically reach. There's also some potential in creating personalized services.

The biggest auto brands remain up for grabs. Clear Channel Total Traffic has so far signed deals with BMW, Volvo, Mini, Mazda and Aston Martin. The BTC has inked agreements with Honda and Mercedes-Benz.

**Before it can hook subscribers, Sirius XM is focused on selling dealers.** From the Carolinas to California, Hendrick Automotive will begin pushing used car buyers at its 80 dealerships in 12 states to reactivate the dormant factory-installed Sirius XM Radio receivers in their dashboard. They'll entice them with three-months of free service. It's further evidence that the frontline for Sirius XM is on the used car dealer lot. Owner Rick Hendrick says he's been a satellite radio user for years, calling it "a terrific service for people who love great radio content." Dealers aren't offered any revenue share from the sale, but they don't pay to give the add-on to their customers either. Including a waived activation fee, Sirius XM tells them it's a \$50 value for buyers. Sirius XM has more than 6,000 auto dealers currently in its used car program and the company's working to grow that number. It's set up a website to make it easier for dealers to enroll, for instance. "It is a robustly growing segment of the business," CFO David Frear said last month in a call with analysts. But he also said it's difficult to pinpoint exact numbers, saying they're not always sure when someone calls to reactive a radio whether it's actually a new owner of the car or simply a new name on the account. CEO Mel Karmazin said the satcaster is targeting adding one million used cars in 2012 and working on new programs to entice drivers. The typical new car owner keeps the vehicle for six years. "We are benefiting from what is largely a numbers game," Karmazin told analysts. "Cars turning over today in the second owner market are increasingly likely to have a satellite radio as our new car penetration rate began to increase materially five to six years ago. These trends will continue accelerating over the years to come."

**New figures shed light on how many drivers just say no to with Sirius XM.** A large number of car buyers driving off the car lots with a satellite radio-equipped dashboard aren't bothering to subscribe. That's according to new data released by Sirius XM Radio. The company says it recently passed 50 million factory-installed receivers. Yet at the end of June the company had 22.9 million paying subscribers. In a call with analysts earlier this month, CFO David Frear said the growth of new and used car sales has led to a higher number of trial users. More than six million subscribers are under free trials which led the company to increase its projected 2012 subscriber growth estimate to 1.6 million. "We continue to convert new car trial opportunities at 45%," Frear explained, saying that about 15% of used car buyers also eventually become a paying customer once their free trial comes to an end. That's even with the recent \$1.50 increase in the monthly subscriber fee. CEO Mel Karmazin said he'd like to convert more used car buyers into subscribers, telling analysts they're coming up with promotions to do that. He also notes that a car turning up on a used car lot today is more likely to be Sirius XM-equipped than was the case five years ago. "We are benefiting from what is largely a numbers game," Karmazin said. "These trends will continue accelerating over the years to come." In the decade since Sirius XM launched, its penetration rate into cars has steadily climbed. It estimates seven-of-ten new cars sold in the U.S. will have a satellite radio receiver. "We expect to double factory-installed vehicles to over 100 million by 2018," president of operations and sales Jim Meyer predicts

By [Carl Marcucci](#) on Aug, 22 2012 with [Comments 0](#)

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Sirius XM Radio recently passed 50 million factory vehicle installations of the company's satellite radios. Since SiriusXM launched ten years ago, the satellite service's penetration rate as a percentage of new U.S. auto sales has climbed every year. SiriusXM this year will be factory installed in close to 70% of all new vehicles sold in the U.S. SiriusXM is available in vehicles from every major car company, as well as most specialty auto makers.

“We are proud that SiriusXM has reached this major milestone since it directly reflects the strong commitment by all automakers to satellite radio and the high level of enjoyment by consumers for our unrivalled audio entertainment service,” said Jim Meyer, President, Operations and Sales, SiriusXM. “The growing installation rate means that SiriusXM is not only widely available to most new car buyers, but is also available to more and more used car buyers. We expect to double factory installed vehicles to over 100 million by 2018 and plan to offer our unique content and valuable entertainment to even more customers in the future.”

