

These materials are important and require your immediate attention. They require the shareholders of Sirius XM Canada Holdings Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you require further assistance, please do not hesitate to contact the Company's proxy solicitation and information agent, D.F. King, toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com. For up-to-date information and convenience in voting please visit the website: www.siriusxmcanadatransaction.ca

SIRIUS XM CANADA HOLDINGS INC.



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD AUGUST 30, 2016 AND MANAGEMENT INFORMATION CIRCULAR

Our special meeting of Company Shareholders will be held at
10:00 am (Toronto time) on August 30, 2016 at
TMX Broadcast Centre
Exchange Tower, Ground Floor
130 King Street West, Toronto, Ontario, M5X 1J2

As a Shareholder of Class A Subordinate Voting Shares or Class B Voting Shares of Sirius XM Canada Holdings Inc., you have the right to vote your Shares, either by proxy or in person at the meeting.

THE NON-INTERESTED DIRECTORS OF SIRIUS XM CANADA HOLDINGS INC. UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE FOR THE ARRANGEMENT.

July 29, 2016

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July 29, 2016

Dear fellow shareholder:

You are invited to attend a special meeting of shareholders (the “**Company Meeting**”) of Sirius XM Canada Holdings Inc. (the “**Company**”). The Company Meeting will be held on August 30, 2016 at 10:00 am (Toronto time), at TMX Broadcast Centre, Exchange Tower, 130 King Street West, Ground Floor, Toronto, Ontario, M5X 1J2.

At the Company Meeting you will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution approving a statutory arrangement pursuant to section 182 of the *Business Corporations Act* (Ontario) (the “**Arrangement**”) involving, among other things, the acquisition by 2517835 Ontario Inc. (the “**Purchaser**”) of all of the outstanding Class A Subordinate Voting Shares in the capital of the Company (the “**Class A Shares**”), the Class B Voting Shares in the capital of the Company (the “**Class B Shares**”, and together with the Class A Shares, the “**Company Voting Shares**”) and the Class C Non-Voting Shares in the capital of the Company (the “**Class C Shares**” and collectively with the Class A Shares and Class B Shares, the “**Company Shares**”).

Under the Arrangement, holders of Company Shares (each a “**Company Shareholder**”) other than Dissenting Shareholders will be entitled to receive from the Purchaser at such Company Shareholder’s election, depending on the status of such Company Shareholder as either an Eligible Holder or a Non-Eligible Holder (in each case, as defined in the accompanying information circular), for each Class A Share: (i) \$4.50 in cash (“**Class A Cash Consideration**”); (ii) 0.898 of a share of common stock in the capital of Sirius XM Holdings Inc. (“**SIRI Shares**”); or (iii) 0.898 of an exchangeable share in the capital of the Purchaser (the “**Exchangeable Shares**”), or a combination thereof (collectively, the “**Class A Share Consideration**”) as described in more detail in the accompanying information circular.

Each Company Shareholder other than Dissenting Shareholders will be entitled to receive from the Purchaser at such Company Shareholder’s election, depending on the status of such Company Shareholder as either an Eligible Holder or a Non-Eligible Holder for each Class B Share: (i) \$1.50 in cash (“**Class B Cash Consideration**”); (ii) 0.299 of a SIRI Share; or (iii) 0.299 of an Exchangeable Share, or a combination thereof (collectively, the “**Class B Share Consideration**” and together with the Class A Share Consideration, the “**Consideration**”) as described in more detail in the accompanying information circular.

The elections made by holders of Company Shares will be subject to proration, the availability of consideration in the form of Exchangeable Shares, and the treatment of a portion of the Class A Shares owned by Slaight Communications Inc. and Obelysk Media Inc. in connection with their interest in the Purchaser, all as described in more detail in the accompanying information circular.

The maximum aggregate number of SIRI Shares and Exchangeable Shares that may be issued to Company Shareholders pursuant to the Arrangement is 35,000,000. The payment of consideration in the form of Exchangeable Shares pursuant to the Plan of Arrangement is subject to: (i) the Company and the Purchaser obtaining an order from the applicable Canadian securities regulatory authorities exempting the Company and the Purchaser from (a) Canadian continuous disclosure and insider reporting obligations on a basis consistent with the conditions set out in subsections 13.3(2)(d), (e), (f), (g) and (h) and subsections 13.3(3)(a), (c) and (e) of National Instrument 51-102 – Continuous Disclosure Obligations, and (b) formal valuation obligations under MI 61-101; and (ii) Company Shares being exchanged for Exchangeable Shares having an aggregate equivalent value of at least \$25,000,000.

The consideration to be paid to holders of Class A Shares under the Arrangement represents a premium of 22.3% over the closing price of \$3.68 for the Class A Shares on the Toronto Stock Exchange (“**TSX**”) on February 11, 2016, the day prior to the Company’s announcement that it had been approached regarding a potential corporate transaction, and a premium of 17.7% over the 20-day volume-weighted average trading price of the Class A Shares on the TSX for the period ending February 11, 2016.

Under the Arrangement, the Company will pay or cause to be paid to each holder of outstanding options to purchase Class A Shares issued pursuant to the stock option plan of the Company (the “**Company Options**”) a cash payment equal to the amount (if any) by which the Class A Cash Consideration exceeds the exercise price of such Company Option, less applicable withholdings.

Under the Arrangement, the Company will pay or cause to be paid to each holder of outstanding restricted share units and performance share units, together with any corresponding dividend equivalents issued under the Company’s equity plans (the “**Company RSUs**”) a cash payment for each Company RSU equal to the Class A Cash Consideration less applicable withholdings, provided that any such calculation in respect of any performance share units shall be based on the

performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00 being applied.

The Board of Directors of the Company (the “**Board**”) has unanimously determined (with the interested directors abstaining from voting and not participating in the review of the Arrangement), following the unanimous favourable recommendation of a special committee comprised of independent directors, that the Arrangement is in the best interests of the Company and is fair from a financial point of view to the minority shareholders and **unanimously recommends that the minority shareholders vote FOR the special resolution approving the Arrangement**. The recommendation of the Board is based on the factors and considerations set out in detail in the accompanying information circular beginning at page 22. Each director and officer of the Company will vote his or her Company Shares FOR the special resolution approving the Arrangement.

To become effective, the special resolution in respect of the Arrangement must be approved by not less than (i) 66 2/3% of the votes cast by the holders of Company Voting Shares, voting as a single class, and (ii) a majority of the votes cast by the holders of Company Shares (other than interested Company Shareholders for the purpose of such vote) (the “**Required Approval**”).

The Arrangement is also subject to certain other conditions, including the receipt of (i) the approval of the Ontario Superior Court of Justice (Commercial List) (the “**Court Approval**”) and (ii) the decision of the CRTC approving the Arrangement and matters ancillary thereto (the “**CRTC Approval**”). Subject to obtaining such approvals and satisfying or waiving the other conditions contained in the arrangement agreement dated May 12, 2016, between the Purchaser and the Company, among others, (the “**Arrangement Agreement**”), if the Company Voting Shareholders approve the special resolution in respect of the Arrangement, it is anticipated that the Arrangement will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Approval, the Court Approval and the CRTC Approval.

The accompanying information circular provides a detailed description of the Arrangement to assist you in considering how to vote on the special resolution to be approved at the Company Meeting. You are urged to read this information carefully and, if you require assistance, consult your own legal, tax, financial or other professional advisor.

Your vote is important regardless of the number of securities you own. If you are unable to be present at the Company Meeting in person, we encourage you to take the time now to complete, sign, date and return the enclosed form of proxy or voting instruction form so that your securities can be voted at the Company Meeting in accordance with your instructions. Whether or not you expect to attend the Company Meeting, please exercise your right to vote. Company Voting Shareholders who have completed the enclosed form of proxy or voting instruction form may still attend the Company Meeting.

Enclosed is a letter of transmittal and election form for Company Voting Shareholders explaining how you can elect cash, SIRI Shares, or Exchangeable Shares, or a combination thereof, as well as how to deposit and obtain payment for your Company Shares once the Arrangement is completed. The letter of transmittal and election form will also be available on our website at www.siriusxmcanadatransaction.ca as well as on SEDAR at www.sedar.com or by contacting the depositary appointed in connection with the Arrangement (using the information set out on the back of the accompanying information circular).

The Company will provide at least 10 Business Days’ notice of the deadline (the “**Election Deadline**”) for making an election between cash, SIRI Shares, or Exchangeable Shares, or a combination thereof, to Company Shareholders by means of a news release disseminated on a national newswire in Canada. The announcement of the Election Deadline will occur following satisfaction of conditions of the Arrangement Agreement (as further described in the accompanying information circular).

If you hold your Company Shares through an intermediary, such as a broker, investment dealer, bank or trust company, you should contact such intermediary with any questions related to voting on the special resolution to be approved at the Company Meeting, electing the form of Consideration or receiving payment for your Company Shares upon the completion of the Arrangement.

To ensure your Company Shares will be represented at the Company Meeting the Board urges you to complete, sign and return the enclosed proxy as soon as possible, and in any event, by no later than 10:00 am (Toronto time) on August 26, 2016 or if the Company Meeting is adjourned or postponed, prior to 10:00 am (Toronto time) on the second Business Day before any adjourned or postponed Company Meeting. Please review the information circular for additional details on how to vote your Company Shares.

If you have any questions, please contact the proxy solicitation and information agent, D.F. King, toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com or the Company's transfer agent and depository, CST Trust Company at 1-800-387-0825 or by email at inquiries@canstockta.com. Alternatively, for up-to-date information and convenience in voting please visit the website: www.siriusxmcanadatransaction.ca.

Thank you for your continued support of the Company.

Yours very truly,
"Anthony Viner"

Anthony Viner
Chairman of the Board of Directors



THE PATH AHEAD FOR SIRIUS XM CANADA SHAREHOLDERS

A premium priced offer



Fair from a financial point of view based on third party opinions and within the Formal Valuation range



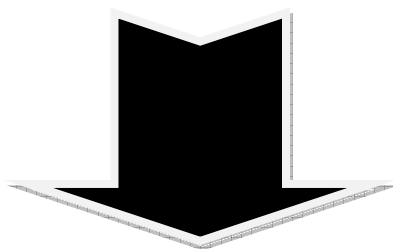
Opportunity to remain invested in the satellite radio market



Better strategic and economic alignment of Canadian and U.S. companies, significantly reducing risks that would reasonably be expected to impact the Company's financial condition, results of operations and prospects, including its ability to pay dividends



Secured voting support



THE NON-INTERESTED DIRECTORS OF SIRIUS XM CANADA HOLDINGS INC. UNANIMOUSLY RECOMMEND THAT SHAREHOLDERS VOTE "FOR" THE RESOLUTION SET FORTH IN THE CIRCULAR AND FORM OF PROXY.

QUESTIONS OR ASSISTANCE, PLEASE CALL D.F. KING
TOLL-FREE AT 1-866-822-1238

OR VISIT WWW.SIRIUSXMCANADATRANSACTION.CA
FOR FURTHER DETAILS

SIRIUS XM CANADA HOLDINGS INC.
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 30, 2016

The holders of Class A Subordinate Voting Shares (the “Class A Shares”), Class B Voting Shares (the “Class B Shares”) and Class C Non-Voting Shares (the “Class C Shares”) are invited to our special meeting of shareholders (the “Company Meeting”).

WHEN

August 30, 2016

10:00 am (Toronto time)

WHERE

TMX Broadcast Centre, Exchange Tower
130 King Street West , Ground Floor
Toronto, Ontario, M5X 1J2

WHAT THE MEETING IS ABOUT

The Company Meeting is being held pursuant to an interim order (the “**Interim Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated July 28, 2016, for the holders (the “**Company Voting Shareholders**”) of Class A Shares and Class B Shares of Sirius XM Canada Holdings Inc. (the “**Company**”) to consider and, if thought appropriate, to approve a special resolution, the full text of which is set forth at Appendix “A” to the accompanying information circular, approving a statutory plan of arrangement pursuant to section 182 of the *Business Corporations Act* (Ontario) (the “**Arrangement**”) involving, among others, the Company, its shareholders, 2517835 Ontario Inc. (the “**Purchaser**”) and Sirius XM Radio Inc. (the “**Guarantor**”). The Arrangement contemplates, among other things, the acquisition by the Purchaser of all of the outstanding Class A Shares, Class B Shares and Class C Shares (collectively, the “**Company Shares**”).

Company Voting Shareholders may also be asked to consider other business that properly comes before the Company Meeting or any postponement or adjournment thereof.

YOU HAVE THE RIGHT TO VOTE

Company Voting Shareholders are entitled to receive notice of and vote at the Company Meeting, or any postponement or adjournment thereof, if they were a Company Voting Shareholder at the close of business on July 29, 2016.

YOU ARE ENTITLED TO DISSENT RIGHTS

Registered Shareholders holding Class A Shares are entitled to dissent from the Arrangement Resolution in the manner provided in section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must provide a Dissent Notice to the Company at its principal executive office located at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7 by mail, hand or courier to the attention of the General Counsel at or before 5:00 pm (Toronto time) on August 26, 2016 or, in the event that the Company Meeting is adjourned or postponed, no later than 5:00 pm (Toronto time) on the date that is two Business Days before the adjourned or postponed Company Meeting is reconvened or held, as the case may be. A failure to strictly comply with the provisions of the OBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Company Shareholder’s Dissent Rights.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Class A Shares as determined under the applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Arrangement. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder’s Dissent Shares.

In many cases, Class A Shares beneficially owned by a Non-Registered Shareholder are registered either (a) in the name of an Intermediary or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise his, her or its dissent rights directly (unless the Class A Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise dissent rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Class A Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Class A Shares are registered in the name of CDS or other clearing agency, may require that such Class A Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Class A Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

YOUR VOTE IS IMPORTANT

As a Company Voting Shareholder, it is very important that you read this material carefully and then vote your Company Shares, either by proxy or in person at the Company Meeting. The accompanying management information circular tells you more about how to exercise your right to vote your securities. Whether or not you expect to attend the Company Meeting, please exercise your right to vote. Company Voting Shareholders who have completed the enclosed form of proxy or voting instruction form may still attend the Company Meeting.

Registered Company Voting Shareholders are requested to complete, date, sign and return (in the envelope provided for that purpose) the applicable accompanying form of proxy for use at the Company Meeting. **To be used at the Company Meeting, proxies must be received by the Company's registrar and transfer agent, CST Trust Company, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by facsimile at (416) 368-2502 or toll-free in Canada and the United States at 1-866-781-3111, by email to proxy@canstockta.com, by internet voting at www.cstvotemyproxy.com or by telephone toll-free in Canada and the United States at 1-888-489-5760, not later than 10:00 am (Toronto time) on August 26, 2016 or if the Company Meeting is adjourned or postponed, prior to 10:00 am (Toronto time) on the second Business Day before any adjourned or postponed Company Meeting.** The deadline for deposit of proxies may be waived or extended by the chair of the Company Meeting at his discretion, without notice. Failure to properly complete or deposit a proxy may result in its invalidation.

Most Company Voting Shareholders do not hold their Company Shares in their own names. Such Company Shares may be beneficially owned by you but registered either: (a) in the name of an Intermediary such as a bank, trust company, securities dealer or broker, or the trustee or administrator of a self-administered RRSP, RRIF, RESP, TFSA or similar plan, or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) or its nominee, of which the Intermediary is a participant. If your Company Shares are shown in an account statement provided to you by your Intermediary, in almost all cases, your Company Shares will not be registered in your name in the records of the Company. Only proxies deposited by registered Company Voting Shareholders can be recognized and acted upon at the Company Meeting. As a result, if you hold your Company Shares through a broker or other Intermediary, we urge you to complete only the voting instruction form or provide your voting instructions to your broker or other Intermediary by other acceptable methods. Please read the instructions regarding how to vote at, or attend, the Company Meeting under **"Information Concerning the Company Meeting and Voting"** in the accompanying management information circular.

If you have any questions, please contact the proxy solicitation and information agent, D.F. King, toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com or the Company's transfer agent and depositary, CST Trust Company at (416) 682-3860 or toll-free in North America at 1-800-387-0825 or by email at inquiries@canstockta.com.

DATED at Toronto, Ontario this 29th day of July, 2016.

By order of the board of directors,

"Anthony Viner"

Anthony Viner
Chairman

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MANAGEMENT INFORMATION CIRCULAR

INTRODUCTION

This Company Circular is delivered in connection with the solicitation of proxies by and on behalf of the Company for use at the Company Meeting and any adjournment(s) or postponement(s) thereof. We have not authorized any person to give any information or to make any representation in connection with the Arrangement or any other matters to be considered at the Company Meeting other than those contained in this Company Circular. If any such information or representation is given or made to you, you should not rely on it as having been authorized or as being accurate. For greater certainty, to the extent that any information provided on the Company's website or by a proxy solicitation firm, if any, is inconsistent with this Company Circular, you should rely on the information provided in this Company Circular. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, over the Internet, in writing or in person. The Company has engaged a proxy solicitation firm, D. F. King, to solicit proxies on behalf of the Company. The cost of the proxy solicitation firm engaged to solicit proxies will be paid by the Company and will be approximately \$70,000.

This Company Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Company Shareholders should not construe the contents of this Company Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors.

The information concerning the Purchaser and SIRI contained in this Company Circular has been provided by the Purchaser or the Guarantor. Although the Company has no knowledge that would indicate that any statements contained herein are untrue or incomplete, the Company does not assume any responsibility for the accuracy or completeness of such information, or for any failure by the Purchaser or the Guarantor, any of their affiliates or any of their respective Representatives to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company. The Company believes that, in accordance with the Arrangement Agreement, the Purchaser and the Guarantor provided the Company with all necessary information concerning the Purchaser and SIRI (including for greater certainty but not limited to, all information relating to SIRI, the Exchangeable Shares and the SIRI Shares) that is required by law to be included in this Company Circular and that the Purchaser and the Guarantor ensured that such information does not contain any misrepresentation (as such term is defined in the Arrangement Agreement).

All summaries of, and references to, the Arrangement and the Arrangement Agreement in this Company Circular are qualified in their entirety by, in the case of the Plan of Arrangement, the complete text of the Plan of Arrangement, a copy of which is attached at Appendix "B", and, in the case of the Arrangement Agreement, the complete text of the Arrangement Agreement, which is available on SEDAR at www.sedar.com. **You are urged to read carefully the full text of the Plan of Arrangement and the Arrangement Agreement.**

All capitalized terms used in this Company Circular but not otherwise defined herein have the meanings set forth in the "Glossary" starting on page 89. Information contained in this Company Circular is given as of July 29, 2016, unless otherwise stated and assumes no Company Options are exercised after such date.

NOTICE TO SECURITYHOLDERS IN THE UNITED STATES

THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE ADEQUACY OR ACCURACY OF THIS COMPANY CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The SIRI Shares to be issued under the Arrangement have not been registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and are being issued in reliance on the exemption from registration set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Arrangement to Company Shareholders after being advised prior to the hearing on the Final Order by the Guarantor and SIRI that the Guarantor and SIRI will rely on the Final Order, if granted, as a basis for an exemption from registration under the U.S. Securities Act for such SIRI Shares pursuant to Section 3(a)(10) of the U.S. Securities Act.

This Company Circular has been prepared in accordance with applicable disclosure requirements under applicable Canadian laws. Company Shareholders in the United States should be aware that these requirements may be different from those of the United States or other jurisdictions. Company Shareholders in the United States should be aware that the Arrangement may have tax consequences both in Canada and in the United States. Such consequences may not be fully described in this Company Circular, and Company Shareholders are urged to consult their own tax advisors. This Company Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations to Company Shareholders. No tax advice or opinion whatsoever is being provided to Company Shareholders who are resident in jurisdictions other than Canada (including Company Shareholders that are United States taxpayers). See “Certain Canadian Federal Income Tax Considerations”.

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Exchange Act**”). This Company Circular has been prepared in accordance with applicable disclosure requirements in Canada. Company Shareholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements and information included herein have been prepared in accordance with International Financial Reporting Standards, and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable to financial statements and information of United States companies prepared in accordance with United States generally accepted accounting principles.

The enforcement by Company Shareholders of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Company is organized and exists under the laws of Canada; that a number of directors and officers of the Company are residents of Canada; and that all or a substantial portion of the Company’s respective assets, and those of their officers and directors, may be located outside of the United States. As a result, it may be difficult or impossible for Company Shareholders to effect service of process within the United States upon the Company, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

U.S. Company Shareholders should not assume that the courts of Canada (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

SIRI is subject to the reporting requirements of the U.S. Exchange Act and files annual and current reports with the SEC. Such documents may be obtained by visiting the SEC’s website at www.sec.gov.

CURRENCY

All currency amounts referred to in this Company Circular, other than in respect of the information concerning SIRI

incorporated by reference in Appendix “G”, which is expressed in United States dollars, and unless otherwise stated, are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

Statements and information are forward-looking when they use what the Company, the Purchaser or the Guarantor knows and expects today to make a statement about the future. “Forward-looking statements” and “forward-looking information” as defined under applicable Securities Laws may be identified by the use of words such as *aim, anticipate, assumption, believe, could, estimate, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target* and *will* and similar expressions related to matters that are not historical facts.

Securities Laws encourage companies to disclose forward-looking information so that investors can get a better understanding of a company’s future prospects and make informed investment decisions.

This Company Circular and its appendices, including the documents incorporated by reference, contain forward-looking statements and information including, but not limited to, those relating to the Arrangement, information concerning the Company, the Purchaser and SIRI, and other statements that are not historical facts. Furthermore, certain statements made herein, including, but not limited to, those relating to the tax treatment of Company Shareholders, the satisfaction of the conditions to consummate the Arrangement, the forms of consideration available to Company Shareholders, the expected sources of funding of the Arrangement, the process for obtaining CRTC Approval and other approvals, the expected Effective Date of the Arrangement, the anticipated effect of the Arrangement, the consequences of the Arrangement not being completed, and other statements that are not historical facts, are also forward-looking statements and information. All such forward-looking statements and information are subject to important risks (including those set out herein under the heading “Risk Factors”), uncertainties and assumptions. Forward-looking statements and information are forward-looking because they are based on the Company’s, the Purchaser’s, the Guarantor’s and SIRI’s current expectations, estimates and assumptions. All such forward-looking statements and information are made as applicable pursuant to the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. It is important to know that:

- unless otherwise indicated, forward-looking statements and information in this Company Circular and its appendices describe the Company’s, the Purchaser’s, the Guarantor’s or SIRI’s expectations as at July 29, 2016 and accordingly, are subject to change after such date;
- the Company’s, the Purchaser’s, the Guarantor’s or SIRI’s actual results and events could differ materially from those expressed or implied in the forward-looking statements and information in this Company Circular and its appendices, including the documents incorporated by reference, if known or unknown risks affect their respective businesses or the Arrangement, or if their estimates or assumptions turn out to be inaccurate. As a result, the Company, the Purchaser, the Guarantor and SIRI cannot guarantee that the results or events expressed or implied in any forward-looking statement and information will materialize, and accordingly, you are cautioned against relying on these forward-looking statements and information; and
- the Company, the Purchaser, the Guarantor and SIRI disclaim any intention and assume no obligation to update or revise any forward-looking statement or information, herein or in any document incorporated by reference, even if new information becomes available, as a result of future events or for any other reason, except in accordance with applicable Canadian securities legislation.

The Company, the Purchaser, the Guarantor and SIRI made a number of assumptions with respect to the forward-looking statements and information in this Company Circular and its appendices, including the documents incorporated by reference. In particular, in providing such statements and information, they have assumed, among other things: that the Arrangement will receive the Required Approval, the Court approval and the CRTC Approval; the other conditions to the Arrangement will be satisfied on a timely basis in accordance with their terms; anticipated benefits of the Arrangement; the timing of the Company Meeting; the accuracy of advice received from professional advisors; the availability of the Exchangeable Share Consideration; there will be no material changes to government regulations adversely affecting the Company’s, the Purchaser’s, the Guarantor’s or SIRI’s operations; and that the impact of the current economic climate and the current global financial conditions on the Company’s, the Purchaser’s, the Guarantor’s and SIRI’s operations, including their financing capacity, and asset value, will remain consistent with the Company’s, the Purchaser’s, the Guarantor’s and SIRI’s current respective expectations. Although the Company, the Purchaser, the Guarantor and SIRI

believe that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that the forward-looking statements or information will prove to be accurate.

By their nature, forward-looking statements and information are based on assumptions and involve known and unknown risks, uncertainties and other factors that may cause the Company's, the Purchaser's, the Guarantor's and/or SIRI's respective actual results, performance or achievements, or industry results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements and information. In particular, there are certain risks related to the consummation of the Arrangement and the business and operations of the Purchaser, the Guarantor or SIRI (including the business and operations that are currently being conducted and undertaken by the Purchaser, the Guarantor and SIRI and those that will be conducted and undertaken by the Purchaser, the Guarantor or SIRI upon consummation of the Arrangement) including, but not limited to, the risk of failure to satisfy the conditions to completion of the Arrangement (including obtaining the Required Approval, the Court Approval and the CRTC Approval) and the risk that the anticipated benefits of the Arrangement may not be realized. For a discussion regarding such risks, see "Risk Factors".

See also any forward-looking statements disclaimers contained in the documents and information concerning SIRI incorporated by reference in Appendix "G".

SUMMARY

The Arrangement

The Arrangement contemplates, among other things, the acquisition by the Purchaser of all of the outstanding Class A Shares, Class B Shares and Class C Shares.

Each Company Shareholder (other than a Dissenting Shareholder) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class A Share: (i) \$4.50 in cash; (ii) 0.898 of a SIRI Share; or (iii) 0.898 of an Exchangeable Share, or a combination thereof as described herein under "The Arrangement – Arrangement Mechanics – Election", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Each Company Shareholder will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class B Share: (i) \$1.50 in cash; (ii) 0.299 of a SIRI Shares; or (iii) 0.299 of an Exchangeable Share, or a combination thereof as described herein under "The Arrangement – Arrangement Mechanics – Election", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Notwithstanding the foregoing, the maximum aggregate number of SIRI Shares and Exchangeable Shares that may be issued to Company Shareholders pursuant to the Arrangement is 35,000,000. The payment of the Exchangeable Share Consideration pursuant to the Plan of Arrangement is subject to: (i) the Company and the Purchaser obtaining the Exemptive Relief prior to the Effective Time; and (ii) Company Shareholders electing to exchange their Company Shares under the Plan of Arrangement for aggregate Exchangeable Share Consideration having an equivalent value of at least \$25,000,000.

As such, the payment of the Consideration described above is subject to: (i) the proration provisions described below under "The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration"; (ii) the treatment of a portion of the Class A Shares owned by the Continuing Canadian Shareholder Group described below under "The Arrangement — Arrangement Mechanics"; and (iii) the availability of the Exchangeable Share Consideration described below under "Summary of Arrangement Agreement – Exchangeable Share Consideration".

Any Company Shareholder (other than a Dissenting Shareholder) who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration in respect of such holder's Company Shares.

The Arrangement will be implemented by way of a court-approved plan of arrangement under the OBCA pursuant to the terms of the Arrangement Agreement. The Plan of Arrangement is attached to this Company Circular as Appendix "B". See also "The Arrangement".

The Company Meeting

The Company Meeting of the Company Shareholders will be held at TMX Broadcast Centre, Exchange Tower 130 King Street West, Ground Floor, Toronto, Ontario, M5X 1J2, at 10:00 am (Toronto time) on August 30, 2016. The business of the Company Meeting will be to consider and, if thought appropriate, to pass, with or without variation, the Arrangement Resolution, the full text of which is set forth at Appendix “A”.

Company Voting Shareholders may also be asked to consider other business that properly comes before the Company Meeting or any postponement or adjournment thereof. See “Information Concerning the Company Meeting and Voting”.

The Purchaser, the Guarantor and SIRI

The Purchaser is an Ontario incorporated company. As of the Effective Time, Slight and Obelysk will together hold 67% of the voting interests and 30% of the equity of the Purchaser, with the Guarantor holding the balance of the voting interests and equity. The holders of the Exchangeable Shares (if any) will also own non-voting shares in the capital of the Purchaser. As of the Effective Time, a majority of the directors of the Purchaser will be resident Canadians and the Purchaser will be eligible under the CRTC Direction to control the Company and the Company Subsidiary. The Purchaser and the Company will be amalgamated immediately following the Effective Time to form Amalco.

Background to the Arrangement

The provisions of the Arrangement are the result of arm’s length negotiations conducted among the Company (including through the Special Committee), the Guarantor, the Continuing Canadian Shareholder Group and their respective Representatives and advisors.

See “The Arrangement — Background to the Arrangement” and “The Arrangement — Reasons for the Recommendation of the Special Committee”.

Key Reasons to Support the Arrangement

There are a number of reasons to support the Arrangement as outlined under the heading “The Arrangement – Reasons for the Recommendation of the Special Committee”, including, among others:

A premium priced offer

- The \$4.50 consideration to be paid to holders of Class A Shares under the Arrangement represents a premium of 22.3% over the closing price of Class A Shares on the TSX on February 11, 2016 (the day prior to the Company’s announcement that it had been approached regarding a potential corporate transaction) and a premium of 17.7% over the 20-day volume-weighted average trading price of the Class A Shares on the TSX for the period ending February 11, 2016.

Consideration is fair from a financial point of view based on third party opinions and within the Formal Valuation range

- The Company received Fairness Opinions from EY and NBF confirming that the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such holders.
- EY prepared a Formal Valuation and the Consideration to be paid to holders of Class A Shares under the Arrangement is within the range established by such Formal Valuation.

Opportunity to remain invested in the satellite radio market

- Company Shareholders can elect to receive Consideration in the form of publically traded shares of SIRI, subject to certain limitations.

- Company Shareholders can elect to receive Consideration in the form of Exchangeable Shares that are exchangeable into publically traded shares of SIRI, subject to certain limitations and satisfaction of certain conditions.

Better strategic and economic alignment of Canadian and U.S. companies, significantly reducing risks that would reasonably be expected to impact the Company's financial condition, results of operations and prospects, including its ability to pay dividends

- The Arrangement resolves risks associated with the Company's general dependence on the Guarantor and SIRI and, following discussions undertaken as part of the evaluation of the Arrangement, contractual risk around the significant likelihood that the royalty rates paid by the Company to SIRI (under the XM Licence Agreement and the Sirius Licence Agreement) could increase materially upon expiry and extension of such agreements.
- The Arrangement removes exposure for Company Shareholders to the Company's dispute with SIRI relating to the activation fees paid under the XM Licence Agreement.
- The Company will be better positioned competitively as technology continues to evolve and competition increases from unlicensed competitors which may be foreign owned and controlled and are not subject to the same regulatory restrictions and fees as the Company.

Secured voting support

- The Continuing Canadian Shareholder Group has entered into Voting Support Agreements to vote their Company Shares in favour of the Arrangement.
- CBC announced its intention to vote in favour of the Arrangement.

See "The Arrangement – Reasons for the Recommendation of the Special Committee".

Recommendation of the Special Committee

In making its determinations and recommendations, the Special Committee considered and relied upon a number of substantive factors, carefully considered all aspects of the Arrangement Agreement and the Arrangement, and considered a variety of uncertainties, risks and other potentially adverse consequences concerning the Arrangement and the Arrangement Agreement. See "The Arrangement — Recommendation of the Special Committee".

Having undertaken a thorough review of, and carefully considered, information concerning the Company, its various stakeholders, the Guarantor and the Arrangement, and after consulting with financial and legal advisors, the Special Committee has unanimously determined that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and unanimously recommended that the Board approve the Arrangement and recommend that the Minority Shareholders vote in favour of the Arrangement.

Recommendation of the Board

After careful consideration by the Board, the Board has unanimously concluded (with the Interested Directors abstaining from voting and not participating in the review of the Arrangement) that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and unanimously recommends (with the Interested Directors abstaining) that the Minority Shareholders vote FOR the Arrangement Resolution.

In adopting the Special Committee's recommendations and concluding that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, the Board consulted with outside financial and legal advisors, considered and relied upon the same factors and considerations that the Special Committee relied upon, as described above, and adopted the Special Committee's analysis in its entirety.

Formal Valuation

On May 12, 2016, in connection with the Arrangement, the Special Committee received a Formal Valuation from EY, independent financial advisor to the Special Committee, as to the valuation of the Class A Shares as at May 6, 2016.

Based upon and subject to the analyses, assumptions, qualifications and limitations discussed in the Formal Valuation, EY is of the opinion that, as of May 6, 2016, the fair market value of the Class A Shares is in the range of \$3.96 to \$4.83 per Class A Share.

EY is independent of all Interested Parties to the Arrangement, in accordance with the requirements of MI 61-101. Neither EY nor any of its affiliated entities, as defined in MI 61-101: (a) is an associated or affiliated entity or issuer insider (as such terms are defined for the purposes of MI 61-101) of any Interested Party (as such term is defined for purposes of MI 61-101); (b) is an advisor to any Interested Party (as such term is defined for purposes of MI 61-101) in connection with the Arrangement (except in connection with the EY Fairness Opinion and Formal Valuation); (c) is a manager or co-manager of a soliciting dealer group for the Arrangement (or a member of the soliciting dealer group for the Arrangement providing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to the other members of the group); (d) is the external auditor of the Company or any Interested Party (as such term is defined for purposes of MI 61-101); or (e) will receive compensation that will depend in whole or in part on the conclusions reached in the Formal Valuation and the EY Fairness Opinion or the outcome of the Arrangement or has any financial interest in the completion of the Arrangement.

Fairness Opinions

In connection with the Arrangement, the Special Committee received a fairness opinion and formal valuation from EY as well as a fairness opinion from its financial advisor, NBF, each fairness opinion to the effect that the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such holders. Summaries of the Fairness Opinions are included in this Company Circular, and the full text of the Fairness Opinions, which set forth among other things, certain assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken by EY and NBF in connection with the Fairness Opinions, are attached at Appendix "C-1" and Appendix "C-3". The Fairness Opinions were provided solely for the use of the Special Committee in connection with their consideration of the Arrangement and are not recommendations as to how Company Voting Shareholders should vote in respect of the Arrangement Resolution. See "The Arrangement — EY Fairness Opinion and Formal Valuation" and "The Arrangement – NBF Fairness Opinion".

Interests of Certain Persons in the Arrangement

In considering the recommendations of the Board with respect to the Arrangement, the Company Voting Shareholders should be aware that certain directors and executive officers, have certain interests in connection with the Arrangement as further described herein that may be in addition to, or separate from, those of the Company Voting Shareholders generally in connection with the Arrangement, in the form of payments under existing employment arrangements with the Company that may be applicable as a result of the Arrangement. See "The Arrangement – Interests of Certain Persons in the Arrangement".

Slaight, Obelysk and the Guarantor, being part of the Purchaser Group, have an interest in the Arrangement which precludes their votes from being counted for the purposes of "minority approval" in accordance with MI 61-101, as described below. The Interested Directors, having disclosed a material interest in the Arrangement, have not participated in the review of the Arrangement, and have abstained from voting on the determination of the Board that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and the recommendation that the Minority Shareholders vote FOR the Arrangement Resolution.

The Board is aware of these interests and considered them along with other matters described herein.

Voting Support Agreements

On May 12, 2016, each of Slaight, Obelysk and John Bitove, and certain directors, officers and employees of the Company, entered into the Voting Support Agreements in connection with the Arrangement.

The Supporting Shareholders beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 19,380,958 Class A Shares as at July 29, 2016 (20,317,338 Class A Shares on a fully diluted basis after exercises of in-the-money Company Options and settlement of Company RSUs) and 30,729,510 Class B Shares which represent 100% of the outstanding Class B Shares.

If the Arrangement is completed all of the Company Shares held by such Supporting Shareholders, other than the 3,333,334 Class A Shares which are being exchanged for Purchaser Class A Shares, will receive Cash Consideration, SIRI Share Consideration and/or Exchangeable Share Consideration subject to their elections on the same terms as public shareholders on a per security basis. See “The Arrangement — Voting Support Agreements”.

Intention of CBC

CBC is one of the Company’s significant shareholders. CBC has issued a press release announcing that it intends to vote for the Arrangement Resolution, and to sell 100% of its 13,056,787 Class A Shares for the Consideration offered under the Plan of Arrangement. CBC is involved with the transaction only in its capacity as a holder of the Company’s publicly traded Class A Shares and will be treated identically to public shareholders on a per security basis. CBC is not entitled to receive, as a consequence of the Arrangement, any collateral benefit, and its existing contractual arrangements will not be affected and no commitments in respect of such contractual arrangements were made or offered as a result of the Arrangement.

Required Securityholder Approval

At the Company Meeting, Company Voting Shareholders will be asked to vote to approve the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of not less than:

- (a) 66 2/3% of the votes cast on the Arrangement Resolution by Company Voting Shareholders present in person or represented by proxy at the Company Meeting voting together as a single class; and
- (b) a majority of the votes attached to the Class A Shares held by Company Shareholders present in person or represented by proxy at the Company Meeting, excluding for this purpose votes attached to Voting Shares held by persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

To the knowledge of the Company after reasonable inquiry, as at the date hereof, the Company Shareholders whose votes are required to be excluded for purposes of “minority approval” contemplated by clause (b) are the Guarantor, Slight and Obelysk.

To the knowledge of the Company after reasonable inquiry, as at the date hereof, the Company Shareholders whose votes are required to be excluded for purposes of “minority approval”, as contemplated by clause (b) above, beneficially owned, or exercised control or direction over, (i) an aggregate 52,281,405 Class A Shares representing approximately an aggregate 49.88% of the outstanding Class A Shares, (ii) an aggregate 30,729,510 Class B Shares representing an aggregate 100% of the outstanding Class B Shares, and (iii) an aggregate 13,638,527 Class C Shares representing an aggregate 100% of the outstanding Class C Shares. See “Certain Legal and Regulatory Matters — Securities Laws Matters – Minority Approval” and “The Arrangement – Required Securityholder Approval”.

Consideration to be Received by Company Shareholders Under the Arrangement

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder’s election, for each Class A Share: (i) \$4.50 in cash; (ii) 0.898 of a SIRI Share; or (iii) 0.898 of an Exchangeable Share, or a combination thereof as described below under “The Arrangement – Arrangement Mechanics – Election”, depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder’s election, for each Class B Share: (i) \$1.50 in cash; (ii) 0.299 of a SIRI Share; or (iii) 0.299 of an Exchangeable Share, or a combination thereof as described below under “The Arrangement – Arrangement Mechanics – Election”, depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

The payment of the Consideration described above is subject to: (i) the proration provisions described below under “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”; (ii) the

treatment of a portion of the Class A Shares owned by the Continuing Canadian Shareholder Group described below under “The Arrangement — Arrangement Mechanics”; and (iii) the availability of the Exchangeable Share Consideration described below under “Summary of Arrangement Agreement – Exchangeable Share Consideration”.

Any Company Shareholder (other than a Dissenting Shareholder) who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration in respect of such holder’s Company Shares.

The Plan of Arrangement is attached to this Company Circular as Appendix “B”. See also “The Arrangement – Effect of the Arrangement”.

Consideration to be Received by Holders of Company Options and Company RSUs Under the Arrangement

In respect of each Company Option outstanding immediately prior to the Effective Time, on an accelerated basis and whether vested or unvested, the holder of the Company Option will receive an amount equal to the Class A Cash Consideration less the applicable exercise price in respect of such Company Option and applicable withholdings (for greater certainty, where such amount is nil or negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option). Holders of Company Options will receive no consideration for the 1,844,747 “out of the money” Company Options, which will be cancelled.

In respect of each Company RSU outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), the holder of the Company RSU will receive an amount equal to the Class A Cash Consideration provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00, less applicable withholdings.

See “The Arrangement – Effect of the Arrangement”.

Certain Legal and Regulatory Matters

Completion of the Arrangement is subject to the conditions precedent contained in the Arrangement Agreement having been satisfied, including receipt of the following:

- the Required Approval at the Company Meeting;
- the Final Order; and
- the CRTC Approval.

See “Certain Legal and Regulatory Matters”.

On July 28, 2016, prior to the mailing of this Company Circular, the Interim Order was granted providing for the calling and holding of the Company Meeting and certain other procedural matters. A copy of the Interim Order is attached as Appendix “E”. It is expected that, subject to the approval of the Arrangement Resolution by the Company Voting Shareholders at the Company Meeting, an application will be made to the Court for the hearing on the Final Order shortly after the Company Meeting. At the hearing on the Final Order, the Court will determine whether to approve the Arrangement in accordance with the legal requirements and the evidence before the Court.

Except as otherwise provided in the Arrangement Agreement, the Company will file the Articles of Arrangement with the Director, and cause the Effective Date to occur, within five Business Days following the Election Deadline. The Election Deadline will be a Business Day that is at least ten Business Days following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the closing conditions in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

The Company will provide at least 10 Business Days' notice of the Election Deadline to Shareholders by means of a news release disseminated on a national newswire in Canada.

It is anticipated that the Arrangement will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Approval, the Court Approval and the CRTC Approval. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when or if the Arrangement will become effective. As provided under the Arrangement Agreement, the Arrangement cannot be completed later than November 30, 2016, unless such Outside Date is extended in accordance with terms of the Arrangement Agreement. See "Summary of Arrangement Agreement — Termination".

Non-Solicitation Provisions

Pursuant to the Arrangement Agreement, the Company agreed not to, directly or indirectly, through any Representatives, or otherwise, and agreed not to permit any such Person to: (i) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; (ii) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal; (iii) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal; or (iv) enter into or publicly propose to enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement with such Person).

See "Summary of Arrangement Agreement – Additional Covenants Regarding Non-Solicitation".

Right to Match

Pursuant to the Arrangement Agreement, the Company agreed that if the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Approval, the Board may, subject to compliance with applicable termination provisions, enter into a definitive agreement with respect to such Acquisition Proposal and/or withdraw or modify the Board Recommendation, if and only if: (i) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction; (ii) the Company has been, and continues to be, in compliance with its obligations under the non-solicitation covenants; (iii) the Company has delivered to the Purchaser a Superior Proposal Notice; (iv) the Company has provided the Purchaser a copy of the definitive agreement for the Superior Proposal; (v) at least five Business Days have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and a copy of the proposed definitive agreement for the Superior Proposal from the Company; (vi) during this five day Matching Period, the Purchaser has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal; (vii) if the Purchaser has offered to amend the Arrangement Agreement and the Arrangement, the Board has determined in good faith, after consultation with the Company's outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the Purchaser; (viii) the Board has determined in good faith, after consultation with the Company's outside legal counsel that it is necessary for the Board to enter into a definitive agreement with respect to such Superior Proposal and/or withdraw or modify the Board Recommendation in order to properly discharge its fiduciary duties; and (ix) prior to or concurrent with entering into such definitive agreement, the Company terminates the Arrangement Agreement and pays the Termination Fee in accordance with the relevant termination provision.

See "Summary of Arrangement Agreement – Additional Covenants Regarding Non-Solicitation – Right to Match".

Termination Fee

The Arrangement Agreement provides that a Termination Fee in the amount of \$10,000,000 is payable by the Company to the Purchaser if the Arrangement Agreement is terminated in certain circumstances, including if the Company terminates the Arrangement Agreement in the context of a Superior Proposal or if the Board or the Special Committee makes a Change in Recommendation. See "Summary of Arrangement Agreement – Termination Fees" for additional details.

Dissenting Shareholders' Rights

Registered Shareholders holding Class A Shares are entitled to dissent from the Arrangement Resolution in the manner provided in section 185 of the OBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must provide a Dissent Notice to the Company at its principal executive office located at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7 by mail, hand or courier to the attention of the General Counsel at or before 10:00 a.m. (Toronto time) on August 26, 2016 or, in the event that the Company Meeting is adjourned or postponed, no later than 10:00 a.m. (Toronto time) on the date that is two Business Days before the adjourned or postponed Company Meeting is reconvened or held, as the case may be. A failure to strictly comply with the provisions of the OBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of a Company Shareholder's Dissent Rights.

Registered Shareholders who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Class A Shares as determined under the applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Arrangement. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Dissent Shares.

In many cases, Class A Shares beneficially owned by a Non-Registered Shareholder are registered either (a) in the name of an Intermediary or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise Dissent Rights directly (unless the Class A Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Class A Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Class A Shares are registered in the name of CDS or other clearing agency, may require that such Class A Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Class A Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

See "Dissenting Shareholders' Rights".

Certain Canadian Federal Income Tax Considerations

For discussion of the Canadian federal income tax consequences of the Arrangement, please see the discussion under the heading "Certain Canadian Federal Income Tax Considerations".

Other Tax Considerations

This Company Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations to Company Shareholders. No tax advice or opinion whatsoever is being provided in this Company Circular to Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada (including Company Shareholders that are United States taxpayers). The tax implications of the Arrangement for Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada may be materially different than as set out under the heading "Certain Canadian Federal Income Tax Considerations". Accordingly, Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada (including Company Shareholders that are United States taxpayers) are urged to consult their own independent tax advisors with respect to the relevant tax implications of the Arrangement and for advice regarding the specific tax considerations applicable to them, including, without limitation, any associated filing requirements, in such jurisdictions.

All Company Shareholders should consult their own independent tax advisors regarding relevant federal, state, provincial, territorial or other tax considerations of the Arrangement having regard to their own circumstances. See "Risk Factors".

Risk Factors

The risk factors described under "Risk Factors" should be carefully considered by Company Voting Shareholders in evaluating whether to approve the Arrangement Resolution.

FREQUENTLY ASKED QUESTIONS

About the Company Meeting

The following questions and answers about the Company Meeting, voting at the Company Meeting, and the Arrangement are designed to help you understand them in more detail.

About the Arrangement

What is a Plan of Arrangement?

A Plan of Arrangement is a statutory procedure under Ontario corporate law that allows companies to carry out transactions with the approval of their shareholders and the court. The Plan of Arrangement you are being asked to consider will provide for, among other things, the acquisition by the Purchaser of all of the issued and outstanding Company Shares.

I own Company Shares. What will I receive if the Arrangement is completed?

Pursuant to the Arrangement, the Purchaser will acquire all of the outstanding Company Shares.

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, and subject to certain limitations, for each Class A Share: (i) \$4.50 in cash; (ii) 0.898 of a SIRI Share; or (iii) 0.898 of an Exchangeable Share, or a combination thereof as described below under "The Arrangement – Arrangement Mechanics – Elections", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class B Share: (i) \$1.50 in cash; (ii) 0.299 of a SIRI Share; or (iii) 0.299 of an Exchangeable Share, or a combination thereof as described below under "The Arrangement – Arrangement Mechanics – Elections", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

The above is subject to: (i) the proration provisions described below under "The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration"; (ii) the treatment of a portion of the Class A Shares owned by the Continuing Canadian Shareholder Group described below under "The Arrangement — Arrangement Mechanics"; and (iii) the availability of the Exchangeable Share Consideration described below under "Summary of Arrangement Agreement – Exchangeable Share Consideration".

What premium does the consideration offered for the Class A Shares represent?

The consideration to be paid to holders of Class A Shares under the Arrangement represents a premium of 22.3% over the closing price of \$3.68 for the Class A Shares on the TSX on February 11, 2016, the day prior to the Company's announcement that it had been approached regarding a potential corporate transaction, and a premium of 17.7% over the 20-day volume-weighted average trading price of the Class A Shares on the TSX for the period ending February 11, 2016.

How do I make the election?

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class A Share: (i) \$4.50 in cash; (ii) 0.898 of a SIRI Share; or (iii) 0.898 of an Exchangeable Share, or a combination thereof, depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder, and subject to certain limitations.

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class B Share: (i) \$1.50 in cash; (ii) 0.299 in SIRI Shares; or (iii) 0.299 in Exchangeable Shares, or a combination thereof, depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder, and subject to certain limitations.

To make an effective election, a properly completed and duly executed Letter of Transmittal and Election Form, together with any certificates representing the Company Shares, must be received by the Depositary on or before the Election Deadline. If you are a Non-Registered Shareholder, you should carefully follow the instructions from the Intermediary that holds Class A Shares on your behalf. The Company will provide at least 10 Business Days' notice of the Election Deadline to Company Shareholders by means of a news release disseminated on a national newswire in Canada.

