Bridge Ratings Consumer Trends: Satellite Radio Q2 Subscriber Trending

For Immediate Release: *Updated*

Updated Friday July 7, 2006

Streaming Stern to Add Another Mill

Bridge Ratings' trending of Satellite Radio subscribers continues through 2006. The purpose of this on-going study is to analyze consumer preferences related to satellite service brand and satellite radio in general.

Bridge Ratings interviews consumers at retail outlets who have purchased Satellite radio. The retail purchase trend for the second quarter of 2006 was unique when compared with most of the preceding quarters since satellite subscriptions first were tracked. Coming off a red-hot first quarter Sirius had the Howard Stern momentum, carrying the satcaster through most of the second quarter with a stronger sales push than XM.

The satcasters announced their second quarter subscription totals this week with XM adding 398,000 second quarter subscribers and Sirius adding another 600,460 for close to one million new satellite subscribers in the quarter. Sirius, with a 60 share of those new satellite consumers continues to generate a blazing momentum through 2006 with total subscriber count at 4,678,207 and XM with 6,890,000.

Bridge Ratings now projects XM total subscriber count at 8.2 million by year end 2006 and 6.4 million for Sirius. Projections are updated quarterly. As of this date, Bridge Ratings estimates that original projections of the increase in total 2006 satellite subscriptions of 6 million is now closer to 5.0 million Due to the nature of the satellite radio retail sector, we expect these estimates are likely to change by year-end.

The Stern Effect

The "Stern-Effect", a term coined to reflect the subscription growth impact attributed to personality Howard Stern joining Sirius, began to wane in February of this year and continued to slow significantly through the second quarter. Our latest estimate is that a total of 1.35 million (11%) of Stern's terrestrial fan base has migrated to Sirius As Bridge Ratings continues to interview former Stern listeners, apathy regarding future Sirius subscriptions had been increasing in direct proportion to the length of time Stern has been off terrestrial radio and out of the limelight. When asked "why haven't you yet subscribed to Sirius satellite radio?", the following chart of 3200 Stern listeners 18+ interviewed between April 1 and June 30, 2006 reflects the lessening direct impact of Stern:

FINAL

SDARS Ex. 68

SE 0013053

Near the end of June in interviews with potential Stern subscribers, it is becoming evident in our studies that with the availability of Stern on-line on the Sirius website will cause former "fence-sitters" to finally subscribe. Based on only three weeks of data at this point, Bridge Ratings is projecting an additional million Stern-motivated Sirius subscribers by the end of Q1 2007 due to Stern's programming being offered via streaming. This estimated increase should bring the number of Stern's former terrestrial listeners who listen via satellite or internet subscription to close to 2.4 million or approximately 20% of his reported former terrestrial audience.

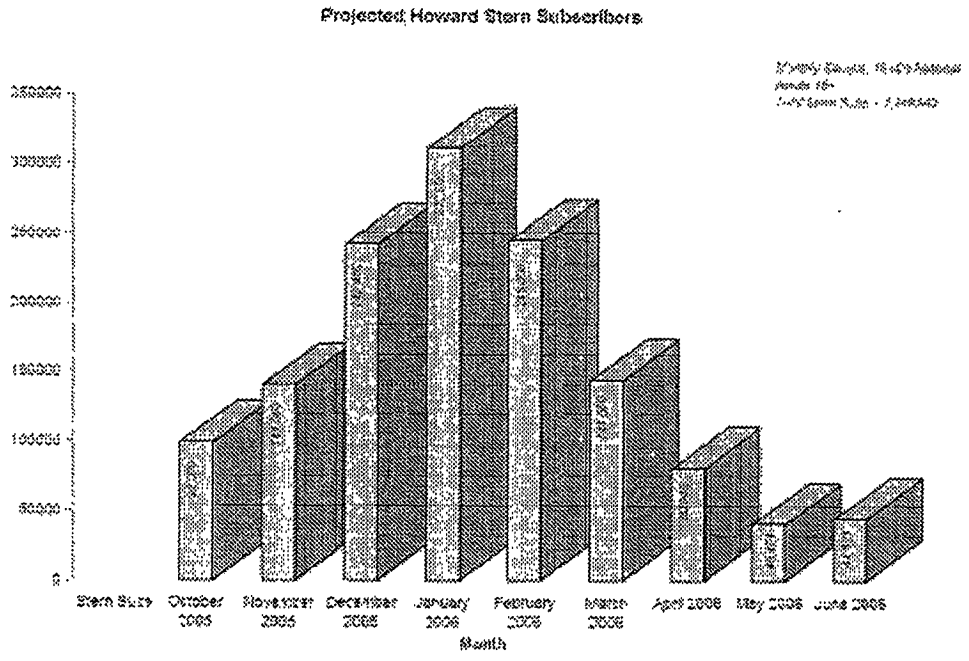
"Now that Howard Stern is streaming his Sirius radio program on the Internet, how likely are you to subscribe?"