**RBR-TVBR observation:** Not bad, and the stock is steadily increasing now as well. Remember, though, that these radios encompass both XM and Sirius OEM installations before the merger and certainly do not mean 50 million vehicles are activated with paying customers

## SIRIUS XM TEAMS WITH VOLKSWAGEN

8-21-2012

Sirius XM Radio and Volkswagen jointly announced that customers will receive a 3-month SiriusXM subscription when they purchase pre-owned Volkswagen vehicles equipped with factory installed satellite radios from any Volkswagen dealer across the United States. Customers will also receive a 3-month SiriusXM subscription when purchasing any pre-owned vehicle equipped with a factory installed satellite radio, regardless of manufacturer, from participating Volkswagen dealers

**8/12** The subscriber growth was largely driven by new vehicle shipments and light vehicle sales, as well as reactivated subscriptions resulting from used car sales.

The strong performance prompted Sirius XM to raise its guidance for subscribers, revenue and earnings for the year.

The company now projects full-year revenues of \$3.4 billion, and 1.6 million net subscriber additions. It is also on firmer financial footing, having paid its debt down to \$2.7 billion, compared to around \$3.1 billion this time last year.

Looking ahead, CEO Mel Karmazin pointed to rapid growth in new products like Sirius

XM On-Demand, which allows subscribers to choose programming online and via smartphones. The company plans to launch an expanded personalized music feature via those channels in the second half of the year.

Although Sirius XM's business model continues to be based predominantly on subscriptions, a small but growing proportion of its total revenues are coming from advertising. Total advertising revenue increased 14% from \$18.2 million in the second quarter of 2011 to nearly \$21 million in the second quarter of this year. In proportional terms, that's a small increase from around 2.4% of total revenues to 2.5%.

Roughly two-thirds of new cars sold have satellite radios installed and used cars being sold today are increasingly likely to have a satellite radio. The company says it expects to add a total of 1.6 million new subscribers this year to close out 2012 with a record 23.5 million

## SIRIUS XM SUBSCRIPTIONS CONTINUE TO GROW

7-10-2012

The company raised its full-year subscriber target from 1.3 million to 1.6 million and its 2012 revenue target to \$3.4 billion from \$3.3 billion. Sirius, which ended the second quarter with 22.9 million subscribers, said it added over 1 million net subscribers in the first half of 2012. The good news for Sirius XM is spurred by the rebound in the automotive sector which is poised to have its best sales year since 20

**The following provides clarification as to how Sirius counts subscribers:**

### **Understanding Sirius XM's Subscriber Picture**

June 14, 2012

For many it would seem that a subscription company either has subscribers or does not have subscribers. Of course, those that dig a bit deeper know that with virtually any subscription company there are actually various levels and/or types of subscribers. If you happen to



be invested in a company that has a subscriber business model, then it behooves you to understand how that particular company addresses the subscriber picture.

With Sirius XM ([SIRI](#)) the subscriber picture can be a bit cumbersome because there are many different categories of subscribers. This article should serve as a bit of a reference piece for satellite radio investors.

## **SELF PAYING SUBSCRIBER**

A self paying subscriber is one which the consumer, or end user, is paying for the Sirius XM Satellite or Internet radio subscription themselves. For Sirius XM 18,208,090 of the reported 22,297,420 subscribers are Self Paying. The importance of the differentiation between Self Paying subscribers and Promotional Subscribers is that some Sirius XM metrics rely on the Self Pay number only.

Churn is based on the Self Paying number only. Last quarter Sirius XM reported a churn rate of 1.9%. This means that 1.9% of the self paying subscriber base decided to cancel the service each month. The company does not disclose an actual gross number when reporting churn.

## **PROMOTIONAL SUBSCRIBER**

A promotional subscriber is not as simply defined as many people may think at first blush. There are actually a few types of subsets within this category. Promotional subscriptions are all subscriptions where the consumer, at no cost to themselves, receives satellite radio for a period of time. Promotional subscriptions can range from as brief as a week to as long as a few years.

It is the Promotional Subscription category where most of the confusion rests. In order to better understand how this category of subscribers works we need to break the Promotional category down into several subsets:

**Paid Promotional** is a subset that represents promotional subscriptions for which Sirius XM receives money. These promotional subscriptions are often paid for in whole or in part by an automaker.