The Election Deadline shall be a Business Day that is at least ten (10) Business Days following a press release announcing the satisfaction or waiver of the conditions set out in the Arrangement Agreement, including receipt of the Required Approval, the Court Approval and the CRTC Approval, unless another time or date is agreed to in writing by the Parties.

Any Company Shareholder who has made an election by submitting a Letter of Transmittal and Election Form to the Depositary may revoke such election by written notice or by filing a later-dated Letter of Transmittal and Election Form received by the Depositary prior to the Election Deadline.

What happens if I do not make an election?

Any Company Shareholder (other than a Dissenting Shareholder) who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration in respect of such holder's Company Shares.

Am I guaranteed to receive what I elected?

Yes, if a Company Shareholder elects to only receive cash.

No, if a Company Shareholder elects to receive SRI Shares or Exchangeable Shares.

An election by a Company Shareholder to receive SRI Shares or Exchangeable Shares is subject to proration and rounding, as the maximum number of SRI Shares and Exchangeable Shares that may be issued pursuant to the Arrangement is 35,000,000. The availability of the Exchangeable Share Consideration is subject to receipt of the Exemptive Relief, and Company Shares being exchanged for Exchangeable Shares having an aggregate equivalent value of at least \$25,000,000.

In no event will a Company Shareholder be entitled to a fractional SRI Share or Exchangeable Share. Company Shareholders will receive a cash payment in respect of any fractional SRI Shares or Exchangeable Shares to which they are entitled.

Can the Purchaser change the allocation of cash, SRI Shares or Exchangeable Shares?

No. However, Company Shareholders who have elected to receive either SRI Shares or Exchangeable Shares may receive a combination of Cash Consideration, SRI Shares or Exchangeable Shares due to proration as the maximum number of SRI Shares and Exchangeable Shares that may be issued pursuant to the Arrangement is 35,000,000. Further, the availability of the Exchangeable Share Consideration is subject to receipt of the Exemptive Relief, and Company Shares being exchanged for Exchangeable Shares having an aggregate equivalent value of at least \$25,000,000. The Purchaser cannot change the aggregate allocation of Cash Consideration, SRI Shares or Exchangeable Shares available to Company Shareholders.

When will the Arrangement be completed?

It is anticipated that the Arrangement will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Approval, the Court Approval and the CRTC Approval. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when or if the Arrangement will become effective.

When must I be a Company Shareholder in order to receive the Consideration for my Company Shares?

You need to be a Company Shareholder at the Effective Time.

When will I receive the consideration for my Company Shares, my Company Options or my Company RSUs?

Company Shareholders will receive the Consideration for their Company Shares as soon as practicable after the Effective Time, provided they have sent all of the necessary documentation to the Depositary.

At or before the Effective Time, the Company will deposit or cause to be deposited with the Depositary, for the benefit of and to be held on behalf of the holders of Company Options and Company RSUs, the aggregate cash amount required for the payments in respect of the Company Options and Company RSUs pursuant to the Plan of Arrangement.

As soon as practicable after the Effective Time, the Depositary will deliver to each holder of Company Options and Company RSUs by wire, cheque, or other form of immediately available funds, the cash amount that such holder of Company Options and Company RSUs is entitled to receive under the Arrangement, net of applicable withholdings.

What will I have to do as a Shareholder to receive the Consideration for my Company Shares?

If you are a Registered Shareholder and wish to make an election, you must complete a Letter of Transmittal and Election Form and send it with the certificate(s) (if applicable) representing your Company Shares to the Depositary prior to the Election Deadline. The Depositary will (i) mail you a cheque by first class mail, or will send funds by electronic transfer, if applicable, or (ii) will mail you evidence of the SIRC Shares or Exchangeable Shares that you are entitled to receive under the Arrangement, as soon as reasonably practicable after the Effective Time, provided you have sent all of the necessary documentation to the Depositary.

If you are a Registered Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the election requirements of the Letter of Transmittal and Election Form, you shall be deemed to have elected to receive Cash Consideration in respect of your Company Shares.

If you are a Non-Registered Shareholder, you will receive your payment through your account with your broker, investment dealer, bank, trust company or other Intermediary that holds Company Shares on your behalf. You should contact your Intermediary if you have questions about this process.

About Approval of the Arrangement

What approvals are required for the Arrangement to become effective?

Completion of the Arrangement is subject to, among other things, the receipt of (i) the Required Approval, (ii) the Court Approval, and (iii) the CRTC Approval.

What is the Required Approval?

The approval of the Arrangement Resolution will require the affirmative shareholder vote of not less than:

- (i) 66 2/3% of the votes cast by the holders of Company Voting Shares, voting as a single class, and
- (ii) a majority of the votes cast by the holders of Class A Shares (other than interested Company Shareholders for the purpose of such vote).

What is the CRTC Approval?

Under regulations that are applicable to the Company and the Company Subsidiary, the Arrangement triggers the obligation to obtain the prior approval of the CRTC for the transfer of ownership of the Company Shares. In particular, the prior approval of the CRTC is required for (i) the temporary insertion of the Purchaser as a controlling shareholder of the Company pending the amalgamation of the Purchaser with the Company to form Amalco; (ii) each of Obelysk and Slaughter increasing their ownership interests to 33.5% of the voting interests of Amalco; and (iii) the Guarantor increasing its ownership interest to more than 50% of the common shares (i.e. those shares entitled to participate in the residual equity) of Amalco.

The Company and Company Subsidiary filed an application on May 27, 2016 with the CRTC for approval of these matters. The Company and Company Subsidiary also filed the Post-Closing Agreements with the CRTC since it is anticipated that the CRTC will consider the impact of such agreements on the compliance by Amalco and the Company Subsidiary with the CRTC Direction.

How will I know when all required approvals have been received?

The Company plans to issue a press release once all the necessary approvals have been received and conditions to the completion of the Arrangement have been satisfied or waived. The press release will also announce the Election Deadline. To make an effective election, a properly completed and duly executed Letter of Transmittal and Election Form, together with any certificates representing the Company Shares, must be received by the Depositary on or before the Election Deadline.

What happens if the Company Voting Shareholders do not approve the Arrangement?

If the Company does not receive the required vote by Company Voting Shareholders in favour of the Arrangement Resolution, the Arrangement will not become effective. Failure to complete the Arrangement could have a material negative effect on the market price of the Company Shares. The Company's business, financial condition, results of operations or prospects, including its ability to pay dividends, could also be materially adversely affected if the Arrangement is not completed. See "Risk Factors – Risks Relating to the Arrangement – Market Price of the Company Shares".

About Shares, Dividends and Options

Will the Class A Shares continue to be listed on the TSX after the Arrangement?

No. If the Arrangement is completed, all of the Company Shares will be owned by the Purchaser, and the Company expects the Class A Shares to be delisted from the TSX promptly after the Company Shares are acquired by the Purchaser.

Will the Company continue to pay dividends until the completion of the Arrangement?

Up to two ordinary course Permitted Dividends will be suspended during the term of the Arrangement Agreement. The Company may declare and pay a Permitted Dividend on or after December 1, 2016 provided that such Permitted Dividend may only be in respect of the fiscal quarter immediately preceding such date.

I hold Company Options. What will happen to my Company Options under the Arrangement?

In respect of each Company Option outstanding immediately prior to the Effective Time, on an accelerated basis and whether vested or unvested, the holder of the Company Option will receive an amount equal to the Class A Cash Consideration less the applicable exercise price in respect of such Company Option and applicable withholdings. Where such amount is nil or negative, such Company Option will be cancelled and no payment will be made in respect thereof.

I hold Company RSUs. What will happen to my Company RSUs under the Arrangement?

In respect of each Company RSU outstanding immediately prior to the Effective Time, on an accelerated basis and whether vested or unvested, the holder of the Company RSU will receive an amount equal to the Class A Cash Consideration less applicable withholdings, provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00.

Tax Consequences to Shareholders

What are the tax consequences of the Arrangement to me as a Company Shareholder?

This Company Circular contains a summary of the principal Canadian federal income tax considerations relevant to Company Shareholders. Please see the discussion under the heading “Certain Canadian Federal Income Tax Considerations”.

This Company Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations to Company Shareholders. No tax advice or opinion whatsoever is being provided to Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada (including Company Shareholders that are United States taxpayers). See “Risk Factors”.

Can I obtain a tax-deferred rollover for my Company Shares for Canadian federal income tax purposes?

Company Shareholders who qualify as Eligible Holders may elect to receive Exchangeable Shares as all or part of the consideration received in exchange for their Company Shares. Company Shareholders who receive Exchangeable Shares under the Arrangement will generally be able to obtain a full or partial tax-deferred rollover by filing a Joint Tax Election with the Purchaser. The rules and restrictions related to the Joint Tax Election, as well as the procedure for making the Joint Tax Election, are discussed in detail under the heading “Certain Canadian Federal Income Tax Considerations”. A Company Shareholder who elects to receive SIRI Shares will not be able to obtain a tax-deferred rollover in respect of Company Shares that are exchanged for SIRI Shares. See “Certain Canadian Federal Income Tax Considerations”.

Who to Call with Questions

Who can I contact if I have questions?

If you have any questions about the information contained in this Company Circular or require assistance in completing your form of proxy or Letter of Transmittal and Election Form, please contact the proxy solicitation and information agent, D.F. King, toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com or the Company’s transfer agent and depository, CST Trust Company at 1-800-387-0825 or by email at inquiries@canstockta.com. Alternatively, for up-to-date information and convenience in voting please visit the website: www.siriusxmcanadatransaction.ca.

If you have questions about deciding how to vote, you should contact your own legal, tax, financial or other professional advisor.

INFORMATION CONCERNING THE COMPANY MEETING AND VOTING

Solicitation of Proxies

This Company Circular is delivered in connection with the solicitation of proxies by and on behalf of the Company for use at the Company Meeting and any adjournment(s) or postponement(s) thereof. Proxies in the enclosed form are solicited by management. It is expected that the solicitation will be made primarily by mail but proxies may also be solicited by telephone, over the Internet, in writing or in person by employees of the Company. The Company has engaged a proxy solicitation firm, D. F. King, to solicit proxies on behalf of the Company. The cost of the proxy solicitation firm engaged to solicit proxies will be paid by the Company and will be approximately \$70,000. The Company has agreed to indemnify such proxy solicitation firm against certain liabilities arising out of or in connection with such engagement.

Appointment of Proxies

The persons named in the enclosed form of proxy are directors and executive officers of the Company. **Each Company Voting Shareholder is entitled to appoint a person (who need not be a Company Voting Shareholder) other than the individuals named in the enclosed form of proxy to represent such Company Voting Shareholder at the Company Meeting. If Company Voting Shareholders wish to appoint a person other than the persons whose names are printed on the enclosed form of proxy, they may insert the name of their chosen proxyholder in the space provided in the enclosed form of proxy.**

A Company Voting Shareholder who is a Registered Shareholder and who is unable to be present at the Company Meeting and who wishes to appoint some other person (who need not be a Company Voting Shareholder) to represent him or her at the Company Meeting may do so by inserting such person's name in the blank space provided therein and by returning the completed proxy to **CST Trust Company, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by facsimile at (416) 368-2502 or toll-free in Canada and the United States at 1-866-781-3111, by email to proxy@canstockta.com, by internet voting at www.cstvotemyproxy.com or by telephone toll-free in Canada and the United States at 1-888-489-5760, not later than 10:00 a.m. (Toronto time) on August 26, 2016 or if the Company Meeting is adjourned or postponed, prior to 10:00 a.m. (Toronto time) on the second Business Day before any adjourned or postponed Company Meeting.** The deadline for deposit of proxies may be waived or extended by the chair of the Company Meeting at his discretion, without notice.

Non-Registered Shareholders

Only Company Voting Shareholders who are Registered Shareholders or duly appointed individuals named in the form of proxy are permitted to vote at the Company Meeting. Most Company Voting Shareholders are Non-Registered Shareholders because the Company Shares they beneficially own are not registered in their names but instead registered in the name of an intermediary (an “**Intermediary**”), such as a broker, investment dealer, bank or trust company, or in the name of a depository, such as CDS Clearing and Depository Services Inc., in which the Intermediary is a participant. If you purchased your Company Shares through a broker, you are likely a Non-Registered Shareholder.

The Company Meeting materials are being sent to both Registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder and the Company or its agent has sent the Company Meeting materials directly to you, your name and address and information about your holding of Company Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Company Meeting materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Company Meeting materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the voting instruction form.

In accordance with applicable Securities Laws, the Company has distributed copies of the Company Meeting materials, being the Notice of Meeting, form of proxy and this Company Circular, to Intermediaries for distribution to Non-Registered Shareholders. Intermediaries are required to forward such Company Meeting materials to Non-Registered Shareholders and to seek their voting instructions in advance of the Company Meeting. Shares held by Intermediaries can only be voted in accordance with the instructions of the Non-Registered Shareholder. The Intermediaries often have their own form for obtaining voting instructions and their own mailing procedures. You should carefully follow the instructions from your Intermediary in order to ensure that your Company Shares are voted at the Company Meeting.

If, as a Non-Registered Shareholder, you wish to vote at the Company Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Intermediary and return the form to the Intermediary in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Company Meeting. Should you have any questions on how to complete the request for voting instructions, please contact your Intermediary, or if you require further assistance, please do not hesitate to contact the Company's proxy solicitation and information agent, D.F. King toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com. At the Company Meeting, you should see a representative of CST Trust Company.

Revocation of Proxies

A Registered Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so: (i) by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing or, if the Registered Shareholder is a corporation, under the corporate seal or by an officer or attorney thereof duly authorized (A) at the executive offices of the Company at 400-135 Liberty Street, Toronto, Ontario, M6K 1A7, at any time up to and including 5:00 p.m. (Toronto time) on the last Business Day preceding the day of the Company Meeting at which the proxy is to be used, or (B) with the chair of the Company Meeting before the time of voting on the day of the Company Meeting.

Non-Registered Shareholders who wish to revoke their proxies must arrange for their respective Intermediaries to revoke their proxies on their behalf in accordance with the instructions of such Intermediaries.

Voting of Proxies

The Company Shares represented by the accompanying form of proxy will be voted for or against in accordance with the instructions of the Company Voting Shareholder on any show of hands or ballot that may be called for and, if the Company Voting Shareholder specifies a choice with respect to any matter to be acted upon, the Company Shares will be voted accordingly. **If no specification has been made with respect to any such matter, then (a) where management nominees are appointed, the form of proxy will be voted as recommended by management, or (b) where any other person is appointed as proxyholder, the proxy will be voted as the proxyholder sees fit.**

The accompanying form of proxy confers discretionary authority upon the proxyholder named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Company Meeting or any adjournment or postponement thereof. At the date of this Company Circular, the Company knows of no such amendments, variations or other matters. If matters which are not known at the date hereof should properly come before the Company Meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxyholder.

Regardless of the manner in which you choose to vote, your proxy vote must be received by the Company by no later than 10:00 a.m. (Toronto time) on August 26, 2016 or if the Company Meeting is adjourned or postponed, prior to 10:00 a.m. (Toronto time) on the second Business Day before any adjourned or postponed Company Meeting. Late proxies may be accepted or rejected by the chair of the Company Meeting at his discretion and the chair of the Company Meeting is under no obligation to accept or reject any particular late proxy. Note that if you are a Non-Registered Shareholder, you must provide your voting instructions to your Intermediary sooner (preferably at least one Business Day prior to the deadline set by your Intermediary) to enable the Intermediary to act upon them prior to the deadline.

The Company may utilize Broadridge's QuickVote system, which involves non-objecting beneficial owners of Class A Shares being contacted by D.F. King, which is soliciting proxies on behalf of the Company, to obtain voting instructions over the telephone and relaying them to Broadridge (on behalf of the Company Voting Shareholder's Intermediary). While representatives of D.F. King are soliciting proxies on behalf of the Company, which is recommending the Company Voting Shareholders vote in favour of the Arrangement Resolution, Company Voting Shareholders are not required to vote in the manner recommended by the Company. The QuickVote system is intended to assist Company Voting Shareholders in placing their vote; however, there is no obligation for any Company Voting Shareholder to vote using the QuickVote system, and Company Voting Shareholders may vote (or change or revoke their votes) at any other time and in any other applicable manner described in this Company Circular. Any voting instructions provided by a Company Voting Shareholder will be recorded and such Company Voting Shareholder will receive a letter from Broadridge (on behalf of the Company Voting Shareholder's Intermediary) as confirmation that his, her or its voting instruction has been accepted. The Company may also reimburse brokers or other persons holding shares in their name, or in the name of the intermediaries for cost incurred in sending proxy materials to their principals or beneficial holders in order to obtain their proxies or voting instructions.

Record Date

The Company has fixed 5:00 p.m. (Toronto time) on July 29, 2016, as the record date for the purpose of determining Company Voting Shareholders entitled to receive notice of and vote at the Company Meeting or any adjournment or postponement thereof.

Voting Securities and Principal Holders Thereof

The authorized share capital of the Company consists of an unlimited number of Class A Shares, Class B Shares and Class C Shares. As at the Record Date, the Company had outstanding 104,813,543 Class A Shares, 30,729,510 Class B Shares and 13,638,527 Class C Shares. The percentage of aggregate voting rights attached to each class of shares as of the Record Date is approximately 77.3% in the case of the Class A Shares and approximately 22.7% in the case of the Class B Shares. There are no voting rights attached to the Class C Shares.

At all meetings of shareholders of the Company, except meetings at which only holders of another class of shares are entitled to vote, the holders of the Class A Shares are entitled to one vote in respect of each Class A Share and the holders

of the Class B Shares are entitled to one vote in respect of each Class B Share. Since each three Class B Shares are convertible into one Class A Share and have essentially the same economic rights on conversion as one Class A Share, the Class B Shares effectively have three times the voting entitlement of the Class A Shares for comparable equity participation. The Company does not have any other classes of voting securities.

The holders of the Class C Shares are entitled to receive notice of and to attend at any meetings of the shareholders of the Company, but are not entitled to vote at any such meetings (except where the holders of a specified class of shares are entitled to vote separately, in which case each holder of Class C Shares is entitled to one vote in respect of each Class C Share). The holders of the Class C Shares will not be entitled to vote on the Arrangement Resolution. In addition, Class C Shares are entitled to certain coattail provisions in the event that an offer is made, subject to certain conditions, to purchase Class A Shares or Class B Shares, all as more particularly described in the Company's annual information form dated November 30, 2015 for the fiscal year ended August 31, 2015.

To the knowledge of the Company, as at the Record Date, the following Persons were the only Persons who beneficially owned, directly or indirectly, or exercised control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company:

Principal Shareholder	Type of Ownership	Number of Class A Shares assuming conversion of Class B and Class C Shares	Percentage of Class A Shares Outstanding assuming conversion of Class B and Class C Shares ⁽²⁾	Voting Interest represented by # of Voting Shares ⁽³⁾	Percentage of Votes ⁽²⁾
Obelysk ⁽¹⁾	Direct	12,982,135	10.09%	23,154,901	17.08%
Guarantor ⁽⁴⁾	Direct	47,324,180	36.77%	33,685,653	24.85%
CBC ⁽⁵⁾	Direct	13,056,787	10.15%	13,056,787	9.63%
Slaight ⁽⁶⁾	Direct	15,856,787	12.32%	26,170,361	19.31%

Notes:

- (1) Obelysk is controlled by John Bitove. Obelysk holds its interest in the form of 15,259,149 Class B Shares and 7,887,307 Class A Shares. In addition, Mr. Bitove also directly or indirectly owns 8,445 Class A Shares.
- (2) On a non-diluted basis.
- (3) Includes both the Class A Shares and Class B Shares.
- (4) Guarantor holds its interest in the form of 33,685,653 Class A Shares and 13,638,527 Class C Shares.
- (5) CBC holds its interest in the form of 13,056,787 Class A Shares.
- (6) Slaight holds its interest in the form of 10,700,000 Class A Shares and 15,470,361 Class B Shares.

THE ARRANGEMENT

Background to the Arrangement

The Arrangement is the result of arm's length negotiations conducted among the Company (including through the Special Committee), the Purchaser Group, and their respective Representatives and advisors. The following is a summary of the material events, negotiations, discussions and actions leading up to the execution of the Arrangement Agreement, and the public announcement on May 13, 2016.

In April, 2015, at the instruction of the Board, Anthony Viner, an independent director and chairman of the Board, reached out to SIRI to commence discussions regarding renegotiation of the royalty rates payable under the Sirius License Agreement due to expire and subject to renewal in 2017, and potential revenue opportunities not currently exploited in Canada due to the absence of any agreements to provide such services.

In July and August, 2015, at the initiation of Obelysk and Slaight, representatives of each of Sirius XM Radio Inc., Obelysk and Slaight had preliminary and confidential discussions relating to possible solutions to the increasing number of issues between Sirius XM Radio Inc. and the Company. Such discussions focused on long terms solutions, and included consideration of whether the business could be restructured in a manner that would provide a liquidity opportunity to

shareholders (including, Obelysk and Slaight), comply with Canadian ownership and regulatory requirements, and better align the Company and Sirius XM Radio Inc. The discussions between Sirius XM Radio Inc., Obelysk and Slaight ceased by the end of August, 2015 and did not lead to any agreement or understanding among such parties.

In November, 2015, at the initiation of Obelysk and Slaight, representatives of Sirius XM Radio Inc., Obelysk and Slaight had subsequent confidential discussions regarding a going private transaction as the best option to resolve the issues between Sirius XM Radio Inc. and the Company. These discussions ceased by the end of November, 2015 and did not lead to any agreement or understanding among such parties.

In mid-January, 2016, representatives of each of Sirius XM Radio Inc., Obelysk and Slaight had follow-on discussions regarding the previously discussed and abandoned going private transaction. These discussions led to a non-binding term sheet being formally presented by Sirius XM Radio Inc. to the Board on February 2, 2016. The non-binding term sheet contemplated a cash offer price of \$4.25 per Class A Share.

In light of the continuing discussions between the parties and the fact that any going private or similar transaction involving the Company, the Guarantor and some or all of the significant Company Shareholders would constitute a “business combination” under MI 61-101, and with a view to ensuring appropriate safeguards for the Company and its stakeholders, the Board (with interested directors for such meeting not participating) met on February 5, 2016 to discuss the establishment of the Special Committee, and its mandate, in the context of the receipt of the non-binding term sheet.

On February 8, 2016, the Board resolved to establish the Special Committee consisting of Anthony Viner (chair), Christine Magee and Guy Johnson to more fully evaluate and consider any proposal that would be forthcoming.

The Special Committee was authorized to, among other matters, review, evaluate and negotiate any proposed transaction and supervise the process to be carried out by management and its professional advisors in assessing any proposed transaction (including considering any matters required under MI 61-101 and any other specific regulatory requirements related to the satellite radio business); review and consider any proposed structure, terms and conditions of a proposed transaction; review, evaluate and negotiate any third party proposal received by the Company, which had a reasonable prospect of being completed having regard to, among other things, the Guarantor’s current ownership; and to make a recommendation to the Board with respect to any proposed transaction or any relevant alternatives thereto.

In addition to numerous informal discussions and communications among the Special Committee members and advisors, the Special Committee subsequently met formally approximately 15 times over the course of three months in exercising its mandate including its supervision of the balance of the negotiation process prior to the announcement of the Arrangement Agreement on May 13, 2016. At virtually all such meetings, in addition to meeting with Company management and Company internal and external legal counsel, the Special Committee met with its independent legal counsel in in camera sessions.

On February 12, 2016, the Globe & Mail reported a potential transaction whereby the Class A Shares would be acquired for \$4.25 cash per share. The Board met and discussed the Company’s response to the media report, following which a press release was issued prior to markets opening on February 13, 2016 indicating that the Company had not received any binding proposal and was in early stage negotiations as to the viability of a potential transaction.

On February 12, 2016, management and members of the Special Committee met with potential candidates to serve as independent valuator and to provide a formal valuation in accordance with MI 61-101. On February 18, 2016, the Special Committee, having received confirmation as to the independence of EY and information as to EY’s experience with MI 61-101 transactions, appointed EY as independent valuator. The Special Committee entered into an engagement agreement with EY effective as of February 9, 2016, the date that EY was first contacted regarding a formal valuation.

On or about February 17, 2016, the Special Committee also formally engaged NBF to provide customary financial advisory and investment banking services in connection with a possible transaction involving the Company and to provide the Special Committee with a fairness opinion in respect thereof, if requested. The Special Committee entered into an engagement agreement with NBF effective as of February 5, 2016.

On February 25, 2016, the Special Committee engaged Blake, Cassels & Graydon LLP as its independent legal counsel. On a number of subsequent occasions, the Special Committee met and discussed with its legal counsel the mandate and duties of the Special Committee, including a review of the duties of directors in the context of any potential going private transaction.

On March 9, 2016, the Special Committee, together with its external advisors, met and received a presentation from EY regarding the valuation work performed to date and EY's preliminary views in respect of the Formal Valuation. The Special Committee also received an update from the Company's external legal counsel and NBF regarding the proposed terms of the proposed transaction, negotiations with the Guarantor, the preliminary regulatory considerations applicable to the transaction and the low likelihood of alternative transactions being available to the Company given its existing ownership and the key commercial arrangements with the Guarantor. Following these presentations, the Special Committee discussed the likelihood that the royalty rates paid by the Company to the Guarantor pursuant to the two license agreements could increase materially upon the expiry of such agreements and how the risks associated in negotiating renewal terms with the Guarantor might be addressed by the proposed transaction if it were completed.

On March 15, 2016, the Special Committee again met to discuss the approach to negotiations with the Guarantor. The Special Committee determined to seek a higher offer price from the Guarantor, as well as the inclusion of an option for shareholders to receive a portion of the consideration on a tax-deferred basis in the form of shares of the Purchaser exchangeable into shares of SIRI. The Special Committee discussed the uncertainties relating to the ownership structure of the private company and the regulatory and other implications of this determination.

On March 22, 2016, the Special Committee convened to review the status of negotiations with the Guarantor, including both discussions as to the offer price and the role of the significant Canadian shareholders in the Arrangement. At such meeting, EY provided the Special Committee with a review of the draft preliminary formal valuation, including a detailed overview of the analysis and assumptions forming part of the valuation process. The Special Committee discussed the sensitivity analysis and the appropriate discount rate to be applied as part of the analysis in order to account for the change in royalty rates anticipated following renewal of the license agreements.

On March 31, 2016, a further update meeting of the Special Committee was held. The Special Committee was advised that the Guarantor remained firm on its initial offer price, but had agreed to offer up to 50 per cent of the total consideration in the form of: shares of the Purchaser exchangeable into shares of SIRI, or shares of SIRI. The Special Committee also considered the status of the Company's ongoing activation fee discussions with the Guarantor. The Special Committee agreed that management should continue to discuss the activation fees with the Guarantor in an attempt to resolve the previously disclosed uncertainty regarding amounts due to the Guarantor.

On April 7, 2016, April 14, 2016, and April 21, 2016, the Special Committee met to discuss the ongoing negotiations with the Guarantor, other members of the Purchaser Group, and their legal and financial advisors.

On April 25, 2016, the Company received a demand letter from the Guarantor for an additional US\$33.9 million as "activation fees" under the XM Licence Agreement owed from 2005 to the end of January, 2016. The Guarantor also made a demand for its methodology to be used for calculating "activation fees" from February, 2016 onwards for the remainder of the current term of the XM Licence Agreement. The Company issued a press release on April 26, 2016 disclosing receipt of the demand letter, and articulating the Company's position that the Company was confident in its interpretation of the XM Licence Agreement and the calculation of the "activation fees" thereunder, and its intention to seek resolution of this matter through binding arbitration under the terms of the XM Licence Agreement.

On April 28, 2016, the Special Committee met and was advised that Obelysk and Slight would retain equity in the private company in order to facilitate the proposed transaction and would dispose of their remaining interest in the Company on the same terms as Minority Shareholders. The Special Committee was advised that, following a review of recent transaction structures, the Guarantor had proposed a suspension of the declaration and payment of up to two ordinary course dividends in return for raising the offer price to \$4.50 per Class A Share, and in order to maintain the Company's cash position and obtain favorable capital gains tax treatment for Company Shareholders. The Guarantor made it clear that, absent suspension of the dividends as per the Arrangement Agreement, it would not agree to an offer price higher than \$4.25. The proposed increase in offer price and dividend suspension would provide Company Shareholders with a higher offer price and the potential benefit in the event that the Arrangement closes prior to payment of the second ordinary course dividend, subject to Board discretion in respect of any such dividend declarations. The Special Committee instructed Company counsel to continue negotiations with the Purchaser Group to address a number of concerns raised by the Special Committee with the Arrangement structure including the regulatory terms and the closing conditions. The Special Committee was also advised that CBC had indicated its intention to sell its Company Shares and to announce that it would vote in favour of the Arrangement, provided that the offer price and other transaction terms were acceptable to CBC.

On May 5, 2016 and May 9, 2016, the Special Committee received presentations from EY and NBF, respectively, regarding their draft Fairness Opinions. The preliminary conclusions of both EY and NBF were that the Consideration to be received pursuant to the Arrangement by Minority Shareholders was fair, from a financial point of view, to such holders. Consequently, the Special Committee advised that negotiations should continue in order to finalize the terms of the Arrangement.

On May 9, 2016, the Special Committee met to review the most recent discussions between the parties. The Special Committee also considered, with advice from its independent legal counsel, the impact of suspending the dividend in exchange for higher cash consideration being offered to Company Shareholders, change of control issues impacting debt holders, option holders and contractual counterparties and the impact of the Arrangement on various stakeholders. The Special Committee concluded that the Arrangement would appropriately take into account the interests of the Company's stakeholders and that the ongoing discussions with the Guarantor and the other members of the Purchaser Group should continue. The Special Committee, with its independent legal counsel and the Company's legal counsel, also considered the proposed commercial terms contained in the governance and transaction documents proposed to be implemented following closing of the Arrangement, including the potential impact of such terms on the CRTC approval process.

On May 11, 2016, the Company Subsidiary and the Guarantor entered into a standstill agreement with respect to the issues raised in the Guarantor's demand letter as announced on April 26, 2016. The standstill agreement is terminable upon seven days' written notice by either party.

On May 12, 2016, the Special Committee received a report from EY on the Formal Valuation, which concluded that, based upon and subject to the assumptions, limitations, qualifications and other matters contained in the report, the fair market value of the Company's Class A Shares was in the range of \$3.96 to \$4.83 per Class A Share as of May 6, 2016. EY also presented its Fairness Opinion, which concluded that the Consideration payable under the Arrangement to the Minority Shareholders is fair, from a financial point of view. NBF updated its Fairness Opinion to May 12, 2016 and confirmed its conclusion that the Consideration to be received pursuant to the Arrangement by Minority Shareholders was fair, from a financial point of view, to such holders. The Special Committee also received advice from the Company's regulatory legal counsel regarding the terms of the transaction from a regulatory perspective.

After further consideration and discussion of the Arrangement with its advisors, the Special Committee determined that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) that the Arrangement is in the best interests of the Company, and accordingly recommended that the Board accept the terms of the Arrangement and recommend that shareholders vote in favour of the Arrangement. Following the Special Committee meeting, the Board, with the Interested Directors absent, met to consider the Arrangement.

After consideration and discussion, the Board, with each of the Interested Directors having disclosed a material interest in the transaction and having abstained from voting and from participating in the review of the Arrangement, based on the recommendation of the Special Committee, review of the Formal Valuation, the Fairness Opinions, and the advice of management, financial advisors and legal counsel, unanimously determined that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and unanimously recommended (with the Interested Directors abstaining) that the Minority Shareholders vote FOR the Arrangement Resolution.

The parties and their advisors concluded negotiations of the final terms of the Arrangement Agreement, the Voting Support Agreements, and the other transaction documents in parallel to and following the Special Committee and Board meetings on May 12, 2016. The Arrangement Agreement and Voting Support Agreements were executed in the evening on May 12, 2016, and prior to markets opening on May 13, 2016, the Company issued a press release announcing the execution of the Arrangement Agreement.

Reasons for the Recommendation of the Special Committee

In the course of its evaluation of the Arrangement and reaching its decision to recommend entry into the Arrangement Agreement, the Special Committee consulted with the Company's senior management, and received advice from outside advisors. The Special Committee carefully considered all aspects of the Arrangement Agreement and the Arrangement and considered a number of factors in determining that the Arrangement is in the best interests of the Company and is fair to the Minority Shareholders from a financial point of view and in recommending that the Board recommend that Minority Shareholders vote in favour of the Arrangement Resolution, including the following:

- EY and NBF provided Fairness Opinions to the effect that the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair, from a financial point of view, to such holders;
- EY provided a Formal Valuation to the Special Committee in compliance with MI 61-101 which concludes that the fair market value of the Class A Shares is between \$3.96 to \$4.83 per Class A Share;
- in addition to the Fairness Opinions and the Formal Valuation, the Special Committee discussed and considered additional factors and considerations including, among other things, the following:
 - that the Arrangement Agreement is the result of a robust and lengthy evaluation and negotiation process that was undertaken with the oversight and participation of the Special Committee, including approximately 15 duly constituted meetings of the Special Committee, and the Special Committee's outside legal counsel and financial advisors, and that it resulted in terms and conditions that are reasonable in the judgment of the Special Committee;
 - information concerning the business, operations, assets, financial condition, operating results, recent trading history and future prospects of the Company;
 - current industry, economic and market conditions, trends and expectations of the future prospects of the satellite radio industry in Canada based on evolution in technology since the Company's launch;
 - the regulatory framework under which the Company operates and the Special Committee's view of the low likelihood of significant regulatory changes in the near to medium term;
 - the economic performance of the Company in the period following April 28, 2015, being the date on which the Class A Shares reached their 52-week high on the TSX;
 - that the Consideration to be paid to holders of Class A Shares under the Arrangement represents a premium of 22.3% over the closing price of \$3.68 for the Class A Shares on the TSX on February 11, 2016, the day prior to the Company's announcement that it had been approached regarding a potential corporate transaction, and a premium of 17.7% over the 20-day volume-weighted average trading price of the Class A Shares on the TSX for the period ending February 11, 2016;
 - that the Consideration is within the valuation range presented in the Formal Valuation;
 - that the Company Shareholders may elect to receive consideration in publicly traded shares of SIRI, subject to certain limitations, which would allow such shareholders to participate in the future growth of SIRI and indirectly in the future growth of the Company and to benefit from the enhanced capital markets profile of SIRI, which has greater liquidity;
 - that the Company Shareholders may elect to receive consideration in the form of Exchangeable Shares of the Purchaser, subject to certain limitations and satisfaction of certain conditions, providing an opportunity for taxable Canadian shareholders to defer tax on such exchange;
 - that the fixed Exchange Ratio of 0.898 of a SIRI Share or an Exchangeable Share per Class A Share is a term of the Arrangement Agreement, and Company Shareholders are not required to elect the form of Consideration until the Election Deadline, shortly before the Effective Time, affording Company Shareholders the option of assessing the relative value of SIRI Shares or Exchangeable Shares relative to the Class A Cash Consideration at the Election Deadline, and conversely, Company Shareholders have the certainty of always being able to elect to receive the Class A Cash Consideration without proration at the Election Deadline;
 - that the Arrangement is not subject to a financing condition;
 - given the existing ownership of the Company and the commercial arrangements with the Guarantor and SIRI which form the basis of the Company's operations, the low likelihood of alternative transactions being available to the Company;

- that a third party wishing to acquire the Company would require the consent of the Guarantor given that the Guarantor may terminate the XM License Agreement in the event of a change of control of the Company;
- the Company's general dependence on the Guarantor and SIRI and, following discussions undertaken as part of the evaluation of the Arrangement, the significant likelihood that the royalty rates paid by the Company to the Guarantor under the XM License Agreement, and the Sirius Licence Agreement, could increase materially upon expiry and extension of such agreements (including in connection with the renewal or extension of the Sirius Licence Agreement next year) which would reasonably be expected to impact the Company's financial condition, results of operations and prospects, including its ability to pay dividends, and the fact that the Arrangement will resolve the risks of such contractual uncertainty;
- that the Company is in a dispute with the Guarantor relating to the activation fees paid to the Guarantor pursuant to the XM Licence Agreement and that the Arrangement, if completed, will remove exposure for Company Shareholders in the event this dispute is not resolved in the Company's favour;
- that, following the Arrangement, the Special Committee anticipates that the Company and its subscribers will benefit from additional investments in technology and infrastructure made by the Guarantor;
- the competitive environment in which the Company operates and the fact that competition is increasing from unlicensed competitors which may be foreign owned and controlled and are not subject to the same regulatory restrictions and fees as the Company. Amongst other things, the Company has no independent ability to develop new satellite or IP-related technologies. Until now, the Company has depended upon the Guarantor's willingness to make new technologies available in return for a portion of the development costs. The Arrangement would address the risk that the Guarantor may determine to no longer develop technology for the Canadian market, or no longer make its technologies available to the Company;
- that the Arrangement will not result in a change in the effective control of the Company, which would have resulted had any third party acquirer effected a similar transaction, including associated implications for and potential costs arising from the Company's contractual commitments;
- the terms of the Arrangement which provide, among other things, that any Class A Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights (as defined in the Arrangement) and, if ultimately successful, receive fair value for their securities;
- the requirement that the Arrangement must be approved by at least two-thirds of the votes cast at the Company Meeting by the Company Voting Shareholders present in person or represented by proxy, and entitled to vote at the Company Meeting, and at least a majority of the votes cast by the Company Shareholders excluding those whose votes must be excluded pursuant to MI 61-101;
- the receipt of Voting Support Agreements from the Continuing Canadian Shareholder Group to vote their Company Shares in favour of the Arrangement, and the fact that CBC has announced its intention to vote in favour of the Arrangement;
- that the amount of the fee to be paid by the Company in the event the Arrangement is terminated as a result of the Board's fiduciary-out being exercised, being \$10,000,000, is reasonable in the circumstances;
- that the reasonable expectations of the holders of the 2021 Senior Notes and other creditors have been considered and that the Arrangement will comply with the terms of the 2021 Senior Notes and other applicable agreements;
- that the Arrangement is subject to a limited number of conditions;
- the review by the Company's regulatory counsel of the proposed Shareholders Agreement, Services Agreement, Advisory Services Agreement and related agreements applicable to the Company following completion of the Arrangement, as well as the nature of the regulatory covenants included in the Arrangement Agreement, including the "best efforts" obligation of the Guarantor to obtain the required CRTC Approval;

- that the Guarantor and the Continuing Canadian Shareholder Group are committed to maintaining both the Company's headquarters and a significant employee presence in Toronto;
- the requirement that the Arrangement must be approved by the Ontario Superior Court of Justice, which will consider, among other things, the fairness and reasonableness of the Arrangement to securityholders; and
- the risks to the Company if the Arrangement is not completed, including, the diversion of the Company's management team from the conduct of the Company's day-to-day business and the continuing contractual uncertainty between the Company and the Guarantor.

Recommendation of the Special Committee

Having undertaken a thorough review of, and carefully considered, information concerning the Company, its various stakeholders, the Guarantor and the Arrangement, as described above, and after consulting with financial and legal advisors, the Special Committee unanimously determined that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and unanimously recommended that the Board approve the Arrangement and recommend that the Minority Shareholders vote in favour of the Arrangement.

Recommendation of the Board

After careful consideration, the Board unanimously concluded (with each of the Interested Directors having disclosed a material interest in the transaction and having abstained from voting and from participating in the review of the Arrangement) that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, and unanimously recommends (with the Interested Directors abstaining) that the Minority Shareholders vote FOR the Arrangement Resolution.

In adopting the Special Committee's recommendations and concluding that (i) the Consideration to be received by the Minority Shareholders pursuant to the Arrangement is fair from a financial point of view, and (ii) the Arrangement is in the best interests of the Company, the Board consulted with outside financial and legal advisors, considered and relied upon the same factors and considerations that the Special Committee relied upon, as described above, and adopted the Special Committee's analysis in its entirety.

EY Fairness Opinion and Formal Valuation

EY was formally engaged by the Company through an engagement agreement between the Special Committee and EY effective as of February 9, 2016. Pursuant to the engagement agreement, EY was paid certain fees by the Company for its services as advisor and independent valuator, including a fee upon delivery of its Fairness Opinion and Formal Valuation, no part of which was contingent upon the Fairness Opinion or Formal Valuation being favourable, or upon success of the Arrangement. In addition, the Company agreed to reimburse EY its reasonable expenses and to indemnify EY in respect of certain liabilities that might arise in connection with its engagement.

EY has been involved in a significant number of transactions involving private and publicly traded companies including telecommunications and media companies, and has extensive experience in preparing valuations and fairness opinions, including those that conform to the requirements of MI 61-101. EY is independent of all Interested Parties to the Arrangement, in accordance with the requirements of MI 61-101. Neither EY nor any of its affiliated entities, as defined in MI 61-101: (a) is an associated or affiliated entity or issuer insider (as such terms are defined for the purposes of MI 61-101) of any Interested Party (as such term is defined for purposes of MI 61-101); (b) is an advisor to any Interested Party (as such term is defined for purposes of MI 61-101) in connection with the Arrangement (except in connection with the EY Fairness Opinion and Formal Valuation); (c) is a manager or co-manager of a soliciting dealer group for the Arrangement (or a member of the soliciting dealer group for the Arrangement providing services beyond the customary soliciting dealer's functions or receiving more than the per security or per security holder fees payable to the other members of the group); (d) is the external auditor of the Company or any Interested Party (as such term is defined for purposes of MI 61-101); or (e) will receive compensation that will depend in whole or in part on the conclusions reached in the Formal Valuation and the EY Fairness Opinion or the outcome of the Arrangement or has any financial interest in the completion of the Arrangement. Based on the foregoing, EY has been determined to be qualified and independent for the purposes of MI 61-101 in providing its Fairness Opinion and the Formal Valuation.

In connection with the Arrangement, the Special Committee received the EY Fairness Opinion. The following brief summary of the conclusion of the EY Fairness Opinion is qualified in its entirety by reference to the full text of the EY Fairness Opinion attached at Appendix “C-1”.

At the meeting of the Special Committee on May 12, 2016, EY delivered an oral opinion, subsequently confirmed in writing by the EY Fairness Opinion, to the effect that, as of the date of such opinion and based on and subject to the assumptions, limitations and qualifications set forth therein, the Consideration payable under the Arrangement to the Minority Shareholders is fair, from a financial point of view.

The full text of the EY Fairness Opinion, which sets forth among other things, assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken by EY in connection with its Fairness Opinion, is attached at Appendix “C-1”. The EY Fairness Opinion was provided solely for the use of the Special Committee in connection with its consideration of the Arrangement and is not a recommendation as to how the Company Voting Shareholders should vote in respect of the Arrangement Resolution. The Company Voting Shareholders are encouraged to read the full text of the EY Fairness Opinion.

On May 12, 2016, in connection with the Arrangement, the Special Committee also received the Formal Valuation from EY, independent financial advisor to the Special Committee, as to the valuation of the Class A Shares as at May 6, 2016.

As further discussed below, the Company and the Purchaser have made an application for an order from the Canadian securities regulatory authorities exempting the Company and the Purchaser from the formal valuation obligations in connection with the liquidity of the Exchangeable Share Consideration. Neither the Company nor any of its officers or directors has any knowledge of any material information concerning the Purchaser or the Exchangeable Shares. In addition, in accordance with the requirements of s.6.3(2) of MI 61-101, a formal valuation was not prepared in connection with the SIRI Share Consideration and the Company likewise has no material undisclosed information concerning SIRI or the SIRI Shares.

The following brief summary of the Formal Valuation is qualified in its entirety by reference to the full text of the Formal Valuation attached at Appendix “C-2”. The Company Voting Shareholders are urged to, and should, read the Formal Valuation in its entirety.

Based upon and subject to the analyses, assumptions, qualifications and limitations discussed in the Formal Valuation, EY is of the opinion that, as of May 6, 2016, the fair market value of the Class A Shares is in the range of \$3.96 to \$4.83 per Class A Share.

National Bank Financial Fairness Opinion

By separate engagement agreement dated as of February 5, 2016, NBF was also engaged by the Special Committee to provide a Fairness Opinion and certain additional financial advice in respect of the transaction and, in consideration for such services, a fee was paid upon delivery of its Fairness Opinion (no part of which was contingent upon the Fairness Opinion being favourable), and a fee is payable upon completion of the Arrangement or certain alternative transactions.

In connection with the Arrangement, the Special Committee also received the NBF Fairness Opinion. The following brief summary of the conclusion of the NBF Fairness Opinion is qualified in its entirety by reference to the full text of the NBF Fairness Opinion attached at Appendix “C-3”.

At the meeting of the Special Committee held on May 12, 2016, NBF delivered an oral opinion, subsequently confirmed in writing as set forth in the NBF Fairness Opinion, to the effect that, as of the date of such opinion and based on and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received pursuant to the Arrangement by Minority Shareholders is fair, from a financial point of view, to such holders.

NBF was not engaged to prepare a formal valuation of the Company or SIRI or a valuation of any of the securities or assets of either the Company or SIRI and NBF’s Fairness Opinion should not be construed as such. NBF has, however, conducted such analyses as it considered necessary in the circumstances to prepare and deliver its Fairness Opinion. NBF was similarly not engaged to review any legal, tax, or accounting matters concerning the Arrangement.

NBF has advised the Company that it is not (i) an “insider”, “associate” or “affiliate” of the Company, the Purchaser, SIRI or the Continuing Canadian Shareholder Group (as those terms are defined in the *Securities Act* (Ontario)); or (ii) a

financial advisor to the Purchaser, SIRI or the Continuing Canadian Shareholder Group in connection with the Arrangement. NBF or its affiliates may in the ordinary course of their respective businesses provide financial advisory or investment banking or other services to the Company, SIRI, the Continuing Canadian Shareholder Group or any of their respective associated entities or affiliated entities.

NBF has also advised the Company that it acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of the Company and SIRI and, from time to time, may have executed or may execute transactions for such companies, the Continuing Canadian Shareholder Group and clients from whom it received or may receive compensation. NBF, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company and SIRI.

The full text of the NBF Fairness Opinion, which sets forth among other things, certain assumptions made, matters considered, information reviewed and limitations and qualifications on the review undertaken by NBF in connection with its Fairness Opinion, is attached at Appendix “C-3”. The NBF Fairness Opinion was provided solely for the use of the Special Committee in connection with its consideration of the Arrangement and is not a recommendation as to how the Minority Shareholders should vote in respect of the Arrangement Resolution. Minority Shareholders are encouraged to read the full text of the NBF Fairness Opinion.

Prior Valuations

To the knowledge of the Company and its directors and senior officers, after reasonable enquiry, other than the Formal Valuation, there have been no prior valuations (as defined in MI 61-101) prepared in respect of the Company, the Voting Shares or any material assets of the Company during the 24 months prior to the date hereof.

Required Securityholder Approval

At the Company Meeting, Company Voting Shareholders will be asked to vote to approve the Arrangement Resolution. The approval of the Arrangement Resolution will require the affirmative vote of not less than:

- (a) 66 2/3% of the votes cast on the Arrangement Resolution by Company Voting Shareholders present in person or represented by proxy at the Company Meeting voting together as a single class; and
- (b) a majority of the votes attached to the Class A Shares held by Company Shareholders present in person or represented by proxy at the Company Meeting, excluding for this purpose votes attached to Voting Shares held by persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

Notwithstanding the approval by Securityholders of the Arrangement Resolution in accordance with the foregoing (the “**Required Approval**”), the Arrangement Resolution authorizes the Board to, without notice to or approval of the Securityholders, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted thereby, as described under “Summary of Arrangement Agreement — Amendment”, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

Voting Support Agreements

On May 12, 2016, each of Slaughter, Obelisk and John Bitove, and certain directors, officers and employees of the Company, entered into the Voting Support Agreements in connection with the Arrangement.