	Very Likely	Somewhat likely	Not likely
Total Non-Subs	4%	9%	77%

Interestingly, despite this slowdown in subscriptions directly attributed to Howard Stern, Sirius continued to show strong retail strength during Q2 based on other significant content benefits, most notably the perception that the quality of their music programming and their sports packages are superior .The NBA package was mentioned in interviews during the playoffs in May and June. Major League Baseball is also showing increasing responses as an XM magnet.

Stern as a marketing pillar solidified the Sirius market position and regardless of fewer Stern fans migrating to satellite, he is likely stimulating market awareness of Sirius. The chart below displays Bridge Ratings' projected Stern subscriber rate by month.

SE 0013054



Along with a stronger marketing position in the second quarter, Sirius improved its brand specifically in relation to in-store retail sales tracked by Bridge Ratings.

Consumer purchase motive for each service.

Q: "What was the primary reason you purchased a satellite radio system today?"

% Of Subscriptions Due to .. ..

Week	Programming Variety - XM	Programming Variety - Sirius	No Commercials - XM	No Commercials - Sirius	Sports Package - XM	Sports Package - Sirius	Personalities - XM	Personalities - Sirius

SE 0013055

1/02/06	15	9	25	24	5	-	3	6
1/09/06	17	18	22	29	5	2	5	9
1/16/06	21	20	24	32	6	2	5	6
1/23/06	18	22	20	34	5	3	4	10
1/30/06	20	19	25	30	8	9	3	12
2/06/06	25	20	30	25	10	12	5	10
2/13/06	15	22	27	30	8	4	6	10
2/20/06	12	30	25	27	7	5	4	8
2/27/06	13	34	20	25	10	5	5	12
3/06/06	20	25	25	29	10	6	5	13
3/13/06	22	28	30	27	12	10	4	15
3/20/06	25	30	28	32	10	10	6	15
3/27/06	30	36	25	30	15	10	7	13
4/03/06	30	33	30	25	20	15	5	15
4/10/06	35	30	32	25	15	10	4	10
4/17/06	30	36	28	35	15	15	5	10
4/24/06	38	29	30	37	20	15	8	12
5/01/06	40	30	33	35	22	20	10	10
5/08/06	42	30	30	33	20	28	10	15
5/15/06	35	39	24	25	15	22	5	20
5/22/06	32	40	20	22	15	20	7	18
5/29/06	34	38	18	21	10	15	8	15
6/05/06	30	36	15	20	12	15	10	20
6 /12/06	32	35	13	20	13	22	12	22
6/19/06	35	35	15	18	12	20	15	20
6/26/06	37	34	13	15	15	20	13	22

SE 0013056

7/03/06	35	36	10	13	14	12	10	20

appearance - 7%

- Hardware capabilities & features - 9%
- Hardware pricing - 9%
- Major League Baseball - 3%

During the month of July, Bridge Ratings will continue to trend retail sales for this sector

*Based on interviews conducted at retail outlets between January 1 and July 3, 2006. Final quarterly numbers are weighted by region.

Markets surveyed: Los Angeles, San Diego, Phoenix, Boston, Detroit, New York, Boston. 4010 weekly listeners 18+

Back to Press Releases

© 2005 Bridge Ratings, LLC • webmaster@bridgeratings.com

Best viewed in Internet Explorer

SE 0013057