For example, Ford, GM, and Chrysler all pay money to Sirius XM toward a promotional subscription. Sirius XM tells investors exactly how many paid promotional subscribers there are because they are actually counted within the total subscriber metric. Last quarter Sirius XM stated that it had 22,297,420 subscribers with 4,089,330 being of the Paid Promotional type. Historically Sirius XNM is successful in converting about 45% of these paid promotional subscribers into self paying subscribers.

While Promotional subscribers are not counted in the churn number, Sirius XM does give a total deactivated subscriber metric. Paid promotional subscribers that do not convert to self paying subscribers are counted in the deactivated subscriber line item.

Within the Paid Promotional category are two distinct types of subscribers. I call them "LEADING" and "Point-Of -Sale." **Leading Subscribers** are titled as such because they become subscribers prior to a consumer ever buying a car. Sirius XM actually receives a subscription payment from some auto manufacturers at the time the car is produced. Because the company has received money, it begins counting the radio as a subscriber even though it could be months before the car is sold and the actual promotional subscription is listened to by a consumer. Sirius XM books these payments in Deferred Revenue, which actually acts like a liability on the balance sheet. When a consumer actually buys the car a promotional period will begin and as the months pass by money will be transferred from deferred revenue to revenue. Ford and Chrysler are examples of automakers that have this type of contract with Sirius XM. This type of contract can be a drain on the Average Revenue Per Unit (ARPU) metric, but provides a boost to the subscriber number and helps the deactivated subscriber metric by keeping a counted subscriber on longer than would normally be the case.

The **Point-Of-Sale Subscriber** category is a paid promotional subscription where the automaker pays for a promotional subscription when the consumer buys a car. This subscription is counted because money is received by Sirius XM. GM and Honda are automakers with this type of contract.

This leaves us with a final category of Promotional Subscribers. This last category is also unreported by Sirius XM, although every once in a while the company will give a taste of what this category looks like. The **Unpaid Promotional Subscriber** is just what it sounds like. It is a promotional subscription from which the company receives no money. Because no money is received the company cannot, and does not, count these as subscribers. This is a pool of perhaps millions of satellite radios that are actively being used and listened to that are not counted. At the end of an Unpaid Promotional subscription the consumer is approached about becoming a Self Paying Subscriber. If the consumer elects to keep the service they become counted in the numbers. If the consumer does not keep the service they simply vanish. This type of subscriber has no impact on churn, as well as no impact on the deactivated subscriber line. Those who convert do help the gross additions and self pay lines, which are used to calculate metrics such as Subscriber Acquisition Costs (SAC), ARPU and churn.

Within this category are subscribers that I term as "Trailing" subscribers. A **Trailing Subscriber** is an unpaid promotional subscriber that is derived from a contract with an automaker that does not pay for a promotional subscription. Toyota and Nissan are examples of companies that fit into this category. In addition, Sirius XM's used car deals that provide three month promotional subscriptions to buyers of satellite radio equipped used cars sold at participating dealerships, are trailing and unpaid by nature. Sirius XM typically converts about 45% of the new car buyers into self-paying subscribers and about 35% of the used car buyers.

## **DEACTIVATED SUBSCRIBER**

A deactivated subscriber is made up of the combination of churned subscribers and subscribers from the paid promotional category that do not convert to self-paying when their promotional period ends. This is a very important metric to watch because it tells the story of the successes or failures in conversion as well as in churn.

## **FAMILY SUBSCRIBER**

This category represents people that have more than one subscription. After the first subscription, additional subscriptions are available at discounted prices. Sirius XM does not typically break out this metric, but in the past has indicated that between 20% and 25% of the subscriber number is made up from this category.

## **GROSS SUBSCRIBER ADDITION**

This is the overall number of subscriber additions in a quarter. Gross subscriber additions come from the auto channel's Paid Promotional Subscriber Category, unpaid promotional subscribers that convert to self paying, and any radio that gets activated by a consumer during a quarter.

The Gross Subscriber line is used to calculate metrics such as Subscriber Acquisition Costs (SAC).

Some confusion about Gross subscriber additions developed at the annual meeting of shareholders when Sirius XM stated that the used car channel would deliver 1,000,000 gross activations in 2012. This should not be confused with gross additions. The promotional subscriptions in the used car channel are not counted as subscribers unless they convert to self paying status after the promotional period. Thus, with the conversion rate being about 35%, we can anticipate that during 2012 Sirius XM will realize about 350,000 self paying subscribers through the used car channel, or roughly 85,000 per quarter.