The Supporting Shareholders beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 19,380,958 Class A Shares as at July 29, 2016 (20,317,338 Class A Shares on a fully diluted basis after exercises of in-the-money Company Options and settlement of Company RSUs) and 30,729,510 Class B Shares which represent 100% of the outstanding Class B Shares, as summarized below.

Name	Position Name (if applicable)	Class A Shares	Class B Shares	Company Options	% of Class A Shares Outstanding / % of Class B Shares Outstanding
Slaight		10,700,000	15,470,361	-	10.21% / 50.34%
Obelysk		7,887,307	15,259,149	-	7.53% / 49.66%
John I. Bitove		8,445	-	58,978	0.01%
Anthony Viner	Director & Chairman	20,000	-	108,978	0.02%
Philip Evershed	Director	359,286	-	83,978	0.34%
Mark Redmond	CEO & President	222,801	-	714,932	0.21%
Jason Redman	CFO	-	-	-	0%
Paul Cunningham	Senior VP, Sales & Marketing	34,496	-	136,200	0.03%
Ian Gordon	Senior VP, Customer Acquisition & Retention	946	-	37,750	0%
John Lewis	Senior VP, Programming & Operations	34,010	-	99,550	0.03%
James Brecht	VP, Controller	6,120	-	27,425	0.01%
Mark Knapton	Senior VP, Call Centre Sales & Operations	62,077	-	76,200	0.06%
Other non- executive employees		45,470	-	171,050	0.04%
Total		19,380,958	30,729,510	1,515,041	18.5%⁽¹⁾

(1) 19.1% of Class A Shares on a fully diluted basis after exercises of in-the-money Company Options and settlement of Company RSUs.

If the Arrangement is completed all of the Company Shares held by such Supporting Shareholders, other than the 3,333,334 Class A Shares which are being exchanged for Purchaser Class A Shares, will receive Cash Consideration, SIRI Share Consideration and/or Exchangeable Share Consideration subject to their elections on the same terms as public shareholders on a per security basis.

The Voting Support Agreements can be found on SEDAR at www.sedar.com. The following is only a summary of the Voting Support Agreements and is qualified in its entirety by reference to the full text of each of the Voting Support Agreements.

Voting Support Agreements – Slaight, Obelysk and John Bitove

Under their respective Voting Support Agreements, each of Slaight, Obelysk and John Bitove agreed to, among other things:

- (a) immediately terminate any existing discussions or negotiations with any parties (other than the Arrangement Parties and their representatives) with respect to any proposal that constitutes, or which could reasonably be expected to constitute, an Acquisition Proposal, whether or not initiated by the Company and it will not, directly or indirectly, (i) solicit, assist, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing information or entering into any form of written or oral agreement, arrangement or understanding or waiving any confidentiality or standstill obligations) any inquiries, offers or proposals regarding an Acquisition Proposal or otherwise knowingly cooperate in any way with, or knowingly assist with or participate in any way in any effort or attempt by any person (other than the Arrangement Parties) to make an Acquisition Proposal, or (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal;

- (b) attend (either in person or by proxy) any meeting (including the Company Meeting) of the securityholders of the Company convened for the purposes of considering the Arrangement (including any adjournments and postponements thereof), and at such meeting, vote or cause to be voted all of the Company Shares it beneficially owns, directly or indirectly, or has direction or control over (including any Company Shares issued upon the exercise of the Company Options or acquired by the securityholder on or following the date hereof and prior to the record date for voting at such meeting) (the “**Subject Securities**”) in favour of the Arrangement and all matters related thereto, as contemplated by the Arrangement Agreement;
- (c) vote or cause to be voted (in person or by proxy) any Subject Securities against, and in the case of clause (i) below not tender or cause to be tendered any Subject Securities to:
 - (i) any corporate transaction, such as a merger, amalgamation, arrangement, rights offering, reorganization, recapitalization or liquidation, take-over bid, change of control or similar transaction involving the Company or Company Shares other than the Arrangement;
 - (ii) other than the Arrangement, a sale or transfer of a material amount of assets of the Company or any of its Subsidiaries, or the issuance of any securities of the Company; or
 - (iii) any action that is reasonably likely to impede, interfere with, delay, postpone, or adversely affect, in any material respect, the Arrangement including, without limitation, any Acquisition Proposal;
- (d) not, without the prior written consent of each of the Arrangement Parties, sell, transfer, assign, pledge (other than any pledge which is discharged prior to tendering to the Arrangement), or otherwise dispose of, or enter into any agreement or understanding relating to the sale, transfer, assignment or other disposition of the Subject Securities (other than as contemplated herein) or permit any affiliate of the securityholder to do any of the foregoing; provided that the securityholder may pledge Company Shares issued upon the exercise of Company Options as security for a loan to the securityholder to fund the aggregate Company Option exercise price if the lender agrees to vote the Company Shares so pledged in accordance with the terms of the Voting Support Agreement;
- (e) promptly notify the Arrangement Parties of the number of any additional Company Shares or Company Options acquired after the date hereof, and such additional Company Shares or Company Options shall be subject to the terms of the Voting Support Agreement as if they were Subject Securities on the date hereof;
- (f) not, except as required pursuant to the Voting Support Agreement, grant or agree to grant any proxy or other right to vote the Subject Securities or enter into any voting trust or pooling agreement or arrangement or enter into or subject any of such Subject Securities to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the voting or tendering thereof or revoke any proxy granted pursuant to the Voting Support Agreement;
- (g) use its commercially reasonable efforts to assist, and co-operate with the Arrangement Parties as may be reasonably required in preparing and filing all necessary or advisable documents, registrations, statements, petitions, filings, submissions and applications with Authorities in connection with the CRTC Approval, and such obligation shall include but not be limited to, responding promptly to any reasonable request or notice from the Arrangement Parties, or any one of them, to supply any additional information that is relevant to the review of the transactions contemplated by the Arrangement Agreement in respect of obtaining or concluding the CRTC Approval; provided that, for greater certainty, nothing in the Voting Support Agreement shall require the securityholder to consent to any amendment to the Voting Support Agreement, the Arrangement Agreement or any of the Post-Closing Agreements that is materially adverse to the interests of the securityholder;
- (h) to the extent applicable, execute and deliver, on or prior to the Effective Date, the Post-Closing Agreements substantially in the forms agreed to by the Parties on the date of the Voting Support Agreement;

- (i) not knowingly take any action that is reasonably likely to, in any manner, delay, hinder, prevent, interfere with or challenge the Arrangement;
- (j) not exercise any rights of dissent or appraisal in respect of any resolution approving the Arrangement or any aspect thereof or matter related thereto; and
- (k) not do indirectly that which it may not do directly in respect of the restrictions on its rights with respect to the Subject Securities pursuant to the Voting Support Agreement by the sale of a direct or indirect holding company or the granting of a proxy on the shares of any direct or indirect holding company and which would have, indirectly, an effect prohibited by the Voting Support Agreement.

Under their respective Voting Support Agreements, each of Slight and Obelysk also agreed to exchange 1,666,667 of their Class A Shares for 1,666,667 Purchaser Class A Shares, pursuant to the Plan of Arrangement.

The Voting Support Agreements of Slight, Obelysk and John Bitove will automatically terminate upon termination of the Arrangement Agreement in accordance with its terms, and may also be terminated in the following circumstances:

- (a) by any Arrangement Party if the securityholder breaches or is in default of any of the covenants or obligations of the securityholder under the Voting Support Agreement and such breach or such default has or may have an adverse effect on the consummation of the Arrangement or if any of the representations or warranties of the securityholder under the Voting Support Agreement shall have been at the date hereof, or subsequently become, untrue or incorrect in any material respect; provided that the Arrangement Party has notified the securityholder in writing of any of the foregoing events and the same has not been cured within 15 Business Days of the date such notice was received by the securityholder; or
- (b) by the securityholder if any Arrangement Party breaches or is in default of any of its covenants or obligations under the Voting Support Agreement or the Arrangement Agreement and such breach or such default has or may have an adverse effect on the consummation of the Arrangement or if any of the representations or warranties of the Arrangement Parties under the Voting Support Agreement shall have been at the date hereof, or subsequently become, untrue or incorrect in any material respect; provided that the securityholder has notified the Arrangement Party in writing of any of the foregoing events and the same has not been cured within 15 Business Days of the date such notice was received by the Arrangement Party;
- (c) by the securityholder if the Arrangement Agreement, the Plan of Arrangement, the Voting Support Agreement or the Post-Closing Agreements are amended by the parties thereto or are required to be amended by any regulatory authority, in a manner which would be materially adverse to either (i) the securityholder's right to Target Dividends (as such term is defined in the Shareholder Agreement) or to its rights under sections 5.4, 5.5 or 5.6 of the Shareholder Agreement, or (ii) the amount of Consideration payable under the Plan of Arrangement, without the securityholder's prior written consent, acting reasonably; or
- (d) by the securityholder if the Effective Date has not occurred by November 30, 2016.

Voting Support Agreements – Directors and Officers

Certain officers, directors and employees of the Company have also executed Voting Support Agreements in connection with the Arrangement, in their capacity as securityholders.

Under their respective Voting Support Agreements each of the officers, directors and employees of the Company summarized above have agreed to the same covenants as Slight, Obelysk and John Bitove with the exception of the provisions relating to (i) the Post-Closing Agreements, and (ii) the exchange of Class A Shares for Purchaser Class A Shares, which are not applicable to such officers, directors and employees.

The Voting Support Agreements of such officers, directors and employees contain customary termination clauses and shall automatically terminate upon termination of the Arrangement Agreement in accordance with its terms.

Intention of CBC

CBC has issued a press release announcing that it intends to vote for the Arrangement Resolution, and to sell 100% of its 13,056,787 Class A Shares for the Consideration offered under the Plan of Arrangement. CBC is involved with the transaction only in its capacity as a holder of the Company's publicly traded Class A Shares and will be treated identically to public shareholders on a per security basis. CBC is not entitled to receive, as a consequence of the Arrangement, any collateral benefit, and its existing contractual arrangements will not be affected and no commitments in respect of such contractual arrangements were made or offered as a result of the Arrangement.

Effect of the Arrangement

The following description of the Arrangement is qualified in its entirety by reference to the full text of the Plan of Arrangement, a copy of which is attached as Appendix "B" of this Company Circular.

Consideration for Company Shares

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class A Share: (i) \$4.50 in cash; (ii) 0.898 of a SIRI Share; or (iii) 0.898 of an Exchangeable Share, or a combination thereof as described below under "The Arrangement – Arrangement Mechanics – Elections", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Each Company Shareholder (other than Dissenting Shareholders) will be entitled to receive from the Purchaser at such Company Shareholder's election, for each Class B Share: (i) \$1.50 in cash; (ii) 0.299 of a SIRI Share; or (iii) 0.299 of an Exchangeable Share, or a combination thereof as described below under "The Arrangement – Arrangement Mechanics – Elections", depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

The above is subject to: (i) the proration provisions described below under "The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration"; (ii) the treatment of a portion of the Class A Shares owned by the Continuing Canadian Shareholder Group described below under "The Arrangement — Arrangement Mechanics"; and (iii) the availability of the Exchangeable Share Consideration described below under "Summary of Arrangement Agreement – Exchangeable Share Consideration".

Company Options and Company RSUs

The Company shall take all reasonable steps necessary or desirable to acquire and/or cancel the Company Options and Company RSUs that are outstanding immediately prior to the Effective Time and in exchange for such acquisition and/or cancellation will pay the amounts set out below to the holders of such securities, subject to withholding taxes where applicable:

- (a) in respect of each Company Option outstanding immediately prior to the Effective Time, on an accelerated basis and whether vested or unvested, an amount equal to the Class A Cash Consideration less the applicable exercise price in respect of such Company Option and applicable withholdings (for greater certainty, where such amount is a nil or a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Company Option any amount in respect of such Company Option); and
- (b) in respect of each Company RSU outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), an amount equal to the Class A Cash Consideration provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00, less applicable withholdings.

Holders of Company Options will receive no consideration for the 1,844,747 "out of the money" Company Options, which will be cancelled.

Arrangement Mechanics

The following summarizes the steps which will occur under the Plan of Arrangement commencing at the Effective Time, if all conditions to the implementation of the Arrangement have been satisfied or waived. The following description of

steps is qualified in its entirety by the full text of the Plan of Arrangement attached as Appendix “B” to this Company Circular.

The following steps shall occur and shall be deemed to occur in the following order in one minute intervals (except that the steps in (c) and (d) shall be deemed to occur simultaneously) without any further act or formality:

- (a) each Company Option outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Company Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a Company Optionholder, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Class A Cash Consideration exceeds the exercise price of such Company Option, less applicable withholdings, and such Company Option shall immediately be cancelled and, for greater certainty, where such amount is nil or a negative, neither the Company nor the Purchaser shall be obliged to pay the Company Optionholder any amount in respect of such Company Option;
- (b) each Company RSU outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Company RSU Plan, shall be cancelled by the Company in exchange for a cash payment by the Company for each Company RSU equal to the Class A Cash Consideration, provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00, less applicable withholdings;
- (c) 1,666,667 Class A Shares outstanding at the Effective Time held by Slaight and 1,666,667 Class A Shares outstanding at the Effective Time held by Obelysk shall be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for 1,666,667 Purchaser Class A Shares and 1,666,667 Purchaser Class A Shares, respectively, and
 - (i) the holders of such Class A Shares shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to receive Purchaser Class A Shares in accordance with the Plan of Arrangement; and
 - (ii) such holders’ names shall be removed from the register of Class A Shares maintained by or on behalf of the Company in respect of such Class A Shares and shall be entered in the register of the Purchaser Class A Shares maintained by or on behalf of the Purchaser;
- (d) all Class A Shares and Class C Shares outstanding at the Effective Time held, directly or indirectly, by the Guarantor (or its affiliates) shall be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for an aggregate of 1,641,791 Purchaser Class A Shares, 6,135,987 Purchaser Class B Shares and 177,958,942 Purchaser Preferred Shares, and
 - (i) the holder of such Class A Shares and Class C Shares shall cease to be the holder thereof and to have any rights as holder of such Class A Shares or Class C Shares other than the right to receive Purchaser Class A Shares, Purchaser Class B Shares and Purchaser Preferred Shares, as applicable, in accordance with the Plan of Arrangement; and
 - (ii) such holder’s name shall be removed from the register of Class A Shares or Class C Shares, as applicable, maintained by or on behalf of the Company and shall be entered in the register of the Purchaser Class A Shares, Purchaser Class B Shares and Purchaser Preferred Shares, as applicable, maintained by or on behalf of the Purchaser;
- (e) each issued and outstanding Class A Share (other than Class A Exchangeable Elected Shares and other than Company Shares held by Dissenting Shareholders or as described in (c) and (d) above) held by a Company Shareholder shall be exchanged with the Purchaser for:
 - (i) Class A Cash Consideration;
 - (ii) Class A SIRI Share Consideration; or

- (iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder and subject, in each case, to proration as described in “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”;

- (f) each issued and outstanding Class B Share (other than Class B Exchangeable Elected Shares and other than Company Shares held by Dissenting Shareholders) held by a Company Shareholder shall be exchanged with the Purchaser for:

- (i) Class B Cash Consideration;
- (ii) Class B SIRI Share Consideration; or
- (iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder, and subject, in each case, to proration as described in “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”;

- (g) each Class A Exchangeable Elected Share shall be exchanged with the Purchaser for:

- (i) Cash Consideration;
- (ii) Class A Exchangeable Share Consideration; or
- (iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder and subject, in each case, to proration as described in “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”;

- (h) each Class B Exchangeable Elected Share shall be exchanged with the Purchaser for:

- (i) Cash Consideration;
- (ii) Class B Exchangeable Share Consideration; or
- (iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder and subject, in each case, to proration as described in “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”;

- (i) each Class A Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality by or on behalf of the Dissenting Shareholder, free and clear of all Liens, to the Purchaser, and each such Class A Share so surrendered shall be cancelled and thereupon each Dissenting Shareholder shall cease to have any rights as holders of such Company Shares other than the rights set out in “Dissenting Shareholders’ Rights” and the name of such Dissenting Shareholder shall be removed from the applicable register(s) of Company Shares; and

- (j) SIRI, the Purchaser and Callco shall execute the Support Agreement.

Effect of Termination of Slight Voting Support Agreement or Obelysk Voting Support Agreement

If the Slight Voting Support Agreement is terminated prior to the Effective Time in accordance with its terms and the Effective Time occurs, then no Class A Shares held by Slight shall be assigned or transferred by Slight in exchange for Purchaser Class A Shares and all of the Class A Shares held by Slight immediately prior to the Effective Time shall be exchanged as elected by Slight in accordance with the election mechanics set out in “The Arrangement – Arrangement Mechanics”.

If the Obelysk Voting Support Agreement is terminated prior to the Effective Time in accordance with its terms and the Effective Time occurs, then no Class A Shares held by Obelysk shall be assigned or transferred by Obelysk in exchange for Purchaser Class A Shares and all of the Class A Shares held by Obelysk immediately prior to the Effective Time shall

be exchanged as elected by Obelysk in accordance with the election mechanics set out in “The Arrangement – Arrangement Mechanics”.

However, the application for CRTC Approval is premised, among other things, upon each of Slaight and Obelysk owning 33.5% of the voting interests of Amalco. See “CRTC Approval”. If either of the Slaight Voting Support Agreement or the Obelysk Voting Support Agreement is terminated in accordance with its terms, the structure of the Arrangement would require modification and the application for CRTC Approval would require amendment. If such modification and amendment was made, it might not be possible to secure CRTC Approval by the Outside Date. If the structure of the Arrangement was not modified and if the application for CRTC Approval was not amended, the Arrangement will not be completed.

Election

Available Elections and Procedure

Each registered holder of Voting Shares will have the right to elect in the Letter of Transmittal and Election Form delivered to the Depositary to receive the Consideration set out below depending on the status of the Company Shareholder as either an Eligible Holder or a Non-Eligible Holder.

Non-Eligible Holders

Each holder of Class A Shares who is not an Eligible Holder may elect in respect of each Class A Share held by such person, the Class A Cash Consideration, the Class A SIRI Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”.

Each holder of Class B Shares who is not an Eligible Holder may elect in respect of each Class B Share held by such person, the Class B Cash Consideration, the Class B SIRI Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”.

Eligible Holders

Each holder of Class A Shares who is an Eligible Holder may elect to:

- (a) receive in respect of some or all of its Class A Shares, the Class A Cash Consideration, the Class A Exchangeable Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”; and
- (b) receive in respect of the balance of its Class A Shares, if any, the Class A Cash Consideration, the Class A SIRI Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”.

Each holder of Class B Shares who is an Eligible Holder may elect to:

- (a) receive in respect of some or all of its Class B Shares, the Class B Cash Consideration, the Class B Exchangeable Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”; and
- (b) receive in respect of the balance of its Class B Shares, if any, the Class B Cash Consideration, the Class B SIRI Share Consideration or a combination thereof, subject to proration as described in “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”.

Company Shareholders who are Eligible Holders wishing to obtain a full or partial tax deferral in respect of the transfer of their Company Shares must elect to receive Exchangeable Shares as all or part of the consideration in respect of such transfer. See “Certain Canadian Federal Income Tax Considerations”.

Letter of Transmittal and Election Form

The enclosed Letter of Transmittal and Election Form provides an explanation as to how to deposit and obtain payment for the Company Shares once the Arrangement is completed. The Letter of Transmittal and Election Form may also be

obtained by contacting the Depositary and will also be available on our website at www.siriusxmcanadatransaction.ca as well as on SEDAR at www.sedar.com.

To make an effective election, a properly completed and duly executed Letter of Transmittal and Election Form, together with any certificates representing the Company Shares, must be received by the Depositary on or before the Election Deadline. The Company will provide at least ten (10) Business Days' notice of the Election Deadline to Shareholders by means of a news release disseminated on newswire in Canada. Any Letter of Transmittal and Election Form deposited with the Depositary will be revocable up to the Election Deadline by written notice or by filing a later-dated Letter of Transmittal and Election Form received by the Depositary prior to the Election Deadline. A Letter of Transmittal and Election Form may not be withdrawn by a Company Shareholder after the Election Deadline.

Any Company Shareholder (other than a Dissenting Shareholder) who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration in respect of such holder's Company Shares.

Proration and Availability of Exchangeable Share Consideration

A Company Shareholder may elect in accordance with the holder's Letter of Transmittal and Election Form, or be deemed to have elected, to receive a percentage (the "**Elected Percentage**") of SIRI Shares or Exchangeable Shares, as the case may be, in exchange for Company Shares held by such Company Shareholder. Notwithstanding the foregoing, the maximum aggregate number of SIRI Shares and Exchangeable Shares that may be issued to Company Shareholders pursuant to the Arrangement is 35,000,000 (the "**Maximum Aggregate Number of Shares**").

In the event that the aggregate number of SIRI Shares and Exchangeable Shares that would be issued to Company Shareholders pursuant to the Arrangement exceeds the Maximum Aggregate Number of Shares, then (i) the Elected Percentage (the "**Deemed Share Consideration Elected Percentage**") of the SIRI Share Consideration or Exchangeable Share Consideration, as the case may be, in respect of a Company Share held by a Company Shareholder shall be determined by multiplying the Elected Percentage of the SIRI Share Consideration or Exchangeable Share Consideration, as the case may be, otherwise determined in respect of such Company Share by a fraction, rounded to six decimal places, the numerator of which is the Maximum Aggregate Number of Shares and the denominator of which is the aggregate number of SIRI Shares and Exchangeable Shares otherwise issuable to all Company Shareholders as SIRI Share Consideration or Exchangeable Share Consideration, and (ii) the holder of such Company Share shall be deemed to have elected to receive a percentage of Cash Consideration in respect of such Company Share equal to 100% less the Deemed Share Consideration Elected Percentage.

The payment of the Exchangeable Share Consideration pursuant to the Plan of Arrangement is subject to: (i) the Company and the Purchaser obtaining the Exemptive Relief prior to the Effective Time; and (ii) Company Shares being exchanged under the Plan of Arrangement for aggregate Exchangeable Share Consideration having an equivalent value of at least \$25,000,000. If either of the foregoing conditions are not satisfied, then no Exchangeable Share Consideration will be paid pursuant to the Plan of Arrangement and any holders of Company Shares that elected Exchangeable Share Consideration will receive instead a combination of cash or SIRI Shares as specified in their Letter of Transmittal and Election Form.

Payment of Consideration

At or before the Effective Time, the Purchaser will provide or cause to be provided the Depositary with sufficient cash in escrow and an irrevocable direction for the issuance of SIRI Shares and Exchangeable Shares (the terms and conditions of such escrow and direction to be satisfactory to the Company and the Purchaser, acting reasonably) to satisfy the aggregate Consideration payable pursuant to the Plan of Arrangement.

The Depositary will act as the agent of Company Shareholders who have deposited Company Shares in connection with the Arrangement for the purpose of receiving payment from the Purchaser and transmitting payment from the Purchaser to such Company Shareholders.

Upon surrender to the Depositary for cancellation of any certificates, which immediately prior to the Effective Time represented Company Shares that were exchanged under the Arrangement, (other than those Company Shares contemplated in paragraphs (c) and (d) of "The Arrangement – Arrangement Mechanics"), together with a duly completed Letter of Transmittal and Election Form and such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive, and as soon as practicable after the Effective Time the Depositary shall deliver to such person, certificates registered in the name of such person representing that number of Exchangeable Shares and/or SIRI Shares which such person is entitled to receive (together with any cash in lieu

of fractional Exchangeable Shares or SIRI Shares) and a cheque for the Cash Consideration which such person is entitled to receive, less any tax amounts withheld, and any certificate so surrendered shall forthwith be cancelled.

Upon surrender to the Purchaser for cancellation of a certificate that, immediately prior to the Effective Time, represented one or more Company Shares that were transferred as contemplated in paragraphs (c) and (d) of “The Arrangement – Arrangement Mechanics”, together with such other documents and instruments as the Purchaser may reasonably require, the Purchaser shall deliver to the holder of such aforementioned certificate the certificates representing the Purchaser Class A Shares, Purchaser Class B Shares or Purchaser Preferred Shares to which such holder is entitled pursuant to paragraphs (c) and (d) of “The Arrangement – Arrangement Mechanics”, as applicable, and any certificate so surrendered shall forthwith be cancelled.

At or before the Effective Time, the Company will deposit or cause to be deposited with the Depositary, for the benefit of and to be held on behalf of the holders of Company Options and Company RSUs, the aggregate cash amount required for the payments in respect of the Company Options and Company RSUs pursuant to the Plan of Arrangement.

As soon as practicable after the Effective Time, the Depositary will deliver to each holder of Company Options and Company RSUs, by cheque, the cash amount that such holder of Company Options and Company RSUs is entitled to receive under the Arrangement, net of applicable withholdings.

The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by the Company against certain liabilities in certain circumstances.

No Fractional Certificates

No fractional Exchangeable Shares or fractional SIRI Shares shall be issued in connection with the Arrangement and any such fractional security shall not entitle the owner thereof to exercise any rights as a security holder of the Purchaser or SIRI. Where the aggregate number of Exchangeable Shares or SIRI Shares to be issued to a Company Shareholder would result in a fraction of an Exchangeable Share or a fraction of a SIRI Share being issuable, (i) the number of Exchangeable Shares or SIRI Shares to be received by such Company Shareholder shall be rounded down to the nearest whole Exchangeable Share or SIRI Share (as applicable), and (ii) such Company Shareholder shall receive a cash payment (rounded up to the nearest whole \$0.01) equal to the product of (A) the Class A Cash Consideration and (B) the quotient obtained by dividing (x) the remainder of the Exchangeable Share or SIRI Share by (y) 0.898.

Extinction of Rights

In accordance with the Plan of Arrangement, each certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that, were exchanged under the Arrangement shall be deemed at all times after the Effective Time to represent only (i) the right to receive upon such surrender the consideration to which the holder thereof is entitled under the Arrangement, or as to a certificate held by a Dissenting Shareholder (other than a shareholder who exercised Dissent Rights who is deemed to have participated in the Arrangement), to receive the fair value of the Company Shares represented by such certificate, and (ii) any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to any Exchangeable Shares or SIRI Shares issued in exchange therefor (subject to any applicable withholding Taxes).

Any certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares of any kind or nature against or in the Company, the Purchaser or the Guarantor. On such date, all Cash Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

Expenses of the Arrangement

The Company estimates that expenses in the aggregate amount of approximately \$5.0 million will be incurred by the Company in connection with the Arrangement, including legal, financial advisory, accounting, filing and printing costs, the cost of preparing and mailing this Company Circular and fees in respect of the Fairness Opinions and Formal Valuation.

Pursuant to the Arrangement Agreement, except as otherwise stated, all costs and expenses of the parties in connection with the Arrangement are to be paid by the party incurring such expenses. The Company and D.F. King have each agreed to indemnify each other against certain liabilities arising out of or in connection with such engagement.

Interests of Certain Persons in the Arrangement

In considering the recommendations of the Board with respect to the Arrangement, the Company Voting Shareholders should be aware that certain directors and executive officers, as listed below, have certain interests in connection with the Arrangement as further described below that may be in addition to, or separate from, those of the Company Voting Shareholders generally in connection with the Arrangement, in the form of payments under existing employment arrangements with the Company that may be applicable as a result of the Arrangement. The Board is aware of these interests and considered them along with other matters described herein.

Company Shares, Company Options and Company RSUs Owned by Directors and Executive Officers

To our knowledge, as at July 29, 2016, directors and executive officers of the Company beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 733,616 Class A Shares (1,540,046 Class A Shares on a fully diluted basis after exercises of in-the-money Company Options and settlement of Company RSUs), which represent approximately 0.7% of the outstanding Class A Shares (1.45% on a fully diluted basis).

All of the Class A Shares held by directors and executive officers of the Company will be treated in the same fashion under the Arrangement as Class A Shares held by any other Company Shareholder.

Each Company Option outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Company Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a Company Optionholder, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Class A Cash Consideration exceeds the exercise price of such Company Option, less applicable withholdings, and such Company Option shall immediately be cancelled and, for greater certainty, where such amount is nil or a negative, neither the Company nor the Purchaser shall be obliged to pay the Company Optionholder any amount in respect of such Company Option. Holders of Company Options will receive no consideration for the 1,844,747 “out of the money” Company Options, which will be cancelled.

Each Company RSU outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Company RSU Plan, shall be cancelled by the Company in exchange for a cash payment by the Company for each Company RSU equal to the Class A Cash Consideration, provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00, less applicable withholdings.

Company Shares, Company Options and Company RSUs beneficially owned by directors and executive officers of the Company or over which they exercise control or direction, directly or indirectly, together with payments to be received in respect thereof upon the Arrangement becoming effective (assuming no Company Options are exercised), are presented in the following table.

Name	Position Name	Class A Shares	Company Options⁽¹⁾	Company RSUs⁽²⁾	% of Class A Shares Outstanding (% fully diluted)⁽³⁾	Aggregate Consideration (\$)⁽⁴⁾
Anthony Viner	Director & Chairman	20,000	25,000	-	0.02% (0.04%)	\$127,500
Philip Evershed	Director	359,286	-	-	0.34% (0.34%)	\$1,616,787
Mark Redmond	CEO & President	222,801	262,500	171,678	0.21% (0.62%)	\$2,313,961

Name	Position Name	Class A Shares	Company Options⁽¹⁾	Company RSUs⁽²⁾	% of Class A Shares Outstanding (% fully diluted)⁽³⁾	Aggregate Consideration (\$)⁽⁴⁾
Jason Redman	CFO	-	-	62,784	0.00% (0.6%)	\$290,355
Paul Cunningham	Senior VP, Sales & Marketing	34,496	66,950	37,409	0.03% (0.13%)	\$449,399
Ian Gordon	Senior VP, Customer Acquisition & Retention	946	-	34,570	0.00% (0.03%)	\$175,129
John Lewis	Senior VP, Programming & Operations	34,010	48,750	35,412	0.03% (0.11%)	\$418,398
Mark Knapton	Senior VP, Call Centre Sales & Operations	62,077	28,750	32,627	0.06% (0.12%)	\$500,615
Total		733,616	431,950	374,480	0.70% (1.45%)	\$5,892,145

(1) Column represents in-the-money Company Options at the Class A Cash Consideration and does not include 825,638 out-of-the-money Company Options. In addition, there are 25,000 Company Options outstanding with an exercise price of \$3.00 expiring in 2018 which were granted to a former director nominated by CBC and which were subsequently assigned in 2011 to CBC by such director pursuant to the terms of the Company Stock Option Plan, such Company Options will be cashed out in the same manner as all other Company Options under the Arrangement.

(2) Column represents Company RSUs expected to be settled (at the full amount for non-performance RSUs, and based on a performance share unit multiplier of 1.00 for performance RSUs).

(3) After exercises of in-the-money Company Options and settlement of Company RSUs.

(4) Aggregate Consideration includes amounts payable in cash as a result of dividend equivalents and any other additional payments that become due and payable on settlement of Company Options and Company RSUs in accordance with the terms of the Company Stock Option Plan and Company RSU Plan.

Change of Control Benefits

Mark Redmond, CEO and President. The employment agreement with Mr. Redmond dated January 20, 2012, as amended November 9, 2012, is for an indefinite term, subject to the provisions within the agreement. If Mr. Redmond's employment is terminated for any reason other than for cause or if he resigns for good reason within 24 months following a change of control, Mr. Redmond will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 24 months following the date of termination.

Jason Redman, CFO. The employment agreement with Mr. Redman dated September 26, 2015, is for an indefinite term, subject to the provisions of the agreement. If Mr. Redman's employment is terminated without cause, and not as a result of death, resignation, or a material violation of the agreement, Mr. Redman will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 15 months following the date of such termination or for a period of 18 months if Mr. Redman completes 10 years of service with the Company. If Mr. Redman's employment is terminated, or if he resigns for good reason, within 12 months following a change of control, Mr. Redman will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 15 months following the date of such termination.

Paul Cunningham, Senior VP, Sales & Marketing. The employment agreement with Mr. Cunningham dated November 1, 2012, is for an indefinite term, subject to the provisions of the agreement. If Mr. Cunningham's employment is terminated without cause, and not as a result of death, resignation, or a material violation of the employment agreement, Mr. Cunningham will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination or for a period of 15 months if Mr. Cunningham completes 10 years of service with the Company. If Mr. Cunningham's employment is terminated, or if he resigns for good reason, within 12 months following a change of control, Mr. Cunningham will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination.

Ian Gordon, Senior VP, Customer Acquisition & Retention. The employment agreement with Mr. Gordon dated September 1, 2013, is for an indefinite term, subject to the provisions of the agreement. If Mr. Gordon's employment is terminated without cause, and not as a result of death, resignation, or a material violation of the agreement, Mr. Gordon will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination or for a period of 15 months if Mr. Gordon completes 10 years of service with the Company. If Mr. Gordon's employment is terminated, or if he resigns for good reason, within 12 months following a change of control, Mr. Gordon will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination.

John Lewis, Senior VP, Programming & Operations. The employment agreement with Mr. Lewis dated November 1, 2012, is for an indefinite term, subject to the provisions of the agreement. If Mr. Lewis' employment is terminated without cause, and not as a result of death, resignation, or a material violation of the agreement, Mr. Lewis will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination or for a period of 15 months if Mr. Lewis completes 10 years of service with the Company. If Mr. Lewis' employment is terminated, or if he resigns for good reason, within 12 months following a change of control, Mr. Lewis will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination.

Mark Knapton, Senior VP, Call Centre Sales & Operations. The employment agreement with Mr. Knapton dated November 1, 2012, is for an indefinite term, subject to the provisions of the agreement. If Mr. Knapton's employment is terminated without cause, and not as a result of death, resignation, or a material violation of the agreement, Mr. Knapton will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination or for a period of 15 months if Mr. Knapton completes 10 years of service with the Company. If Mr. Knapton's employment is terminated, or if he resigns for good reason, within 12 months following a change of control, Mr. Knapton will receive his base salary (and a *pro rata* share of his bonus and other forms of compensation) for a period of 12 months following the date of such termination.

For the purposes of each of the employment agreements, other than the employment agreement with the CFO, the Arrangement is not expected to constitute a "change of control". The chart below assumes that no amounts were owing to the executive officers as of the date of termination for salaries, bonus entitlements, incurred expenses or vacation pay.

Name	Scenario	Total Incremental Payment
Mark Redmond	Termination without cause	\$2,017,169
	Termination upon a change of control	\$2,017,169
Jason Redman	Termination as a result of death or disability	\$285,000
	Termination without cause	\$712,500
	Termination upon a change of control	\$712,500
Paul Cunningham	Termination as a result of death or disability	\$184,622
	Termination without cause	\$461,555 ¹
	Termination upon a change of control	\$369,244
Ian Gordon	Termination as a result of death or disability	\$157,472
	Termination without cause	\$314,944
	Termination upon a change of control	\$314,944
John Lewis	Termination as a result of death or disability	\$164,697
	Termination without cause	\$411,742 ²
	Termination upon a change of control	\$329,394

¹ Amount based on original employment date of October 10, 2005.

² Amount based on original employment date of November 1, 2005.

Mark Knapton	Termination as a result of death or disability	\$150,434
	Termination without cause	\$376,085 ³
	Termination upon a change of control	\$300,868

Insurance and Indemnification of Directors and Executive Officers

The Arrangement Agreement provides that the Company will purchase and pre-pay customary “tail” policies of directors’ and officers’ liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date, and the Purchaser will maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date.

The Arrangement Agreement also provides that the Purchaser will honour all rights to indemnification or exculpation existing at the time of the execution of the Arrangement Agreement in favour of present and former employees, officers and directors of the Company and its Subsidiaries and such rights will survive the consummation of the Arrangement and will continue in full force and effect in accordance with their terms until the later of six years from the Effective Date and the date that the applicable person ceases to be an employee, officer or director of the Company and its Subsidiaries.

Intentions of the Company Directors and Executive Officers

The directors and certain executive officers and employees of the Company, who beneficially own, directly or indirectly, or exercise control or direction over, in the aggregate, 733,616 Class A Shares as at July 29, 2016 (1,540,046 Class A Shares on a fully diluted basis after exercises of in-the-money Company Options and settlement of Company RSUs), which represent approximately 0.7% of the outstanding Class A Shares (1.45% on a fully diluted basis), have indicated that they intend to vote in favour of the Arrangement Resolution and have entered into Voting Support Agreements. See “The Arrangement – Voting Support Agreements”.

Sources of Funds for the Arrangement

Pursuant to the terms of the Plan of Arrangement, the total transaction Consideration that is expected to be paid by the Purchaser is approximately \$351 million. The Guarantor currently has cash on hand and undrawn availability under its existing credit facilities sufficient to satisfy the total transaction Consideration.

The Guarantor has represented in the Arrangement Agreement that it has, and the Purchaser will have, at the Effective Time sufficient cash available to satisfy the aggregate Cash Consideration payable pursuant to the Plan of Arrangement.

Pursuant to the terms of the Plan of Arrangement, an aggregate amount of approximately \$4.6 million is expected to be paid by the Company in respect of all outstanding Company Options (assuming no holders thereof exercise Company Options prior to the Effective Date) and Company RSUs. Based on cash and cash equivalents currently on hand, the Company expects to have sufficient funds as at the Effective Date to meet its payment obligations pursuant to the Plan of Arrangement.

In addition, each member of the Purchaser Group will contribute all or a portion of their Company Shares for shares of the Purchaser pursuant to the Plan of Arrangement.

³ Amount based on original employment date of September 26, 2005.

DESCRIPTION OF EXCHANGEABLE SHARES AND RELATED AGREEMENTS

Description of Exchangeable Shares

The Exchangeable Shares represent securities of a Canadian issuer having economic rights that are substantially equivalent to those of SIRI Shares. The receipt of Exchangeable Shares (as opposed to SIRI Shares) permits Company Shareholders that are Eligible Holders to take advantage of a full or partial tax deferral available under the Tax Act. Company Shareholders resident in Canada for purposes of the Tax Act may wish to elect to receive Exchangeable Shares rather than SIRI Shares. A disadvantage of holding Exchangeable Shares is that there will be no trading market for the shares and such shares will not be listed for trading on a stock exchange. Moreover, if the Call Rights are not exercised on redemption or retraction of the Exchangeable Shares, a holder of Exchangeable Shares may be deemed to receive a taxable dividend for Canadian tax purposes that may exceed the holder's economic gain. See "Certain Canadian Federal Income Tax Considerations" and "Risk Factors – Risks Related to Exchangeable Shares".

The following is a summary description of certain material provisions of the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, is not comprehensive and is qualified in its entirety by reference to the complete text thereof which is attached as Appendix I to the Plan of Arrangement which forms part of Appendix "B" of this Company Circular.

Ranking

The Exchangeable Shares shall be entitled to a preference over the common and preferred shares of the Purchaser and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Purchaser, whether voluntary or involuntary, or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, but only to the extent of an amount per Exchangeable Share equal to the Current Market Price of one SIRI Share plus any Dividend Amount which shall be satisfied in full by the Purchaser delivering or causing to be delivered to the holder of the Exchangeable Share one SIRI Share plus any Dividend Amount.

Dividends and Other Distributions

A holder of an Exchangeable Share shall be entitled to receive and the board of directors of the Purchaser shall declare, subject to applicable law, on each date (a "**SIRI Dividend Declaration Date**") on which the board of directors of SIRI declares a dividend on the SIRI Shares:

- (a) in case of a cash dividend declared on the SIRI Shares, a cash dividend on the Exchangeable Shares in an amount for each Exchangeable Share equal to the cash dividend declared on each SIRI Share on the SIRI Dividend Declaration Date;
- (b) in the case of a stock dividend declared on the SIRI Shares to be paid in SIRI Shares, a stock dividend of such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of SIRI Shares to be paid on each SIRI Share unless in lieu of such stock dividend the Purchaser elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the board of directors of the Purchaser) subdivision of the outstanding Exchangeable Shares; or
- (c) in the case of a dividend declared on the SIRI Shares in property other than cash or SIRI Shares, a dividend in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (as determined by the board of directors of the Purchaser) to the type and amount of property declared as a dividend on each SIRI Share.

Such dividends shall be paid out of money, assets or property of the Purchaser properly applicable to the payment of dividends or other distribution, or out of authorized but unissued shares of the Purchaser, as applicable. The holders of Exchangeable Shares will not be entitled to any dividends or other distribution other than or in excess of the foregoing.

The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares will be the same dates as the record date and payment date, respectively, for the corresponding dividend declared on the SIRI Shares,

If on any payment date for any dividends declared on the Exchangeable Shares, the dividends are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends that remain unpaid will be paid on a subsequent date or dates determined by the board of directors of the Purchaser on which the Purchaser has sufficient moneys, assets or property properly applicable to the payment of such dividends.

The board of directors of the Purchaser is required to determine, in good faith and in its sole discretion, economic equivalence for the purposes of the Exchangeable Shares and each such determination will be conclusive and binding on the Purchaser and its shareholders. In making each such determination, a number of factors set out in the rights, privileges, restrictions and conditions attaching to the Exchangeable Share provisions are, without excluding other factors determined by the board of directors of the Purchaser to be relevant, to be considered by the board of directors of the Purchaser.

Certain Restrictions

So long as any of the Exchangeable Shares are outstanding, the Purchaser shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares:

- (a) pay any dividends on the common and preferred shares of the Purchaser or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in common or preferred shares of the Purchaser or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (b) redeem or purchase or make any capital distribution in respect of common or preferred shares of the Purchaser or any other shares ranking junior to the Exchangeable Shares;
- (c) redeem or purchase any other shares of the Purchaser ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Purchaser, whether voluntary or involuntary, or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs; or
- (d) issue any Exchangeable Shares or any other shares of the Purchaser ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividend to the holders of such Exchangeable Shares.

The restrictions listed in (a), (b), (c) and (d) above shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared and paid to date on the SIRI Shares shall have been declared and paid on the Exchangeable Shares.

Distribution on Liquidation and Associated Call Right

In the event of the liquidation, dissolution or winding-up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, subject to the exercise by Callco of its Liquidation Call Right, a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of the Purchaser in respect of each Exchangeable Share held by such holder on the Liquidation Date before any distribution of any part of the assets of the Purchaser among the holders of the common and preferred shares of the Purchaser or any other shares ranking junior to the Exchangeable Shares, an amount per share equal to the Current Market Price of a SIRI Share on the last business day prior to the Liquidation Date plus declared and unpaid dividends on an Exchangeable Share (the “**Dividend Amount**”), which shall be satisfied in full by the Purchaser delivering or causing to be delivered to such holder one SIRI Share, plus any Dividend Amount.

Callco shall have the overriding right (the “**Liquidation Call Right**”), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is SIRI, its affiliates or the Purchaser) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco of an amount per share (the “**Liquidation Call Purchase Price**”) equal to the Current Market Price of SIRI Shares on the last business day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one SIRI Share plus any Dividend Amount. In the event of the exercise of the Liquidation Call Right by Callco, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Liquidation Date on payment by Callco to the holder of the Liquidation Call Purchase Price for each such

share, and the Purchaser shall have no obligation to pay any Liquidation Amount or Dividend Amount to the holders of such shares so purchased by Callco.

To exercise the Liquidation Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of Callco's intention to exercise such right at least 45 days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding-up of the Purchaser or any other voluntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, and at least five business days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding-up of the Purchaser or any other involuntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not Callco has exercised the Liquidation Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Liquidation Call Right, then on the Liquidation Date, Callco will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price.

Retraction and Redemption of Exchangeable Shares and Associated Call Rights

Holders of Exchangeable Shares will be entitled at any time following the Effective Time to retract (i.e., to require the Purchaser to redeem) any or all Exchangeable Shares registered in their names and to receive an amount per share equal to the Retraction Price (which shall be satisfied in full by the Purchaser delivering or causing to be delivered to such holder one SIRI Share, plus any Dividend Amount) therefor, subject to the Retraction Call Right described below. Holders of Exchangeable Shares may effect such retraction by presenting to the Purchaser or the Transfer Agent the certificate(s), if any, representing the Exchangeable Shares the holder desires to have the Purchaser redeem, together with such other documents and instruments as may be required under the OBCA or the articles or by-laws of the Purchaser or by the Transfer Agent, and a duly executed Retraction Request (i) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares redeemed by the Purchaser, (ii) stating the Retraction Date, provided that the Retraction Date is not less than ten business days nor more than fifteen business days after the date on which the Retraction Request is received by the Purchaser and further provided that, in the event that no such business day is specified by the holder in the Retraction Request, the Retraction Date will be deemed to be the fifteenth business day after the date on which the Retraction Request is received by the Purchaser, and (iii) acknowledging the overriding Retraction Call Right of Callco to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction Request will be deemed to be a revocable offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the terms and conditions described below.

Upon receipt by the Purchaser of a Retraction Request, the Purchaser will immediately notify Callco of the Retraction Request. If Callco exercises the Retraction Call Right and provided that the Retraction Request is not revoked by the holder in the manner described below, the Purchaser will not redeem the Retracted Shares and Callco will purchase from such holder, and such holder will sell to Callco, on the Retraction Date the Retracted Shares for a purchase price equal to the Retraction Price. In the event that Callco does not exercise the Retraction Call Right, and provided that the Retraction Request is not revoked by the holder in the manner described below, the Purchaser will redeem the Retracted Shares on the Retraction Date for the Retraction Price, which shall be satisfied in full by the Purchaser delivering or causing to be delivered to such holder one SIRI Share, plus any Dividend Amount for each Retracted Share.

A holder of Retracted Shares may, by notice in writing given by the holder to the Purchaser before the close of business on the business day immediately preceding the Retraction Date, withdraw such holder's Retraction Request, in which event such Retraction Request will be null and void and the revocable offer constituted by the Retraction Request to sell the Retracted Shares to Callco will be deemed to have been revoked.

Subject to applicable law, and provided that Callco has not exercised the Redemption Call Right, the Purchaser will, on the Redemption Date, if any, established by the board of directors of the Purchaser, which date will not be earlier than the fifth anniversary of the date on which the Exchangeable Shares are first issued (except as described in the following paragraph), upon at least 60 days prior notice to the holders of the Exchangeable Shares (except as provided below), redeem the whole of the then outstanding Exchangeable Shares by delivery of the Redemption Price to each holder thereof, which shall be satisfied in full by the Purchaser causing to be delivered to each holder of Exchangeable Shares one SIRI Share for each Exchangeable Share, together with an amount equal to the Dividend Amount.

The Redemption Date may be earlier than the fifth anniversary of the date on which Exchangeable Shares are first issued, if prior to such date:

- (a) there are fewer than 2,000,000 Exchangeable Shares outstanding (other than Exchangeable Shares held by SIRI, its affiliates or the Purchaser and subject to necessary adjustments to such number of shares to reflect permitted changes to Exchangeable Shares), in which case the board of directors of the Purchaser may accelerate such redemption date as it may determine, upon at least 60 days prior written notice to the holders of the Exchangeable Shares;
- (b) any merger, amalgamation, arrangement, take-over bid or tender offer, material sale of shares or rights or interest therein or thereto, restructuring or reorganization or similar transactions involving SIRI, or any proposal to do so occurs, in which case, provided that the board of directors of the Purchaser determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such transaction in accordance with its terms, the board of directors of the Purchaser may accelerate the Redemption Date to such date as it may determine, upon such number of days' prior written notice to the holders of the Exchangeable Shares as the board of directors of the Purchaser may determine to be reasonably practicable in such circumstances;
- (c) an Exchangeable Share Voting Event (as defined below) that is not an Exempt Exchangeable Share Voting Event (as defined below) is proposed and (i) the holders of the Exchangeable Shares fail to take the necessary action, at a meeting or other vote of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exchangeable Share Voting Event or the holders of the Exchangeable Shares do take the necessary action but in connection therewith, more than 2% of the holders of Exchangeable Shares exercise rights of dissent under the OBCA, and (ii) the board of directors of the Purchaser determines in good faith that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action, or the board of directors of the Purchaser makes its determination, as applicable; or
- (d) an Exempt Exchangeable Share Voting Event (as defined below) is proposed and holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action.

For the purposes of paragraphs (c) and (d) above, the term “**Exchangeable Share Voting Event**” means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of the Purchaser and in respect of which the board of directors of the Purchaser determines that after giving effect to such matter the economic equivalence of the Exchangeable Shares and the SIRI Shares is maintained for the holders of Exchangeable Shares (other than SIRI, its affiliates and the Purchaser) and the term “**Exempt Exchangeable Share Voting Event**” means an Exchangeable Share Voting Event in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the economic equivalence of the Exchangeable Shares and the SIRI Shares.

Notice of the Redemption Date will be sent to SIRI and Callco at the same time as it is sent to the holders of Exchangeable Shares and, notwithstanding any proposed redemption of the Exchangeable Shares, Callco will have the Redemption Call Right to purchase all, but not less than all, of the outstanding Exchangeable Shares on the Redemption Date, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one SIRI Share plus the Dividend Amount for each Exchangeable Share.

Unless the relevant Canadian tax legislation is amended, any Canadian tax deferral obtained by an Company Shareholder who receives Exchangeable Shares under the Arrangement will end on the exchange or redemption of Exchangeable Shares for SIRI Shares. Moreover, if the Call Rights are not exercised on redemption of the Exchangeable Shares by the Purchaser, a holder of Exchangeable Shares may realize a dividend for Canadian tax purposes that may exceed the holder's economic gain, See “Certain Canadian Federal Income Tax Considerations”.

Voting Rights

The holders of the Exchangeable Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of SIRI or to vote at any such meeting. Except as required by applicable law and in respect of certain matters as further described in the share provisions of the Exchangeable Shares, the holders of the Exchangeable Shares will not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Purchaser or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of the Exchangeable Shares will not have class votes except as required by applicable law.

Amendment and Approval

Any approval required to be given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares in accordance with applicable law will be deemed to have been sufficiently given if it has been given in accordance with applicable law, subject to a minimum requirement that such approval be evidenced by a resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares are present or represented by proxy. Notwithstanding the foregoing, and subject to applicable law, a resolution signed in writing by holders of Exchangeable Shares holding two-thirds of the outstanding Exchangeable Shares is as valid as if it had been passed at a meeting of holders of Exchangeable Shares.

Support Agreement

The following is a summary description of certain material provisions of the Support Agreement, is not comprehensive and is qualified in its entirety by reference to the complete text of the Support Agreement, which is attached as Appendix II to the Plan of Arrangement attached as Appendix “B” to this Company Circular.

Pursuant to the Support Agreement, SIRI has covenanted that, so long as any Exchangeable Shares not owned by SIRI, its affiliates or the Purchaser are outstanding, SIRI will, whether directly or indirectly, among other things:

- (a) not declare or pay any dividend on the SIRI Shares unless
 - (i) on the same day the Purchaser declares or pays, as the case may be, an equivalent dividend on the Exchangeable Shares and
 - (ii) the Purchaser has sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of an equivalent dividend on the Exchangeable Shares;
- (b) advise the Purchaser in advance of the declaration of any dividend on the SIRI Shares and take other actions reasonably necessary to ensure that the declaration date, record date and payment date for dividends on the Exchangeable Shares are the same as those for any corresponding dividends on the SIRI Shares;
- (c) ensure that the record date for any dividend declared on the SIRI Shares is not less than seven days after the declaration date of such dividend;
- (d) take all actions and do all things necessary to enable and permit the Purchaser, in accordance with applicable law, to pay the Liquidation Amount, the Retraction Price or the Redemption Price to the holders of the Exchangeable Shares in the event of a liquidation, dissolution or winding-up of the Purchaser, a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by the Purchaser, as the case may be;
- (e) take all actions and do all things necessary or desirable to enable and permit Callco, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right, or the Redemption Call Right (as such terms are defined in the Plan of Arrangement), as the case may be;

- (f) shall contribute to the Purchaser (as a capital contribution) from time to time cash in an amount equal to cash dividends required to be paid by the Purchaser on the Exchangeable Shares as the result of cash dividends being declared on the SIRI Shares, which funding shall occur in sufficient time to permit the Purchaser to pay any such cash dividends in accordance with the terms and conditions of the Support Agreement; and
- (g) except in connection with any event, circumstance or action which causes or could cause the occurrence of a Redemption Date, not exercise its vote or other right as either a shareholder or creditor to initiate the voluntary liquidation, dissolution or winding up of the Purchaser or any other distribution of the assets of the Purchaser, nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for purpose of winding up its affairs.

In order to protect the economic equivalence of the Exchangeable Shares, the Support Agreement provides that, so long as any Exchangeable Shares not owned by SIRI, its affiliates or the Purchaser are outstanding:

- (a) SIRI will not without prior approval of the Purchaser and the prior approval of the holders of the Exchangeable Shares given in accordance with the terms of the Exchangeable Shares:
 - (i) issue or distribute SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to the holders of all or substantially all of the then outstanding SIRI Shares by way of stock dividend or other distribution, other than an issue of SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to holders of SIRI Shares (A) who exercise an option to receive dividends in SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) in lieu of receiving cash dividends, or (B) pursuant to any dividend reinvestment plan or similar arrangement; or
 - (ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding SIRI Shares entitling them to subscribe for or to purchase SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares); or
 - (iii) issue or distribute to the holders of all or substantially all of the then outstanding SIRI Shares (A) shares or securities (including evidences of indebtedness) of SIRI of any class (other than SIRI Shares or securities convertible into or exchangeable for or carrying rights to acquire SIRI Shares), or (B) rights, options, warrants or other assets other than those referred to in clause (a)(ii) above,

unless in each case the economic equivalent on a per share basis of such rights, options, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least seven days' prior written notice thereof is given to the holders of Exchangeable Shares.

- (b) SIRI will not without the prior approval of the Purchaser and the prior approval of the holders of the Exchangeable Shares given in accordance with the terms of the Exchangeable Shares:
 - (i) subdivide, redivide or change the then outstanding SIRI Shares into a greater number of SIRI Shares; or
 - (ii) reduce, combine, consolidate or change the then outstanding SIRI Shares into a lesser number of SIRI Shares; or
 - (iii) reclassify or otherwise change SIRI Shares or effect an amalgamation, merger, arrangement, reorganization or other transaction affecting SIRI Shares;

unless the same or an economically equivalent change is simultaneously made to, or in the rights of the holders of, the Exchangeable Shares and at least seven days prior written notice is given to the holders of Exchangeable Shares.

- (c) SIRI will ensure that the record date for any event referred to in paragraphs (a) or (b) above, or (if no record date is applicable for such event) the effective date for any such event, is not less than five business days after the date on which such event is declared or announced by SIRI (with contemporaneous notification thereof by SIRI to Callco),
- (d) The board of directors of the Purchaser will be entitled to determine, acting in good faith and in its sole discretion, economic equivalence for the purposes of any event referred to in paragraphs (a) or (b) above and each such determination will be conclusive and binding on SIRI,
- (e) The Purchaser agrees that, to the extent required, upon due notice from SIRI, the Purchaser will use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by the Purchaser, or subdivisions, redivisions or changes are made to the Exchangeable Shares, in order to implement the required economic equivalence with respect to the SIRI Shares and Exchangeable Shares.

The Support Agreement provides that in the event that a tender offer, share exchange offer, issuer bid, takeover bid or similar transaction with respect to SIRI Shares is proposed by SIRI or is proposed to SIRI or its shareholders and is recommended by the board of directors of SIRI, or is otherwise effected or to be effected with the consent or approval of the board of directors of SIRI, and the Exchangeable Shares are not redeemed by the Purchaser or purchased by Callco pursuant to the Redemption Call Right, SIRI will expeditiously and in good faith take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares (other than SIRI, its affiliates and the Purchaser) to participate in such offer to the same extent and on an economically equivalent basis as the holders of SIRI Shares, without discrimination. Without limiting the generality of the foregoing, SIRI will take all such actions and do all such things as are necessary or desirable to ensure that holders of Exchangeable Shares may participate in each such offer without being required to retract Exchangeable Shares as against the Purchaser (or, if so required, to ensure that any such retraction, shall be effective only upon, and shall be conditional upon, the closing of such offer and only to the extent necessary to tender or deposit to the offer).

SIRI will agree in the Support Agreement that, upon the occurrence of a Purchaser Insolvency Event, the Purchaser shall have the right to require SIRI to purchase all or any part of the Exchangeable Shares from each or any holder, provided that the Purchaser may exercise such right only on the basis of instructions received from each such holder (the “**Exchange Right**”). The purchase price payable by SIRI for each Exchangeable Share purchased pursuant to the Purchaser Insolvency Event will be satisfied by the delivery of one SIRI Share to the holder thereof, together with an amount equal to the Dividend Amount, if any.

As soon as practicable following the occurrence of a Purchaser Insolvency Event or any event that with the passage of time or the giving of notice or both would be a Purchaser Insolvency Event, the Purchaser will give notice to SIRI and each holder of Exchangeable Shares of such event and will advise the holder of its rights with respect to the Exchange Right.

SIRI will agree in the Support Agreement that, in the event of a SIRI Liquidation Event, SIRI will purchase all of the Exchangeable Shares from the holders thereof immediately prior to the effective date of such SIRI Liquidation Event (the “**Automatic Exchange Right**”). The purchase price payable by SIRI for each Exchangeable Share purchased pursuant to the SIRI Liquidation Event will be satisfied by the delivery of one SIRI Share for each Exchangeable Share purchased, together with an amount equal to the Dividend Amount, if any.

The Support Agreement also provides that, as long as any outstanding Exchangeable Shares are owned by any person or entity other than SIRI, its affiliates or the Purchaser, SIRI will, unless approval to do otherwise is obtained from the holders of the Exchangeable Shares in accordance with the terms of the Exchangeable Shares, remain the direct or indirect beneficial owner of all issued and outstanding shares of Callco.

With the exception of changes for the purpose of (1) adding to the covenants of any or all of the parties, (ii) making certain necessary amendments, or (iii) curing ambiguities or clerical errors (provided, in each case, that the board of directors of each of SIRI, the Purchaser and Callco are of the opinion that such amendments are not prejudicial to the rights or interests of the holders of the Exchangeable Shares), the Support Agreement may not be amended except by agreement in writing executed by the Purchaser, Callco and SIRI and approved by the holders of the Exchangeable Shares.

Under the Support Agreement, SIRI will not exercise, and will prevent its affiliates from exercising, any voting rights which may be exercisable by holders of Exchangeable Shares from time to time with respect to any Exchangeable Shares owned by SIRI, its affiliates or the Purchaser on any matter considered at meetings of holders of Exchangeable Shares (including any approval sought from such holders in respect of matters arising under the Support Agreement).

SUMMARY OF ARRANGEMENT AGREEMENT

The Arrangement Agreement and the Plan of Arrangement are the legal documents that govern the Arrangement. This section of this Company Circular describes the material provisions of the Arrangement Agreement but does not purport to be complete and may not contain all of the information about the Arrangement Agreement that is important to Company Shareholders. This summary is qualified in its entirety by the Arrangement Agreement, which is available on SEDAR at www.sedar.com. We encourage Company Shareholders to read the Arrangement Agreement in its entirety. The Arrangement Agreement establishes and governs the legal relationship between the Company, the Company Subsidiary, the Purchaser and the Guarantor with respect to the transactions described in this Company Circular. It is not intended to be a source of factual, business or operational information about the Company, the Company Subsidiary, the Purchaser or the Guarantor.

The Purchaser

The Purchaser is an Ontario incorporated company. As of the Effective Time, Slight and Obelysk will together hold 67% of the voting interests and 30% of the equity of the Purchaser, with the Guarantor holding the balance of the voting interests and equity. The holders of the Exchangeable Shares (if any) will also own non-voting shares in the capital of the Purchaser. As of the Effective Time, a majority of the directors of the Purchaser will be resident Canadians and the Purchaser will be eligible under the CRTC Direction to control the Company and the Company Subsidiary. The Purchaser and the Company will be amalgamated immediately following the Effective Time to form Amalco.

Guarantee

The Guarantor has unconditionally and irrevocably guaranteed to the fullest extent permitted by Law in favour of the Company the due and punctual performance by the Purchaser of the Purchaser's obligations under the Arrangement Agreement. The Guarantor has agreed that the Company shall not have to proceed first against the Purchaser in respect of any such matter before exercising its rights under this guarantee against the Guarantor and has agreed to be liable for all guaranteed obligations as if it were the principal obligor of such obligations.

Exchangeable Share Consideration

The Parties have agreed that the payment of the Exchangeable Share Consideration pursuant to the Plan of Arrangement is subject to: (i) the Company and the Purchaser obtaining the Exemptive Relief prior to the Effective Time; and (ii) Company Shares being exchanged under the Plan of Arrangement for aggregate Exchangeable Share Consideration having an equivalent value of at least \$25,000,000 (on the basis of Class A Exchangeable Share Consideration having an equivalent value of \$4.50 per Class A Share and Class B Exchangeable Share Consideration having an equivalent value of \$1.50 per Class B Share).

If either of these conditions is not satisfied, then no Exchangeable Share Consideration will be paid pursuant to the Plan of Arrangement and any holders of Company Shares that elected Exchangeable Share Consideration will receive instead a combination of cash or SIRI Shares, as specified in their Letter of Transmittal and Election Form.

Covenants

Conduct of Business of the Company

From the date of the Arrangement Agreement until the earlier of the Effective Time, or the termination of the Arrangement Agreement in accordance with its terms, the Company and the Company Subsidiary have agreed to (except as required by Law or an Authority, or as disclosed in the Company Disclosure Letter): (i) conduct business in the Ordinary Course, (ii) use all commercially reasonable efforts to maintain the goodwill of the Company and preserve the Company's business and its relationships with all customers, landlords, original equipment manufacturers, Company Employees and others having business relationships with Company; (iii) use commercially reasonable efforts to continue in force all policies of

insurance maintained by or for the benefit of the Company; and (iv) not, except as contemplated or permitted by the Arrangement Agreement do any of the following:

- (a) cause, adopt or propose any amendments to the terms of any of its outstanding securities, its Constatting Documents or any organizational instruments;
- (b) other than any conversions of Company Shares from one class to another as contemplated by the Governance Agreements or in connection with previously issued Company Options and Company RSUs, issue, sell, pledge, dispose of, encumber, agree or offer to issue, sell, pledge, dispose of or encumber any additional securities, or any options, restricted share units, warrants, calls, conversion privileges or rights of any kind to acquire any of its securities;
- (c) split, combine or reclassify any outstanding securities;
- (d) redeem, purchase or offer to purchase any of its securities (including any such purchases under a normal course issuer bid);
- (e) except as may be required as a result of a change in Law or GAAP, change any of the accounting principles or practices used by it which would materially affect its reported consolidated assets, liabilities or results of operations;
- (f) (i) acquire (by merger, consolidation, or acquisition of shares or assets or otherwise) any corporation, partnership or other business organization or division thereof or any material equity interest therein or (ii) authorize or make any new capital expenditure or expenditures or investments exceeding a certain dollar threshold amount in the aggregate;
- (g) enter into, amend or terminate any material employment, labour, consulting or service contract or Employee Plan, or increase the compensation payable to any senior officer of the Company, in either case in excess of a certain dollar threshold amount, other than in accordance with existing employment arrangements, retention arrangements, compensation plans approved by the board or the Special Committee, consistent with past practice;
- (h) provide any material incentives by way of cash payments, securities or otherwise, contingent or actual, to any senior Company Employee in the aggregate in excess of a certain dollar threshold amount;
- (i) incur, create, assume or guarantee any obligations or liabilities (fixed or contingent) which are individually or in the aggregate in excess of a certain dollar threshold amount, exclusive of any draw-downs under any of Company's existing credit facilities which shall be permitted;
- (j) settle or compromise any pending Claim for a cash settlement amount in excess of a certain dollar threshold amount in the aggregate;
- (k) sell, grant a licence in, encumber or otherwise dispose of any of its material assets, securities, properties, interests or businesses having a value of a certain dollar threshold amount in the aggregate;
- (l) allow to lapse or terminate, or fail to renew, any company permit;
- (m) receive, or enter into or be party to any arrangement to receive, any payment prior to the Effective Time that would in the Ordinary Course or based on customary industry practices be received following the Effective Time;
- (n) write off or waive any accounts receivable which are individually or in the aggregate greater than a certain dollar threshold amount and that have not previously been reserved against as doubtful accounts;
- (o) fail to pay or otherwise satisfy when due, other than in the Ordinary Course, any accounts payable, liabilities or obligations that in the aggregate exceed a certain dollar threshold amount or make any

material change to its practices and policies regarding the payment and collection of accounts receivable and accounts payable and liabilities;

- (p) materially amend, renew, terminate or enter into any Material Contract;
- (q) (i) fail to duly and timely file, in accordance with applicable Laws, all Tax Returns required to be filed by it on or after the date hereof; (ii) fail to timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws; (iii) make or rescind any material election relating to Taxes (except as otherwise contemplated in the Arrangement Agreement); (iv) make a request for a tax ruling or enter into a closing agreement with any taxing authority; (v) settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and (vi) change in any material respect any of its methods of reporting income, deductions, or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending August 31, 2015, except as may be required by applicable Laws; or
- (r) enter into any commitment or obligation to do any of the foregoing.

Declaration and Payment of Dividends

Up to two ordinary course Permitted Dividends will be suspended during the term of the Arrangement Agreement. The Company may declare and pay a Permitted Dividend on or after December 1, 2016 provided that such Permitted Dividend may only be in respect of the fiscal quarter immediately preceding such date. “**Permitted Dividends**” means: (a) in respect of Class A Shares, a dividend not in excess of \$0.1050 per Class A Share per fiscal quarter, (b) in respect of Class B Shares, a dividend not in excess of \$0.0350 per Class B Share per fiscal quarter, and (c) in respect of Class C Shares, a dividend not in excess of \$0.1050 per Class C Share per fiscal quarter.

Covenants regarding the Arrangement

The Company has agreed to use its commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Law to consummate the Arrangement as soon as practicable, including:

- (a) using its commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (A) required to be obtained under the material contracts in connection with the Arrangement or (B) required in order to maintain the material contracts in full force and effect following completion of the Arrangement, in each case, on terms that are reasonably satisfactory to the Purchaser;
- (b) using its commercially reasonable efforts to, on prior written approval of the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement;
- (c) carrying out the terms of the Interim Order and the Final Order applicable to it and complying promptly with all requirements imposed by Law on it or its Subsidiaries with respect to the Arrangement Agreement or the Arrangement; and
- (d) not taking any action, or refraining from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement.

The Company has agreed to promptly notify the Purchaser of:

- (a) any Material Adverse Effect or any change, effect, event, development, occurrence, circumstance or state of facts which would reasonably be expected to have a Material Adverse Effect;

- (b) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with the Arrangement Agreement or the Arrangement;
- (c) any notice or other communication from any Authority in connection with the Arrangement Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or
- (d) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement.

The Purchaser and the Guarantor have agreed to use their commercially reasonable efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under Law to consummate the Arrangement as soon as practicable, including:

- (a) using their commercially reasonable efforts to, on prior written approval of the Company, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or the Arrangement Agreement;
- (b) carrying out the terms of the Interim Order and the Final Order applicable to it and complying promptly with all requirements imposed by Law on it with respect to the Arrangement Agreement or the Arrangement; and
- (c) not taking any action, or refraining from taking any commercially reasonable action, or permitting any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement.

Cooperation Regarding Pre-Closing Reorganization

The Company has agreed to use its commercially reasonable efforts to effect such reorganization of its business, operations, and assets, or such other transactions, as the Purchaser may reasonably request in writing (each, a “**Pre-Closing Reorganization**”) prior to the Effective Time, and the Plan of Arrangement, if required, shall be modified accordingly; provided, however, that the Company need not effect a Pre-Closing Reorganization which in the opinion of the Company: (i) would require the Company to obtain the prior approval of the Company Voting Shareholders in respect of such Pre-Closing Reorganization other than at the Company Meeting; (ii) is prejudicial to the Company or Company Voting Shareholders or inconsistent with the provisions of the Arrangement Agreement; (iii) affects or modifies in any respect the obligations of the Purchaser under the Arrangement Agreement; (iv) is not reasonably capable of being consummated following the date of the Final Order and prior to the Effective Time; or (v) would impede or delay the consummation of the Arrangement.

The Purchaser is required to provide written notice to the Company of any proposed Pre-Closing Reorganization at least 20 Business Days prior to the Effective Date.

The Purchaser must bear all costs of the Pre-Closing Reorganization, including any liability for Taxes of the Company Entities that may arise as a result of such Pre-Closing Reorganization. The Purchaser and the Guarantor have agreed to indemnify and save harmless the Company Entities and their officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of any Pre-Closing Reorganization or as a result of the reversal (where such reversal is determined by the Company to be necessary, acting reasonably) of all or any of the Pre-Closing Reorganization steps in the event the Arrangement does not proceed (including actual out-of-pocket costs and expenses for filing fees and external counsel).

Any Pre-Closing Reorganization to be effected shall not become effective unless (i) the Purchaser shall have confirmed in writing the satisfaction or waiver of all closing conditions in its favour and shall have confirmed in writing that it is prepared to promptly without condition (except for the Pre-Closing Reorganization) proceed to effect the Arrangement,

and (ii) the Company is satisfied that all closing conditions in its favour are capable of satisfaction prior to the Effective Time.

CRTC Approval

The parties to the Arrangement Agreement have agreed that they shall, as applicable, as soon as reasonably practicable but not later than ten Business Days after the date of the Arrangement Agreement, prepare and file all necessary or advisable documents, registrations, statements, petitions, filings, submissions and applications with Authorities in connection with the CRTC Approval.

The Company has agreed to, as soon as reasonably practicable but not later than 10 Business Days after the date of the Arrangement Agreement, cause the Company Subsidiary to prepare and file all necessary or advisable documents, registrations, statements, petitions, filings, submissions and applications with Authorities in connection with the CRTC Approval.

Subject to Law, the Parties have agreed to cooperate with one another in connection with obtaining the CRTC Approval. More particularly, each Party has agreed to:

- (a) promptly inform the other Party of any material communication received by that Party in respect of obtaining or concluding the CRTC Approval;
- (b) use commercially reasonable efforts to respond promptly to any request or notice from any Authority requiring the Parties, or any one of them, to supply additional information that is relevant to the review of the transactions contemplated by the Arrangement Agreement in respect of obtaining or concluding the CRTC Approval;
- (c) permit the other Party to review in advance any proposed applications, notices, filings and submissions to Authorities (including responses to requests for information and inquiries from any Authority) in respect of obtaining or concluding the CRTC Approval, and provide the other Party a reasonable opportunity to comment thereon and consider those comments in good faith;
- (d) promptly provide the other Party with any filed copies of applications, notices, filings and submissions (including responses to requests for information and inquiries from any Authority), that were submitted to an Authority in respect of obtaining or concluding the CRTC Approval;
- (e) not participate in or initiate any meeting or any discussion (whether in person, by telephone or otherwise) with Authorities in respect of obtaining or concluding the CRTC Approval unless it consults with the other Party in advance and gives the other Party and its legal counsel the opportunity to attend and participate thereat, unless an Authority requests otherwise in writing or unless, in the case of a telephone conversation or email, it is in response to a telephone call or email initiated by the Authority to the recipient requesting simple information or clarification concerning the application to the Authority for CRTC Approval; provided that the other Party and its legal counsel is informed promptly thereafter of the nature and content of such meeting, discussion or email exchange with the Authority; and
- (f) keep the other Party promptly informed of the status of discussions relating to obtaining or concluding the CRTC Approval.

Despite the foregoing, submissions, filings or other written communications with any Authority may be redacted as necessary before sharing with the other Party to address reasonable attorney-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Authority on the basis that the redacted information will not be shared with its clients.

The Parties have agreed to request that the CRTC Approval be processed by the applicable Authority on an expedited basis and, to the extent that a public hearing is held, the Parties have agreed to request the earliest practicable hearing date for the consideration of the CRTC Approval.

The Parties have agreed to use best efforts to obtain the CRTC Approval. If any objections are asserted with respect to the transactions contemplated by the Arrangement Agreement under any Law, or if any proceeding is instituted or threatened by any Authority challenging or which could lead to a challenge of any of the transactions contemplated by the Arrangement Agreement as not in compliance with Law, the Parties have agreed to use their best efforts consistent with the terms of the Arrangement Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Each of the Guarantor, the Purchaser and the Company is required to promptly notify the other Parties in writing of any notice or other communication from any Person (other than Authorities in connection with CRTC Approval) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with the Arrangement.

Access to Information; Confidentiality

Subject to Law and for the sole purpose of evaluating or consummating the Arrangement, the Company is required to give the Purchaser and the Guarantor and their respective Representatives (a) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) contracts and leases, and (iv) senior executives, so long as the access does not unduly interfere with the Ordinary Course conduct of the business of the Company; and (b) such financial and operating data or other information with respect to the assets or business of the Company as the Purchaser or the Guarantor from time to time reasonably requests.

Investigations made by or on behalf of the Purchaser or the Guarantor will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Company in the Arrangement Agreement.

The Purchaser has agreed to comply with the Confidentiality Terms jointly and severally with the Guarantor as though an original party thereto. The Purchaser and the Guarantor acknowledge that the Confidentiality Terms continue to apply and that any information provided that is non-public and/or proprietary in nature shall be subject to the Confidentiality Terms. If the Arrangement Agreement is terminated in accordance with its terms, the Confidentiality Terms shall survive the termination of the Arrangement Agreement.

Public Communications

The Parties must co-operate in the preparation of presentations, if any, to Company Voting Shareholders regarding the Arrangement. A Party must not issue any press release or make any other public statement or disclosure, directly or indirectly, with respect to the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and the Parties must not make any filing with any Authority with respect to the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided that any Party that is required to make disclosure by Law must give the other Party prior written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure must give reasonable consideration to any comments made by the other Party or its counsel. If such prior written notice is not possible, the Party must give such written notice immediately following the making of such disclosure or filing.

Insurance and Indemnification

The Arrangement Agreement provides that the Company will purchase and pre-pay customary "tail" policies of directors' and officers' liability insurance providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date, and the Purchaser will maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date.

The Arrangement Agreement also provides that the Purchaser will honour all rights to indemnification or exculpation existing at the time of the execution of the Arrangement Agreement in favour of present and former employees, officers and directors of the Company and its Subsidiaries and such rights will survive the consummation of the Arrangement and will continue in full force and effect in accordance with their terms until the later of six years from the Effective Date and the date that the applicable person ceases to be an employee, officer or director of the Company and its Subsidiaries.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of the Company and Company Subsidiary relating to the following: formation and authority, non-contravention, enforceability of obligations, consents, capitalization, licences, permits and authorizations, books and records, Company financial statements, absence of undisclosed liabilities, tax matters, absence of certain changes or events, assets, leases of real property, owned real property, litigation, non-arm's length transactions, material contracts, employment matters, employee plans, insurance, intellectual property and information technology, accounts receivable, privacy, finders' fees, opinion of financial advisors, independent valuation, and board and special committee approval.

The Arrangement Agreement contains certain representations and warranties of the Guarantor and Purchaser relating to the following: formation and authority, non-contravention, enforceability of obligations, consents, sufficient funds, exchangeable share consideration, security ownership, finders' fees, litigation, and Canadian-control.

The Arrangement Agreement also contains certain representations and warranties of the Guarantor relating to SIRI. The Guarantor confirms that (i) it is a wholly-owned Subsidiary of SIRI, and (ii) it has the same knowledge as SIRI does in respect of the matters which are the subject of the representations. The Guarantor represents, among other things, that SIRI has filed all required reports, schedules, forms, statements and other documents (including documents incorporated by reference) with the applicable United States security regulatory authorities (the "**SIRI Public Disclosure Documents**"), and as of its date, each SIRI Public Disclosure Document complied in all material respects with all Laws, including U.S. Securities Laws, applicable to such SIRI Public Disclosure Document, and none of the SIRI Public Disclosure Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent that such statements have been modified or superseded by a later-filed SIRI Public Disclosure Document.

Conditions to Closing

The followings conditions to closing are for the benefit of the Guarantor and Purchaser and/or the Company and Company Subsidiary, as applicable. The conditions will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Director.

Mutual Conditions

The Parties are not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

- (a) The Arrangement Resolution has been approved and adopted by the Company Voting Shareholders at the Company Meeting in accordance with the Interim Order.
- (b) The Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.
- (c) The CRTC Approval has been made, given or obtained, and is in force and has not been modified by the Outside Date.
- (d) The Voting Support Agreements of each of Obelysk and Slaight are in force and have not been terminated prior to the Effective Time.

Additional Conditions in Favour of the Guarantor

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) All representations and warranties of the Company Entities set forth in the Arrangement Agreement shall have been true and correct in all respects, without regard to any materiality or Material Adverse Effect qualification contained therein, as of the date of the Arrangement Agreement (other than representations and warranties which must be true and correct as of the Effective Time and except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such dates) except where the failure or failures of all such representations and warranties to be so true and correct in all respects would not reasonably be expected to result in a Material Adverse Effect, and the Company has delivered to the Purchaser, dated the Effective Date, a certificate signed by a senior officer of the Company, in his or her capacity as an officer and not in his or her personal capacity, confirming satisfaction of this condition.
- (b) The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Purchaser, executed by a senior officer of the Company, in his or her capacity as an officer and not in his or her personal capacity, addressed to the Purchaser and dated the Effective Date.
- (c) There is no action or proceeding pending or threatened by any Person (other than the Purchaser or the Guarantor) in any jurisdiction that is reasonably likely to:
 - (i) cease trade, enjoin or prohibit the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Voting Shares, including the right to vote the Voting Shares; or
 - (ii) prohibit or restrict the Arrangement.
- (d) There shall not have occurred since the date of the Arrangement Agreement any event, change, effect or development that individually or in the aggregate, has had a Material Adverse Effect on the Company.
- (e) CRTC Approval and all other required material regulatory approvals shall have been obtained on or prior to the Outside Date on terms acceptable to the Purchaser.

Additional Conditions in Favour of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

- (a) All representations and warranties of the Guarantor and Purchaser set forth in the Arrangement Agreement shall have been true and correct in all respects, without regard to any materiality or Material Adverse Effect qualification contained therein, as of the date of the Arrangement Agreement (other than representations and warranties which must be true and correct as of the Effective Time and except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such dates), and the Guarantor and Purchaser has delivered to the Company, dated the Effective Date, a certificate signed by a senior officer of each of the Guarantor and Purchaser, in his or her capacity as an officer and not in his or her personal capacity, confirming satisfaction of this condition.
- (b) Each of the Guarantor and Purchaser have fulfilled or complied in all material respects with each of the covenants of each of the Guarantor and Purchaser contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and have delivered a certificate confirming same to the Company, executed by a senior officer of each of the Guarantor and Purchaser, in his or her capacity as an officer and not in his or her personal capacity, addressed to the Company and dated the Effective Date.
- (c) The SIRI Shares issuable to the Company Voting Shareholders pursuant to the Arrangement, shall have been approved for listing on the NASDAQ, subject to official notice of issuance.
- (d) The distribution of the SIRI Shares and the Exchangeable Shares issuable to the Company Voting Shareholders pursuant to the Arrangement and the first trade thereof shall be exempt from the

prospectus and registration requirements of applicable Laws either by virtue of exemptive relief from applicable securities regulatory Authorities or by virtue of applicable exemptions under applicable Laws and shall not be subject to resale restrictions under applicable Laws.

Additional Covenants Regarding Non-Solicitation

Pursuant to the Arrangement Agreement, the Company agreed not to, directly or indirectly, through any officer, director, employee, representative (including any financial or other adviser) or agent of the Company or of any of its Subsidiaries (collectively “**Representatives**”), or otherwise, and agreed not to permit any such Person to:

- (a) solicit, initiate, knowingly encourage or otherwise knowingly facilitate, (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary or entering into any form of agreement, arrangement or understanding) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the Purchaser) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;
- (c) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to an Acquisition Proposal for a period of no more than five Business Days following the formal announcement of such Acquisition Proposal will not be considered to be in violation of this section provided the Board has rejected such Acquisition Proposal and affirmed the Board Recommendation before the end of such five Business Day period); or
- (d) enter into or publicly propose to enter into any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement with such Person).

The Company has agreed to, and has agreed to cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of the Arrangement Agreement with any Person (other than the Purchaser or the Guarantor) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection with such termination shall:

- (a) discontinue access to and disclosure of all information, including any data room, properties, facilities, books and records of the Company or any Subsidiary; and
- (b) request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any Subsidiary provided to any Person other than the Purchaser, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any Subsidiary, to the extent that such information has not previously been returned or destroyed, using its commercially reasonable efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

Responding to an Acquisition Proposal

Notwithstanding the non-solicitation provisions, if at any time, prior to obtaining the Required Approval, the Company receives a written Acquisition Proposal that was not obtained as a result of a breach of the non-solicitation provisions, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries, if and only if:

- (a) the Board first determines in good faith, after consultation with its financial advisors and its outside counsel, that such Acquisition Proposal constitutes or could reasonably be expected to constitute or lead

to a Superior Proposal, and, after consultation with its outside counsel, that the failure to engage in such discussions or negotiations would be inconsistent with its fiduciary duties;

- (b) such Person was not restricted from making such Acquisition Proposal pursuant to an existing standstill or similar restriction;
- (c) the Company has been, and continues to be, in compliance with its obligations under the non-solicitation covenants;
- (d) prior to providing any such copies, access, or disclosure, the Company enters into a confidentiality and standstill agreement with such Person; and
- (e) the Company promptly provides the Purchaser with:
 - (i) two (2) Business Days prior written notice stating the Company's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; and
 - (ii) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to above.

Right to Match

If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Approval, the Board may, subject to compliance with applicable termination provisions, enter into a definitive agreement with respect to such Acquisition Proposal and/or withdraw or modify the Board Recommendation, if and only if:

- (a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing standstill or similar restriction;
- (b) the Company has been, and continues to be, in compliance with its obligations under this the non-solicitation covenants;
- (c) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement and/or withdraw or modify the Board Recommendation, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");
- (d) the Company has provided the Purchaser a copy of the definitive agreement for the Superior Proposal;
- (e) at least five Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and a copy of the proposed definitive agreement for the Superior Proposal from the Company;
- (f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
- (g) if the Purchaser has offered to amend the Arrangement Agreement and the Arrangement, the Board has determined in good faith, after consultation with the Company's outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the Purchaser;
- (h) the Board has determined in good faith, after consultation with the Company's outside legal counsel that it is necessary for the Board to enter into a definitive agreement with respect to such Superior

Proposal and/or withdraw or modify the Board Recommendation in order to properly discharge its fiduciary duties; and

- (i) prior to or concurrent with entering into such definitive agreement, the Company terminates the Arrangement Agreement and pays the Termination Fee in accordance with the relevant termination provision.

During the Matching Period, or such longer period as the Company may approve in writing for such purpose: (a) the Board shall review any offer made by the Purchaser to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Company shall negotiate in good faith with the Purchaser to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend the Arrangement Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

Each successive material amendment to any Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal, and the Purchaser shall be afforded a new five Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and a copy of the proposed definitive agreement for the new Superior Proposal from the Company.

The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its outside legal with a reasonable opportunity to review the form and content of any such press release and shall give reasonable consideration to any comments made by the Purchaser and its counsel.

If the Company provides a Superior Proposal Notice to the Purchaser after a date that is less than ten (10) Business Days before the Company Meeting, the Company shall either proceed with or shall postpone the Company Meeting, as directed by the Purchaser acting reasonably, to a date that is not more than fifteen (15) Business Days after the scheduled date of the Company Meeting but before the Outside Date.

However, the non-solicitation covenants in the Arrangement Agreement, shall not prohibit the Board from:

- (a) responding through a directors' circular or otherwise as required by Law to an Acquisition Proposal that it determines is not a Superior Proposal, provided that the Company shall provide the Purchaser and its outside legal counsel with a reasonable opportunity to review the form and content of such circular or other disclosure and shall give reasonable consideration to any comments made by the Purchaser and its counsel;
- (b) calling and/or holding a meeting of Shareholders requisitioned by Shareholders in accordance with the OBCA or taking any other action with respect to an Acquisition Proposal to the extent ordered or otherwise mandated by a court of competent jurisdiction in accordance with Law; or
- (c) complying with and properly discharging its fiduciary duties.

Breach by Subsidiaries and Representatives

The Company has agreed to advise its Subsidiaries and their respective Representatives of the non-solicitation prohibitions set forth in the Arrangement Agreement and any violation of such restrictions by the Company, its Subsidiaries or their respective Representatives, shall be deemed to be a breach of such non-solicitation prohibitions by the Company.

Termination

The Arrangement Agreement may be terminated prior to the Effective Time by:

- (a) the mutual written agreement of the Parties; or
- (b) either the Company, the Guarantor or the Purchaser if:
 - (i) the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order;
 - (ii) after the date of the Arrangement Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable; or
 - (iii) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement pursuant to this provision if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement.
- (c) the Company if:
 - (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under the Arrangement Agreement occurs that would cause the closing conditions relating to Purchaser representations and warranties and covenants not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date in accordance with the cure provisions; provided that the Company is not then in breach of the Arrangement Agreement so as to cause the closing conditions relating to Company representations and warranties and covenants not to be satisfied;
 - (ii) prior to the approval by the Company Voting Shareholders of the Arrangement Resolution, the Board authorizes the Company to enter into a written agreement with respect to a Superior Proposal, provided the Company is then in compliance with the non-solicitation prohibitions and that prior to or concurrent with such termination the Company pays the Termination Fee; or
 - (iii) any closing condition in favour of the Company is not satisfied or waived in accordance with those sections and such condition is incapable of being satisfied by the Outside Date provided that the Company is in material compliance with the terms and conditions of the Arrangement Agreement.
- (d) the Purchaser or Guarantor if:
 - (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under the Arrangement Agreement occurs that would cause the closing conditions relating to Company representations and warranties and covenants not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the cure provisions; provided that the Purchaser is not then in breach of the Arrangement Agreement so as to cause the closing conditions relating to Purchaser representations and warranties and covenants not to be satisfied;
 - (ii) the Board or the Special Committee fails to recommend the transactions contemplated by the Arrangement Agreement or withdraws, amends, modifies or qualifies, publicly states its intention to do so, or fails to publicly reaffirm within five Business Days after having been requested in writing by the Purchaser to do so, the Board Recommendation, or takes no position or a neutral position with respect to an Acquisition Proposal for more than five Business Days after first learning of an Acquisition Proposal, or prior to the approval of the Arrangement Resolution the Company wilfully or intentionally breaches the non-solicitation prohibitions in any respect or, the Board or the Special Committee resolves to take any of the foregoing actions;

- (iii) there has occurred a Material Adverse Effect which is incapable of being cured on or prior to the Outside Date; or
- (iv) any closing conditions in favour of the Purchaser or Guarantor is not satisfied or waived in accordance with those sections and such condition is incapable of being satisfied by the Outside Date provided that the Purchaser and the Guarantor are in material compliance with the terms and conditions of the Arrangement Agreement.

Neither the Company nor the Purchaser may elect to exercise its right to terminate the Arrangement Agreement pursuant to a breach of a representation and warranty or covenant by the other party, unless the Party seeking to terminate the Arrangement Agreement (the “**Terminating Party**”) has delivered a written notice (“**Termination Notice**”) to the other Party (the “**Breaching Party**”) specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier of (a) the Outside Date, and (b) if such matter has not been cured by the date that is 45 Business Days (or 15 Business Days in the event of a termination notice in respect of a Material Adverse Effect) following receipt of such Termination Notice by the Breaching Party. If the Terminating Party delivers a Termination Notice prior to the date of the Company Meeting, unless the Parties agree otherwise, the Company shall postpone or adjourn the Company Meeting to the earlier of (a) five Business Days prior to the Outside Date and (b) the date that is five Business Days following the applicable cure period.

Termination Fees

Termination Fee

The Termination Fee in the amount of \$10,000,000 is payable by the Company to the Purchaser upon the termination of the Arrangement Agreement (each a “**Termination Fee Event**”):

- (a) by the Purchaser or Guarantor, pursuant to their right to terminate the Arrangement Agreement if the Board or the Special Committee fails to recommend the transactions contemplated by the Arrangement Agreement or withdraws, amends, modifies or qualifies, publicly states its intention to do so, or fails to publicly reaffirm within five Business Days after having been requested in writing by the Purchaser to do so, the Board Recommendation, or takes no position or a neutral position with respect to an Acquisition Proposal for more than five Business Days after first learning of an Acquisition Proposal, or prior to the approval of the Arrangement Resolution the Company wilfully or intentionally breaches the non-solicitation prohibitions in any respect or, the Board or the Special Committee resolves to take any of the foregoing actions, in which case the Termination Fee is payable within two Business Days of such Termination Fee Event;
- (b) by the Company, pursuant to its right to terminate the Arrangement Agreement if prior to the approval by the Company Voting Shareholders of the Arrangement Resolution, the Board authorizes the Company to enter into a written agreement with respect to a Superior Proposal, provided the Company is then in compliance with the non-solicitation prohibitions, in which case the Termination Fee is payable prior to or simultaneously with the occurrence of such Termination Fee Event;
- (c) by the Purchaser or Guarantor, pursuant to its right to terminate the Arrangement Agreement in the context of a breach of a representation and warranty by the Company or a failure by the Company to perform a covenant (as described above) if;
 - (i) prior to such termination, an Acquisition Proposal is made or publicly announced by any Person other than the Purchaser or any of its affiliates; and
 - (ii) within 365 days following the date of such termination, (i) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated, or (ii) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition

Proposal and such Acquisition Proposal is later consummated (whether or not within 365 days after such termination),

in which case the Termination Fee is payable on or prior to the earlier of the consummation of the Acquisition Proposal or the entering into of the contract.

For purposes of the foregoing, the term “Acquisition Proposal” shall have the meaning ascribed thereto in the Glossary, except that references to “20% or more” shall be deemed to be references to 50% or more.

Amendment

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;
- (c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or
- (d) modify any mutual conditions contained in the Arrangement Agreement.

Governing Law

The Arrangement Agreement is governed by, and is to be interpreted and enforced in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. In connection with the Arrangement Agreement, each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario Courts situated in the City of Toronto and waives objection to the venue of any proceeding in such Court or that such Court provides an inconvenient forum.

CERTAIN LEGAL AND REGULATORY MATTERS

Steps to Implementing the Arrangement and Timing

Completion of the Arrangement is subject to the conditions precedent contained in the Arrangement Agreement having been satisfied, including receipt of the following:

- the Required Approval;
- the Final Order; and
- the CRTC Approval.

Except as otherwise provided in the Arrangement Agreement, the Company will file the Articles of Arrangement with the Director, and cause the Effective Date to occur, within five Business Days following the Election Deadline. The Election Deadline will be a Business Day that is at least ten Business Days following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the closing conditions in the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties. The Company will provide at least 10 Business Days’ notice of the Election Deadline to Shareholders by means of a news release disseminated on newswire in Canada.

It is anticipated that the Arrangement will be completed as soon as all conditions have been satisfied or waived, including receipt of the Required Approval, the Court Approval and the CRTC Approval. However, completion of the Arrangement is dependent on many factors and it is not possible at this time to determine precisely when or if the Arrangement will become effective. As provided under the Arrangement Agreement, the Arrangement cannot be completed later than November 30, 2016, unless such Outside Date is extended in accordance with terms of the Arrangement Agreement. See “Summary of Arrangement Agreement – Termination”.

Court Approval and Completion of the Arrangement

An arrangement under the OBCA requires Court approval. Prior to the mailing of this Company Circular, the Company obtained the Interim Order, which provides for, among other things:

- the Required Approval;
- the Dissent Rights;
- the notice requirements with respect to the application to the Court for the Final Order; and
- the ability of the Company to adjourn or postpone the Company Meeting from time to time in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court.

A copy of the Interim Order is attached at Appendix “E”.

Subject to the approval of the Arrangement Resolution by Securityholders at the Company Meeting, the hearing in respect of the Final Order is currently scheduled to take place on September 2, 2016 at 10:00 am (Eastern Time) in Toronto, Ontario. Any Company Shareholder or other Person who wishes to appear, or to be represented, and to present evidence or arguments must serve and file a notice of appearance (a “**Notice of Appearance**”) as set out in the notice of application for the Final Order (the “**Notice of Application**”) and satisfy any other requirements of the Court.

At the hearing, the Court will consider, among other things, the substantive and procedural fairness of the terms and conditions of the Arrangement to the parties affected, including Company Shareholders. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further order of the Court, only those Persons having previously served a Notice of Appearance in compliance with the Notice of Application and the Interim Order will be given notice of the postponement, adjournment or rescheduled date. A copy of the Notice of Application for the Final Order is attached as Appendix “F” to this Company Circular.

Prior to the hearing on the Final Order, the Court will be advised by the Guarantor that the Guarantor will rely on the Final Order, if granted, as a basis for an exemption from registration under the U.S. Securities Act for the SIRI Shares to be issued pursuant to the Arrangement to the Company Shareholders pursuant to Section 3(a)(10) of the U.S. Securities Act.

CRTC Approval

Under regulations that are applicable to the Company and the Company Subsidiary, the Arrangement triggers the obligation to obtain the prior approval of the CRTC for the transfer of ownership of the Company Shares. In particular, the prior approval of the CRTC is required for (i) the temporary insertion of the Purchaser as a controlling shareholder of the Company pending the amalgamation of the Purchaser with the Company to form Amalco; (ii) each of Obelysk and Slaughter increasing their ownership interests to 33.5% of the voting interests of Amalco; and (iii) the Guarantor increasing its ownership interest to more than 50% of the common shares (i.e. those shares entitled to participate in the residual equity) of Amalco.

The Company and Company Subsidiary filed an application on May 27, 2016 with the CRTC for approval of these matters. The Company and Company Subsidiary also filed the Post-Closing Agreements with the CRTC since it is anticipated that the CRTC will consider the impact of such agreements on the compliance by Amalco and the Company Subsidiary with the CRTC Direction.

There are conditions to the completion of the Arrangement: (i) in favour of each of the Purchaser and Guarantor, and the Company that the CRTC Approval be obtained and in force and not modified prior to the Outside Date; and (ii) in favour of the Guarantor and Purchaser that the CRTC Approval be obtained on or prior to the Outside Date on terms acceptable to the Purchaser.

The Parties have agreed to use best efforts to obtain the CRTC Approval. If any objections are asserted with respect to the transactions contemplated by the Arrangement Agreement under any Law, or if any proceeding is instituted or threatened by any Authority challenging or which could lead to a challenge of any of the transactions contemplated by the Arrangement Agreement as not in compliance with Law, the Parties have agreed to use their best efforts consistent with the terms of the Arrangement Agreement to resolve such proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

Securities Law Matters

Canadian Securities Laws Matters

Application of MI 61-101

As a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, the Company is subject to applicable securities laws of such provinces. The Ontario Securities Commission has adopted MI 61-101 which regulates transactions that raise the potential for conflicts of interest.

MI 61-101 regulates certain types of transactions to ensure fair treatment of security holders when, in relation to a transaction, there are persons in a position that could cause them to have an actual or reasonably perceived conflict of interest or informational advantage over other security holders. If MI 61-101 applies to a proposed acquisition of a reporting issuer, then some of the following may be required: (i) enhanced disclosure in documents sent to security holders, (ii) the approval of security holders excluding, among others, Interested Parties, (iii) a formal valuation of the equity securities being acquired, prepared by an independent and qualified valuator, and (iv) an independent committee of the board of the directors of the reporting issuer to carry out specified responsibilities. The security holder protections provided by MI 61-101 go substantially beyond the requirements of corporate law.