In essence, there is an importance to understanding how and through what means Sirius XM garners subscribers. This is the bread and butter of the company. Showing growth in subscribers is an important factor on valuation. If Sirius XM reports good subscriber numbers, but we do not see a metric like ARPU appreciating (especially considering the price increase), that would be an indication of an issue with consumers seeing satellite radio as a value. A small cheat sheet:

**Subscribers Up But ARPU Isn't** - The company is selling subscriptions at a discount

**SAC Up** - Look for rising auto installations, lower than normal gross additions, or a ramp-up prior to a typically big subscriber quarter

**SAC Down** - Second Life Subs (used car channel) are progressing

**Churn Up** - Self Pay Base not growing

**Deactivated Subscribers Down** - Could be a sign of heavy retention efforts and discounting

**Deactivated Subscribers Up** - Normal condition given the law of large numbers

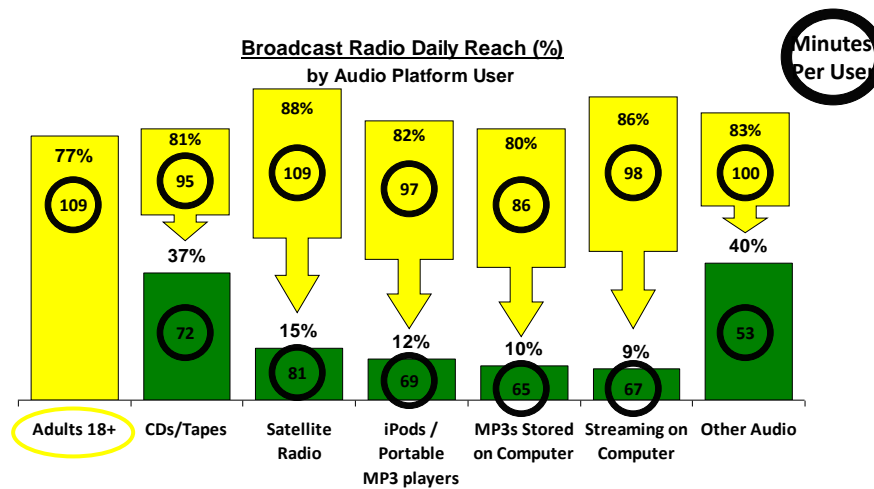
**ARPU Up** - Shows traction in subscribers and their willingness to pay full prices

**Promotional Subscribers Up** - Indicates the auto sector is growing in sales and/or production. This is where understanding the auto sector and how it delivers subscribers comes into play.

**Disclosure:** I am long [SIRI](#).

Sirius is stating that their subscribers will grow to 23.4 million at the end of 2012 from 17.3 million at the end of 2007- an increase of 6 million over 5 years. The following slide was taken from the Nielsen CRE study which was conducted in 2008 when Sirius/XM had a combined 18 million subscribers. There is no reason whatsoever that the 5 million subscribers listening habits differ from the 18 million subscribers when the Nielsen study was conducted. It is important to understand that the methodology used in the Nielsen study was the most comprehensive of any media study ever conducted- personal observation. Observers recorded participants media consumption on a computer every ten seconds for two days. The slide below shows that 88% of the people who were observed listening to satellite radio listened to broadcast (AM/FM) radio for 109 minutes day versus listening to 81 minutes/day to satellite radio. Satellite radio is males skewed with the average male satellite subscribe listening 115 minutes/day to satellite versus 54 minutes for females. This is likely due to Stern and sports. So those who subscribe to satellite do tend to consume more audio and appear to be audiophiles

## And they listen to more Radio than their respective platforms



### Broadcast Radio Usage

**To be read** - An estimated 12% of adults listen to iPods each day for an average of 69 minutes. Of these iPod users, 82% also listened to Broadcast Radio that same day for an average of 97 minutes.

Source: Nielsen's "How U.S. Adults use Radio and other forms of Audio", 2009.