The protections afforded by MI 61-101 apply to, among other transactions, “business combinations” (as defined in MI 61-101) which may terminate the interests of security holders without their consent in certain circumstances, including, where, at the time the transaction is agreed to, a “related party” of the issuer (as defined in MI 61-101) is entitled to receive, directly or indirectly, (a) as a consequence of the Arrangement, consideration for securities of a class of equity securities of the issuer that is not identical in amount and form to the entitlement of the general body of holders in Canada of every other class of equity securities of the issuer in relation to the voting and financial participating interests in the issuer, and/or (b) a “collateral benefit” (as defined in MI 61-101). Pursuant to MI 61-101, the Arrangement is a “business combination”. Accordingly, the Arrangement will require “minority approval” and a “formal valuation”, in accordance with MI 61-101.

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a business combination is subject to “minority approval” (as defined in MI 61-101) of every class of “affected securities” (as defined in MI 61-101) of the issuer, in each case voting separately as a class.

In relation to the Arrangement, the approval of the Arrangement Resolution will require the affirmative vote of a majority of the votes attached to Voting Shares, voting separately by class, held by Company Shareholders present in person or represented by proxy at the Company Meeting, excluding for this purpose votes attached to Voting Shares held by (i) the Company, (ii) Interested Parties, (iii) any related party of an interested party and (iv) any person that is a “joint actor” (as defined in MI 61-101) with the foregoing.

All issued and outstanding Class A Shares held by the Guarantor, Slight and Obelysk will be excluded for purposes of “minority approval”. 100% of the issued and outstanding Class B Shares will be excluded for purposes of “minority approval” as they are held by Slight and Obelysk. 100% of the issued and outstanding Class C Shares will be excluded

for purposes of “minority approval” as they are held by the Guarantor, and they are not entitled to vote in respect of the Arrangement Resolution.

To the knowledge of the Company after reasonable inquiry, as at the date hereof, the Company Shareholders whose votes are required to be excluded for purposes of “minority approval” in accordance with MI 61-101, as described above, beneficially owned, or exercised control or direction over, (i) an aggregate 52,281,405 Class A Shares representing approximately an aggregate 49.88% of the outstanding Class A Shares, (ii) an aggregate 30,729,510 Class B Shares representing approximately an aggregate 100% of the outstanding Class B Shares, and (iii) an aggregate 13,638,527 Class C Shares representing approximately an aggregate 100% of the outstanding Class C Shares. Details of such holdings are as follows:

Voting Participation

Company Shareholders	Class A	Class B	Class C	Votes	% Votes
Guarantor	33,685,653	Nil	13,638,527	33,685,653	24.85%
Slaight	10,700,000	15,470,361	Nil	26,170,361	19.31%
Obelysk ⁽¹⁾	7,895,752	15,259,149	Nil	23,154,901	17.08%
Total	52,281,405	30,729,510	13,638,527	83,010,915	61.24%

(1) Includes shares held directly by John Bitove.

Formal Valuation

MI 61-101 provides that, unless an exemption is available, a reporting issuer proposing to carry out a business combination is required to obtain a formal valuation of the affected securities from a qualified and independent valuator and to provide the holders of the affected securities with a summary of that formal valuation. For the purposes of the Arrangement, the Class A Shares are “affected securities” within the meaning of MI 61-101. Each Class B share is convertible into a Class A share at a 3:1 ratio (with the consideration for three Class B shares being equivalent to the consideration for one Class A share).

A summary of the Formal Valuation prepared by EY in respect of the Class A Shares can be found under the heading “The Arrangement – EY Fairness Opinion and Formal Valuation”, and copies of the EY Fairness Opinion and the Formal Valuation are attached as Appendix “C-1” and Appendix “C-2” to this Company Circular.

Collateral Benefits

Pursuant to MI 61-101, a “collateral benefit”, for a transaction of an issuer or for a bid for securities of an issuer, means any benefit that a related party of the issuer is entitled to receive, directly or indirectly, as a consequence of the transaction or bid, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the issuer or of another person, regardless of the existence of any offsetting costs to the related party or whether the benefit is provided, or agreed to, by the issuer, another party to the transaction or the offeror in the bid.

Any benefit or payment that any related party of the Company is entitled to receive, directly or indirectly, in exchange for the surrendering of Company Shares as a consequence of the Arrangement, is considered a collateral benefit.

MI 61-101 excludes from the meaning of “collateral benefit” certain benefits to a related party received solely in connection with the related party’s services as an employee, director or consultant of an issuer where, among other things, (a) the benefit is not conferred for the purposes of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; (c) full particulars of the benefits are disclosed in the disclosure document for the transaction; and (d) the related party and its associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding securities of each class of equity securities of the issuer (the “**De Minimis Exemption**”).

Certain directors and executive officers of the Company may receive a benefit as a result of the Arrangement in connection with cash payments in connection with (and the acceleration of the vesting of) Company Options and Company RSUs previously granted to such directors and executive officers in connection with their employment with the Company. See “The Arrangement – Interests of Certain Persons in the Arrangement”.

As of May 13, 2016 (the date that the Arrangement Agreement was entered into), each such director and executive officer and his associated entities beneficially owned or exercised control over less than 1% of the outstanding Shares. As a result, the De Minimis Exemption is available and the benefits to be received by such directors and officers under the Arrangement are not “collateral benefits” and such directors and officers are not “interested parties” for purposes of MI 61-101.

Exemptive Relief

In connection with the Exchangeable Share Consideration, the Company and the Purchaser will be applying for orders from the Canadian securities regulatory authorities exempting the Company and the Purchaser from:

- (1) Canadian continuous disclosure and insider reporting obligations on a basis consistent with the conditions set out in subsections 13.3(2)(d), (e), (f), (g) and (h) and subsections 13.3(3)(a), (c) and (e) of National Instrument 51-102 – Continuous Disclosure Obligations that would otherwise apply to Amalco, and
- (2) formal valuation obligations under MI 61-101 in respect of the liquidity of the Exchangeable Shares.

Following completion of this Company Circular applications for an order will be made to the Canadian securities regulatory authorities. If the Exemptive Relief is not granted by the Canadian securities regulatory authorities, no Exchangeable Share Consideration will be paid pursuant to the Plan of Arrangement and any holders of Company Shares that elected Exchangeable Share Consideration will receive instead a combination of cash or SIRI Shares as specified in their Letter of Transmittal and Election Form.

The Company will disseminate a press release announcing whether the Exemptive Relief has been granted once a decision has been made by the Canadian securities regulatory authorities.

Resale of SIRI Shares and Exchangeable Shares in Canada, and Stock Exchange Approvals

Company Voting Shareholders may only sell the SIRI Shares and Exchangeable Shares received pursuant to the Arrangement in compliance with relevant Securities Laws. Each Company Voting Shareholder is urged to consult its professional advisor to determine the conditions and restrictions applicable to such Company Voting Shareholder in trading the SIRI Shares and Exchangeable Shares received pursuant to the Arrangement.

SIRI Shares

The Guarantor and SIRI have applied to the NASDAQ to list the SIRI Shares to be issued pursuant to the Arrangement. Listing will be subject to SIRI fulfilling all of the requirements of the NASDAQ. It is a condition of closing pursuant to the Arrangement Agreement that the SIRI Shares issuable to the Company Voting Shareholders pursuant to the Arrangement, shall have been approved for listing on the NASDAQ, subject to official notice of issuance. Once approval is received, the SIRI Shares will be freely tradeable on the NASDAQ under the symbol “SIRI”. SIRI Shares are not listed on any other exchange, including a Canadian exchange.

Exchangeable Shares

Assuming the Exemptive Relief is obtained, and Exchangeable Shares are issued pursuant to the Arrangement, no liquid market will exist for the trade of the Exchangeable Shares issued on completion of the Arrangement as the Exchangeable Shares will not be listed on any exchange, including a Canadian exchange, but the Exchangeable Shares will be convertible into SIRI Shares in accordance with their terms. The provisions attaching to the Exchangeable Share terms do not contain restrictions on transferability, but the Exchangeable Shares could be subject to resale restrictions under applicable Securities Laws in Canada or the U.S. Company Shareholders should consult with their own financial and legal advisors with respect to any restrictions on the resale of Exchangeable Shares received on completion of the Arrangement (as well SIRI Shares issued on exchange of Exchangeable Shares).

Stock Exchange Delisting

The Company expects that the Class A Shares will be delisted from the TSX promptly following the completion of the Arrangement.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 182 of the OBCA which provides that, where it is not practical for a corporation to effect an arrangement under any other provisions of the OBCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the OBCA, such an application will be made by the Company for approval of the Arrangement. See “Certain Legal and Regulatory Matters – Court Approval and Completion of the Arrangement”. The Company Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

United States Securities Laws Matters

Status under U.S. Securities Laws

SIRI is subject to the reporting requirements of the U.S. Exchange Act and files annual and current reports with the SEC. Such documents may be obtained by visiting the SEC’s website at www.sec.gov.

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to holders of the SIRI Shares or Exchangeable Shares in the United States (“**U.S. Shareholders**”). All U.S. Company Shareholders are urged to consult with their own legal advisor to ensure that any subsequent resale of the SIRI Shares or Exchangeable Shares issued to them under the Arrangement complies with applicable securities legislation.

Further information applicable to U.S. Shareholders is disclosed under the heading “Notice to Securityholders in the United States”.

The following discussion does not address the Canadian securities legislation that will apply to the issue of the SIRI Shares or Exchangeable Shares or the resale of these securities by U.S. Shareholders within Canada. U.S. Shareholders reselling their SIRI Shares in Canada must comply with Canadian securities laws.

Exemption from the registration requirements of the U.S. Securities Act

The SIRI Shares to be issued pursuant to the Arrangement will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act exempts from registration the distribution of a security that is issued in exchange for outstanding securities, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. Accordingly, the Final Order will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the SIRI Shares issued in connection with the Arrangement; provided that prior to the hearing on the Final Order, the Court is advised by the Guarantor and SIRI that the Guarantor and SIRI will rely on the Final Order, if granted, as a basis for an exemption from registration under the U.S. Securities Act for the SIRI Shares to be issued pursuant to Section 3(a)(10) of the U.S. Securities Act.

Resales of the SIRI Shares within the United States

Persons who are not “affiliates” of the Guarantor after the completion of the Arrangement and who have not been affiliates of the Guarantor within 90 days of such date may resell in the United States the SIRI Shares that they receive in connection with the Arrangement, without restriction under the U.S. Securities Act. As defined in Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer is a person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the issuer and may include certain officers and directors of such issuer as well as principal shareholders of such issuer.

The SIRI Shares received by a holder who will be an “affiliate” of the Guarantor after the Arrangement will be subject to certain restrictions on resale imposed by the U.S. Securities Act. Persons who are affiliates of the Guarantor after the

Arrangement may not sell the SIRI Shares that they receive in connection with the Arrangement in the absence of registration under the U.S. Securities Act or an exemption from registration, if available, such as the exemptions contained in Rule 144 under the U.S. Securities Act or Rule 904 of Regulation S.

DISSENTING SHAREHOLDERS' RIGHTS

Section 185 of the OBCA provides registered shareholders of a corporation with the right to dissent from certain resolutions that effect extraordinary corporate transactions or fundamental corporate changes. The Interim Order expressly provides Registered Shareholders of Class A Shares with the right to dissent from the Arrangement Resolution pursuant to section 185 of the OBCA, with modifications to the provisions of section 185 as provided in the Plan of Arrangement and the Interim Order.

Any Registered Shareholder of Class A Shares who dissents from the Arrangement Resolution in compliance with section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order, will be entitled, in the event the Arrangement becomes effective, to be paid the fair value of the Dissent Shares held by such Dissenting Shareholder determined as of the close of business on the day before the day the Arrangement Resolution is adopted. In addition to any other restrictions under section 185 of the OBCA, none of the following shall be entitled to exercise Dissent Rights:

- (i) all Company Shareholders who have signed Voting Support Agreements;
- (ii) holders of Company Options or holders of Company RSUs; and
- (iii) Company Voting Shareholders who vote or have instructed a proxyholder to vote their Voting Shares in favour of the Arrangement Resolution (but only in respect of such Voting Shares).

Section 185 of the OBCA provides that a shareholder may only make a claim under that section with respect to all of the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the shareholder's name. One consequence of this provision is that only a Registered Shareholder may exercise the dissent rights under section 185 of the OBCA (as modified by the Plan of Arrangement and the Interim Order) in respect of Class A Shares that are registered in that Shareholder's name.

In many cases, Class A Shares beneficially owned by a Non-Registered Shareholder are registered either (a) in the name of an Intermediary or (b) in the name of a clearing agency (such as CDS) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise his, her or its dissent rights directly (unless the Class A Shares are re-registered in the Non-Registered Shareholder's name). A Non-Registered Shareholder who wishes to exercise dissent rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Class A Shares and either (i) instruct the Intermediary to exercise the Dissent Rights on the Non-Registered Shareholder's behalf (which, if the Class A Shares are registered in the name of CDS or other clearing agency, may require that such Class A Shares first be re-registered in the name of the Intermediary) or (ii) instruct the Intermediary to re-register such Class A Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise the Dissent Rights directly.

A Registered Shareholder of Class A Shares who wishes to dissent must provide a Dissent Notice to the Company at its principal executive office located at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7 by mail, hand or courier to the attention of the General Counsel at or before 5:00 p.m. (Toronto time) on August 26, 2016 or, in the event that the Company Meeting is adjourned or postponed, no later than 5:00 p.m. (Toronto time) on the date that is two Business Days before the adjourned or postponed Company Meeting is reconvened or held, as the case may be.

The filing of a Dissent Notice does not deprive a Registered Shareholder of the right to vote at the Company Meeting. The OBCA does not provide, and the Company will not assume, that a proxy submitted instructing the proxyholder to vote against the Arrangement Resolution, a vote against the Arrangement Resolution, or an abstention constitutes a Dissent Notice, but a Registered Shareholder need not vote his, her or its Common Shares against the Arrangement Resolution in order to dissent. Similarly, the revocation of a proxy conferring authority on the proxyholder to vote for approval of the Arrangement Resolution does not constitute a Dissent Notice. However, any proxy granted by a Registered Shareholder who intends to dissent, other than a proxy that instructs the proxyholder to vote against the Arrangement Resolution, should be validly revoked in order to prevent the proxyholder from voting such Dissent Shares for approval of the Arrangement Resolution and thereby causing the Registered Shareholder to forfeit his, her or its Dissent Rights.

The Company is required, within 10 days after the Company Voting Shareholders adopt the Arrangement Resolution, to notify each Dissenting Shareholder that the Arrangement Resolution has been adopted. Such notice is not required to be sent to any Company Voting Shareholder who voted for the Arrangement Resolution or who has withdrawn his, her or its Dissent Notice.

A Dissenting Shareholder who has not withdrawn his, her or its Dissent Notice prior to the Company Meeting must then, within 20 days after receipt of notice that the Arrangement Resolution has been adopted, or if the Dissenting Shareholder does not receive such notice, within 20 days after learning that the Arrangement Resolution has been adopted, send to the Company in the manner set forth above a written notice (a “**Demand for Payment**”) containing his, her or its name and address, the number of Dissent Shares in respect of which he, she or it dissented, and a demand for payment of the fair value of such Dissent Shares, as applicable. Within 30 days after sending the Demand for Payment, the Dissenting Shareholder must send to the Company, at its principal executive office at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7, the certificate(s) representing the Dissent Shares in respect of which he, she or it dissented. A Dissenting Shareholder who fails to make a Demand for Payment in the time required or to send the certificate(s) representing the Dissent Shares, as the case may be, in respect of which he, she or it dissents has no right to make a claim under the Plan of Arrangement or the Interim Order.

On the filing of a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a Company Shareholder in respect of his, her or its Dissent Shares other than the right to be paid the fair value of the Dissent Shares as determined pursuant to section 185 of the OBCA and the Interim Order, unless (i) the Dissenting Shareholder withdraws his, her or its Dissent Notice before the Company makes an Offer to Pay (as defined below), (ii) an Offer to Pay is not made in accordance with subsection 185(15) of the OBCA and the Dissenting Shareholder withdraws the Demand for Payment, or (iii) the Arrangement Agreement is terminated, in which case the Dissenting Shareholder’s rights as a Company Shareholder will be reinstated. Pursuant to the Plan of Arrangement, in no case shall the Company or any other person be required to recognize any Dissenting Shareholder as a Company Shareholder after the Effective Date, as the names of such Shareholders shall be deleted from the register of Class A at the time provided for in the Plan of Arrangement.

Pursuant to the Plan of Arrangement, Dissenting Shareholders who are ultimately determined to be entitled to be paid fair value for their Dissent Shares will be entitled to be paid the fair value of such Class A Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Class A Shares, and shall be deemed to have transferred such Dissent Shares, as applicable, to the Purchaser for cancellation as of the Effective Date. Pursuant to the Plan of Arrangement, Dissenting Shareholders who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Dissent Shares shall be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder as at and from the Effective Date.

No later than seven days after the later of the Effective Date and the date on which a Demand for Payment is received, each Dissenting Shareholder who has sent a Demand for Payment must be sent a written offer to pay for his, her or its Dissent Shares, in an amount considered by the Board to be the fair value of such Dissent Shares, as applicable, accompanied by a statement showing the manner in which the fair value was determined (an “**Offer to Pay**”). Every Offer to Pay for a class of shares must be on the same terms. The Company must pay for Dissent Shares of a Dissenting Shareholder within 10 days after an Offer to Pay has been accepted by a Dissenting Shareholder, but any such offer lapses if the Company does not receive an acceptance within 30 days after the Offer to Pay has been made.

Under section 185 of the OBCA and the Interim Order, if the Company fails to make an Offer to Pay for a Dissenting Shareholder’s Dissent Shares, or if a Dissenting Shareholder fails to accept an Offer to Pay that has been made, the Company may, within 50 days after the Effective Date or within such further period as a court may allow, apply to a court to fix a fair value for the Dissent Shares of Dissenting Shareholders. If the Company fails to apply to a court, a Dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

Before making any such application to a court itself, or within seven days of receiving a notice that a Dissenting Shareholder has made an application to a court, the Company will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of his, her or its right to appear and be heard in person or by counsel. Upon an application to a court, all Dissenting Shareholders who have not accepted an Offer to Pay will be joined as parties and be bound by the decision of the court. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the Dissent Shares of all Dissenting Shareholders. The final order of a court will be rendered against the

Company in favour of each Dissenting Shareholder and for the amount of the fair value of his, her or its Dissent Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Effective Date until the date of payment.

Registered Shareholders of Class A Shares who are considering exercising Dissent Rights should be aware that there can be no assurance that the fair value of their Common Shares as determined under the applicable provisions of the OBCA (as modified by the Plan of Arrangement and the Interim Order) will be more than or equal to the Consideration payable under the Arrangement. In addition, any judicial determination of fair value may result in a delay of receipt by a Dissenting Shareholder of consideration for such Dissenting Shareholder's Dissent Shares.

The above is only a summary of the provisions of the OBCA pertaining to Dissent Rights, as modified by the Interim Order and the Plan of Arrangement, which are technical and complex. A failure to strictly comply with the provisions of the OBCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of your Dissent Rights. If you are a Registered Shareholder of Class A Shares and wish to exercise your Dissent Rights, you should obtain your own legal advice and carefully read the Plan of Arrangement, the provisions of section 185 of the OBCA and the Interim Order which are attached to this Company Circular at Appendix "B", Appendix "D" and Appendix "E", respectively. For a general summary of certain income tax implications to a Dissenting Shareholder, see "Certain Canadian Federal Income Tax Considerations". Registered Shareholders of Class A Shares considering exercising Dissent Rights should also seek the advice of their own tax and investment advisors.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Guarantor

The Company, the Company Subsidiary, and/or a predecessor to the Company Subsidiary, are parties to a number of operational and governance-related agreements with the Guarantor, or its predecessors, one of the Company's significant Shareholders, including:

- (i) a Governance Agreement;
- (ii) the Sirius Licence Agreement;
- (iii) the XM System Licence Agreement;
- (iv) the programming agreement, effective as of November 17, 2005, by and among XM Satellite Radio Inc., the Company and Canadian Satellite Radio Inc.;
- (v) the technical services agreement, effective as of November 17, 2005, by and among XM Satellite Radio Inc., the Company and Canadian Satellite Radio Inc.; and
- (vi) the trademark licence agreement, effective as of November 17, 2005, by and among XM Satellite Radio Inc., the Company and Canadian Satellite Radio Inc.

In addition to being one of the Company's significant shareholders, the Guarantor has the right to appoint two directors to the Board pursuant to a Governance Agreement. The Guarantor's nominees are Dara Altman, Executive Vice President and Chief Administrative Officer of the Guarantor, and David Frear, Senior Executive Vice President and Chief Financial Officer of the Guarantor.

The Company received a demand letter from the Guarantor on April 25, 2016 for an additional US\$33.9 million as "activation fees" under the XM Licence Agreement owed from 2005 to the end of January, 2016. The Guarantor also made a demand for its methodology to be used for calculating "activation fees" from February, 2016 onwards for the remainder of the current term of the XM Licence Agreement. On May 11, 2016, the Company Subsidiary and the Guarantor entered into a standstill agreement with respect to the issues raised in the Guarantor's demand letter. The standstill agreement is terminable upon seven days' written notice by either party.

The incurred costs during fiscal year 2015 related to these Guarantor agreements listed above, as reported in the audited consolidated financial statements of the Company were approximately \$53.9 million. In addition, during fiscal year 2015,

intangible assets of \$9.1 million relating to activation fees and computer software were capitalized (and were presented net of amortization in the audited consolidated financial statements of the Company). As of May 31, 2016, an amount of approximately \$15.1 million due to the Guarantor was included in amounts due to related parties. This amount also includes non-interest bearing promissory notes issued pursuant to the June 21, 2011 combination transaction between the Company and Sirius Canada Inc. of approximately \$0.4 million.

Obelysk

Obelysk which is controlled by John Bitove, is a party to a Governance Agreement. In addition to being one of the Company's significant shareholders, Obelysk has the right pursuant to a Governance Agreement to appoint up to two directors to the Board. At the time of filing this Company Circular, Obelysk had elected to put forward only one director nominee, Philip Evershed.

Slaight

In addition to Slaight being one the Company's significant shareholders, Slaight has the right to appoint a single director to the Board pursuant to a Governance Agreement. Slaight's nominee is David Coriat, Executive Vice-President, Chief Financial Officer and Director of Slaight.

As of May 31, 2016, an amount of approximately \$0.4 million due to Slaight was included in amounts due to related parties. This balance relates to non-interest bearing promissory notes issued pursuant to the June 21, 2011 combination transaction between the Company and Sirius Canada Inc.

CBC

CBC is currently a party to two non-exclusive licences to transmit six CBC channels (three in French and three in English) by means of the Satellite Radio Services. The existing contractual terms of the licences will be unaffected by the Arrangement, and the terms of the licences will not be extended as a consequence of the Arrangement. The licence agreements were originally executed in August 2005 and continue until 2022 irrespective of the result of the Arrangement. As with all other suppliers, the Company is required to perform under the terms of the CBC agreements regardless of the outcome of the Arrangement.

In addition to being one of the Company's significant shareholders, CBC has the right to appoint a single director to the Board pursuant to a Governance Agreement. CBC's nominee is Timothy Casgrain, former chairman of CBC. CBC is involved with the transaction only in its capacity as a holder of the Company's publicly traded Class A Shares and will be treated identically to public shareholders on a per security basis. CBC is not entitled to receive, as a consequence of the Arrangement, any collateral benefit, and its existing contractual arrangements will not be affected and no commitments in respect of such contractual arrangements were made or offered as a result of the Arrangement. Following completion of the Arrangement, CBC will no longer have any board nomination or appointment rights, and its Governance Agreement will be terminated, pursuant to its existing terms, as of the Effective Time.

The incurred costs during fiscal year 2015 related to these CBC agreements listed above, as reported in the audited consolidated financial statements of the Company, were approximately \$2.3 million. As of May 31, 2016, an amount of approximately \$0.6 million due to CBC was included in amounts due to related parties. This amount also includes non-interest bearing promissory notes issued pursuant to the June 21, 2011 combination transaction between the Company and Sirius Canada Inc. of approximately \$0.4 million.

INFORMATION CONCERNING THE COMPANY

Description of the Business

The Company was incorporated under the *Business Corporations Act* (Ontario) on July 31, 2002, as 2014503 Ontario Inc. The Company's name was changed to "Canadian Satellite Radio Holdings Inc." by articles of amendment filed on July 7, 2003 and on December 8, 2005 the Company amalgamated with 2087609 Ontario Inc., under Part XIV of the *Business Corporations Act* (Ontario). Effective January 15, 2013, the Company changed its legal name from Canadian Satellite Radio Holdings Inc. to Sirius XM Canada Holdings Inc. The Company has no operations independent of its wholly-owned subsidiary Sirius XM Canada Inc., described below.

The Company's head office is located at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7.

Through the Company's subsidiary, Sirius XM Canada Inc., which holds the only broadcasting licence to provide subscription-based satellite radio services in Canada, the Company offers satellite subscription digital audio radio services under the XM brand (the "**XM Radio Service**") and the Sirius brand (the "**Sirius Radio Service**") pursuant to two exclusive licence agreements with the Guarantor (the XM Radio Service and the Sirius Radio Service are collectively referred to herein as the "**Satellite Radio Services**").

The Company is one of the largest Canadian subscription based media companies as measured by number of subscribers, with approximately 2.7 million total subscribers. The Company offers an array of content from the most recognized news, entertainment and major sports brands including the NHL, NFL, NBA, MLB, NASCAR, CNN, CBC, FOX, BBC, Howard Stern, Disney, Comedy Central and more.

The Company offers Satellite Radio Services pursuant to exclusive licence agreements with the Guarantor. Through our subsidiary, Sirius XM Canada Inc., the Company leverages the Guarantor's existing satellite networks and technology, its brands, distribution relationships and significant operational know-how. The Company offers two distinct radio subscription options through the Satellite Radio Services. Subscribers to the XM Radio Service are offered up to 140 channels that transmit commercial-free music, as well as news, talk, sports and entertainment, including seven original Canadian channels designed and developed from the Company's studios in Toronto, Ontario and six channels produced by CBC. Subscribers to the Sirius Radio Service are offered up to 130 channels that transmit a similarly diverse range of programming, with six original Canadian channels designed and developed by the Company and six channels produced by CBC. Across both Satellite Radio Services, the Company produces eight Canadian satellite radio channels and two online-only Canadian channels.

The Company delivers programming to subscribers in many ways. Subscribers can access audio entertainment through integrated in-vehicle satellite radios, aftermarket plug-and-play satellite radios available at more than 2,500 retail locations, and online on personal computers, and on mobile devices through the SiriusXM app available on Apple iOS and Android devices. The Company's online streaming service is also available on certain smart connected devices such as Samsung smart TVs and Sonos wireless speakers.

For further information regarding the Company's business, refer to the Company's filings with the applicable securities regulatory authorities in Canada which may be obtained from SEDAR at www.sedar.com, including the documents incorporated by reference into this Company Circular.

Dividends

The following chart shows the amount and timing of dividends paid in the previous two years.

Date Payable	Amount per Class A Share	Amount per Class B Share	Amount per Class C Share
May 2, 2016	0.105	0.035	0.105
February 11, 2016	0.105	0.035	0.105
December 4, 2015	0.105	0.035	0.105
August 10, 2015	0.105	0.035	0.105
May 12, 2015	0.105	0.035	0.105
February 17, 2015	0.105	0.035	0.105
December 5, 2014	0.105	0.035	0.105
August 14, 2014	0.105	0.035	0.105

The Company's current dividend policy permits the Company, subject to the Board's discretion to declare such a dividend, to pay a quarterly dividend of \$0.1050 per Class A Share and Class C Share, and \$0.0350 per Class B Share.

The Company's dividend policy establishes that the amount and timing of any dividend is within the discretion of the Board, and will depend on the Company's financial condition, compliance with the terms and conditions of the Company's credit and contractual arrangements on an ongoing basis, general business conditions, and other factors that the Board considers to be relevant.

Up to two ordinary course Permitted Dividends will be suspended during the term of the Arrangement Agreement. The Company may declare and pay a Permitted Dividend on or after December 1, 2016 provided that such Permitted Dividend may only be in respect of the fiscal quarter immediately preceding such date.

Previous Distributions, Purchases and Sales

Except as set out below, the Company has not distributed any of its securities during the twelve months preceding the date of this Company Circular. Further, the Company has not purchased or sold any of its securities during the twelve months preceding the date of this Company Circular (excluding securities purchased or sold pursuant to the exercise of employee stock options, warrants or other convertible securities). The Company has also terminated its Normal Course Issuer Bid (the “**Bid**”) as announced on February 1, 2016. The Company has not made any purchases under the Bid.

During the five years preceding the date of this Company Circular, the following securities of the Company were distributed.

Date of Distribution	Type of Distribution	Number of Class A Shares	Exercise Price (average)	Aggregate Proceeds
July 1, 2011 – August 31, 2011	Exercise of Company Options	5,700	\$1.43	\$8,154
September 1, 2011 – August 31, 2012	Exercise of Company Options	307,550	\$1.51	\$464,132
September 1, 2012 – August 31, 2013	Exercise of Company Options	790,750	\$2.84	\$2,247,747
September 1, 2013 – August 31, 2014	Exercise of Company Options	715,775	\$3.39	\$2,423,551
September 1, 2014 – August 31, 2015	Exercise of Company Options	285,450	\$3.29	\$938,910
September 1, 2015- July 29, 2016	Exercise of Company Options	93,175	\$3.16	\$294,829

Date of Distribution	Type of Distribution	Number of Class A Shares		Aggregate Proceeds
July 1, 2011 – August 31, 2011	Settlement of RSUs	0	-	0
September 1, 2011 – August 31, 2012	Settlement of RSUs	0	-	0
September 1, 2012 – August 31, 2013	Settlement of RSUs	0	-	0
September 1, 2013 – August 31, 2014	Settlement of RSUs	0	-	0
September 1, 2014 – August 31, 2015	Settlement of RSUs	11,780	-	0
September 1, 2015- July 29, 2016	Settlement of RSUs	265,708	-	0

Date of Distribution	Type of Distribution	Number of Class A Shares		Aggregate Proceeds
July 1, 2011 – August 31, 2011	Interest on Convertible debt	24,174	-	\$67,999
September 1, 2011 – August 31, 2012	-	0	-	0
September 1, 2012 – August 31, 2013	-	0	-	0

September 1, 2013 – August 31, 2014	Conversion of Convertible Notes	3,378,371	-	\$20,000,000
September 1, 2014 – August 31, 2015	-	0	-	0
September 1, 2015- July 29, 2016	-	0	-	0

Trading Price and Volume of Shares

The Company is a reporting issuer in certain provinces of Canada and the Class A Shares are listed and posted for trading on the TSX under the symbol “XSR”. As of July 29, 2016, there were 104,813,543 Class A Shares issued and outstanding. The trading price and volume of Class A Shares for the periods indicated are set out below.

Month	Open	High	Low	Close	Average Daily Volume
July 1, 2016 – July 28, 2016	4.53	4.85	4.53	4.64	102,991
June, 2016	4.69	4.73	4.49	4.57	53,782
May, 2016	4.23	4.70	4.07	4.69	352,211
April, 2016	4.69	4.72	4.06	4.21	85,551
March, 2016	4.54	4.85	4.30	4.63	76,467
February, 2016	4.00	4.60	3.63	4.54	164,231
January, 2016	4.10	4.10	3.52	4.00	153,225
December, 2015	4.10	4.39	3.32	4.16	130,054
November, 2015	4.90	4.95	3.77	4.06	120,588
October, 2015	4.90	5.36	4.66	4.90	67,991
September, 2015	4.80	5.20	4.75	4.93	60,087
August, 2015	5.44	5.44	4.07	4.95	66,931
July, 2015	5.31	5.88	4.94	5.19	138,004
June, 2015	5.81	5.90	5.20	5.33	111,935

Documents Incorporated by Reference

The following documents of the Company, filed with securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this Company Circular:

- (a) the annual information form dated November 30, 2015 for the fiscal year ended August 31, 2015;
- (b) the annual audited consolidated financial statements which comprise the consolidated balance sheet as at August 31, 2015 and August 31, 2014 and the consolidated statements of operations and comprehensive income (loss), changes in shareholders’ equity (deficiency) and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information and the independent auditor’s report thereon;
- (c) the management’s discussion and analysis of results of operations and financial conditions for the year ended August 31, 2015;
- (d) the unaudited condensed interim consolidated financial statements, including notes thereto, as at May 31, 2016, and for the three and nine month periods then ended;
- (e) the management’s discussion and analysis of results of operations and financial condition for the three and nine months ended May 31, 2016; and
- (f) the material change report dated May 19, 2016 relating to the Arrangement.

The Company will, upon request, promptly provide a copy of such documents free of charge to a Company Shareholder.

INFORMATION CONCERNING THE PURCHASER, THE GUARANTOR AND SIRI

See the disclosure in Appendix “G”.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations relating to the Arrangement under the Tax Act that generally apply to the Company Shareholders who, for purposes of the Tax Act, and at all relevant times, hold their Company Shares, and will, if applicable, hold their SIRI Shares and/or Exchangeable Shares, as capital property and deal at arm’s length with, and are not affiliated with, the Company, the Purchaser, SIRI, or Calco.

This summary does not apply to: (i) a Company Shareholder with respect to whom SIRI is or will be a “foreign affiliate” within the meaning of the Tax Act, (ii) a Company Shareholder that is a “financial institution” for the purposes of the mark-to-market rules in the Tax Act, (iii) a Company Shareholder, an interest in which is a “tax shelter investment” as defined in the Tax Act, (iv) a Company Shareholder that is a “specified financial institution” as defined in the Tax Act, (v) a Company Shareholder who has elected to report its Canadian tax results in a currency other than Canadian currency, (vi) a Company Shareholder who received Company Shares upon exercise of a stock option, or (vii) a Company Shareholder who has entered into a “derivative forward agreement” in respect of its Company Shares, or will enter into a “derivative forward agreement” in respect of Exchangeable Shares and/or SIRI Shares (all as defined in the Tax Act). Any such Company Shareholder should consult its own tax advisor with respect to the Arrangement.

Company Shares, SIRI Shares, and Exchangeable Shares will generally be considered to be capital property unless such securities are held in the course of carrying on a business of trading or dealing in securities, or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Company Shareholders who are resident in Canada for purposes of the Tax Act and whose Company Shares might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Company Shares, and every “**Canadian security**” (as defined in the Tax Act) owned by such Company Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Where a Company Shareholder makes an election with the Company under section 85 of the Tax Act in respect of their Company Shares as described below, the Exchangeable Shares received under the Arrangement in exchange for such Company Shares will not be Canadian securities to such holder for this purpose and therefore will not be deemed to be capital property under subsection 39(4) of the Tax Act. In addition, SIRI Shares will not constitute Canadian securities for the purposes of this election. Company Shareholders who do not hold their Company Shares as capital property or who will not hold their SIRI Shares and/or Exchangeable Shares as capital property should consult their own tax advisors regarding their particular circumstances.

This summary is based on the facts set out in this document, the current provisions of the Tax Act and the regulations thereunder and the Company’s understanding of the published administrative policies and assessing practices of the CRA publicly available prior to the date of this document. This summary takes into account all proposed amendments to the Tax Act and the regulations thereunder that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (“**Proposed Amendments**”) and assumes that such Proposed Amendments will be enacted substantially as proposed. However, no assurance can be given that such Proposed Amendments will be enacted in the form proposed, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Arrangement and/or the holding of SIRI Shares or Exchangeable Shares. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law or any changes in the CRA’s administrative policies and assessing practices, whether by judicial, governmental or legislative action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal, business or tax advice to any particular Company Shareholder. Company Shareholders should consult their own tax advisors as to the tax consequences to them of the Arrangement and the holding of SIRI Shares and/or Exchangeable Shares.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of securities (including dividends, adjusted cost base and proceeds of disposition) must be expressed in Canadian dollars. Amounts denominated in U.S. dollars must be converted into Canadian dollars generally based on the Bank of Canada noon spot exchange rate on the date such amounts arise or such other rate of exchange as is acceptable to the Minister of National Revenue (Canada).

Company Shareholders Resident in Canada

The following section of the summary is generally applicable to a Company Shareholder who, for purposes of the Tax Act and any applicable income tax treaty, is or is deemed to be resident in Canada at all relevant times (a “**Resident Holder**”).

Receipt of Ancillary Rights

A Resident Holder who receives Exchangeable Shares under the Arrangement will also receive the Ancillary Rights. A Resident Holder will be required to account for these Ancillary Rights in determining the proceeds of disposition of such holder’s Company Shares and the cost of Exchangeable Shares received in consideration for Company Shares. The Company is of the view that the Ancillary Rights have a nominal fair market value. This determination of value is not binding on the CRA and it is possible that the CRA could take a contrary view.

Grant of Call Rights

A Resident Holder who receives Exchangeable Shares and the Ancillary Rights under the Arrangement will grant the Call Rights to Callco. The Company is of the view that the Call Rights have only a nominal fair market value and accordingly no amount should be allocated to the Call Rights. Provided that this view with respect to the value of such Call Rights is correct, the granting of the Call Rights should not result in any material adverse income tax consequences to a Resident Holder who acquires Exchangeable Shares. This summary assumes that the Call Rights have nominal value.

This determination of value is not binding on the CRA and it is possible that the CRA could take a contrary view. Should the CRA challenge this view and ultimately succeed in establishing that the Call Rights have a fair market value in excess of a nominal amount and that a Resident Holder received such amount for the grant of the Call Rights, such Resident Holder who acquires Exchangeable Shares under the Arrangement will realize a capital gain in an amount equal to the fair market value of the Call Rights. For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below.

Exchange of Company Shares for Cash Consideration or SIRI Shares or a Combination of Cash Consideration and SIRI Shares

A Resident Holder who transfers its Company Shares to the Purchaser under the Arrangement for Cash Consideration or SIRI Shares or any combination of Cash Consideration and SIRI Shares will be considered to have disposed of such Company Shares for proceeds of disposition equal to the sum of (i) any Cash Consideration received by such Resident Holder on the exchange (including cash received in lieu of fractional shares) and (ii) the fair market value at the Effective Time of any SIRI Shares acquired by such Resident Holder on the exchange. As a result, the Resident Holder will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of such Company Shares.

For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below.

The cost to a Resident Holder of SIRI Shares acquired on the exchange will be equal to the fair market value of the SIRI Shares at the Effective Time, and will generally be averaged with the adjusted cost base of any other SIRI Shares held at that time by the Resident Holder as capital property for the purposes of determining the Resident Holder’s adjusted cost base of such SIRI Shares.

Exchange of Company Shares for Cash Consideration or Exchangeable Shares and Ancillary Rights or a Combination of Cash Consideration, Exchangeable Shares and Ancillary Rights— Non-Rollover Transaction

A Resident Holder who exchanges some or all of its Company Shares with the Company under the Arrangement for Cash Consideration, Exchangeable Shares and Ancillary Rights or a combination of Cash Consideration, Exchangeable Shares and Ancillary Rights will, unless such Resident Holder makes a valid joint election under subsection 85(1) or 85(2) of the Tax Act, as discussed below, be considered to have disposed of such Company Shares for proceeds of disposition equal to the sum of (i) any Cash Consideration received by such Resident Holder on the exchange (including cash received in lieu of fractional shares) and (ii) the fair market value at the Effective Time of any Exchangeable Shares and Ancillary Rights received by the Resident Holder on the exchange.

As a result, the Resident Holder will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the Company Shares.

For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below.

In such circumstances, the cost to a Resident Holder of Exchangeable Shares and Ancillary Rights acquired on the exchange will be equal to the fair market value of such shares and Ancillary Rights at the Effective Time.

Exchange of Company Shares for Consideration Including Exchangeable Shares and Ancillary Rights— Section 85 Rollover Transaction

A Resident Holder who is an Eligible Holder and who elects to exchange and does exchange some or all of its Company Shares (“**Eligible Shares**”) with the Purchaser under the Arrangement for Exchangeable Shares or a combination of Exchangeable Shares and Cash Consideration may make a valid joint election with the Purchaser pursuant to subsection 85(1) of the Tax Act (or, in the case of a Resident Holder that is a Canadian partnership, pursuant to subsection 85(2) of the Tax Act) (a “**Joint Tax Election**”) in respect of such Eligible Shares and thereby obtain a full or partial tax deferral of any capital gain otherwise arising on the exchange of such Eligible Shares as described above under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Exchange of Company Shares for Cash Consideration or Exchangeable Shares and Ancillary Rights or a Combination of Cash Consideration, Exchangeable Shares and Ancillary Rights – Non-Rollover Transaction”, depending on the Elected Amount (as defined below) and the adjusted cost base to the holder of such Eligible Shares at the time of the exchange.

The Purchaser will only make a Joint Tax Election with an Eligible Holder. Resident Holders who wish to make a Joint Tax Election with the Purchaser should give their immediate attention to this matter following the Effective Time. For further information respecting the Joint Tax Elections, see Interpretation Bulletin IT-291R3 (archived) “*Transfer of Property to a Corporation under Subsection 85(1)*” (January 12, 2004) and Information Circular IC 76-19R3 “*Transfer of Property to a Corporation under Section 85*” (June 17, 1996) issued by the CRA.

The comments made herein with respect to the Joint Tax Elections are provided for general information only. The law in this area is complex and contains numerous technical requirements. Resident Holders wishing to make a Joint Tax Election should consult their own tax advisors.

Elected Amount

A Resident Holder may elect an amount which, subject to certain limitations contained in the Tax Act, will be treated as the proceeds of disposition of such Resident Holder’s Eligible Shares (the “**Elected Amount**”). The limitations imposed by the Tax Act in respect of the Elected Amount are that the Elected Amount may not:

- (a) be less than the sum of any (i) Cash Consideration (including cash received in lieu of fractional shares) received on the exchange of the Eligible Shares and (ii) the fair market value at the Effective Time of the Ancillary Rights acquired on the exchange;
- (b) be less than the lesser of (i) the adjusted cost base to the Resident Holder of its Eligible Shares at the Effective Time, and (ii) the fair market value of the Eligible Shares at that time; and

- (c) exceed the fair market value of the Eligible Shares at the Effective Time.

As discussed above under the heading “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”, in the event that the aggregate number of SIRI Shares and Exchangeable Shares to be issued under the Arrangement would exceed the Maximum Aggregate Number of Shares, a Resident Holder would receive fewer Exchangeable Shares and correspondingly more Cash Consideration. In such circumstances, since the Elected Amount cannot be less than the Cash Consideration received on the exchange of the Eligible Shares (plus other amounts noted in (a) above), the Resident Holder will be required, if the Cash Consideration exceeds the adjusted cost base to the Resident Holder of the Eligible Shares, to select an Elected Amount greater than the Resident Holder would otherwise select, which will result in the Resident Holder realizing a capital gain or a larger capital gain than desired.

Tax Treatment to Resident Holders

Where a Resident Holder and the Purchaser make a valid Joint Tax Election in respect of the Resident Holder’s Eligible Shares, the tax treatment to such holder will generally be as follows:

- (a) the Resident Holder will be deemed to have disposed of the Eligible Shares for proceeds of disposition equal to the Elected Amount;
- (b) the Resident Holder will not realize a capital gain (or a capital loss), provided that the Elected Amount is equal to the sum of (i) the aggregate adjusted cost base to the Resident Holder of the Eligible Shares immediately before the Effective Time and (ii) any reasonable costs of disposition;
- (c) the Resident Holder will realize a capital gain (or a capital loss) to the extent that the Elected Amount exceeds (or is less than) the sum of (i) the aggregate adjusted cost base to the Resident Holder of its Eligible Shares immediately before the Effective Time and (ii) any reasonable costs of disposition. For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below;
- (d) the cost to the Resident Holder of the Ancillary Rights received on the exchange will be equal to the fair market value thereof at the Effective Time; and
- (e) the cost to the Eligible Holder of the Exchangeable Shares received on the exchange will be equal to the amount by which the Elected Amount exceeds the aggregate of (i) the amount of any Cash Consideration (including any cash received in lieu of fractional shares) received on the exchange of the Eligible Shares and (ii) the fair market value at the Effective Time of the Ancillary Rights received on the exchange.

Procedure for Making an Election

A Resident Holder interested in making a Joint Tax Election in respect of the Exchangeable Shares it receives on the Arrangement should so indicate on the Letter of Transmittal. A tax election package, consisting of the relevant federal tax election forms and a letter of instructions, may be sent by mail to such holder. A tax election package may also be obtained by mail from the Company or via the internet on the Company’s website at www.siriusxmcanadatransaction.ca. The relevant federal tax election form is form T2057 (or, in the event that the Company Shares are held by a Resident Holder that is a partnership, form T2058).

A Resident Holder who wishes to make a Joint Tax Election must submit two copies of CRA form T-2057, or, if the Resident Holder is a partnership, two copies of CRA form T-2058 and two copies of any applicable equivalent provincial or territorial election form to the Company within 90 days following the Effective Date, duly completed with the details of the number of Company Shares transferred and the applicable agreed amounts. Thereafter, subject to the forms being correct and complete and complying with the provisions of the Tax Act (and other applicable Law), the relevant forms will be signed by the Purchaser and returned to the Resident Holder.

Joint Ownership

Where the Eligible Shares are held in joint ownership and two or more of the co-owners wish to make a Joint Tax Election, a co-owner designated for such purpose should file a copy of the federal election form T2057 (and any other relevant provincial or territorial forms) for each co-owner. Such election forms must be accompanied by a list of the names, addresses and social insurance numbers or tax account numbers of each of the co-owners, along with a letter signed by each of the co-owners authorizing the designated co-owner to complete, sign and file the forms.

Partnerships

Where the Eligible Shares are held by an Eligible Holder that is a partnership and the partnership wishes to make a Joint Tax Election, a partner designated by the partnership must file a copy of the federal election form T2058 (and any other relevant provincial or territorial forms) on behalf of all members of the partnership. Such election forms must be accompanied by a list of the names, addresses and social insurance numbers or tax account numbers of each of the partners, along with a letter signed by each partner authorizing the designated partner to complete, sign and file the forms.

Additional Provincial or Territorial Election Forms

Certain provinces or territories may require that a separate joint tax election be filed for provincial or territorial income tax purposes. The Purchaser will also make a joint tax election with a Resident Holder under the provisions of any relevant provincial or territorial income tax law having similar effect to section 85 of the Tax Act, subject to the same limitations as described herein. Resident Holders should consult their own tax advisors to determine whether separate election forms must be filed with any provincial or territorial taxing authority and to determine the procedure for filing any such separate election form. It will be the sole responsibility of each Resident Holder who wishes to make such an election to obtain the appropriate provincial or territorial election forms and to duly complete and submit such forms to the Purchaser for its execution at the same time as the federal election forms.

Execution by the Purchaser of Election Form

Subject to the election forms complying with the provisions of the applicable income tax law and the Arrangement, the Purchaser will sign the tax election forms received from a Resident Holder within 90 days following the Effective Date that appear correct and complete, and return them to the Resident Holder within 90 days of receipt thereof by the Purchaser. The Purchaser, in its sole discretion, may choose to sign and return an election form even if such form is received more than 90 days following the Effective Date, but the Purchaser will have no obligation to do so. With the exception of signing and returning completed election forms it receives, SIRI and the Purchaser assume no responsibility for making any tax election, and compliance with the requirements for a valid Joint Tax Election and the tax implications thereof will be the sole responsibility of the Resident Holder making the Joint Tax Election. SIRI and the Purchaser will not be responsible for the proper completion or filing of any election form.

Neither SIRI nor the Purchaser will be responsible or liable for any taxes, interest, penalties, damages or expenses resulting from the failure by a Resident Holder to properly complete or file an election form in the form and manner and within the time prescribed by the Tax Act (or the corresponding provisions of any applicable provincial or territorial tax legislation).

Filing of Election Forms

For the CRA to accept a tax election form without a late filing penalty being paid by a Resident Holder, the election form, duly completed and executed by both the Resident Holder and the Purchaser, must be received by the CRA on or before the earliest due date for the filing of either the Purchaser's or the Resident Holder's income tax return for the taxation year in which the exchange takes place. The relevant taxation year of the Purchaser is expected to end on the Effective Date, such that its tax return for the period in which the exchange takes place will be due six months following the Effective Date.

Information concerning the filing deadline will be included in the tax election package that will be available on the Company's website at www.siriusxmcanadatransaction.ca and may be mailed to Resident Holders.

Resident Holders are strongly advised to consult their own tax advisors as soon as possible respecting the deadlines applicable to their own particular circumstances, including any similar deadlines required under any provincial or

territorial tax legislation for provincial or territorial tax elections. However, regardless of such deadlines, properly completed tax election forms must be received by the Purchaser at the address set out in the tax election package within 90 days following the Effective Date of the Arrangement. Any Resident Holder who does not ensure that the Purchaser has received the properly completed tax election forms within 90 days following the Effective Date of the Arrangement may not be able to benefit from the rollover provisions of the Tax Act and any applicable provincial or territorial tax legislation.

Ancillary Rights

The Joint Tax Elections will be executed by the Purchaser on the basis that the fair market value of the Ancillary Rights is a nominal amount per Exchangeable Share issued on the exchange. This amount will be provided to Company Shareholders in the letter of instructions included in the tax election package.

Redemption, Exchange and Disposition of Exchangeable Shares

A Resident Holder will be considered to have disposed of Exchangeable Shares:

- (i) on a redemption (including pursuant to the exercise of a Retraction Right) of such Exchangeable Shares by the Purchaser; and
- (ii) on an acquisition of such Exchangeable Shares by Callco.

However, as discussed below, the Canadian federal income tax consequences of the disposition for the Resident Holder will be different depending on whether the event giving rise to the disposition is a redemption or retraction by the Purchaser or an acquisition by Callco.

A Resident Holder who exercises the right to require the redemption of an Exchangeable Share by exercising their Retraction Right cannot control whether the Exchangeable Share will be acquired by Callco under the retraction call right or redeemed by the Purchaser.

Redemption or Retraction of Exchangeable Shares

On a redemption (including a retraction) of an Exchangeable Share by the Purchaser, the Resident Holder of that Exchangeable Share will be deemed to have received a dividend equal to the amount, if any, by which the fair market value of the proceeds received on the redemption exceeds the paid-up capital (for purposes of the Tax Act) of the Exchangeable Share at the time of redemption. Such paid-up capital will be determined by reference to the aggregate Elected Amount under any applicable Joint Tax Elections and therefore cannot be determined in advance of the Effective Date. See “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Dividends on Exchangeable Shares” below. On the redemption, the Resident Holder of an Exchangeable Share will also be considered to have disposed of the Exchangeable Share for proceeds of disposition equal to the redemption proceeds less the amount of such deemed dividend. The Resident Holder will, in general, realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to such holder of the Exchangeable Shares. For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below.

Dividends on Exchangeable Shares

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on the Exchangeable Shares will be included in computing the Resident Holder’s income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Purchaser, such dividend will be treated as an “**eligible dividend**” for the purposes of the Tax Act and a holder who is an individual resident in Canada will be entitled to an enhanced dividend tax credit in respect of such dividend. There are limitations on the ability of a corporation to designate dividends and deemed dividends as eligible dividends.

Dividends received or deemed to be received on the Exchangeable Shares will be required to be included in computing the corporation’s income for the taxation year in which such dividends are received. Such dividends will generally be

deductible in computing the corporation's taxable income, provided that SIRI and every other person with whom SIRI does not deal at arm's length is not a "specific financial institution" within the meaning of the Tax Act. SIRI has advised the Company that, immediately after the Effective Time, neither SIRI nor any person with whom it does not deal at arm's length will be a specified financial institution within the meaning of the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances. **Corporate shareholders should consult their own tax advisors for advice with respect to the potential application of these provisions.**

A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Exchangeable Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income. A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any dividends that are not deductible in computing taxable income.

The Exchangeable Shares will be taxable preferred shares and short-term preferred shares for the purposes of the Tax Act. A Resident Holder of Exchangeable Shares that is a corporation which receives or is deemed to receive dividends on such shares will not be subject to the 10% tax under Part IV.1 of the Tax Act.

Exchange of Exchangeable Shares with Callco

On the exchange of an Exchangeable Share by the Resident Holder with Callco for SIRI Shares, the holder will generally realize a capital gain (or a capital loss) to the extent the proceeds of disposition of the Exchangeable Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of the Exchangeable Share. For these purposes, the proceeds of disposition will be the fair market value of the SIRI Shares received upon exchange plus an amount equal to declared and unpaid dividends on the Exchangeable Share. For a description of the tax treatment of capital gains and losses, see "Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses" below.

Disposition of Exchangeable Shares other than on Redemption, Retraction or Exchange

A disposition or deemed disposition of Exchangeable Shares by a Resident Holder, other than on the redemption, retraction or exchange of the shares, will generally result in a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the holder of those Exchangeable Shares immediately before the disposition. For a description of the tax treatment of capital gains and losses, see "Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses" below.

Dividends on SIRI Shares

A Resident Holder will be required to include in computing such Resident Holder's income for a taxation year the amount of dividends, if any, received on SIRI Shares. Dividends received on SIRI Shares by a Resident Holder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. A Resident Holder that is a corporation will not be entitled to deduct the amount of such dividends in computing its taxable income.

A Resident Holder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any dividends received on the SIRI Shares.

Acquisition and Disposition of SIRI Shares

The cost of SIRI Shares received on the retraction, redemption or exchange of an Exchangeable Share will be equal to the fair market value of such SIRI Shares at the time of such event and will generally be averaged with the adjusted cost base of any other SIRI Shares held at that time by the Resident Holder as capital property for the purpose of determining the holder's adjusted cost base of such SIRI Shares.

A disposition or deemed disposition of SIRI Shares by a Resident Holder will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Holder of the SIRI Shares immediately before the disposition. For a description of the tax treatment of capital gains and losses, see “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses” below.

Taxation of Capital Gains or Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in the Resident Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the holder in that year (subject to and in accordance with rules contained in the Tax Act). Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that, throughout the relevant taxation year, is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on its “aggregate investment income” (as defined in the Tax Act), including any taxable capital gains.

If the Resident Holder of a Company Share or an Exchangeable Share is a corporation, the amount of any capital loss realized on a disposition or deemed disposition of such share may be reduced by the amount of dividends received or deemed to have been received by it on such share (and in certain circumstances a share exchanged for such share) to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares. Holders to whom these rules may be relevant should consult their own tax advisors.

Foreign Property Information Reporting

A Resident Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or a fiscal period and whose total “cost amount” of “specified foreign property” (as such terms are defined in the Tax Act), including SIRI Shares, at any time in the year or fiscal period exceeds \$100,000 will be required to file an information return for the year or period disclosing prescribed information. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a “specified Canadian entity,” as will certain partnerships. Penalties may apply where a Resident Holder fails to file the required information return in respect of such Holder’s “specified foreign property” on a timely basis in accordance with the Tax Act.

The reporting rules in the Tax Act relating to “specified foreign property” are complex and this summary does not purport to address all circumstances in which reporting may be required by a Resident Holder. Resident Holders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

Offshore Investment Fund Property

The Tax Act contains rules which may require a taxpayer to include in income in each taxation year an amount in respect of the holding of an “offshore investment fund property”. These rules could apply to a Resident Holder in respect of a SIRI Share if two conditions are both satisfied.

The first condition for such rules to apply is that the value of the SIRI Share may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (“**Investment Assets**”).

The second condition for such rules to apply to a Resident Holder is that it must be reasonable to conclude that one of the main reasons for the Resident Holder acquiring or holding a SIRI Share was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets

for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act had the income, profits and gains been earned directly by the Resident Holder.

If applicable, these rules would generally require a Resident Holder to include in income for each taxation year in which the Resident Holder owns a SIRI Share (i) an imputed return for the taxation year computed on a monthly basis and determined by multiplying the Resident Holder's "designated cost" (as defined in the Tax Act) of the SIRI Share at the end of the month by 1/12th of the applicable prescribed rate for the period that includes such month, less (ii) the Resident Holder's income for the year (other than a capital gain) from the SIRI Share determined without reference to these rules. Any amount required to be included in computing a Resident Holder's income under these provisions will be added to the adjusted cost base to the Resident Holder of its SIRI Share.

The application of these rules depends, in part, on the reasons for a Resident Holder acquiring or holding SIRI Shares. Resident Holders are urged to consult their own tax advisors regarding the application and consequences of these rules, in their own particular circumstances.

Eligibility for Investment

Provided that the SIRI Shares are listed on a "**designated stock exchange**" within the meaning of the Tax Act (which includes the Nasdaq) at a particular time, the SIRI Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), registered education savings plan, deferred profit sharing plan, registered disability savings plan and a tax-free savings account ("**TFSA**"), all as defined in the Tax Act.

Notwithstanding that the SIRI Shares may be qualified investments for trusts governed by a TFSA, an RRSP or a RRIF, the holder of a TFSA or the annuitant of an RRSP or RRIF, as the case may be, may be subject to a penalty tax under the Tax Act if such shares are a "prohibited investment" within the meaning of the Tax Act for the particular TFSA, RRSP or RRIF. The SIRI Shares will generally not be a prohibited investment for a TFSA, an RRSP or RRIF provided that the holder of the TFSA, or the annuitant of the RRSP or RRIF, as applicable, deals at arm's length with SIRI within the meaning of the Tax Act and does not have a "significant interest" within the meaning of the Tax Act in SIRI. **Holders should consult their own tax advisors to ensure that the SIRI Shares will not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

Dissenting Shareholders

A Resident Holder that is a Dissenting Shareholder (a "**Resident Dissenting Shareholders**") is deemed to have transferred its Company Shares to the Purchaser as of the Effective Time and will receive a cash payment from the Purchaser in respect of the fair value of the Resident Dissenting Shareholder's Company Shares. Such a Resident Dissenting Shareholder will be considered to have disposed of the Company Shares for proceeds of disposition equal to the amount received by the Resident Dissenting Shareholder (less any interest awarded by a court). As a result, such Resident Dissenting Shareholder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received exceed (or are less than) the aggregate of (i) the adjusted cost base to the Resident Dissenting Shareholder of the Company Shares; and (ii) any reasonable costs of disposition.

Interest awarded to a Resident Dissenting Shareholder by a court will be included in the Resident Dissenting Shareholder's income for the purposes of the Tax Act. In addition, a Resident Dissenting Shareholder that, throughout the relevant taxation year, is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including interest income.

A Resident Holder that exercises its Dissent Rights but is not ultimately determined to be entitled to be paid fair value for the Company Shares held by such Resident Holder will be deemed to have participated in the Arrangement and will receive Cash Consideration and SIRI Shares. Such a Resident Holder will be considered to have disposed of its Company Shares for proceeds of disposition equal to the aggregate of the Cash Consideration and the fair market value of the SIRI Shares so received. As a result, such Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition received exceed (or are less than) the aggregate of (i) the adjusted cost base to the Resident Holder of the Company Shares; and (ii) any reasonable costs of disposition.

Company Shareholders Not Resident in Canada

The following section of the summary is generally applicable to a holder of Company Shares who, (i) for the purposes of the Tax Act and any applicable income tax treaty and at all relevant times, is not, and is not deemed to be, a resident of Canada (ii) does not, and is not deemed to, use or hold Company Shares and SIRI Shares received pursuant to the Arrangement in or in the course of, carrying on a business in Canada, and (iii) is not an insurer who carries on an insurance business or is deemed to carry on an insurance business in Canada and elsewhere (in this section, a **“Non-Resident Holder”**).

Exchange of Company Shares for Cash Consideration or SIRI Shares or a Combination of Cash Consideration and SIRI Shares

Non-Resident Holders who exchange their Company Shares under the Arrangement for Cash Consideration, SIRI Shares or a combination of Cash Consideration and SIRI Shares should not be subject to tax under Part I of the Tax Act in respect of any capital gain realized on the exchange unless (a) the Company Shares constitute “taxable Canadian property” (as defined in the Tax Act, as discussed below) of the Non-Resident Holder at the time of the exchange, and (b) the Company Shares are not “treaty-protected property” (as defined for the purposes of the Tax Act) of the Non-Resident Holder at the time of the exchange.

Generally, Company Shares will not constitute “taxable Canadian property” to an Non-Resident Holder at a particular time unless at any time during the 60-month period immediately preceding the disposition (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length, partnerships in which the Non-Resident Holder or persons with whom the Non-Resident Holder does not deal at arm’s length, holds a membership interest directly, or indirectly, through one or more partnerships or the Non-Resident Holder together with all such persons, owned or was considered to own 25% or more of the issued shares of any class or series of shares of the capital stock of the Company, and (ii) more than 50% of the fair market value of the shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Notwithstanding the foregoing, a share may be deemed to be “taxable Canadian property” where the Non-Resident Holder acquired or held the share in certain circumstances, including acquiring the share in consideration of the disposition of other taxable Canadian property to the issuer of such share.

In the event that the Company Shares constitute taxable Canadian property to a particular Non-Resident Holder on the disposition thereof pursuant to the Arrangement, and a capital gain realized on the disposition of such taxable Canadian property is not exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention, such Eligible Non-Resident Holder will realize a capital gain (or capital loss) generally in the circumstances and computed in the manner described above under “Company Shareholders Resident in Canada”. A Non-Resident Holder whose Company Shares are taxable Canadian property should consult his, her or its own tax advisor, including with respect to whether they should elect to receive Exchangeable Shares and/or file a Joint Tax Election in the manner described above under “Company Shareholders Resident in Canada”.

Dissenting Eligible Non-Resident Holders

A Non-Resident Holder that is a Dissenting Shareholder (a **“Dissenting Non-Resident Holder”**) will be deemed to have transferred its Company Shares to the Purchaser as of the Effective Time and will be entitled to receive a cash payment from the Company in respect of the fair value of the Dissenting Non-Resident Holder’s Company Shares. Such a Dissenting Non-Resident Holder will be considered to have disposed of the Company Shares for proceeds of disposition equal to the amount received by the Dissenting Non-Resident Holder (less any interest awarded by a court) and will be treated in the same manner as described above under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Not Resident in Canada – Exchange of Company Shares for Cash Consideration or SIRI Shares or a Combination of Cash Consideration and SIRI Shares”. A Dissenting Non-Resident Holder will not be subject to Canadian tax on any amount received on account of interest.

Other Tax Considerations

This Company Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations to Company Shareholders. No tax advice or opinion whatsoever is being provided in this Company Circular to Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada

(including Company Shareholders that are United States taxpayers). The tax implications of the Arrangement for Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada may be materially different than as set out under the heading “Certain Canadian Federal Income Tax Considerations”. Accordingly, Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada (including Company Shareholders that are United States taxpayers) are urged to consult their own independent tax advisors with respect to the relevant tax implications of the Arrangement and for advice regarding the specific tax considerations applicable to them, including, without limitation, any associated filing requirements, in such jurisdictions.

All Company Shareholders should consult their own independent tax advisors regarding relevant federal, state, provincial, territorial or other tax considerations of the Arrangement having regard to their own circumstances. See “Risk Factors”.

RISK FACTORS

The following risk factors should be carefully considered by Company Voting Shareholders in evaluating whether to approve the Arrangement Resolution. These risk factors relate to the Company, SIRI and the Arrangement and should be considered in conjunction with the other information contained in or incorporated by reference into this Company Circular.

Risks Relating to the Company

Whether or not the Arrangement is completed, the Company will continue to face many of the risks that it currently faces with respect to its business and affairs. Certain of these risk factors have been disclosed, starting on page 41, of the annual information form of the Company for the fiscal year ended August 31, 2015, which is incorporated by reference into this Company Circular and has been filed on SEDAR at www.sedar.com. Upon request, a Company Voting Shareholder will be provided with a copy of such document free of charge. See “Additional Information”.

Risks Relating to SIRI

See the “Risk Factors” set out in the SIRI disclosure documents included in Appendix “G”.

Risks Relating to the Arrangement

Conditions Precedent and Required Approvals

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside the Company’s and SIRI’s control, including receipt of the Required Approval, the Final Order and the CRTC Approval.

The application for CRTC Approval is premised, among other things, upon each of Slaight and Obelysk owning 33.5% of the voting interests of Amalco. See “Certain Legal and Regulatory Matters”. If either of the Slaight Voting Support Agreement or the Obelysk Voting Support Agreement is terminated in accordance with its terms, the structure of the Arrangement would require modification and the application for CRTC Approval would require amendment. If such modification and amendment was made, it might not be possible to secure CRTC Approval by the Outside Date. If the structure of the Arrangement was not modified and if the application for CRTC Approval was not amended, the Arrangement will not be completed.

At the hearing on the Final Order, the Court will consider whether to approve the Arrangement based on the applicable legal requirements and the evidence before the Court. The distribution of the SIRI Shares and the Exchangeable Shares pursuant to the Arrangement also requires certain approvals that may be outside of the Company’s and SIRI’s control.

There can be no certainty, nor can the Company provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or, if satisfied or waived, when they will be satisfied or waived. If the Arrangement is not completed, the market price of the Company Shares may be materially adversely affected.

Market Price of the Company Shares

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement

Agreement is terminated, the market price of the Company Shares, as well as the Company's ability to pay dividends, may be materially adversely affected. The Company's business, financial condition or results of operations or prospects, including its ability to pay dividends, could also be subject to various material adverse consequences, including as a result of (i) adverse resolution of the arbitration relating to the activation fees paid to the Guarantor pursuant to the XM Licence Agreement, (ii) uncertainty relating to the royalty rates payable under the XM Licence Agreement and the Sirius Licence Agreement, (iii) potential for non-renewal or non-extension of the XM Licence Agreement and the Sirius Licence Agreement, as well as (iv) the Company remaining liable for significant costs relating to the Arrangement including, among others, legal, accounting, financial advisor, valuation, depositary and printing and mailing expenses.

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, there is a significant likelihood that the royalty rates paid by the Company to the Guarantor under the XM License Agreement and the Sirius Licence Agreement could increase materially upon expiry and extension of such agreements, which would reasonably be expected to impact the Company's financial position and consequently have an adverse effect on the market price of the Company Shares.

In addition, depending on the circumstances in which termination of the Arrangement Agreement occurs, the Company may have to pay the Termination Fee.

Termination in Certain Circumstances and Termination Fee

Each of the Company, the Guarantor and the Purchaser have the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Arrangement Agreement. Accordingly, there can be no certainty, nor can the Company provide any assurance, that the Arrangement Agreement will not be terminated by any of the Company, the Guarantor or the Purchaser prior to the completion of the Arrangement. Under the Arrangement Agreement, the Company is required to pay to the Purchaser a Termination Fee in the event the Arrangement Agreement is terminated following the occurrence of a Termination Fee Event. See "Summary of Arrangement Agreement – Termination Fees". If the Arrangement is not completed, the market price of the Company Shares may be materially adversely affected.

Uncertainty Surrounding the Arrangement

As the Arrangement is dependent upon receipt, among other things, of the CRTC Approval and satisfaction of certain other conditions, its completion is uncertain. Any delay or deferral of key decisions as a result of such uncertainty could adversely affect the business and operations of the Company, regardless of whether the Arrangement is ultimately completed. Similarly, uncertainty may adversely affect the Company's ability to attract or retain key personnel.

The Number of SIRI Shares and Exchangeable Shares That May be Issued is Subject to Proration

Pursuant to the Arrangement, the Purchaser will acquire all of the outstanding Company Shares, in consideration of which holders of Company Shares will be entitled to receive, at the election of each holder of Company Shares and subject to certain limitations, (i) cash of \$4.50 per Class A Share or \$1.50 per Class B Share, (ii) 0.898 of a SIRI Share per Class A Share or 0.299 of a SIRI Share per Class B Shares, (iii) 0.898 of an Exchangeable Share per Class A Share or 0.299 of an Exchangeable Share per Class B Share, or (iv) a combination thereof. The maximum aggregate number of SIRI Shares and Exchangeable Shares that may be issued will be subject to proration if holders of Company Shares collectively elect to receive more than 35,000,000 SIRI Shares or Exchangeable Shares.

Any Company Shareholder that fails to properly make an election prior to the Election Date will be deemed to have elected to receive Cash Consideration in respect of such holder's Company Shares.

Occurrence of a Material Adverse Effect in Respect of the Company

The completion of the Arrangement is subject to the condition that, among other things, on or after May 12, 2016 (the date the Arrangement Agreement was entered into), there shall not have occurred any event, change, effect or development that individually or in the aggregate, has a Material Adverse Effect on the Company. Although a Material Adverse Effect excludes certain events, including events in some cases that are beyond the control of the Company, there can be no assurance that a Material Adverse Effect in respect of the Company will not occur prior to the Effective Time. If such a Material Adverse Effect occurs, the Arrangement may not proceed.

Fees, Costs and Expenses of the Arrangement Not Recoverable

If the Arrangement is not completed, the Company will not receive any reimbursement from the Purchaser or the Guarantor for the fees, costs and expenses it has incurred in connection with the Arrangement. Such fees, costs and expenses include, without limitation, legal fees, accounting fees, financial advisor fees, valuation fees, depositary fees and printing and mailing costs, which will be payable whether or not the Arrangement is completed. If the Company is required to pay the Termination Fee under the Arrangement Agreement and it does not enter into or complete an alternative transaction, the financial condition of the Company could be materially adversely affected.

Another Attractive Take-Over, Merger or Business Combination May Not Be Available

Given the Company's ownership and key commercial agreements with SIRI and the Guarantor there is a low likelihood that an alternative transaction would be available. Therefore, if the Arrangement is not completed, there is a low likelihood that the Company will be able to find a party willing to pay an equivalent or more attractive price than the price to be provided by the Purchaser for the Company Shares or willing to proceed at all with a similar transaction or any alternative transaction.

The Exchange Ratio is Fixed and Will Not Reflect any Change in the Market Value of SIRI Shares

Subject to certain limitations in the Arrangement, Company Shareholders may elect to receive 0.898 of a SIRI Share or 0.898 of an Exchangeable Share for each Class A Share, or 0.299 of a SIRI Share or 0.299 of an Exchangeable Share for each Class B Share (subject to proration). The number of SIRI Share or Exchangeable Shares per Class A Share or Class B Share is fixed and will not be adjusted to reflect any change in the market value of SIRI Shares that may occur prior to the Effective Date. The market value of SIRI Shares may vary significantly from the market value at the dates referenced in this Company Circular. For example, during the 12-month period ended on May 12, 2016, the trading price of SIRI Shares on the NASDAQ varied from a low of \$3.30 to a high of \$4.20 and closed on May 12, 2016 at \$3.91. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of SIRI, regulatory considerations, general market and economic conditions, foreign exchange fluctuations, and other factors over which SIRI has no control.

While the Arrangement is pending, the Company is restricted from taking certain actions

The Arrangement Agreement restricts the Company from taking specified actions until the Arrangement is completed without the consent of the Purchaser. These restrictions may prevent the Company from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement. See "Summary of the Arrangement Agreement – Covenants Regarding the Arrangement".

The Company Has Not Verified the Reliability of the Information Regarding SIRI, the Purchaser, the Guarantor or the Exchangeable Shares Included in, or Which May Have Been Omitted from, this Company Circular

Unless otherwise indicated, all historical information regarding SIRI contained in this Company Circular, including all SIRI financial information has been derived from SIRI's publicly disclosed information or provided by SIRI. Although management of the Company has no reason to doubt the accuracy or completeness of such information, any inaccuracy or material omission in SIRI's publicly disclosed information, including the information about or relating to SIRI contained in this Company Circular, could result in unanticipated liabilities or expenses, increase the cost of integrating the entities or adversely affect the operational and development plans and results of operations and financial condition of SIRI.

This Company Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations to Company Shareholders

The Arrangement may have adverse tax consequences for Company Shareholders. While this Company Circular contains a summary of the principal Canadian federal income tax considerations relevant to Company Shareholders under the heading "Certain Canadian Federal Income Tax Considerations", no tax advice or opinion whatsoever is being provided in this Company Circular to Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada (including Company Shareholders that are United States taxpayers). In such circumstances, a foreign taxpayer should assume that the foreign tax consequences of the Arrangement will be unfavorable. The tax implications of the Arrangement for Company Shareholders who are resident in or otherwise subject to jurisdictions other than Canada may be materially different than as set out under the heading "Certain Canadian Federal Income Tax Considerations". Accordingly, Company Shareholders who are resident in jurisdictions other than Canada (including Company

Shareholders that are United States taxpayers) are urged to consult their own independent tax advisors with respect to the relevant tax implications of the Arrangement and for advice regarding the specific tax considerations applicable to them, including, without limitation, any associated filing requirements, in such jurisdictions.

Risks Relating to Exchangeable Shares

Holders of the Exchangeable Shares will only be able to obtain Canadian tax deferral for as long as they hold the Exchangeable Shares, which holding period could be shorter than anticipated

The Arrangement provides the opportunity for a tax deferral to certain Company Shareholders who receive Exchangeable Shares pursuant to the Arrangement and file the appropriate election. However, (unless the relevant Canadian tax legislation is amended) such shareholders will generally only be able to obtain Canadian tax deferral for as long as they hold the Exchangeable Shares. In certain events, including where the number of outstanding Exchangeable Shares (other than those held by SIRI or its affiliates) falls below 2,000,000, and in any event on the Redemption Date, if any, the Exchangeable Shares will be redeemed for SIRI Shares. Moreover, if the Redemption Call Right is not exercised on redemption of the Exchangeable Shares by the Purchaser, a holder of Exchangeable Shares may realize a dividend for Canadian tax purposes that may exceed the holder's economic gain. See "Certain Canadian Federal Income Tax Considerations".

The trading market for the Exchangeable Shares could be limited and the Exchangeable Shares may not have a market value identical or similar to the market value of SIRI Shares

Holders of Exchangeable Shares will have dividend and liquidation rights that are economically equivalent to the rights of holders of SIRI Shares. Although the economic value of the Exchangeable Shares is expected to be closely linked to the trading value of SIRI Shares, at any particular time, due to the right to exchange at any time Exchangeable Shares for SIRI Shares, no active trading market in the Exchangeable Shares will exist as the Exchangeable Shares will not be listed for trading on any exchange. The price at which the SIRI Shares will trade will be based upon the market for such shares on the NASDAQ.

This may result in your having to exchange your Exchangeable Shares for SIRI Shares in order to maximize the value of your investment prior to a sale.

Holders of Exchangeable Shares who later request to exchange such shares for SIRI Shares will not receive SIRI Shares for 10 to 15 Business Days after such request is received

Company Shareholders who receive Exchangeable Shares in the Arrangement and later request to receive SIRI Shares in exchange for their Exchangeable Shares will not receive SIRI Shares for 10 to 15 Business Days after the applicable request is received. During this 10-to 15-Business Day period, the market price of SIRI Shares may increase or decrease. Any such increase or decrease would affect the value of the consideration to be received by the holder of Exchangeable Shares on the effective date of the exchange.

STATUTORY RIGHTS

Canadian Securities Laws provide Company Shareholders with, in addition to any other rights that they may have at Law, one or more rights of rescission or price revision or to damages if there is a misrepresentation in a circular or notice that is required to be delivered to those Company Shareholders. However, such rights must be exercised within prescribed time limits. Company Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

LEGAL MATTERS

Certain legal matters relating to the Arrangement are to be passed upon by Stikeman Elliott LLP on behalf of the Company, Blake, Cassels & Graydon LLP on behalf of the Special Committee and by Norton Rose Fulbright Canada LLP on behalf of the Guarantor. Fasken Martineau DuMoulin LLP has advised the Company regarding certain regulatory matters. Norton Rose Fulbright U.S. LLP has advised the Guarantor regarding certain matters of U.S. law.

ADDITIONAL INFORMATION

You can ask us for a copy of the following documents of the Company, as applicable, at no charge:

- the most recent annual report, which includes audited consolidated annual financial statements and management's discussion and analysis for the most recently completed financial year together with the accompanying auditor's report;
- any interim financial statements that were filed after the annual financial statements for the most recently completed financial year;
- management's discussion and analysis for such interim financial statements;
- the management proxy circular for the most recent annual shareholder meeting of the Company; and
- the most recent annual information form, together with any document, or the relevant pages of any document, incorporated by reference therein.

In order to do so, please write to the office of our General Counsel at 135 Liberty Street, 4th Floor, Toronto, Ontario M6K 1A7, or call D. F. King at 1-866-822-1238 toll free in North America.

The annual and interim financial statements along with the accompanying management's discussion and analysis referred to above provide financial information concerning the Company.

These documents and additional information with respect to the Company are also available on our website at www.siriusxm.ca, on SEDAR at www.sedar.com and on www.siriusxmcanadatransaction.ca. All of our news releases are also available on www.siriusxm.ca.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions, please contact the proxy solicitation and information agent, D.F. King, toll free at 1-866-822-1238 (1-201-806-7301 by collect call) or by email at inquiries@dfking.com or the Company's transfer agent and depositary, CST Trust Company at 1-800-387-0825 or by email at inquiries@canstockta.com.

GLOSSARY

In this Company Circular, unless the context otherwise requires, “you” and “your” refer to the Shareholders, as applicable, and “we”, “us” and “our” refer to the Company.

The following is a glossary of certain terms used in this Company Circular:

“**2021 Senior Notes**” means the 5.625% senior unsecured notes due in 2021 with an aggregate principal amount of \$200 million in the capital of the Company.

“**Acquisition Proposal**” means, other than the transactions contemplated by the Arrangement Agreement and other than any transaction involving only the Company and/or one or more of its wholly-owned Subsidiaries, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser or any Person acting in concert with the Purchaser or any affiliate of the Purchaser) after the date of the Arrangement Agreement relating to (i) any sale or disposition (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or of 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities), (ii) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of the Company or any of its Subsidiaries, (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries, or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries.

“**Advisory Services Agreement**” means the advisory services agreement among the successor to the Purchaser and the Company Subsidiary and the Guarantor to be entered into on or immediately after the Effective Time.

“**affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

“**allowable capital loss**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses”.

“**Amalco**” means the company resulting from the amalgamation of the Purchaser and the Company on the Effective Date.

“**Ancillary Rights**” means the Automatic Exchange Right and the Exchange Right.

“**Arrangement**” means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“**Arrangement Agreement**” means the arrangement agreement dated May 12, 2016 among the Purchaser, the Guarantor, the Company and the Company Subsidiary and any amendment thereto made in accordance with such Arrangement Agreement.

“**Arrangement Parties**” means the Company, the Company Subsidiary, the Purchaser and the Guarantor, and an “**Arrangement Party**” means any one of them.

“**Arrangement Resolution**” means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting and attached as Appendix “A” to this Company Circular.

“**Articles of Arrangement**” means the articles of arrangement of the Company in respect of the Arrangement required by the OBCA to be sent to the Director after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

“Authority” means, whether domestic or foreign, (i) any multinational, federal, provincial, state, regional, municipal, local or other government, or any governmental or public department, ministry, minister, central bank, court, tribunal, arbitral body, commission, commissioner, board, regulatory body, bureau, agency or other similar instrumentality, (ii) any subdivision, agent or authority of any of the foregoing, or (iii) any quasi-governmental or private body, including any tribunal, commission, securities exchange, regulatory agency or self-regulatory organization having any regulatory, prosecutorial, administrative, expropriation, taxing or other governmental or quasi-governmental authority under or for the account of any of the foregoing.

“Automatic Exchange Right” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Support Agreement”.

“Bid” has the meaning ascribed thereto under “Information Concerning the Company – Previous Purchases and Sales”.

“Board” means the board of directors of the Company as constituted from time to time.

“Board Recommendation” means a favourable recommendation by the Board that the Arrangement Resolution is in the best interests of the Company and a recommendation that the Company Voting Shareholders vote in favour of the Arrangement Resolution.

“Breaching Party” has the meaning ascribed thereto under “Summary of Arrangement Agreement – Termination”.

“Broadcasting Legislation” means the *Broadcasting Act* (Canada) and all orders, decisions, notices and policies issued thereunder or pursuant thereto, including the CRTC Direction.

“Business Day” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or New York, New York.

“Call Rights” means the Liquidation Call Right, the Redemption Call Right and the Retraction Call Right.

“Callco” means 2517836 Ontario Ltd., a corporation incorporated under the laws of Ontario.

“Cash Consideration” means collectively, the Class A Cash Consideration and the Class B Cash Consideration.

“CBC” means Canadian Broadcasting Corporation.

“Certificate of Arrangement” means the certificate of arrangement to be issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

“Change in Recommendation” means the Board or the Special Committee fails to recommend the transactions contemplated by the Arrangement Agreement or withdraws, amends, modifies or qualifies, publicly states its intention to do so, or fails to publicly reaffirm within five Business Days after having been requested in writing by the Purchaser to do so, the Board Recommendation, or takes no position or a neutral position with respect to an Acquisition Proposal for more than five Business Days after first learning of an Acquisition Proposal.

“Class A Cash Consideration” means the amount in cash elected or deemed to be elected for each Class A Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(e) of the Plan of Arrangement, such election to be for \$4.50 per Class A Share.

“Class A Exchangeable Elected Shares” has the meaning ascribed thereto in the Plan of Arrangement.

“Class A Exchangeable Share Consideration” means the consideration in the form of Exchangeable Shares, elected or deemed to be elected for each Class A Share by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.2(g) of the Plan of Arrangement, such election to be for 0.898 of an Exchangeable Share for each Class A Share.

“Class A Share Consideration” means, collectively, the Class A Cash Consideration, the Class A Exchangeable Share Consideration and the Class A SIRI Share Consideration.

“Class A Shares” means the Class A Subordinate Voting Shares in the capital of the Company.

“Class A SIRI Share Consideration” means the consideration in the form of SIRI Shares elected or deemed to be elected for each Class A Share by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.2(e) of the Plan of Arrangement, such election to be for 0.898 of a SIRI Share for each Class A Share.

“Class B Cash Consideration” means the amount in cash elected or deemed to be elected for each Class B Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(f) of the Plan of Arrangement, such election to be for \$1.50 per Class B Share.

“Class B Exchangeable Elected Shares” has the meaning ascribed thereto in the Plan of Arrangement.

“Class B Exchangeable Share Consideration” means the consideration in the form of Exchangeable Shares elected or deemed to be elected for each Class B Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(h) of the Plan of Arrangement, such election to be for 0.299 of an Exchangeable Share for each Class B Share.

“Class B Share Consideration” means, collectively, the Class B Cash Consideration, the Class B Exchangeable Share Consideration and the Class B SIRI Share Consideration.

“Class B Shares” means the Class B Voting Shares in the capital of the Company.

“Class B SIRI Share Consideration” means the consideration in the form of SIRI Shares elected or deemed to be elected for each Class B Share by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.2(e) of the Plan of Arrangement, such election to be for 0.299 of a SIRI Share for each Class B Share.

“Class C Shares” means the Class C Non-Voting Shares in the capital of the Company.

“Company” means Sirius XM Canada Holdings Inc., a corporation incorporated under the laws of Ontario.

“Company Business” means the Company Entities’ business of promoting, marketing and selling subscription based satellite radio entertainment to the Canadian market.

“Company Circular” means the notice of the Company Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information incorporated by reference in, such management information circular, to be sent to the holders of the Company Shares in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time.

“Company Disclosure Letter” means the disclosure letter dated the date of the Arrangement Agreement and delivered by the Company to the Purchaser with the Arrangement Agreement.

“Company Employees” means the employees of the Company and its Subsidiaries.

“Company Entities” means the Company and the Company Subsidiary.

“Company Meeting” means the special meeting of Company Voting Shareholders to be held on August 30, 2016, including any adjournment or postponement of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular.

“Company Options” means the outstanding options to purchase Class A Shares issued pursuant to the Company Stock Option Plan.

“Company Optionholder” has the meaning ascribed thereto in the Plan of Arrangement.

“Company RSUs” means the outstanding restricted share units (RSUs) and performance share units (PSUs), together with any corresponding dividend equivalents, in each case, issued under the Company RSU Plan.

“Company RSU Plan” means all equity plans of the Company providing for the issuance of restricted stock units, including, without limitation, that certain amended and restated restricted stock unit plan of the Company, most recently approved at the meeting of the Company Voting Shareholders held on January 13, 2015.

“Company Shareholders” means the holders at the relevant time of Company Shares.

“Company Shares” means, collectively, the Class A Shares, the Class B Shares and the Class C Shares.

“Company Stock Option Plan” means all stock option plans of the Company, including, without limitation, that certain stock option plan of the Company, most recently approved at the meeting of the Company Voting Shareholders held on January 15, 2013.

“Company Subsidiary” means Sirius XM Canada Inc., a corporation incorporated under the laws of Canada.

“Company Voting Shareholders” means the registered or beneficial holders of the Class A Shares and the Class B Shares.

“Company Voting Shares” means, collectively, the Class A Shares and Class B Shares.

“Confidentiality Terms” means the confidentiality terms and conditions contained in the Governance Agreement between the Guarantor and the Company dated June 21, 2011.

“Consideration” means the aggregate of the Cash Consideration, the SIRI Share Consideration and the Exchangeable Share Consideration.

“Constating Documents” means articles or certificate of incorporation, amalgamation, or continuation, as applicable, by-laws and all amendments to such articles or by-laws.

“Continuing Canadian Shareholder Group” means Slight and Obelysk.

“Contract” means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which the Company or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

“Court” means the Ontario Superior Court of Justice (Commercial List), or other court as applicable.

“Court Approval” means the approval of the Court.

“CRA” means the Canada Revenue Agency.

“CRTC” means the Canadian Radio-television and Telecommunications Commission.

“CRTC Approval” means the decision of the CRTC approving the Arrangement and matters ancillary thereto.

“CRTC Direction” means the *Direction to the CRTC (Ineligibility of Non-Canadians)* issued under the *Broadcasting Act*.

“Current Market Price” means, in respect of a SIRI Share on any date, the closing price of one SIRI Share on the NASDAQ on such date.

“Deemed Share Consideration Elected Percentage” has the meaning ascribed thereto under “The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration”.

“Demand for Payment” has the meaning ascribed thereto under “Dissenting Shareholders’ Rights”.

“De Minimis Exemption” has the meaning ascribed thereto under “Certain Legal and Regulatory Matters – Securities Law Matters – Collateral Benefits”.

“Depository” has the meaning ascribed thereto in the Plan of Arrangement.

“Director” means the Director appointed pursuant to Section 278 of the OBCA.

“Dissent Notice” means a written objection to the Arrangement Resolution provided by a Dissenting Shareholder in compliance with section 185 of the OBCA, as modified by the Plan of Arrangement and the Interim Order.

“Dissent Rights” means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

“Dissent Shares” means Class A Shares held by a Dissenting Shareholder.

“Dissenting Non-Resident Holders” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Not Resident in Canada – Dissenting Eligible Non-Resident Holders”.

“Dissenting Shareholder” means a Registered Shareholder of Class A Shares who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Class A Shares in respect of which Dissent Rights are validly exercised by such Registered Shareholder.

“Dividend Amount” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Distribution on Liquidation and Associated Call Right”.

“D.F. King” means D.F. King Canada, the information and proxy solicitation agent hired by the Company.

“Effective Date” means the date shown on the Certificate of Arrangement giving effect to the Arrangement, which shall be within five (5) Business Days following the Election Deadline.

“Effective Time” means 12:01 a.m. on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

“Elected Amount” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident In Canada – Exchange of Company Shares for Consideration Including Exchangeable Shares and Ancillary Rights— Section 85 Rollover Transaction – Elected Amount”.

“Elected Percentage” has the meaning ascribed thereto under “The Arrangement — Arrangement Mechanics — Proration and Availability of Exchangeable Share Consideration”.

“Election Deadline” means 5:00 pm (Toronto time) on a Business Day that is at least ten (10) Business Days following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

“Eligible Holder” has the meaning ascribed thereto in the Plan of Arrangement.

“Eligible Shares” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Exchange of Company Shares for Consideration Including Exchangeable Shares and Ancillary Rights— Section 85 Rollover Transaction.”

“Employee Plans” means all plans, agreements, programs, or policies, whether funded or unfunded, registered or unregistered, as listed in Section 3.1(19) of the Company Disclosure Letter, which any Company Entity is a party to or bound by or under which any Company Entity has any liability or contingent liability or which have any application to employees of the Company Entities relating to retirement savings, pensions or benefits, including any defined benefit pension plan, defined contribution pension plan, group registered retirement savings plan or supplemental pension or retirement plan, or any bonus, deferred profit-sharing, profit-sharing, stock option, restricted stock unit, deferred stock unit, performance stock unit, share purchase, stock appreciation, deferred compensation, incentive compensation, supplemental unemployment benefits, hospitalization, health, dental, disability, life insurance, death or survivor’s

benefit, employment insurance, vacation pay, severance or retention pay, termination pay or other benefit plan with respect to any Company Employees, or eligible dependents of any Company Employees.

“**Exchange**” means the Toronto Stock Exchange.

“**Exchange Right**” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Support Agreement”.

“**Exchangeable Share Consideration**” means the Class A Exchangeable Share Consideration and the Class B Exchangeable Share Consideration, as applicable.

“**Exchangeable Share Voting Event**” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Retraction and Redemption of Exchangeable Shares and Associated Call Rights”.

“**Exchangeable Shares**” means the exchangeable shares in the capital of the Purchaser.

“**Exempt Exchangeable Share Voting Event**” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Retraction and Redemption of Exchangeable Shares and Associated Call Rights”.

“**Exemptive Relief**” means an order from the Canadian securities regulatory authorities exempting the Company and the Purchaser from (i) Canadian continuous disclosure and insider reporting obligations on a basis consistent with the conditions set out in subsections 13.3(2)(d), (e), (f), (g) and (h) and subsections 13.3(3)(a), (c) and (e) of National Instrument 51-102 – Continuous Disclosure Obligations, and (ii) formal valuation obligations under MI 61-101 in respect of the liquidity of the Exchangeable Shares.

“**EY**” means Ernst & Young LLP.

“**Fairness Opinions**” means the opinions of Ernst & Young LLP and National Bank Financial Inc. to the effect that, as of the date of such opinions, the Consideration to be received pursuant to the Arrangement by Minority Shareholders is fair, from a financial point of view, to such holders.

“**Final Order**” means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

“**Formal Valuation**” means the formal valuation of the Class A Shares dated May 12, 2016, that was prepared by Ernst & Young LLP in accordance with MI 61-101.

“**GAAP**” means generally accepted accounting principles as set-out in the *CPA Canada Handbook – Accounting* for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“**Governance Agreements**” means the governance agreements made as of June 21, 2011 by and among the Company, the Company Subsidiary and Sirius Canada Inc., and each of Obelysk Media Inc. (formerly CSRI Inc.), Canadian Broadcasting Corporation, Slaight Communications Inc. and the Guarantor.

“**Guarantor**” means Sirius XM Radio Inc., a corporation incorporated under the laws of Delaware.

“**Interested Directors**” means Dara Altman, David Coriat, Philip Evershed and David Frear.

“**Interested Party**” has the meaning ascribed thereto in MI 61-101.

“Interim Order” means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

“Intermediary” has the meaning ascribed thereto under “Information Concerning the Company Meeting and Voting – Non-Registered Shareholders”.

“Investment Assets” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Offshore Investment Fund Property”.

“Joint Tax Election” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Exchange of Company Shares for Consideration Including Exchangeable Shares and Ancillary Rights— Section 85 Rollover Transaction”.

“Law” means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Authority that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Authority, as amended.

“Letter of Transmittal and Election Form” means the letter of transmittal and election form for use by holders of Company Shares, in the form accompanying this Company Circular, which for clarity, may be amended or revoked by a holder of the Company Shares up to the Election Deadline.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, prior claim, encroachments, option, right of first refusal or first offer, occupancy right, covenant, assignment, lien (statutory or otherwise), defect of title, or restriction or adverse right or claim, or other third party interest or encumbrance of any kind, in each case, whether contingent or absolute.

“Liquidation Amount” means an amount per share equal to the Current Market Price of a SIRI Share on the last business day prior to the Liquidation Date plus the Dividend Amount.

“Liquidation Call Purchase Price” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Distribution on Liquidation and Associated Call Right”.

“Liquidation Call Right” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Distribution on Liquidation and Associated Call Right”.

“Liquidation Date” has the effective date of the liquidation, dissolution or winding-up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs.

“Matching Period” has the meaning ascribed thereto under “Summary of Arrangement Agreement - Additional Covenants Regarding Non-Solicitation – Right to Match”.

“Material Adverse Effect” means any materially adverse change in or effect on the business, assets, liabilities, capital, results of operations or condition (financial or otherwise) of the Company Entities, taken as a whole, excluding, in each case, any change, after the date hereof, that results directly from or relates directly to changes in or arising from (a) Canadian, United States or global economic conditions, credit markets or capital markets, (b) any fluctuation in interest or inflation rates or Canadian and U.S. currency exchange rates, (c) the industry in which the Company Entities operate, (d) the execution, announcement and performance of the Arrangement Agreement or the consummation of the transactions contemplated under the Arrangement Agreement, the Pre-Closing Agreements, and the Post-Closing Agreements, (e) compliance with the terms of the Arrangement Agreement, (f) any changes in any Laws or the interpretation, application or non-application of any Laws by any Authority or self-regulatory authority, including any changes in applicable accounting requirements or principles, (g) war, acts of terrorism, civil unrest, natural disaster or similar event, (h) existing commercial arrangements between any of the Guarantor, its Subsidiaries, the Company Entities and the Continuing Canadian Shareholder Group, (i) any change in the market trading price or trading volume of any securities of the Company or any change in or withdrawal of the credit rating of the Company or any of its securities (it being understood that the causes underlying such change in market price or trading volume may be taken into account

in determining whether a Company Material Adverse Effect has occurred), or (j) any damage to the Guarantor's satellite network upon which the Company Entities rely to operate their business, provided, in the case of clauses (a), (c), (f), or (g), that such change does not affect the Company Entities in a manner that is materially disproportionate to the effect on the Guarantor.

"Material Contract" has the meaning ascribed thereto in the Plan of Arrangement.

"Maximum Aggregate Number of Shares" has the meaning ascribed thereto under "The Arrangement – Arrangement Mechanics – Proration and Availability of Exchangeable Share Consideration".

"MI 61-101" means Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions*.

"Minority Shareholders" means the Company Voting Shareholders (excluding the Guarantor and the Continuing Canadian Shareholder Group).

"Misrepresentation" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"NASDAQ" means the NASDAQ Global Select Market.

"NBF" means National Bank Financial Inc.

"Non-Eligible Holder" means a Company Shareholder that is not an Eligible Holder.

"Non-Registered Shareholder" means a beneficial owner of Company Shares that are registered either in the name of an Intermediary or in the name of a depositary.

"Non-Resident Holder" means a Company Shareholder who is not resident of Canada for purposes of the Tax Act and whose Company Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the Tax Act, or a partnership, any member of which is not a resident of Canada for purposes of the Tax Act and whose Company Shares are "taxable Canadian property" and not "treaty-protected property", each as defined in the Tax Act.

"Notice of Appearance" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters – Court Approval and Completion of the Arrangement".

"Notice of Application" has the meaning ascribed thereto under "Certain Legal and Regulatory Matters – Court Approval and Completion of the Arrangement".

"Notice of Meeting" means the Notice of Special Meeting of Shareholders accompanying this Company Circular.

"OBCA" means the *Business Corporations Act* (Ontario).

"Obelysk" means Obelysk Media Inc.

"Offer to Pay" has the meaning ascribed thereto under "Dissenting Shareholders' Rights".

"officer" has the meaning ascribed thereto in the *Securities Act* (Ontario).

"Ordinary Course" means, with respect to an action taken by the Company Entities, that such action is consistent with the past practices of the Company Entities and is taken in the ordinary course of the normal conduct of the Company Business.

"Outside Date" means November 30, 2016 or such later date as may be agreed to in writing by the Parties.

"Parties" means the Company, the Company Subsidiary, the Purchaser and the Guarantor and **"Party"** means any one of them.