## 5/12 SIRIUSXM SUBS GROW TO 22.3 MILLION

May 2012:

**Auto sales recovery, improving economy help Sirius XM grow its user base.** While one-in-five (19%) of Sirius XM Radio users don't currently pay for the service, the first quarter was the best quarter for auto sales in four years and that lifted the company to a record number of users. At the end of first quarter 22.3 million people were Sirius XM subscribers, up 8% from a year ago. In fact the churn rate against self-pay subscribers actually ticked down slightly in first quarter with roughly 45% of new car buyers converting to paying customers.

Sirius XM forecasts it'll add 1.5 million new customers, up from an earlier estimate of 1.3 million. That would put its subscriber base at 23.4 million by year end. Ad revenue also jumped 13% in first quarter to \$18.7 million as overall company revenue grew 11% to \$805 million. Sirius XM says two-thirds of new cars sold in the U.S. have one of their receivers in their dashboard. Many of those cars have factory-installed Sirius XM 2.0 radios, which starting later this year will offer drivers more channels. So far 33 new stations have been added.



5/12 SiriusXM will introduce a suite of very interactive features to its Internet radio offering later this year, they announced yesterday. The new offering looks to be designed specifically to compete with offerings by Pandora. Other platforms, such as iHeartradio, have been moving in a similar direction as well, creating personalizable channels and interactive features.

The features sketched out by SiriusXM are extensive in terms of their interactivity – listeners can go back up to 5 hours to select programming, pause their listening and pick up where they left off, replay or skip a song, and organize their listening on a single screen. In addition, Tune Start™ will automatically start the currently playing song from the beginning so listeners will hear the whole song when tuning to any music channel. These features will be available on their Internet Radio App update for Android smartphones and tablets starting later this year.

There have been far fewer Satellite radio subscribers than predicted 6-7 years ago, with total subscribers at 21.9 million, about 30 million short of one researcher's prediction. Currently satellite subscription are 1/3 retail and 2/3's OEM (autos). The demand for Satellite radio is clearly proving to be a much smaller niche than originally thought and will face several challenges moving forward - its price (recently announced a price increase), its product and technology- a fleet of costly geosynchronous satellites in the age of wireless broadband appears to be an outdated technology.

Satellite as a technology that appears to have been leapfrogged by wireless, people are increasingly resisting paying for their music (recently a number of previously subscription base online music providers have altered their model to become ad based- MOG, Rdio) and is a product that falls between broadcast radio and the internet pureplays- rarely is the middle a good place to be.

Scarborough Research estimates that less than 10% of consumers listen to Satellite each week compared to 93% for broadcast radio.

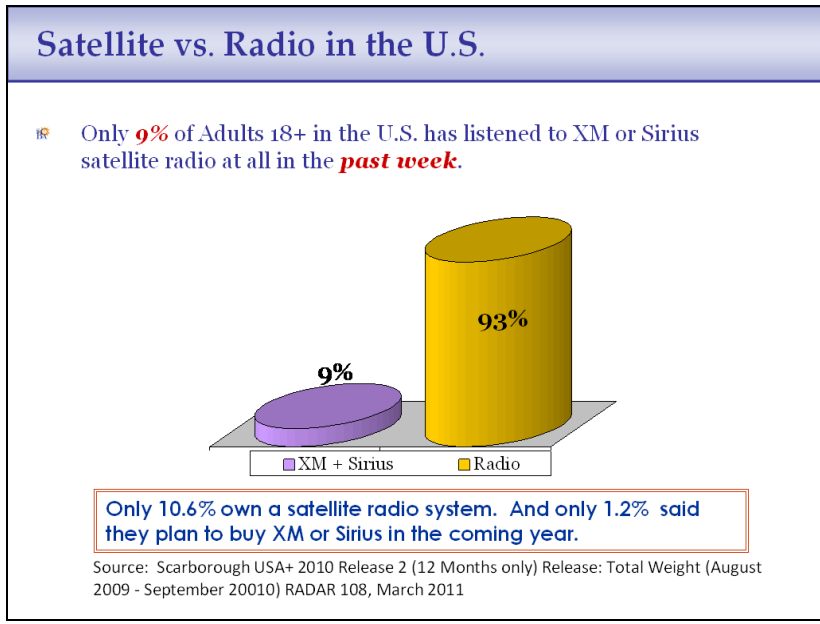
Scarborough: Aug'10-Jul'11: 18+A	Visited Pandora.com (mo)	Listened to Any Satellite satellite radio (wk)	Listened to radio Mon-Sun 6AM-MID
Atlanta	511,818	449,416	3,749,682
Boston	371,305	293,813	3,439,364
Chicago	395,390	607,705	6,662,711
Dallas	508,387	480,094	4,462,350
Houston-Galveston	494,082	542,862	4,118,168
Los Angeles	1,168,222	716,072	9,338,717
New York	893,613	1,453,484	13,328,441
Philadelphia	362,278	423,085	3,817,346
San Francisco	721,221	424,199	5,285,870
Washington DC	316,910	525,776	3,715,730
TOTAL	5,743,226	5,916,506	57,918,379