“Permitted Dividends” means: (a) in respect of Class A Shares, a dividend not in excess of \$0.1050 per Class A Share per fiscal quarter, (b) in respect of Class B Shares, a dividend not in excess of \$0.0350 per Class B Share per fiscal quarter, and (c) in respect of Class C Shares, a dividend not in excess of \$0.1050 per Class C Share per fiscal quarter.

“Person” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a governmental entity or Authority), syndicate or other entity, whether or not having legal status.

“Plan of Arrangement” means the plan of arrangement, attached as Appendix “B”, and any amendments or variations to such plan made in accordance with its terms, the terms of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably.

“Post-Closing Agreements” means the Shareholders Agreement, the Services Agreement, the Advisory Services Agreement, Amalco’s Constatting Documents and any other similar documents that are required to be filed as part of the process for obtaining CRTC Approval, in each case substantially in the form that has been agreed to among the Parties on the date hereof subject to any amendments or variations made with the prior written consent of the parties thereto (each acting reasonably) or if required to obtain CRTC Approval.

“Pre-Closing Agreements” means the Voting Support Agreements.

“Pre-Closing Reorganization” has the meaning ascribed thereto in “Summary of the Arrangement Agreement – Covenants – Cooperation Regarding Pre-Closing Reorganization”.

“Proposed Amendments” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“Purchaser” means 2517835 Ontario Inc., a corporation incorporated under the laws of Ontario.

“Purchaser Class A Shares” has the meaning ascribed thereto in the Plan of Arrangement.

“Purchaser Class B Shares” has the meaning ascribed thereto in the Plan of Arrangement.

“Purchaser Group” means the Guarantor, the Purchaser, Obelysk and Slaight.

“Purchaser Insolvency Event” means (i) the institution by the Purchaser of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of the Purchaser to the institution of bankruptcy, insolvency or winding-up proceedings against it, or (ii) the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including the *Companies Creditors’ Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by the Purchaser to contest in good faith any such proceedings commenced in respect of the Purchaser within 30 days of becoming aware thereof, or the consent by the Purchaser to the filing of any such petition or to the appointment of a receiver, or (iii) the making by the Purchaser of a general assignment for the benefit of creditors, or the admission in writing by the Purchaser of its inability to pay its debts generally as they become due, or (iv) the Purchaser not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares.

“Purchaser Preferred Shares” has the meaning ascribed thereto in the Plan of Arrangement.

“Record Date” means July 29, 2016.

“Redemption Call Right” has the meaning ascribed thereto in the Plan of Arrangement.

“Redemption Date” means the date, if any, established by the board of directors of the Purchaser for the redemption by the Purchaser of all but not less than all of the outstanding Exchangeable Shares pursuant to the terms of the Exchangeable Shares, which date shall be no earlier than the fifth anniversary of the date on which Exchangeable Shares first are issued, unless:

- (a) there are fewer than 2,000,000 Exchangeable Shares outstanding (other than Exchangeable Shares held by SIRI, the Purchaser or their affiliates and subject to necessary adjustments to such number of shares to reflect permitted changes to Exchangeable Shares), in which case the board of directors of the Purchaser may accelerate such redemption date as it may determine, upon at least 60 days prior written notice to the holders of the Exchangeable Shares;
- (b) any merger, amalgamation, arrangement, take-over bid or tender offer, material sale of shares or rights or interest therein or thereto, restructuring or reorganization or similar transactions involving SIRI, or any proposal to do so occurs, in which case, provided that the board of directors of the Purchaser determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such transaction in accordance with its terms, the board of directors of the Purchaser may accelerate the Redemption Date to such date as it may determine, upon such number of days' prior written notice to the holders of the Exchangeable Shares as the board of directors of the Purchaser may determine to be reasonably practicable in such circumstances;
- (c) an Exchangeable Share Voting Event that is not an Exempt Exchangeable Share Voting Event is proposed and (i) the holders of the Exchangeable Shares fail to take the necessary action, at a meeting or other vote of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exchangeable Share Voting Event or the holders of the Exchangeable Shares do take the necessary action but in connection therewith, more than 2% of the holders of Exchangeable Shares exercise rights of dissent under the OBCA, and (ii) the board of directors of the Purchaser determines in good faith that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action, or the board of directors of the Purchaser makes its determination, as applicable; or
- (d) an Exempt Exchangeable Share Voting Event (as defined below) is proposed and holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action.

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c) or (d) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption.

“Redemption Price” means an amount per share equal to the Current Market Price of a SIRI Share on the last business day prior to the Redemption Date plus the Dividend Amount.

“Registered Shareholder” means each Person whose name appears on the registers of Company Shares as the owner of the Company Shares.

“Representatives” means, collectively, any officer, director, employee, representative (including any financial or other adviser) or agent of the Company or of any of its Subsidiaries.

“Required Approval” means the required level of approval for the Arrangement Resolution, which shall be:

- (a) 66 2/3% of the votes cast on the Arrangement Resolution by Company Voting Shareholders present in person or represented by proxy at the Company Meeting voting together as a single class; and
- (b) a majority of the votes attached to the Class A Shares held by Company Shareholders present in person or represented by proxy at the Company Meeting excluding for this purpose votes attached to Voting Shares held by persons described in items (a) through (d) of Section 8.1(2) of MI 61-101.

“Resident Dissenting Shareholders” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Dissenting Shareholders.”

“Resident Holder” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada”.

“Retracted Shares” means the Exchangeable Shares that the holder desires to have redeemed by the Purchaser.

“Retraction Call Right” has the meaning ascribed thereto in the terms of the Exchangeable Shares.

“Retraction Date” means the business day on which the Purchaser will redeem the Retracted Shares.

“Retraction Price” means an amount per share equal to the Current Market Price of a SIRI Share on the last business day prior to the Retraction Date plus the Dividend Amount.

“Retraction Request” means a duly executed statement accompanying the presentation and surrender of the certificate or certificates representing the Exchangeable Shares which the holder desires to have the Purchaser redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the Articles of the Purchaser and such additional documents, instruments and payments as the Transfer Agent and the Purchaser may reasonably require to effect a retraction.

“Satellite Radio Services” has the meaning ascribed thereto under “Information Concerning the Company – Description of the Business”.

“Securities Authority” means the Ontario Securities Commission and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

“Securities Laws” means the *Securities Act* (Ontario) and any other applicable provincial and territorial securities Laws.

“Services Agreement” means the services agreement among the successor to the Purchaser, the Company Subsidiary and the Guarantor to be entered into on or immediately after the Effective Time.

“Shareholders Agreement” means the shareholder agreement among the successor to the Purchaser, the Guarantor and the Continuing Canadian Shareholder Group, to be entered into on or immediately after the Effective Time.

“SIRI” means Sirius XM Holdings Inc., a corporation incorporated under the laws of Delaware.

“SIRI Dividend Declaration Date” has the meaning ascribed thereto under “Description of Exchangeable Shares and Related Agreements – Description of Exchangeable Shares – Dividends and Other Distributions.”

“SIRI Liquidation Event” means (i) any determination by the board of directors of SIRI to institute voluntary liquidation, dissolution or winding-up proceedings with respect to SIRI or to effect any other distribution of assets of SIRI among its shareholders for the purpose of winding up its affairs; or (ii) receipt by SIRI of notice of, or SIRI otherwise becoming aware of any instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of SIRI or to effect any other distribution of assets of SIRI among its shareholders for the purpose of winding up its affairs, in each case where SIRI has failed to contest in good faith any such proceeding commenced in respect of SIRI within 30 days of becoming aware thereof.

“SIRI Public Disclosure Documents” means all reports, schedules, forms, statements and other documents (including documents incorporated by reference) required to be filed by SIRI with the applicable United States security regulatory authorities.

“SIRI Share Consideration” means the Class A SIRI Share Consideration and the Class B SIRI Share Consideration, as applicable.

“SIRI Shares” means the common stock in the capital of SIRI.

“Sirius Licence Agreement” means the Amended and Restated Licence and Services Agreement, effective as of August 24, 2005, by and among Sirius Satellite Radio Inc., a predecessor of the Guarantor, and a predecessor of the Company Subsidiary, as last amended January 13, 2014.

“Sirius Radio Service” has the meaning ascribed thereto under “Information Concerning the Company – Description of the Business”.

“Slaight” means Slaight Communications Inc.

“Special Committee” means the special committee of the Board comprised of independent members of the Board formed in connection with the transactions contemplated by the Arrangement Agreement.

“Subsidiary” has the meaning ascribed thereto in National Instrument 45-106 - *Prospectus and Registration Exemptions* as in effect on the date of the Arrangement Agreement.

“Subject Securities” has the meaning ascribed thereto under “The Arrangement – Voting Support Agreements – Slaight, Obelysk and John Bitove”.

“Superior Proposal” means any unsolicited *bona fide* written Acquisition Proposal from a Person who is an arm’s length third party to acquire not less than 50% of the outstanding Company Shares (calculated on an as-converted basis assuming full conversion of Class B Shares and Class C Shares into Class A Shares) or all or substantially all of the assets of the Company on a consolidated basis that: (a) complies with Securities Laws and did not result from or involve a breach of Article 5 of the Arrangement Agreement; (b) is reasonably capable of being completed without undue delay, taking into account, all financial, legal and regulatory aspects of such proposal and the Person making such proposal; (c) is not subject to any financing contingency and in respect of which adequate arrangements have been made to ensure that the required funds will be available to effect payment in full for such Company Shares or assets, as the case may be; (d) is not subject to any due diligence or access condition; and (e) that the Board determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial and regulatory aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Company’s shareholders (other than the Guarantor, the Continuing Canadian Shareholder Group and their respective affiliates) than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2) of the Arrangement Agreement).

“Superior Proposal Notice” means a written notice delivered by the Company to the Purchaser of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into such definitive agreement and/or withdraw or modify the Board Recommendation, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal.

“Support Agreement” means the agreement to be made among SIRI, Callco and the Purchaser in connection with the Plan of Arrangement, a copy of which is attached as Appendix II to the Plan of Arrangement attached as Appendix “B” to this Company Circular.

“Supporting Shareholders” means those Company Voting Shareholders that entered into Voting Support Agreements.

“Tax Act” means the *Income Tax Act* (Canada).

“Tax Returns” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

“taxable capital gain” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Company Shareholders Resident in Canada – Taxation of Capital Gains or Capital Losses”.

“Taxes” means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Authority, whether computed on a separate, consolidated, unitary,

combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; and (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Authority on or in respect of amounts of the type described in clause (i) above or this clause (ii).

“Terminating Party” has the meaning ascribed thereto under “Summary of Arrangement Agreement – Termination”.

“Termination Fee” means \$10,000,000.

“Termination Fee Event” has the meaning ascribed thereto under “Summary of Arrangement Agreement – Termination”.

“Termination Notice” has the meaning ascribed thereto under “Summary of Arrangement Agreement – Termination”.

“Transfer Agent” means the Purchaser, a third party transfer agent or such other person as may from time to time be appointed by the Purchaser as the registrar and transfer agent for the Exchangeable Shares.

“TSX” means the Toronto Stock Exchange.

“U.S. Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“U.S. Securities Act” means the U.S. Securities Act of 1933, as amended.

“U.S. Securities Laws” means all applicable securities laws in the United States, including without limitation, the United States Securities Act of 1933 (as amended), the United States Securities Exchange Act of 1934 (as amended), and all rules and regulations promulgated thereunder, and any other applicable state securities laws or stock exchange rules.

“Voting Shares” means, collectively, the Class A Shares and the Class B Shares.

“Voting Support Agreements” means the voting support and lock-up agreements entered into as of the date hereof between the Purchaser, the Guarantor, the Company, the Company Subsidiary, and each of Obelysk, Slaight, and certain directors, officers and employees of the Company.

“XM Licence Agreement” means the XM System Licence Agreement, effective as of November 17, 2005, by and among XM Satellite Radio Inc., a predecessor of the Guarantor, the Company and Canadian Satellite Radio Inc., a predecessor of the Company Subsidiary, as last amended January 13, 2014. During fiscal 2015 the Company provided notice of renewal to the Guarantor, as provided for in the XM System License Agreement and on November 17, 2015 the XM System License Agreement was extended on the same terms and conditions for a further 5 years.

“XM Radio Service” has the meaning ascribed thereto under “Information Concerning the Company – Description of the Business”.

CONSENT OF NATIONAL BANK FINANCIAL INC.

We refer to the fairness opinion dated May 12, 2016 (the “**NBF Fairness Opinion**”) attached as Appendix “C-3” to the management information circular (the “**Information Circular**”) of Sirius XM Canada Holdings Inc. dated July 29, 2016 relating to the special meeting of shareholders with respect to a plan of arrangement. We consent to the inclusion of the NBF Fairness Opinion in the Information Circular, to the filing of the NBF Fairness Opinion with the securities regulatory authorities and to the inclusion of a summary of, and references to, the NBF Fairness Opinion in the Information Circular.

(Signed) National Bank Financial Inc.

Toronto, Ontario

July 29, 2016

CONSENT OF ERNST & YOUNG LLP

We refer to the fairness opinion dated May 12, 2016 (the “**EY Fairness Opinion**”) and to the formal valuation dated May 6, 2016 (the “**Formal Valuation**”) attached as Appendix “C-1” and Appendix “C-2”, respectively, to the management information circular (the “**Information Circular**”) of Sirius XM Canada Holdings Inc. dated July 29, 2016 relating to the special meeting of shareholders with respect to a plan of arrangement. We consent to the inclusion of each of the EY Fairness Opinion and the Formal Valuation in the Information Circular, to the filing of each of the EY Fairness Opinion and the Formal Valuation with the securities regulatory authorities and to the inclusion of a summary of, and references to, each of the EY Fairness Opinion and the Formal Valuation in the Information Circular.

(Signed) Ernst & Young LLP

Toronto,
Ontario
July 29, 2016

APPROVAL OF DIRECTORS AND CERTIFICATE

The Board approved the contents of this Notice of Meeting and Company Circular dated July 29, 2016, and authorized it to be sent to each Company Shareholder who is eligible to receive notice of and to vote his or her Company Shares at the Company Meeting, as well as to each director and to the auditors.

By order of the board of directors,

“Anthony Viner”

“Guy Johnson”

Anthony Viner
Chairman and Director

Guy Johnson
Director

The foregoing, together with the documents incorporated therein by reference, contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it is made.

“Mark Redmond”

“Jason Redman”

Mark Redmond
President and Chief Executive Officer

Jason Redman
Chief Financial Officer

On behalf of the board of directors,

“Anthony Viner”

“Guy Johnson”

Anthony Viner
Chairman and Director

Guy Johnson
Director

APPENDIX “A” - ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) (the “**OBCA**”) involving Sirius XM Canada Holdings Inc. (the “**Company**”) pursuant to an arrangement agreement (the “**Arrangement Agreement**”) among the Company, Sirius XM Canada Inc., 2517835 Ontario Inc. and Sirius XM Radio Inc. dated May 12, 2016, all as more particularly described and set forth in the management information circular of the Company dated July 29, 2016 (the “**Circular**”), accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the Arrangement Agreement), is hereby authorized, approved and adopted.
2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the “**Plan of Arrangement**”), the full text of which is set out in Appendix “B” to the Circular, is hereby authorized, approved and adopted.
3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement and related transactions, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. The Company be and is hereby authorized to apply for a final order from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the Company Voting Shareholders (as defined in the Arrangement Agreement) or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, at their discretion, without further notice to or approval of the shareholders of the Company, (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court for an order approving the Arrangement and to execute, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, for filing with the Director under the OBCA, articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.
7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

**APPENDIX “B” - PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE ONTARIO BUSINESS CORPORATIONS ACT**

See attached.

APPENDIX B

PLAN OF ARRANGEMENT

1 INTERPRETATION

1.1 Definitions.

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings specified in the Arrangement Agreement and the following terms shall have the following meanings (and grammatical variations of such terms shall have corresponding meanings):

“Arrangement” means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations made in accordance with the Arrangement Agreement or Section 6.1 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.

“Arrangement Agreement” means the arrangement agreement made as of May 12, 2016 between the Parties (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

“Arrangement Resolution” means the special resolution approving the Plan of Arrangement presented to the Company Voting Shareholders at the Company Meeting.

“Articles of Arrangement” means the articles of arrangement of the Company in respect of the Arrangement, required by the OBCA to be sent to the Director after the Final Order is made, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to the Parties, each acting reasonably.

“Authority” means, whether domestic or foreign, (i) any multinational, federal, provincial, state, regional, municipal, local or other government, or any governmental or public department, ministry, minister, central bank, court, tribunal, arbitral body, commission, commissioner, board, regulatory body, bureau, agency or other similar instrumentality, (ii) any subdivision, agent or authority of any of the foregoing, or (iii) any quasi-governmental or private body, including any tribunal, commission, securities exchange, regulatory agency or self-regulatory organization exercising any regulatory, prosecutorial, administrative, expropriation, taxing or other governmental or quasi-governmental authority under or for the account of any of the foregoing.

“Business Day” means a day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or New York, New York.

“Calco” means 2517836 Ontario Ltd., a corporation incorporated under the laws of Ontario.

“Canadian Resident” means (i) a person who is a resident of Canada for the purposes of the ITA, or (ii) a partnership any direct or indirect (through another partnership) member of which is a person who is resident in Canada for purposes of the ITA.

“Cash Consideration” means collectively, the Class A Cash Consideration and the Class B Cash Consideration.

“Certificate of Arrangement” means the certificate of arrangement issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

“Class A Cash Consideration” means the amount in cash elected or deemed to be elected for each Class A Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(e), such election to be for \$4.50 per Class A Share.

“Class A Exchangeable Elected Shares” means Class A Shares (other than Class A Shares held by the Guarantor or an affiliate or described in Section 2.2(e)) that the holder thereof shall have elected in accordance with Section 2.3(c), in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no

later than the Election Deadline, to transfer to the Purchaser under the Arrangement for the Class A Cash Consideration, the Class A Exchangeable Share Consideration or a combination thereof.

“Class A Exchangeable Share Consideration” means the consideration in the form of Exchangeable Shares, elected or deemed to be elected for each Class A Share by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.2(g), such election to be for 0.898 of an Exchangeable Share for each Class A Share.

“Class A Shares” means the Class A Subordinate Voting Shares in the capital of the Company.

“Class A SIRI Share Consideration” means the consideration in the form of Siri Shares elected or deemed to be elected for each Class A Share by a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.2(e), such election to be for 0.898 of a Siri Share for each Class A Share.

“Class B Cash Consideration” means the amount in cash elected or deemed to be elected for each Class B Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(f), such election to be for \$1.50 per Class B Share.

“Class B Exchangeable Elected Shares” means Class B Shares (other than Class B Shares held by the Guarantor or an affiliate or described in Section 2.2(f)) that the holder thereof shall have elected in accordance with Section 2.3(d), in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline, to transfer to the Purchaser under the Arrangement for the Class B Cash Consideration, the Class B Exchangeable Share Consideration or a combination thereof.

“Class B Exchangeable Share Consideration” means the consideration in the form of Exchangeable Shares elected or deemed to be elected for each Class B Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(h), such election to be for 0.299 of an Exchangeable Share for each Class B Share.

“Class B Shares” means the Class B Voting Shares in the capital of the Company.

“Class B SIRI Share Consideration” means the consideration in the form of Siri Shares elected or deemed to be elected for each Class B Share by a Company Shareholder (other than Dissenting Shareholders) pursuant to Section 2.2(f), such election to be 0.299 of a Siri Share for each Class B Share.

“Class C Shares” means the Class C Non-Voting Shares in the capital of the Company.

“Company” means Sirius XM Canada Holdings Inc.

“Company Options” means the outstanding options to purchase Class A Shares issued pursuant to the Company Stock Option Plan.

“Company Optionholders” means holders of Company Options.

“Company RSUs” means the outstanding restricted share units (RSUs) and performance share units (PSUs), together with any corresponding dividend equivalents, in each case, issued under the Company RSU Plan.

“Company RSU Plan” means all equity plans of the Company providing for the issuance of restricted stock units, including, without limitation, that certain amended and restated restricted stock unit plan of the Company, most recently approved at the meeting of the Company Voting Shareholders held on January 13, 2015.

“Company Shareholders” means the holders at the relevant time of Company Shares.

“Company Shares” means the Class A Shares, the Class B Shares and the Class C Shares.

"Company Stock Option Plan" means all stock option plans of the Company, including, without limitation, that certain stock option plan of the Company, most recently approved at the meeting of the Company Voting Shareholders held on January 15, 2013.

"Company Voting Shareholders" means the registered or beneficial holders of the Voting Shares.

"Consideration" means the aggregate of the Cash Consideration, the Siri Share Consideration and the Exchangeable Share Consideration.

"Continuing Canadian Shareholders" means Slight and Obelysk.

"Court" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable.

"CRA" means the Canada Revenue Agency.

"Current Market Price" has the meaning specified in the Exchangeable Share Provisions.

"Depository" means such person as may be appointed by the Purchaser as the depository under the Plan of Arrangement.

"Director" means the Director appointed pursuant to Section 278 of the OBCA.

"Dissent Rights" has the meaning specified in Section 3.1 of this Plan of Arrangement.

"Dissenting Shareholder" means a registered holder of Class A Shares who has duly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Class A Shares in respect of which Dissent Rights are validly exercised by such registered holder.

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement, which shall be within five (5) Business Days following the Election Deadline.

"Effective Time" means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date.

"Election Deadline" means a Business Day that is at least ten (10) Business Days following the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 of the Arrangement Agreement (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

"Eligible Holder" means a Company Shareholder who is (a) (i) a Canadian Resident, and (ii) not exempt from tax under Part I of the ITA (or, in the case of a partnership, any one of the Partners of which who is a Canadian Resident is not exempt from tax under Part I of the ITA) or, (b) an Eligible Non-Resident Holder.

"Eligible Non-Resident Holder" means a Company Shareholder who is not resident of Canada for purposes of the ITA and whose Company Shares are "taxable Canadian property" and not "treaty-protected property", in each case as defined in the ITA, or a partnership, any member of which is not a resident of Canada for purposes of the ITA and whose Company Shares are "taxable Canadian property" and not "treaty-protected property", each as defined in the ITA.

"Exchangeable Share Consideration" means the Class A Exchangeable Share Consideration and the Class B Exchangeable Share Consideration, as applicable.

"Exchangeable Share Provisions" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares set out in Appendix I to this Plan of Arrangement.

"Exchangeable Shares" means the exchangeable shares in the capital of the Purchaser.

"Guarantor" means Sirius XM Radio Inc.

"ITA" means the *Income Tax Act* (Canada), as amended.

"Letter of Transmittal and Election Form" means the letter of transmittal and election form for use by holders of Company Shares, in the form accompanying the Company Circular, which for clarity, may be amended or revoked by a holder of the Company Shares up to the Election Deadline.

"Liquidation Call Purchase Price" has the meaning specified in Section 5.1(a) of this Plan of Arrangement.

"Liquidation Call Right" has the meaning specified in Section 5.1(a) of this Plan of Arrangement.

"NASDAQ" means NASDAQ Stock Market.

"OBCA" means the *Business Corporations Act* (Ontario).

"Obelysk" means Obelysk Media Inc.

"Obelysk Voting Agreement" means the voting and lock-up agreement dated May 12, 2016 between Obelysk, the Company, the Purchaser and the Guarantor.

"Outside Date" has the meaning set out in the Arrangement Agreement.

"Parties" means the parties to the Arrangement Agreement.

"Plan of Arrangement" means this plan of arrangement proposed under Section 182 of the OBCA, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 of this plan of arrangement or made at the direction of the Court in the Final Order with the consent of the Parties, each acting reasonably.

"Purchaser" means 2517835 Ontario Inc., a corporation incorporated under the laws of Ontario.

"Purchaser Class A Shares" means the Class A voting shares in the capital of the Purchaser.

"Purchaser Class B Shares" means the Class B non-voting shares in the capital of the Purchaser.

"Purchaser Preferred Shares" means the Series 2 preferred shares in the capital of the Purchaser.

"Purchaser Shares" means collectively, Purchaser Class A Shares, Purchaser Class B Shares and Purchaser Preferred Shares.

"Redemption Call Purchase Price" has the meaning specified in Section 5.2(a) of this Plan of Arrangement.

"Redemption Call Right" has the meaning specified in Section 5.2(a) of this Plan of Arrangement.

"Siri" means Sirius XM Holdings Inc.

"Siri Share" means a share of common stock in the capital of Siri;

"Siri Share Consideration" means the Class A Siri Share Consideration and the Class B Siri Share Consideration, as applicable.

"Slaight" means Slaight Communications Inc.

“Slaight Voting Agreement” means the voting and lock-up agreement dated May 12, 2016 between Slaight, the Company, the Purchaser and the Guarantor.

“Support Agreement” means an agreement to be made among Siri, Callco and the Purchaser in connection with this Plan of Arrangement consistent with the terms set out in the Exchangeable Share Provisions substantially in the form and content of Appendix II to this Plan of Arrangement.

“Tax Election Package” means two copies of CRA form T-2057, or, if the Company Shareholder is a partnership, two copies of CRA form T-2058 and two copies of any applicable equivalent provincial or territorial election form, which forms have been duly and properly completed and executed by the Company Shareholder in accordance with the rules contained in the ITA or the relevant provincial legislation.

“Transfer Agent” means such person as may from time to time be appointed by the Purchaser as the registrar and transfer agent for the Exchangeable Shares.

“TSX” means the Toronto Stock Exchange.

“Voting Shares” means, collectively, the Class A Shares and the Class B Shares.

1.2 Headings and References.

The division of this Plan of Arrangement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to Sections are to Sections of this Plan of Arrangement.

1.3 Currency.

Except as expressly indicated otherwise, all sums of money referred to in this Plan of Arrangement are expressed and shall be payable in Canadian dollars.

1.4 Time.

Time shall be of the essence in each and every matter or thing herein provided. Unless otherwise indicated, all times expressed herein are local time at Toronto, Ontario.

2 THE ARRANGEMENT

2.1 Binding Effect.

Subject to the terms of the Arrangement Agreement, the Arrangement will become effective at the Effective Time and be binding at and after the Effective Time on:

- (a) the Company;
- (b) Sirius XM Canada Inc.;
- (c) the Purchaser;
- (d) the Guarantor;
- (e) Siri;
- (f) Callco;

- (g) the Company Shareholders;
- (h) the Company Optionholders;
- (i) the holders of Company RSUs; and
- (j) the Dissenting Shareholders.

2.2 The Arrangement.

Commencing at the Effective Time on the Effective Date, subject to the terms and conditions of the Arrangement Agreement, the following shall occur as part of the Arrangement and shall be deemed to occur in the following order in one minute intervals (except that the steps in Sections 2.2(c) and (d) shall be deemed to occur simultaneously) without any further act or formality:

- (a) each Company Option outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Stock Option Plan, shall be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a Company Optionholder, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Class A Cash Consideration exceeds the exercise price of such Company Option, less applicable withholdings, and such Company Option shall immediately be cancelled and, for greater certainty, where such amount is nil or a negative, neither the Company nor the Purchaser shall be obliged to pay the Company Optionholder any amount in respect of such Company Option;
- (b) each Company RSU outstanding immediately prior to the Effective Time (on an accelerated basis and whether vested or unvested), notwithstanding the terms of the Company RSU Plan, shall be cancelled by the Company in exchange for a cash payment by the Company for each Company RSU equal to the Class A Cash Consideration, provided that any such calculation in respect of any performance share units shall be based on the performance targets applicable to such performance share units being deemed to be satisfied and a corresponding performance share unit multiplier of 1.00, less applicable withholdings;
- (c) 1,666,667 Class A Shares outstanding at the Effective Time held by Slight and 1,666,667 Class A Shares outstanding at the Effective Time held by Obelysk shall be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for 1,666,667 Purchaser Class A Shares and 1,666,667 Purchaser Class A Shares, respectively, and
 - (i) the holders of such Class A Shares shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to receive Purchaser Class A Shares in accordance with the Plan of Arrangement; and
 - (ii) such holders' names shall be removed from the register of Class A Shares maintained by or on behalf of the Company in respect of such Class A Shares and shall be entered in the register of the Purchaser Class A Shares maintained by or on behalf of the Purchaser;

provided that notwithstanding anything to the contrary herein or in the Arrangement Agreement, (A) if the Slight Voting Agreement has been terminated prior to the Effective Time in accordance with its terms and the Effective Time occurs, then no Class A Shares held by Slight shall be assigned or transferred by Slight pursuant to this Section 2.2(c) and, for greater certainty, all of the Class A Shares held by Slight immediately prior to the Effective Time shall be exchanged pursuant to Section 2.2(e) or 2.2(g), as elected by Slight in accordance with Section 2.3(c), and (B) if the Obelysk Voting Agreement has been terminated

prior to the Effective Time in accordance with its terms and the Effective Time occurs, then no Class A Shares held by Obelysk shall be assigned or transferred by Obelysk pursuant to this Section 2.2(c) and, for greater certainty, all of the Class A Shares held by Obelysk immediately prior to the Effective Time shall be exchanged pursuant to Section 2.2(e) or 2.2(g), as elected by Obelysk in accordance with Section 2.3(c);

(d) all Class A Shares and Class C Shares outstanding at the Effective Time held, directly or indirectly, by the Guarantor (or its affiliates) shall be deemed to be assigned and transferred by the holder thereof to the Purchaser in exchange for an aggregate of 1,641,791 Purchaser Class A Shares, 6,135,987 Purchaser Class B Shares and 177,958,942 Purchaser Preferred Shares and

(i) the holder of such Class A Shares and Class C Shares shall cease to be the holder thereof and to have any rights as holder of such Class A Shares or Class C Shares other than the right to receive Purchaser Class A Shares, Purchaser Class B Shares and Purchaser Preferred Shares, as applicable, in accordance with the Plan of Arrangement; and

(ii) such holder's name shall be removed from the register of Class A Shares or Class C Shares, as applicable, maintained by or on behalf of the Company and shall be entered in the register of the Purchaser Class A Shares, Purchaser Class B Shares and Purchaser Preferred Shares, as applicable, maintained by or on behalf of the Purchaser;

(e) each issued and outstanding Class A Share (other than Class A Exchangeable Elected Shares and other than Company Shares held by Dissenting Shareholders or as described in Section 2.2(c) and (d)) held by a Company Shareholder shall be exchanged with the Purchaser for:

(i) Class A Cash Consideration;

(ii) Class A Siri Share Consideration; or

(iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder pursuant to Section 2.3 or Article 3, and subject, in each case, to proration in accordance with Section 2.4;

(f) each issued and outstanding Class B Share (other than Class B Exchangeable Elected Shares and other than Company Shares held by Dissenting Shareholders) held by a Company Shareholder shall be exchanged with the Purchaser for:

(i) Class B Cash Consideration;

(ii) Class B Siri Share Consideration; or

(iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder pursuant to Section 2.3 or Article 3, and subject, in each case, to proration in accordance with Section 2.4;

(g) each Class A Exchangeable Elected Share shall be exchanged with the Purchaser for:

(i) Cash Consideration;

(ii) Class A Exchangeable Share Consideration; or

(iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder pursuant to Section 2.3 and subject, in each case, to proration in accordance with Section 2.4;

(h) each Class B Exchangeable Elected Share shall be exchanged with the Purchaser for:

(i) Cash Consideration;

(ii) Class B Exchangeable Share Consideration; or

(iii) a combination thereof;

in accordance with the election or deemed election of such Company Shareholder pursuant to Section 2.3 and subject, in each case, to proration in accordance with Section 2.4;

(i) each Class A Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality by or on behalf of the Dissenting Shareholder, free and clear of all Liens, to the Purchaser, and each such Class A Share so surrendered shall be cancelled and thereupon each Dissenting Shareholder shall cease to have any rights as holders of such Company Shares other than the rights set out in Section 3.1 and the name of such Dissenting Shareholder shall be removed from the applicable register(s) of Company Shares; and

(j) the SIRI, the Purchaser and Callco shall execute the Support Agreement.

2.3 Consideration Elections.

With respect to the exchange of securities effected pursuant to Sections 2.2(e),(f),(g) and (h):

(a) holders of Class A Shares other than Eligible Holders may elect to receive, in respect of each Class A Share exchanged, the Class A Cash Consideration, the Class A Siri Share Consideration or a combination thereof, subject to Section 2.4;

(b) holders of Class B Shares other than Eligible Holders may elect to receive, in respect of each Class B Share exchanged, the Class B Cash Consideration, the Class B Siri Share Consideration or a combination thereof, subject to Section 2.4;

(c) holders of Class A Shares who are Eligible Holders may elect to (i) receive in respect of some or all of their Class A Shares, the Class A Cash Consideration, the Class A Exchangeable Share Consideration or a combination thereof, subject to Section 2.4 and (ii) receive in respect of the balance of their Class A Shares, if any, the Class A Cash Consideration, the Class A Siri Share Consideration or a combination thereof, subject to Section 2.4;

(d) holders of Class B Shares who are Eligible Holders may elect to (i) receive in respect of some or all of their Class B Shares, the Class B Cash Consideration, the Class B Exchangeable Share Consideration or a combination thereof, subject to Section 2.4 and (ii) receive in respect of the balance of their Class B Shares, if any, the Class B Cash Consideration, the Class B Siri Share Consideration or a combination thereof, subject to Section 2.4;

- (e) such elections as provided for in Sections 2.3(a), (b), (c) and (d) shall be made by depositing with the Depositary, prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such Company Shareholder's election, together with any certificates representing such holder's Company Shares;
- (f) Letters of Transmittal and Election Forms must be received by the Depositary on or before the Election Deadline, unless otherwise agreed in writing by the Purchaser and the Corporation. The Corporation shall provide at least ten (10) Business Days' notice of the Election Deadline to Company Shareholders by means of a news release disseminated on newswire in Canada;
- (g) in the event that the conditions for the payment of Exchangeable Share Consideration as set out in Section 2.10 of the Arrangement Agreement are not satisfied by the Effective Time, then notwithstanding any other provision of this Plan of Arrangement no Exchangeable Share Consideration will be issued under this Plan of Arrangement and any Company Shareholder that elected to receive Exchangeable Share Consideration will receive instead the alternate consideration elected in their Letter of Transmittal and Election Form;
- (h) if, at any time between the date of a Company Shareholder's Letter of Transmittal and Election Form and the Effective Date, there has occurred an event, change, effect or development that individually or in the aggregate, has had a Material Adverse Effect on Siri, then a Company Shareholder that had elected to receive either Siri Share Consideration or Exchangeable Share Consideration is entitled to elect Cash Consideration instead provided that the Company Shareholder provides an amended Letter of Transmittal and Election Form by the Election Deadline; and
- (i) any Company Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of Section 2.3(e) and the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration in respect of such holder's Company Shares.

2.4 Proration.

With respect to any consideration election pursuant to Section 2.3, a Company Shareholder may elect in accordance with the holder's Letter of Transmittal and Election Form, or be deemed to have elected, to receive a percentage (the "**Elected Percentage**") of Siri Shares or Exchangeable Shares, as the case may be, in exchange for Company Shares held by such Company Shareholder. Notwithstanding the foregoing, the maximum aggregate number of Siri Shares and Exchangeable Shares that may be issued to Company Shareholders pursuant to Sections 2.2(e),(f),(g) and (h) is 35,000,000 (the "**Maximum Aggregate Number of Shares**").

In the event that the aggregate number of Siri Shares and Exchangeable Shares that would, but for this Section 2.4, be issued to Company Shareholders pursuant to Sections 2.2(e),(f),(g) and (h) exceeds the Maximum Aggregate Number of Shares, then (i) the Elected Percentage (the "**Deemed Share Consideration Elected Percentage**") of the Siri Share Consideration or Exchangeable Share Consideration, as the case may be, in respect of a Company Share held by a Company Shareholder shall be determined by multiplying the Elected Percentage of the Siri Share Consideration or Exchangeable Share Consideration, as the case may be, otherwise determined in respect of such Company Share by a fraction, rounded to six decimal places, the numerator of which is the Maximum Aggregate Number of Shares and the denominator of which is the aggregate number of Siri Shares and Exchangeable Shares otherwise issuable to all Company Shareholders as Siri Share Consideration or Exchangeable Share Consideration, and (ii) the holder of such Company Share shall be deemed to have elected to receive a percentage of Cash Consideration in respect of such Company Share equal to 100% less the Deemed Share Consideration Elected Percentage.

2.5 Income Tax Elections.

Company Shareholders who are Eligible Holders who are entitled to receive Exchangeable Shares under the Arrangement shall be entitled to make an income tax election pursuant to subsection 85(1) of the ITA or, if the person is a partnership, subsection 85(2) of the ITA (and in each case, where applicable, the analogous provisions of provincial income tax Law) with respect to the transfer of their Company Shares to the Purchaser by providing the Tax Election Package to the Depositary within 90 days following the Effective Date, duly completed with the details of the number of Company Shares transferred and the applicable agreed amounts. Thereafter, subject to the Tax Election Package being correct and complete and complying with the provisions of the ITA (or applicable provincial income or corporate tax Law), the relevant forms will be signed by the Purchaser and returned to such persons within 90 days after the receipt thereof by the Depositary for filing with the CRA (or the applicable provincial taxing Authority). The Purchaser will not be responsible for the proper or accurate completion of the Tax Election Package or to check or verify the content of any election form and, except for the Purchaser's obligation to return duly completed Tax Election Packages which are received by the Depositary within 90 days of the Effective Date, within 90 days after the receipt thereof by the Depositary, the Purchaser will not be responsible for any taxes, interest or penalties or any other costs or damages resulting from the failure by a Company Shareholder to properly and accurately complete or file the necessary election forms in the form and manner and within the time prescribed by the ITA (or any applicable provincial legislation). In its sole discretion, the Purchaser may choose to sign and return Tax Election Packages received more than 90 days following the Effective Date, but the Purchaser will have no obligation to do so.

2.6 Share Registers.

Every Company Shareholder from whom a Company Share is acquired pursuant to the Arrangement shall be removed from the applicable register of holders of such Company Shares at the time of that acquisition pursuant to the Arrangement and shall cease to have any rights in respect of such Company Shares, and the Purchaser shall become the holder of such Company Shares and shall be added to the applicable Company Share register at that time and shall be entitled as of that time to all of the rights and privileges attached to the Company Shares. Every Company Shareholder who acquires Exchangeable Shares or Siri Shares pursuant to the Arrangement shall be added to the register of holders of Exchangeable Shares or Siri Shares, respectively, and shall be entitled as of the time of the exchange to all of the rights and privileges attached to the Exchangeable Shares or Siri Shares, as the case may be.

2.7 Adjustments to Consideration.

The consideration to be paid pursuant to Sections 2.2(e),(f),(g) and (h) shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Siri Shares or Company Shares, other than stock dividends paid in lieu of ordinary course dividends), reorganization, recapitalization or other like change with respect to Siri Shares or Company Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

3 DISSENT RIGHTS

3.1 Dissent Rights.

Registered holders of Class A Shares may exercise dissent rights ("**Dissent Rights**") in connection with the Arrangement pursuant to and in the manner set forth in Section 185 of the OBCA, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding subsection 185(6) of the OBCA, the written objection to the Arrangement Resolution referred to in subsection 185(6) of the OBCA must be received by the Company not later than 5:00 p.m. (Toronto time) two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise their Dissent Rights shall be deemed to have transferred the Class A Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens, as provided in Section 2.2(i), and if they:

- (a) ultimately are entitled to be paid fair value for such Class A Shares, will be entitled to be paid the fair value of such Class A Shares, and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Class A Shares; or
- (b) ultimately are not entitled, for any reason, to be paid fair value for such Class A Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Class A Shares.

3.2 Recognition of Dissenting Shareholders.

In no circumstances shall the Purchaser, the Company, the Guarantor or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the holder of those Class A Shares in respect of which such rights are sought to be exercised.

For greater certainty, in no case shall the Purchaser, the Company, the Guarantor or any other Person be required to recognize Dissenting Shareholders as holders of Class A Shares in respect of which Dissent Rights have been validly exercised after the completion of the transfer under Section 2.2(i), and the names of such Dissenting Shareholders shall be removed from the registers of holders of Class A Shares in respect of which Dissent Rights have been validly exercised at the same time as the event described in Section 2.3(f) occurs. In addition to any other restrictions under Section 185 of the OBCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Company Options or holders of Company RSUs and (ii) Company Voting Shareholders who vote or have instructed a proxyholder to vote such Voting Shares in favour of the Arrangement Resolution (but only in respect of such Voting Shares).

4 CERTIFICATES AND FRACTIONAL SHARES

4.1 Issuance of Certificates.

Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented Company Shares that were exchanged under the Arrangement, (other than Company Shares that were transferred pursuant to Sections 2.2(c) or 2.2(d), which shall be paid in accordance with Section 4.2), together with a duly completed Letter of Transmittal and Election Form and such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive, and promptly after the Effective Time the Depositary shall deliver to such person, certificates registered in the name of such person representing that number of Exchangeable Shares and/or Siri Shares which such person is entitled to receive (together with any cash in lieu of fractional Exchangeable Shares or Siri Shares pursuant to Section 4.4) and a cheque for the Cash Consideration which such person is entitled to receive, less any amounts withheld pursuant to Section 4.7, and any certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of such Company Shares which was not registered in the transfer records of the Company, certificates representing the number of Exchangeable Shares and/or Siri Shares issuable to the registered holder may be registered in the name of and issued to, and a cheque for the Cash Consideration payable to the registered holder may be made payable to, the transferee if the certificate representing such Company Shares is presented to the Depositary, accompanied by a duly completed Letter of Transmittal and Election Form and all documents required to evidence and effect such transfer. Without limiting the provisions of Sections 2.6 and 4.6, until surrendered as contemplated by this Section 4.1, each certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that, under the Arrangement, were exchanged pursuant to Section 2.2(g) and Section 2.2(h), shall be deemed at all times after the Effective Time to represent only the right to receive upon such surrender (i) the consideration to which the holder thereof is entitled under the Arrangement, or as to a certificate held by a Dissenting Shareholder (other than a shareholder who exercised Dissent Rights who is deemed to have participated in the Arrangement pursuant to Section 3.1(b)), to receive the fair value of the Company Shares represented by such certificate, and (ii) any dividends or distributions with a record date after the Effective Time theretofore paid or payable with respect to any Exchangeable Shares or Siri Shares issued in exchange therefor as contemplated by Section 4.3, in each case less any amounts withheld pursuant to Section 4.7.

4.2 Issuance of Purchaser Share Certificates.

Upon surrender to the Purchaser for cancellation of a certificate that, immediately prior to the Effective Time, represented one or more Company Shares that were transferred pursuant to Sections 2.2(c) or 2.2(d), together with such other documents and instruments as the Purchaser may reasonably require, the Purchaser shall deliver to the holder of such aforementioned certificate the certificates representing the Purchaser Shares to which such holder is entitled pursuant to Sections 2.2(c) or 2.2(d), as applicable, and any certificate so surrendered shall forthwith be cancelled.

4.3 Distributions with Respect to Unsurrendered Certificates.

No dividends or other distributions paid, declared or made with respect to Exchangeable Shares or Siri Shares, in each case with a record date after the Effective Time, shall be paid to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Company Shares or in lieu of fractional Exchangeable Shares or Siri Shares shall be paid to any such person pursuant to Section 4.4, unless and until such person shall have complied with the provisions of Section 4.1. Subject to applicable Law, and to the provisions of Section 4.6, at the time such person shall have complied with the provisions of Section 4.1 (or, in the case of clause (iii) below, at the appropriate payment date), there shall be paid to such person, without interest (i) the amount of any cash payable in lieu of a fractional Exchangeable Share or Siri Share to which such person is entitled pursuant to Section 4.4, (ii) the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to the Exchangeable Share or the Siri Share, as the case may be, to which such person is entitled pursuant hereto, and (iii) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to the date of compliance by such person with the provisions of Section 4.1 and a payment date subsequent to the date of such compliance and payable with respect to such Exchangeable Shares or Siri Shares, as the case may be.

4.4 No Fractional Certificates.

No fractional Exchangeable Shares or fractional Siri Shares shall be issued upon compliance with the provisions of Section 4.1 and no dividend, stock split or other change in the capital structure of the Purchaser or Siri shall relate to any such fractional security and such fractional security shall not entitle the owner thereof to exercise any rights as a security holder of the Purchaser or Siri. Where the aggregate number of Exchangeable Shares or Siri Shares to be issued to a Company Shareholder would result in a fraction of a Exchangeable Share or a fraction of a Siri Share being issuable, (i) the number of Exchangeable Shares or Siri Shares to be received by such Company Shareholder shall be rounded down to the nearest whole Exchangeable Share or Siri Share (as applicable), and (ii) such Company Shareholder shall receive a cash payment (rounded up to the nearest whole \$0.01) equal to the product of (A) the Class A Cash Consideration and (B) the quotient obtained by dividing (x) the remainder of the Exchangeable Share or Siri Share by (y) 0.898.

4.5 Lost Certificates.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were exchanged pursuant to Section 2.2 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, any cash and/or certificates representing Exchangeable Shares or Siri Shares (and any dividends or distributions with respect thereto) deliverable in accordance with Section 2.2 and such holder's Letter of Transmittal and Election Form. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom cash (if any) and/or certificates representing Exchangeable Shares or Siri Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to the Company, the Purchaser, the Guarantor and their respective transfer agents in such amount as the Company, the Purchaser or the Guarantor may direct or otherwise indemnify the Company, the Purchaser and the Guarantor in a manner satisfactory to the Company, the Purchaser and the Guarantor against any claim that may be made against the Company, the Purchaser or the Guarantor with respect to the certificate alleged to have been lost, stolen or destroyed.

4.6 Extinction of Rights.

Any certificate formerly representing Company Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares of any kind or nature against or in the Company, the Purchaser or the Guarantor. On such date, all Consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

4.7 Withholding Rights.

The Company, the Purchaser, Callco, the Guarantor and the Depositary shall be entitled to deduct and withhold from any dividend, price or consideration otherwise payable to any holder of Company Shares, Siri Shares or Exchangeable Shares such amounts as the Company, the Purchaser, Callco, the Guarantor or the Depositary is required to deduct and withhold with respect to such payment under the ITA, United States tax laws or any other applicable Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Authority. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, the Company, the Purchaser, Callco, the Guarantor and the Depositary are hereby authorized to sell or otherwise dispose of such other portion of the consideration as is necessary to provide sufficient funds to the Company, the Purchaser, Callco, the Guarantor and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Company, the Purchaser, Callco, the Guarantor and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

5 RIGHTS OF CALLCO TO ACQUIRE EXCHANGEABLE SHARES

5.1 Callco Liquidation Right.

- (a) Callco shall have the overriding right (the “**Liquidation Call Right**”), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of the Purchaser or any other distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, pursuant to Section 5 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Guarantor, its affiliates or the Purchaser) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco of an amount per share (the “**Liquidation Call Purchase Price**”) equal to the Current Market Price of Siri Shares on the last Business Day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one Siri Share plus any Dividend Amount. In the event of the exercise of the Liquidation Call Right by Callco, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Liquidation Date on payment by Callco to the holder of the Liquidation Call Purchase Price for each such share, and the Purchaser shall have no obligation to pay any Liquidation Amount or Dividend Amount to the holders of such shares so purchased by Callco.
- (b) To exercise the Liquidation Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of Callco’s intention to exercise such right at least 45 days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding-up of the Purchaser or any other voluntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs, and at least five Business Days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding-up of the Purchaser or any other involuntary distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not Callco has exercised the Liquidation Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Liquidation Call Right, then on the Liquidation Date, Callco will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price.
- (c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, Callco shall deposit or cause to be deposited with the Transfer Agent, on or before the Liquidation Date, certificates (or the electronic equivalent thereof) representing the aggregate number of Siri Shares which Callco shall deliver or cause to be delivered pursuant to Section 5.1(a) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in payment of the total Liquidation Call Purchase Price, in each case less any amounts withheld pursuant to Section 4.7. Provided that Callco has complied with the immediately preceding sentence, on and after the Liquidation Date the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the aggregate Liquidation Call Purchase Price without interest, unless payment of the aggregate Liquidation Call Purchase Price for the Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the following provisions of this Section 5.1(c), in which case the rights of the holders shall remain unaffected until the aggregate Liquidation Call Purchase Price has been paid in the manner herein provided. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and articles of the Purchaser and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall

transfer to such holder, the Siri Shares to which such holder is entitled and as soon as reasonably practicable thereafter the Transfer Agent shall deliver to such holder certificates (or the electronic equivalent thereof) representing the Siri Shares to which the holder is entitled and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the Dividend Amount, if any, and when received by the Transfer Agent, all dividends and other distributions with respect to such Siri Shares with a record date after the Liquidation Date and before the date of the transfer of such Siri Shares to such holder, less any amounts withheld pursuant to Section 4.7. If Callco does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date, the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by the Purchaser in connection with the liquidation, dissolution or winding-up of the Purchaser or any distribution of the assets of the Purchaser among its shareholders for the purpose of winding up its affairs pursuant to Section 5 of the Exchangeable Share Provisions.