The Nielsen 2009 audio study extracted from the Video Consumer Mapping Study confirmed that satellite users spend as much time with broadcast radio as the average listener- 109 minutes **which is more time than they spend with satellite radio.** It appears that the satellite subscriber tends to be an audiophile.

It's surprising that satellite radio continues to be a large part of media industry dialogue even though consumers continue to have only minor interest in the "new" medium, which was actually conceived 15 years ago. **It currently has about 10% adoption rate ten years after its debut, which is weak for a technology product. A product typically is not considered mainstream until it generates 30% penetration.**

Combined, XM and Sirius had 17.3 million subscribers at the end of 2007 (+26% growth since 2007 over the past 4 years or 6.6% growth/yr). However, it's important to differentiate between *subscribers* and *ratings*. In the satellite world, subscriber counts are inflated due to **"Installed" cars counting as subscribers. This includes unsold cars sitting on car dealer lots.**

Additionally part of this increase in subscriptions could be the increased production of automobiles which contain satellite radio's and are counted as subscribers as when purchased the buyer gets 3 months of satellite service for free. Approximately half do not continue with the service, plus having satellite in the auto doesn't equate to usage.



One broadcaster’s content is also available on satellite. Clear Channel’s CHR KIIS, Los Angeles (channel 11), CHR “Z100” WHTZ, New York (channel 12), AC “Lite FM” WLTW, New York (channel 13), country WSIX, Nashville (channel 57) and urban WGCI, Chicago (channel 163). As an early investor in XM, Clear Channel controls a set amount of its bandwidth, currently amounting to five talk channels and six music channels.

You just can’t match “local”.

The Daily News’ David Hinckley apparently agrees:  
 No glory days for Sirius XM Radio covering Clarence Clemons' death  
*BY David Hinckley*  
*DAILY NEWS STAFF WRITER*  
*Tuesday, June 28th 2011*

The death of Bruce Springsteen's saxophone player Clarence Clemons last week provided an interesting snapshot of how quickly satellite and over-the-air radio can react to news that jolts their listeners. The death of a well-known musician has traditionally been radio's moment. A smart station immediately has the hosts play the music, talk about it, take phone calls and become the place where fans can gather and begin to light their figurative candles. That famously happened on the late WNEW-FM when John Lennon was

killed. It happened on WQHT after the deaths of Biggie Smalls and Tupac Shakur, and on WKTU, WBLS and WRKS when Michael Jackson died.

Sirius/XM satellite, in theory, was perfectly positioned to be the go-to station for Clemons fans, because it has a full-time Springsteen channel, E Street Radio. But like almost all satellite channels, E Street Radio doesn't have regular live hosts. They're too expensive for the satellite business model, and satellite has always figured listeners mostly just want the music anyhow. So after Clemons died, Sirius/XM got a short commentary from Dave Marsh, who hosts a weekly show (Friday, 10:30 a.m.). It taped Marsh announcing he would do an extended live edition of his show Sunday night, about 24 hours later.

E Street Radio played that announcement alongside its regular Bruce music, so Clarence was acknowledged. It just didn't feel like a live gathering. On classic rock WAXQ (104.3 FM), it did. The station didn't go wall-to-wall Springsteen music, but it played a lot of Bruce songs, particularly those that featured Clemons. Hosts talked about Clarence and took listener calls. Ken Dashow talked about Clarence on his Sunday morning Beatles show, underscoring that sometimes it's important to know when to break the rules.

Marsh did a good show Sunday. But even though satellite started with an edge, WAXQ played the radio role better.