5.2 Callco Redemption Right.

In addition to Callco's rights contained in the Exchangeable Share Provisions, including the Retraction Call Right (as defined in the Exchangeable Share Provisions), Callco shall have the following rights in respect of the Exchangeable Shares:

- (a) Callco shall have the overriding right (the "**Redemption Call Right**"), notwithstanding the proposed redemption of the Exchangeable Shares by the Purchaser pursuant to the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is the Guarantor, its affiliates or the Purchaser) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco to each holder of an amount per Exchangeable Share (the "**Redemption Call Purchase Price**") equal to the Current Market Price of a Siri Share on the last Business Day prior to the Redemption Date plus the Dividend Amount, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one Siri Share plus any Dividend Amount. In the event of the exercise of the Redemption Call Right by Callco, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Redemption Date on payment by Callco to the holder of the Redemption Call Purchase Price for each such share, and the Purchaser shall have no obligation to redeem, or to pay any Dividend Amount in respect of, such shares so purchased by Callco.
- (b) To exercise the Redemption Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and the Purchaser of Callco's intention to exercise such right at least 60 days before the Redemption Date, except in the case of a redemption occurring as a result of a Siri Control Transaction (as defined in the Exchangeable Share Provisions), an Exchangeable Share Voting Event as defined in the Exchangeable Share Provisions) or an Exempt Exchangeable Share Voting Event (as defined in the Exchangeable Share Provisions), in which case Callco shall so notify the Transfer Agent and the Purchaser on or before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not Callco has exercised the Redemption Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Redemption Call Right, on the Redemption Date Callco will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Redemption Call Purchase Price.
- (c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, Callco shall deposit or cause to be deposited with the Transfer Agent, on or before the Redemption Date, certificates (or the electronic equivalent thereof) representing the aggregate number of Siri Shares which Callco shall deliver or cause to be delivered pursuant to Section 5.2(a) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in

payment of the aggregate Redemption Call Purchase Price, in each case less any amounts withheld pursuant to Section 4.6. Provided that Callco has complied with the immediately preceding sentence, on and after the Redemption Date the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive their proportionate part of the aggregate Redemption Call Purchase Price without interest, unless payment of the aggregate Redemption Call Purchase Price for the Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the following provisions of this Section 5.2(c), in which case the rights of the holders shall remain unaffected until the aggregate Redemption Call Purchase Price has been paid in the manner herein provided. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and articles of the Purchaser and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall transfer to such holder, the Siri Shares to which such holder is entitled and as soon as reasonably practicable thereafter the Transfer Agent shall deliver to such holder certificates (or the electronic equivalent thereof) representing the Siri Shares to which the holder is entitled and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the Dividend Amount, if any, and when received by the Transfer Agent, all dividends and other distributions with respect to such Siri Shares with a record date after the Redemption Date and before the date of the transfer of such Siri Shares to such holder, less any amounts withheld pursuant to Section 4.7. If Callco does not exercise the Redemption Call Right in the manner described above, on the Redemption Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the redemption price otherwise payable by the Purchaser in connection with the redemption of the Exchangeable Shares pursuant to the Exchangeable Share Provisions.

6 AMENDMENT

6.1 Plan of Arrangement Amendment.

- (a) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time (with the prior written consent of the Purchaser and the Guarantor), provided that any such amendment, modification and/or supplement must be contained in a written document that is filed with the Court and, if made after the Company Meeting, approved by the Court and communicated to the Company Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company (with the prior written consent of the Purchaser and the Guarantor) at any time before or at the Company Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Company Meeting in the manner required under the Interim Order, shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Company Meeting shall be effective only if (i) it is consented to in writing by the Company, the Purchaser and the Guarantor and, (ii) if required by the Court, it is consented to by the Company Shareholders voting in the manner directed by the Court.

7 FURTHER ASSURANCES

Each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them to document or evidence any of the transactions or events set out in this Plan of Arrangement.

8 NOTICE

Any notice to be given by a Party to the Company Shareholders pursuant to the Arrangement will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to the Company Shareholders at their addresses as shown on the applicable register of such holders maintained by the Company and will be deemed to have been received on the first day following the date of mailing which is a Business Day.

The provisions of this Plan of Arrangement, the Arrangement Agreement and the Letter of Transmittal and Election Form apply notwithstanding any accidental omission to give notice to any one or more the Company Shareholders and notwithstanding any interruption of mail services in Canada, the United States or elsewhere following mailing. In the event of any interruption of mail service following mailing, the Parties intend to make reasonable efforts to disseminate any notice by other means, such as publication. Except as otherwise required or permitted by law:

- (a) if post offices in Canada are not open for the deposit of mail, any notice which the Parties or the Depositary may give or cause to be given under the Arrangement will be deemed to have been properly given and to have been received by the Company Shareholders if (i) it is given to the TSX for dissemination or (ii) it is published once in the national edition of The Globe and Mail and in the daily newspapers of general circulation in each of the French and English languages in the City of Montreal, provided that if the national edition of The Globe and Mail is not being generally circulated, publication thereof will be made in The National Post or any other daily newspaper of general circulation published in the City of Toronto; and
- (b) if post offices in the United States are not open for the deposit of mail, any notice which the Parties or the Depositary may give or cause to be given under the Arrangement will be deemed to have been properly given and to have been received by the Company Shareholders if (i) it is given to the NASDAQ for dissemination or (ii) it is published once in the national edition of the Wall Street Journal, provided that if the national edition of the Wall Street Journal is not being generally circulated, publication thereof will be made in the New York Times or any other daily newspaper of general circulation published in New York City.

Notwithstanding the provisions of the Arrangement Agreement, this Plan of Arrangement and the Letter of Transmittal and Election Form, certificates for Siri Shares and Exchangeable Shares issuable, and cheques for cash amounts payable, pursuant to the Arrangement need not be mailed if the Parties determine that delivery thereof by mail may be delayed. Persons entitled to cheques and certificates which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent to which the certificates for Siri Shares in respect of which the cheque and certificates being issued were deposited, upon application to the Transfer Agent, until such time as the Parties have determined that delivery by mail will no longer be delayed. The Parties will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Article 7.

Notwithstanding the provisions of the Arrangement Agreement, this Plan of Arrangement and the Letter of Transmittal and Election Form, the deposit of cheques and certificates with the Transfer Agent in such circumstances will constitute delivery to the persons entitled thereto and the Siri Shares will be deemed to have been paid for immediately upon such deposit.

APPENDIX I

TO THE PLAN OF ARRANGEMENT

PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES

The Exchangeable Shares shall have the following rights, privileges, restrictions and conditions:

1 Interpretation

(1) For the purposes of these share provisions:

"2517835" means 2517835 Ontario Inc., a corporation incorporated under the laws of Ontario and the issuer of the Exchangeable Shares pursuant to the Arrangement, and any successor thereto under the laws of Ontario.

"affiliate" has the meaning corresponding to "affiliated companies" in the *Securities Act* (Ontario), as amended.

"Agency" means any domestic or foreign court, tribunal, federal, state, provincial or local government or governmental agency, department or authority or other regulatory authority (including NASDAQ) or administrative agency or commission (including the Securities Commissions and the SEC) or any elected or appointed public official.

"Agent" means any chartered bank or trust company in Canada selected by 2517835 for the purposes of holding some or all of the Liquidation Amount or Redemption Price in accordance with Section 5 or Section 7, respectively.

"Arrangement" means the arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations made in accordance with the Arrangement Agreement or Section 6.1 of the Plan of Arrangement or made at the direction of the Court with the prior written consent of the Parties, each acting reasonably.

"Arrangement Agreement" means the arrangement agreement made as of May 12, 2016 between 2517835, Sirius XM Radio Inc., Sirius XM Canada Holdings Inc. and Sirius XM Canada Inc. (including the Schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with its terms.

"Board of Directors" means the board of directors of 2517835.

"business day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or New York, New York.

"Callco" means 2517836 Ontario Ltd., a corporation incorporated under the laws of Ontario.

"Callco Call Notice" has the meaning ascribed thereto in Section 6(3) of these share provisions.

"Certificate of Arrangement" means the certificate of arrangement issued by the Director pursuant to subsection 183(2) of the OBCA in respect of the Articles of Arrangement.

"Common and Preferred Shares" means the common shares and preferred shares in the capital of 2517835.

"Court" means the Ontario Superior Court of Justice (Commercial List), or other court as applicable.

"Current Market Price" means, in respect of a SIRI Share on any date, the closing price of one SIRI Share on the NASDAQ on such date.

"Director" means the Director appointed pursuant to Section 278 of the OBCA.

"Dividend Amount" means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase, redemption or other acquisition of such share by Callco or SIRI from such holder pursuant to Section 5(1), Section 6(1) or Section 7(1).

"Effective Date" means the date shown on the Certificate of Arrangement giving effect to the Arrangement, which shall be within five (5) Business Days following the Election Deadline.

"Election Deadline" shall have the meaning ascribed thereto in the Plan of Arrangement.

"Exchangeable Shares" means the non-voting, exchangeable shares in the capital of 2517835, having the rights, privileges, restrictions and conditions set forth herein.

"Exchangeable Share Voting Event" means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of 2517835 and in respect of which the Board of Directors determines in good faith that after giving effect to such matter the economic equivalence of the Exchangeable Shares and the SIRI Shares is maintained for the holders of Exchangeable Shares (other than SIRI, its affiliates and 2517835).

"Exempt Exchangeable Share Voting Event" means an Exchangeable Share Voting Event in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the economic equivalence of the Exchangeable Shares and the SIRI Shares.

"holder" means, when used with reference to the Exchangeable Shares, a holder of Exchangeable Shares shown from time to time in the register maintained by or on behalf of 2517835 in respect of the Exchangeable Shares.

"including" means "including without limitation" and **"includes"** means "includes without limitation".

"Liquidation Amount" has the meaning ascribed thereto in Section 5(1) of these share provisions.

"Liquidation Call Right" has the meaning ascribed thereto in the Plan of Arrangement.

"Liquidation Date" has the meaning ascribed thereto in Section 5(1) of these share provisions.

"NASDAQ" means the NASDAQ Global Select Market.

"OBCA" means the *Business Corporations Act* (Ontario), as amended.

"Other Corporation" has the meaning ascribed thereto in Section 13(3)(c) of these share provisions.

"Other Shares" has the meaning ascribed thereto in Section 13(3)(c) of these share provisions.

"person" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Agency, syndicate or other entity, whether or not having legal status,

"Plan of Arrangement" means the plan of arrangement to which these share provisions are attached proposed under Section 182 of the OBCA, and any amendments or variations made in accordance with Section 8.1 of the Arrangement Agreement or Section 6.1 of the plan of arrangement or made at the direction of the Court with the consent of the Parties, each acting reasonably.

"Purchase Price" has the meaning ascribed thereto in Section 6(3) of these share provisions.

"Redemption Call Purchase Price" has the meaning ascribed thereto in the Plan of Arrangement.

"Redemption Call Right" has the meaning ascribed thereto in the Plan of Arrangement.

"Redemption Date" means the date, if any, established by the Board of Directors for the redemption by 2517835 of all but not less than all of the outstanding Exchangeable Shares pursuant to Section 7 of these share provisions, which date shall be no earlier than the fifth anniversary of the date on which Exchangeable Shares first are issued, unless:

- (a) there are fewer than 2,000,000 Exchangeable Shares outstanding (other than Exchangeable Shares held by SIRI, its affiliates and 2517835, and as such number of shares may be adjusted as deemed appropriate by the Board of Directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares), in which case the Board of Directors may accelerate such redemption date to such date prior to the fifth anniversary of the date on which Exchangeable Shares first are issued as they may determine, upon at least 60 days' prior written notice to the holders of the Exchangeable Shares;
- (b) a SIRI Control Transaction occurs, in which case, provided that the Board of Directors determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such SIRI Control Transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such SIRI Control Transaction in accordance with its terms, the Board of Directors may accelerate such redemption date to such date prior to the fifth anniversary of the date on which Exchangeable Shares first are issued as it may determine, upon such number of days' prior written notice to the holders of the Exchangeable Shares as the Board of Directors may determine to be reasonably practicable in such circumstances;
- (c) an Exchangeable Share Voting Event that is not an Exempt Exchangeable Share Voting Event is proposed and (i) the holders of the Exchangeable Shares fail to take the necessary action, at a meeting or other vote of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exchangeable Share Voting Event or the holders of the Exchangeable Shares do take the necessary action but, in connection therewith, the holders of more than 2% of the outstanding Exchangeable Shares (other than those held by SIRI, its affiliates and 2517835) exercise rights of dissent under the OBCA, and (ii) the Board of Directors determines in good faith that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the later of the events described in (i) and (ii) above occur; or
- (d) an Exempt Exchangeable Share Voting Event is proposed and holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action.

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c) or (d) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption.

"Redemption Price" has the meaning ascribed thereto in Section 7(1) of these share provisions.

"Retracted Shares" has the meaning ascribed thereto in Section 6(1)(a) of these share provisions.

"Retraction Call Right" has the meaning ascribed thereto in Section 6(1)(c) of these share provisions.

"Retraction Date" has the meaning ascribed thereto in Section 6(1)(b) of these share provisions.

"Retraction Price" has the meaning ascribed thereto in Section 6(1) of these share provisions.

"Retraction Request" has the meaning ascribed thereto in Section 6(1) of these share provisions.

"Securities Act" means the *Securities Act* (Ontario) and the rules, regulations and policies made thereunder, as amended.

"Securities Commissions" means the securities regulatory authorities in each of the provinces of Canada.

"SIRI" means Sirius XM Holdings Inc., a corporation incorporated under the laws of Delaware.

"SIRI Control Transaction" means any merger, amalgamation, arrangement, take-over bid or tender offer, material sale of shares or rights or interests therein or thereto, restructuring or reorganization or similar transactions involving SIRI, or any proposal to do so.

"SIRI Dividend Declaration Date" means the date on which the board of directors of SIRI declares any dividend or other distribution on the SIRI Shares that would require a corresponding payment to be made in respect of the Exchangeable Shares.

"SIRI Shares" means the common stock in the capital of SIRI.

"SEC" means the U.S. Securities and Exchange Commission.

"Support Agreement" means the agreement made between SIRI, Callco and 2517835 substantially in the form and content of Appendix II to the Plan of Arrangement.

"Transfer Agent" means 2517835, a third party transfer agent or such other person as may from time to time be appointed by 2517835 as the registrar and transfer agent for the Exchangeable Shares.

2 **Ranking of Exchangeable Shares**

The Exchangeable Shares shall be entitled to a preference over the Common and Preferred Shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of 2517835, whether voluntary or involuntary, or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, but only to the extent of an amount per Exchangeable Share equal to the Current Market Price of one SIRI Share plus any Dividend Amount which shall be satisfied in full by 2517835 delivering or causing to be delivered to the holder of the Exchangeable Share one SIRI Share plus any Dividend Amount.

3 **Dividends**

- (1) A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable law, on each SIRI Dividend Declaration Date, declare a dividend on each Exchangeable Share;
 - (a) in the case of a cash dividend declared on the SIRI Shares, in an amount in cash for each Exchangeable Share equal to the cash dividend declared on each SIRI Share on the SIRI Dividend Declaration Date;
 - (b) in the case of a stock dividend declared on the SIRI Shares to be paid in SIRI Shares, by the issue or transfer by 2517835 of such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of SIRI Shares to be paid on each SIRI Share unless in lieu of such stock dividend 2517835 elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the Board of Directors in accordance with Section 3(5) hereof) subdivision of the outstanding Exchangeable Shares; or
 - (c) in the case of a dividend declared on the SIRI Shares in property other than cash or SIRI Shares, in such type and amount of property for each Exchangeable Share as is the same as or economically equivalent (to be determined by the Board of Directors as contemplated by Section 3(5) hereof) to the type and amount of property declared as a dividend on each SIRI Share.

Such dividends shall be paid out of money, assets or property of 2517835 properly applicable to the payment of dividends, or out of authorized but unissued shares of 2517835, as applicable. The holders of Exchangeable Shares shall not be entitled to any dividends other than or in excess of the dividends referred to in this Section 3(1).

- (2) Cheques of 2517835 payable at par at any branch of the bankers of 2517835 shall be issued in respect of any cash dividends contemplated by Section 3(1)(a) hereof and the sending of such cheque to each holder of an Exchangeable Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. Written evidence of the book entry issuance or transfer to the registered holder of Exchangeable Shares shall be delivered in respect of any stock dividends contemplated by Section 3(1)(b) hereof and the sending of such written evidence to each holder of an Exchangeable Share shall satisfy the stock dividend represented thereby. Such other type and amount of property in respect of any dividends contemplated by Section 3(1)(c) hereof shall be issued, distributed or transferred by 2517835 in such manner as it shall determine and the issuance, distribution or transfer thereof by 2517835 to each holder of an Exchangeable Share shall satisfy the dividend represented thereby. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against 2517835 any dividend that is represented by a cheque that has not been duly presented to 2517835's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.
- (3) The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares under Section 3(1) hereof shall be the same dates as the record date and payment date, respectively, for the corresponding dividend declared on the SIRI Shares. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any subdivision, redivision or change of the Exchangeable Shares under Section 3(1)(b) hereof and the effective date of such subdivision shall be the same dates as the record and payment date, respectively, for the corresponding stock dividend declared on the SIRI Shares.
- (4) If on any payment date for any dividends declared on the Exchangeable Shares under Section 3(1) hereof the dividends are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends that remain unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which 2517835 shall have sufficient moneys, assets or property properly applicable to the payment of such dividends.
- (5) The Board of Directors shall determine, in good faith and in its sole discretion, economic equivalence for the purposes of these share provisions, including Section 3(1) hereof, and each such determination shall be conclusive and binding on 2517835 and its shareholders. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors to be relevant, be considered by the Board of Directors;
 - (a) in the case of any stock dividend or other distribution payable in SIRI Shares, the number of such shares issued in proportion to the number of SIRI Shares previously outstanding;
 - (b) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;
 - (c) in the case of the issuance or distribution of any other form of property (including any shares or securities of SIRI of any class other than SIRI Shares, any rights, options or warrants other than those referred to in Section 3(5)(b) hereof, any evidences of indebtedness of SIRI or any assets of SIRI), the relationship between the fair market value (as determined by the Board of Directors in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding SIRI Share and the Current Market Price of a SIRI Share; and
 - (d) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation

consequences to holders of SIRI Shares as a result of differences between taxation laws of Canada and the United States (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

4 Certain Restrictions

So long as any of the Exchangeable Shares are outstanding, 2517835 shall not at any time without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in Section 12(2) of these share provisions:

- (a) pay any dividends on the Common and Preferred Shares or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common and Preferred Shares (as applicable) or any such other shares ranking junior to the Exchangeable Shares, as the case may be;
- (b) redeem or purchase or make any capital distribution in respect of Common and Preferred Shares or any other shares ranking junior to the Exchangeable Shares;
- (c) redeem or purchase any other shares of 2517835 ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of 2517835, whether voluntary or involuntary, or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs; or
- (d) issue any Exchangeable Shares or any other shares of 2517835 ranking equally with, or superior to, the Exchangeable Shares other than by way of stock dividends to the holders of such Exchangeable Shares.

The restrictions in Sections 4(a), (b), (c) and (d) hereof shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared and paid to date on the SIRI Shares shall have been declared and paid on the Exchangeable Shares.

5 Distribution on Liquidation

- (1) In the event of the liquidation, dissolution or winding-up of 2517835 or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, subject to the exercise by Callco of the Liquidation Call Right, a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of 2517835 in respect of each Exchangeable Share held by such holder on the effective date (the "**Liquidation Date**") of such liquidation, dissolution, winding-up or other distribution, before any distribution of any part of the assets of 2517835 among the holders of the Common and Preferred Shares or any other shares ranking junior to the Exchangeable Shares, an amount per share (the "**Liquidation Amount**") equal to the Current Market Price of an SIRI Share on the last business day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by 2517835 delivering or causing to be delivered to such holder one SIRI Share, plus an amount equal to the Dividend Amount.
- (2) On or promptly after the Liquidation Date, and provided the Liquidation Call Right has not been exercised by Callco, 2517835 shall pay or cause to be paid to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the Articles of 2517835 and such additional documents, instruments and payments as the Transfer Agent and 2517835 may reasonably require, at the registered office of 2517835 or at any office of the Transfer Agent as may be specified by 2517835 by notice to the holders of the Exchangeable Shares. Payment of the Liquidation Amount for such Exchangeable Shares shall be made by transferring or causing to be transferred to each holder the SIRI Shares to which such holder is entitled and by delivering to such holder, on behalf of 2517835, SIRI Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance) and a cheque of 2517835 payable at par at any branch of the bankers of 2517835 in respect of the

Dividend Amount, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom. On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive the Liquidation Amount without interest, unless payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Liquidation Amount has been paid in the manner hereinbefore provided. 2517835 shall have the right at any time after the Liquidation Date to transfer or cause to be issued or transferred to, and deposited with, the Agent the Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof, such Liquidation Amount to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon such deposit being made, the rights of a holder of Exchangeable Shares after such deposit shall be limited to receiving its proportionate part of the Liquidation Amount for such Exchangeable Shares so deposited, without interest, and when received by the Agent, all dividends and other distributions with respect to the SIRI Shares to which such holder is entitled with a record date after the date of such deposit and before the date of transfer of such SIRI Shares to such holder (in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom) against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.

- (3) After 2517835 has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to Section 5(1) of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of 2517835.

6 Retraction of Exchangeable Shares by Holder

- (1) A holder of Exchangeable Shares shall be entitled at any time, subject to the exercise by Callco of the Retraction Call Right and otherwise upon compliance with, and subject to, the provisions of this Section 6, to require 2517835 to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the Current Market Price of a SIRI Share on the last business day prior to the Retraction Date plus the Dividend Amount (the "**Retraction Price**"), which shall be satisfied in full by 2517835 delivering or causing to be delivered to such holder one SIRI Share (which on issue will be admitted to listing and trading by the NASDAQ (subject to official notice of issuance)) for each Exchangeable Share presented and surrendered by the holder together with, on the designated payment date therefor, the Dividend Amount. To effect such redemption, the holder shall present and surrender at the registered office of 2517835 or at any office of the Transfer Agent as may be specified by 2517835 by notice to the holders of Exchangeable Shares the certificate or certificates representing the Exchangeable Shares which the holder desires to have 2517835 redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the Articles of 2517835 and such additional documents, instruments and payments as the Transfer Agent and 2517835 may reasonably require, and together with a duly executed statement (the "**Retraction Request**") in the form of Schedule A hereto or in such other form as may be acceptable to 2517835;
 - (a) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates (the "**Retracted Shares**") redeemed by 2517835;
 - (b) stating the business day on which the holder desires to have 2517835 redeem the Retracted Shares (the "**Retraction Date**"), provided that the Retraction Date shall be not less than 10 business days nor more than 15 business days after the date on which the Retraction Request is received by 2517835 and further provided that, in the event that no such business day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the 15th business day after the date on which the Retraction Request is received by 2517835 and subject also to Section 6(8); and
 - (c) acknowledging the overriding right (the "**Retraction Call Right**") of Callco to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction

Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the terms and conditions set out in Section 6(3) hereof.

- (2) Provided that Callco has not exercised the Retraction Call Right, upon receipt by 2517835 or the Transfer Agent in the manner specified in Section 6(1) of a certificate or certificates representing the number of Retracted Shares, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), 2517835 shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall transfer or cause to be issued or transferred to such holder the SIRI Shares to which such holder is entitled and shall comply with Section 6(4) hereof. If only a part of the Exchangeable Shares represented by any certificate is redeemed (or purchased by Callco pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of 2517835.
- (3) Subject to the provisions of this Section 6, upon receipt by 2517835 of a Retraction Request, 2517835 shall immediately notify Callco thereof and shall provide to Callco a copy of the Retraction Request. In order to exercise the Retraction Call Right, Callco must notify 2517835 of its determination to do so (the "**Callco Call Notice**") within five business days of notification to Callco by 2517835 of the receipt by 2517835 of the Retraction Request. If Callco does not so notify 2517835 within such five business day period, 2517835 will notify the holder as soon as possible thereafter that Callco will not exercise the Retraction Call Right. If Callco delivers the Callco Call Notice within such five business day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right. In such event, 2517835 shall not redeem the Retracted Shares and Callco shall purchase from such holder and such holder shall sell to Callco on the Retraction Date the Retracted Shares for a purchase price (the "**Purchase Price**") per share equal to the Retraction Price per share. To the extent that Callco pays the Dividend Amount in respect of the Retracted Shares, 2517835 shall no longer be obligated to pay any declared and unpaid dividends on such Retracted Shares. For the purpose of completing a purchase pursuant to the Retraction Call Right, on the Retraction Date, Callco shall transfer or cause to be issued or transferred to the holder of the Retracted Shares the SIRI Shares to which such holder is entitled. Provided that Callco has complied with the immediately preceding sentence and Section 6(4) hereof, the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by 2517835 of such Retracted Shares shall take place on the Retraction Date. In the event that Callco does not deliver a Callco Call Notice within such five business day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), 2517835 shall redeem the Retracted Shares on the Retraction Date and in the manner otherwise contemplated in this Section 6.
- (4) 2517835 or Callco, as the case may be, shall deliver or cause the Transfer Agent to deliver to the relevant holder written evidence of the book entry issuance in uncertificated form of SIRI Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance and which on issue will be admitted to listing and trading by NASDAQ (subject to official notice of issuance)), and, if applicable and on or before the payment date therefor, a cheque payable at par at any branch of the bankers of 2517835 or Callco, as applicable, representing the aggregate Dividend Amount, in payment of the Retraction Price or the Purchase Price, as the case may be, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom, and such delivery of such SIRI Shares and cheques on behalf of 2517835 or by Callco, as the case may be, or by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Price or Purchase Price, as the case may be, to the extent that the same is represented by such share certificates and cheques (plus any tax deducted and withheld therefrom and remitted to the proper tax authority).
- (5) On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the Retraction Price or Purchase Price, as the case may be, without interest, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the Retraction Price or the Purchase Price,

as the case may be, shall not be made as provided in Section 6(4) hereof, in which case the rights of such holder shall remain unaffected until the Retraction Price or the Purchase Price, as the case may be, has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the Retraction Price or the Purchase Price, as the case may be, has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by 2517835 or purchased by Callco shall thereafter be a holder of the SIRI Shares delivered to it.

- (6) Notwithstanding any other provision of this Section 6, 2517835 shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If 2517835 believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, and provided that Callco shall not have exercised the Retraction Call Right with respect to the Retracted Shares, 2517835 shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder at least two business days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by 2517835. In any case in which the redemption by 2517835 of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law, 2517835 shall redeem Retracted Shares in accordance with Section 6(2) of these share provisions on a pro rata basis and shall issue to each holder of Retracted Shares a new certificate, at the expense of 2517835, representing the Retracted Shares not redeemed by 2517835 pursuant to Section 6(2) hereof. If 2517835 would otherwise be obligated to redeem the Retracted Shares pursuant to Section 6(2) of these share provisions but is not obligated to do so as a result of solvency requirements or other provisions of applicable law, the holder of any such Retracted Shares not redeemed by 2517835 pursuant to this Article 6 as a result of solvency requirements or other provisions of applicable law shall be deemed by giving the Retraction Request to have instructed the Transfer Agent to require SIRI to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter on payment by SIRI to such holder of the Purchase Price for each such Retracted Share.
- (7) A holder of Retracted Shares may, by notice in writing given by the holder to 2517835 before the close of business on the business day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to Callco shall be deemed to have been revoked,
- (8) Notwithstanding any other provision of this Section 6, if:
- (a) exercise of the rights of the holders of the Exchangeable Shares, or any of them, to require 2517835 to redeem any Exchangeable Shares pursuant to this Section 6 on any Retraction Date would require listing particulars or any similar document to be issued in order to obtain the approval of NASDAQ to the listing and trading (subject to official notice of issuance) of, the SIRI Shares that would be required to be delivered to such holders of Exchangeable Shares in connection with the exercise of such rights; and
 - (b) as a result of (a) above, it would not be practicable (notwithstanding the reasonable endeavours of SIRI) to obtain such approvals in time to enable all or any of such SIRI Shares to be admitted to listing and trading by NASDAQ (subject to official notice of issuance) when so delivered,

that Retraction Date shall, notwithstanding any other date specified or otherwise deemed to be specified in any relevant Retraction Request, be deemed for all purposes to be the earlier of (i) the second business day immediately following the date the approvals referred to in Section 6(8)(a) are obtained, and (ii) the date which is 30 business days after the date on which the relevant Retraction Request is received by 2517835, and references in these share provisions to such Retraction Date shall be construed accordingly.

Redemption of Exchangeable Shares by 2517835

- (1) Subject to applicable law, and provided Callco has not exercised the Redemption Call Right, 2517835 shall on the Redemption Date redeem all but not less than all of the then outstanding Exchangeable Shares for an amount per share (the "**Redemption Price**") equal to the Current Market Price of a SIRI Share on the last business day prior to the Redemption Date plus the Dividend Amount, which shall be satisfied in full by 2517835 causing to be delivered to each holder of Exchangeable Shares one SIRI Share for each Exchangeable Share held by such holder, together with an amount equal to the Dividend Amount.
- (2) In any case of a redemption of Exchangeable Shares under this Section 7, 2517835 shall, at least 60 days before the Redemption Date (other than a Redemption Date established in connection with a SIRI Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by 2517835 or the purchase by Callco under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with a SIRI Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, the written notice of the redemption by 2517835 or the purchase by Callco under the Redemption Call Right will be sent on or before the Redemption Date, on as many days prior written notice as may be determined by the Board of Directors to be reasonably practicable in the circumstances. In any such case, such notice shall set out the formula for determining the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right.
- (3) On or after the Redemption Date and provided that the Redemption Call Right has not been exercised by Callco, 2517835 shall pay or cause to be paid to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, upon presentation and surrender at the registered office of 2517835 or at any office of the Transfer Agent as may be specified by 2517835 in such notice of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the OBCA and the Articles of 2517835 and such additional documents, instruments and payments as the Transfer Agent and 2517835 may reasonably require. Payment of the Redemption Price for such Exchangeable Shares shall be made by transferring or causing to be issued or transferred to each holder the SIRI Shares to which such holder is entitled and by delivering to such holder, on behalf of 2517835, written evidence of the book entry issuance in uncertificated form of SIRI Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance), and, if applicable, a cheque of 2517835 payable at par at any branch of the bankers of 2517835 in payment of the Dividend Amount, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom. On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof, other than the right to receive the Redemption Price without interest, unless payment of the Redemption Price for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Redemption Price has been paid in the manner hereinbefore provided. 2517835 shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to transfer or cause to be issued or transferred to, and deposited with, the Agent named in such notice the Redemption Price for the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, less any amounts withheld on account of tax required to be deducted and withheld therefrom, such aggregate Redemption Price to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon the later of such deposit being made and the Redemption Date, the Exchangeable Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the aggregate Redemption Price for such Exchangeable Shares, without interest, and when received by the Agent, all dividends and other distributions with respect to the SIRI Shares to which such holder is entitled with a record date after the later of the date of such deposit and the Redemption Date and before the date of transfer of such SIRI Shares to such holder (in each case less any amounts withheld on account of

tax required to be deducted and withheld therefrom), against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.

8 Purchase for Cancellation

Subject to applicable law, 2517835 may at any time and from time to time purchase for cancellation all or any part of the Exchangeable Shares.

9 Voting Rights

Except as required by applicable law and by Section 12 hereof, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of 2517835 or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of the Exchangeable Shares shall not have class votes except as required by applicable law. For greater certainty, the holders of the Exchangeable Shares will not be entitled to receive notice of or to attend any meeting of the shareholders of SIRI or to vote at any such meeting.

10 Specified Amount

The amount specified in respect of each Exchangeable Share for the purposes of subsection 191(4) of the Income Tax Act (Canada) shall be an amount equal to \$●.

11 Election under Subsection 191.2(1)

2517835 shall make an election under subsection 191.2(1) of the *Income Tax Act* (Canada) in respect of the Exchangeable Shares in the manner and within the time required by such subsection.

12 Amendment and Approval

- (1) The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.
- (2) Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares in accordance with applicable law shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law, subject to a minimum requirement that such approval be evidenced by a written resolution in accordance with applicable law or a resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy; provided that if at any such meeting the holders of at least 10% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

13 Reciprocal Changes, etc. in Respect of SIRI Shares

- (1) Each holder of an Exchangeable Share acknowledges that the Support Agreement provides, in part, that so long as any Exchangeable Shares not owned by SIRI, its affiliates or 2517835 are outstanding, SIRI will not without the prior approval of 2517835 and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions:

- (a) issue or distribute SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to the holders of all or substantially all of the then outstanding SIRI Shares by way of stock dividend or other distribution, other than an issue of SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to holders of SIRI Shares (i) who exercise an option to receive dividends in SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) in lieu of receiving cash dividends, or (ii) pursuant to any dividend reinvestment plan or similar arrangement;
- (b) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding SIRI Shares entitling them to subscribe for or to purchase SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares); or
- (c) issue or distribute to the holders of all or substantially all of the then outstanding SIRI Shares:
 - (i) shares or securities of SIRI of any class (other than SIRI Shares or securities convertible into or exchangeable for or carrying rights to acquire SIRI Shares);
 - (ii) rights, options or warrants other than those referred to in Section 13(1)(b) above;
 - (iii) evidence of indebtedness of SIRI; or
 - (iv) assets of SIRI,

unless the economic equivalent on a per share basis of such rights, options, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least 7 days prior written notice thereof is given to the holders of Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by SIRI in order to give effect to and to consummate, in furtherance of or otherwise in connection with the transactions contemplated by, and in accordance with, the Plan of Arrangement.

- (2) Each holder of an Exchangeable Share acknowledges that the Support Agreement further provides, in part, that so long as any Exchangeable Shares not owned by SIRI, its affiliates or 2517835 are outstanding, SIRI will not without the prior approval of 2517835 and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions:
 - (a) subdivide, redivide or change the then outstanding SIRI Shares into a greater number of SIRI Shares;
 - (b) reduce, combine, consolidate or change the then outstanding SIRI Shares into a lesser number of SIRI Shares; or
 - (c) reclassify or otherwise change the SIRI Shares or effect an amalgamation, merger, reorganization or other transaction affecting the SIRI Shares,

unless the same or an economically equivalent change shall simultaneously be made to, or in the rights of the holders of, the Exchangeable Shares and at least 7 days prior written notice is given to the holders of Exchangeable Shares, The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions,

- (3) Notwithstanding the foregoing provisions of this Section 13, in the event of an SIRI Control Transaction:

- (a) in which SIRI merges or amalgamates with, or in which all or substantially all of the then outstanding SIRI Shares are acquired by one or more other corporations to which SIRI is, immediately before such merger, amalgamation or acquisition, related within the meaning of the *Income Tax Act* (Canada) (otherwise than virtue of a right referred to in paragraph 251(5)(b) thereof);
- (b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of the definition of such term in Section 1(1) of the share provisions; and
- (c) in which all or substantially all of the then outstanding SIRI Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") of another corporation (the "**Other Corporation**") that, immediately after such SIRI Control Transaction, owns or controls, directly or indirectly, SIRI;

then all references herein to "SIRI" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "SIRI Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of shares pursuant to these share provisions or Article 5 of the Plan of Arrangement immediately subsequent to the SIRI Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, option or retraction of such shares pursuant to these share provisions or Article 5 of the Plan of Arrangement had occurred immediately prior to the SIRI Control Transaction and the SIRI Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required,

14 **Actions by 2517835 under Support Agreement**

- (1) 2517835 will take all such actions and do all such things as shall be necessary to perform and comply with and to ensure performance and compliance by SIRI, Callco and 2517835 with all provisions of the Support Agreement applicable to SIRI, Callco and 2517835, respectively, in accordance with the terms thereof including taking all such actions and doing all such things as shall be necessary to enforce for the direct benefit of 2517835 all rights and benefits in favour of 2517835 under or pursuant to such agreement.
- (2) 2517835 shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:
 - (a) adding to the covenants of the other parties to such agreement for the protection of 2517835 or the holders of the Exchangeable Shares thereunder;
 - (b) making such amendments or modifications not inconsistent with such agreement as may be necessary or desirable with respect to matters or questions arising thereunder which, in the good faith opinion of the Board of Directors, it may be expedient to make, provided that the Board of Directors shall be of the good faith opinion, after consultation with counsel, that such amendments and modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or
 - (c) making such changes in or corrections to such agreement which, on the advice of counsel to 2517835, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the Board of Directors shall be of the good faith opinion that such changes or corrections will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares,

15 **Legend; Call Rights; Withholding Rights**

- (1) The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend in form and on terms approved by the Board of Directors, with respect to the Support Agreement, the provisions of the Plan of Arrangement relating to the Liquidation Call Right and the Redemption Call Right.
- (2) Each holder of an Exchangeable Share, whether of record or beneficial, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, in each case, in favour of Callco, and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of 2517835 or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favour of Callco as therein provided.
- (3) 2517835, Callco, SIRI and the Transfer Agent shall be entitled to deduct and withhold from any dividend, distribution or consideration otherwise payable to any holder of Exchangeable Shares such amounts as 2517835, Callco, SIRI or the Transfer Agent is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or United States tax laws or any provision of provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, 2517835, Callco, SIRI and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to 2517835, Callco, SIRI or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and 2517835, Callco, SIRI or the Transfer Agent shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

16 Notices

- (1) Any notice, request or other communication to be given to 2517835 by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by telecopy or by delivery to the registered office of 2517835 and addressed to the attention of the Secretary of 2517835. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by 2517835,
- (2) Any presentation and surrender by a holder of Exchangeable Shares to 2517835 or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of 2517835 or the retraction or redemption of Exchangeable Shares shall be made by first class mail (postage prepaid) or by delivery to the registered office of 2517835 or to such office of the Transfer Agent as may be specified by 2517835, in each case, addressed to the attention of the Secretary of 2517835. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by 2517835 or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by first class mail (postage prepaid) shall be at the sole risk of the holder mailing the same,
- (3) Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of 2517835 shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by delivery to the address of the holder recorded in the register of shareholders of 2517835 or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the third business day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by 2517835 pursuant thereto.

- (4) In the event of any interruption of mail service immediately prior to a scheduled mailing or in the period following a mailing during which delivery normally would be expected to occur, 2517835 shall make reasonable efforts to disseminate any notice by other means, such as publication. Except as otherwise required or permitted by law, if post offices in Canada are not open for the deposit of mail, any notice which 2517835 or the Transfer Agent may give or cause to be given hereunder will be deemed to have been properly given and to have been received by holders of Exchangeable Shares if (i) it is given to a stock exchange for dissemination or (ii) it is published once in the national edition of The Globe and Mail and in the daily newspapers of general circulation in each of the French and English languages in the City of Montreal, provided that if the national edition of The Globe and Mail is not being generally circulated, publication thereof will be made in the National Post or any other daily newspaper of general circulation published in the City of Toronto.

Notwithstanding any other provisions of these share provisions, notices, other communications and deliveries need not be mailed if 2517835 determines that delivery thereof by mail may be delayed. Persons entitled to any deliveries (including certificates and cheques) which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent to which the deliveries were made, upon application to the Transfer Agent, until such time as 2517835 has determined that delivery by mail will no longer be delayed. 2517835 will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Section 16(4). Such deliveries in such circumstances will constitute delivery to the persons entitled thereto.

17 Disclosure of Interests in Exchangeable Shares

2517835 shall be entitled to require any holder of an Exchangeable Share or any person who 2517835 knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to confirm that fact or to give such details as to whom has an interest in such Exchangeable Share as would be required (if the Exchangeable Shares were a class of "equity shares" of 2517835) under Section 102.1 of the Securities Act or as would be required under the Articles of SRI or any laws or regulations, or pursuant to the rules or regulations of any regulatory Agency, if the Exchangeable Shares were SRI Shares.

**SCHEDULE A TO APPENDIX I
RETRACTION REQUEST**

[TO BE PRINTED ON EXCHANGEABLE SHARE CERTIFICATES]

To: 2517835 Ontario Inc. ("**2517835**"), 2517836 Ontario Ltd. ("**Calco**") and Sirius XM Holdings Inc. ("**SIRI**")

This notice is given pursuant to Section 6 of the provisions (the "**Share Provisions**") attaching to the Exchangeable Shares of 2517835 represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions,

The undersigned hereby notifies 2517835 that, subject to the Retraction Call Right referred to below, the undersigned desires to have 2517835 redeem in accordance with Section 6 of the Share Provisions:

- ☐ all share(s) represented by this certificate; or
- ☐ _____ share(s) only represented by this certificate.

The undersigned hereby notifies 2517835 that the Retraction Date shall be _____.

NOTE: The Retraction Date must be a business day and must not be less than 10 business days nor more than 15 business days after the date upon which this notice is received by 2517835. If no such business day is specified above, the Retraction Date shall be deemed to be the 15th business day after the date on which this notice is received by 2517835.

The undersigned acknowledges the overriding Retraction Call Right of Calco to purchase all but not less than all the Retracted Shares from the undersigned and that this notice is and shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to Calco in accordance with the Retraction Call Right on the Retraction Date for the Purchase Price and on the other terms and conditions set out in Section 6(3) of the Share Provisions. This Retraction Request, and this offer to sell the Retracted Shares to Calco, may be revoked and withdrawn by the undersigned only by notice in writing given to 2517835 at any time before the close of business on the business day immediately preceding the Retraction Date.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law, 2517835 is unable to redeem all Retracted Shares, and provided that Calco has not exercised the Retraction Call Right with respect to the Retracted Shares, the Retracted Shares will be automatically exchanged pursuant to the Support Agreement so as to require SIRI to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to Calco, SIRI and 2517835 that the undersigned:

☐ is

(select one)

☐ is not

a non-resident of Canada for purposes of the *Income Tax Act* (Canada). **The undersigned acknowledges that in the absence of an indication that the undersigned is not a non-resident of Canada, withholding on account of Canadian tax may be made from amounts payable to the undersigned on the redemption or purchase of the Retracted Shares.**

The undersigned hereby represents and warrants to Calco, SIRI and 2517835 that the undersigned is not a person within the United States of America, its territories or possessions or any state thereof, or the District of Columbia (collectively, the "**United States**") or a U.S. person (within the meaning of Regulation S under the United States *Securities Act* of 1933, as amended) and is not making this Retraction Request for the account or benefit of a person within the United States or such a U.S. person.

The undersigned hereby represents and warrants to Callco, SIRI and 2517835 that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by Callco, SIRI or 2517835, as the case may be, free and clear of all liens, claims and encumbrances.

(Date)

(Signature of Shareholder)

(Guarantee of Signature)

Please check box if the certificates for SIRI Shares and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder from the Transfer Agent, failing which such certificates and cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: This panel must be completed and this certificate, together with such additional documents and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent may require, must be deposited with the Transfer Agent. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of 2517835 and the certificates for SIRI Shares and any cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

Date:

Name of Person in Whose Name
Securities or Cheque(s) Are to be
Registered, Issued or Delivered
(please print):

Street Address or P.O. Box:

Signature of Shareholder:

City, Province and Postal Code:

Signature Guaranteed by:

NOTE: If this Retraction Request is for less than all of the shares represented by this certificate, a certificate representing the remaining share(s) of 2517835 represented by this certificate will be issued and registered in the name of the shareholder as it appears on the register of 2517835, unless the Share Transfer Power on the share certificate is duly completed in respect of such share(s).

APPENDIX II
TO THE PLAN OF ARRANGEMENT
SUPPORT AGREEMENT

MEMORANDUM OF AGREEMENT made as of the ● day of ●, 2016, between Sirius XM Holdings Inc. ("**SIRI**"), a corporation existing under the laws of Delaware, 2517835 Ontario Inc., a corporation incorporated under the laws of Ontario ("**2517835**"), and 2517836 Ontario Ltd., a corporation incorporated under the laws of Ontario ("**Callco**").

RECITALS:

- (A) in connection with an arrangement agreement (the "**Arrangement Agreement**") made as of May 12, 2016 between Sirius XM Radio Inc., 2517835, Sirius XM Canada Holdings Inc. ("**XSR**") and Sirius XM Canada Inc., the Exchangeable Shares are to be issued to certain holders of securities of XSR pursuant to the Plan of Arrangement contemplated by the Arrangement Agreement; and
- (B) pursuant to the Arrangement Agreement, SIRI, 2517835 and Callco are required to enter into this agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

Article 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

Each initially capitalized term used and not otherwise defined herein shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the "**Share Provisions**") attaching to the Exchangeable Shares as set out in the articles of 2517835 and the following terms shall have the following meanings:

"**Automatic Exchange Right**" means the benefit of the obligation of SIRI to effect the automatic exchange of Exchangeable Shares for SIRI Shares pursuant to Section 3.9.

"**Automatic Exchange Right Purchase Price**" has the meaning ascribed thereto in Section 3.9(c).

"**Beneficiaries**" means the registered holders from time to time of Exchangeable Shares, other than SIRI, its affiliates or 2517835.

"**Exchange Right**" has the meaning ascribed thereto in Section 3.1(a).

"**Exchange Right Purchase Price**" has the meaning ascribed thereto in Section 3.4.

"**including**" means "including without limitation" and "**includes**" means "includes without limitation".

"**Insolvency Event**" means (i) the institution by 2517835 of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of 2517835 to the institution of bankruptcy, insolvency or winding-up proceedings against it, or (ii) the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by 2517835 to contest in good faith any such proceedings commenced in respect of 2517835 within 30 days of becoming aware thereof, or the consent by 2517835 to the filing of any such petition or to the appointment of a receiver, or (iii) the making by 2517835 of a general assignment for the benefit of creditors, or the admission in writing by 2517835 of its inability to pay its debts generally as they become due, or (iv) 2517835 not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 10(2) of the Share Provisions.

"**Liquidation Event**" has the meaning ascribed thereto in Section 3.9(b).

"**Liquidation Event Effective Date**" has the meaning ascribed thereto in Section 3.9(c).

1.2 Interpretation Not Affected by Headings

The division of this agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this agreement. Unless otherwise specified, references to an "Article" or "Section" refer to the specified Article or Section of this agreement.

1.3 Number, Gender

Words importing the singular number only shall include the plural and vice versa. Words importing any gender shall include all genders.

1.4 Date for any Action

If any date on which any action is required to be taken under this agreement is not a business day, such action shall be required to be taken on the next succeeding business day. For the purposes of this agreement, a "**business day**" means a day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario or New York, New York.

Article 2

COVENANTS OF SIRI AND 2517835

2.1 Covenants Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by SIRI, its affiliates or 2517835 are outstanding, SIRI shall, whether directly or indirectly through its subsidiaries or otherwise:

- (a) not declare or pay any dividend or make any other distribution on the SIRI Shares unless (i) 2517835 shall (A) on the same day declare or pay, as the case may be, an equivalent dividend or other distribution (as provided for in the Share Provisions) on the Exchangeable Shares (an "**Equivalent Dividend**"), and (B) have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of any such Equivalent Dividend, or (ii) 2517835 shall, in the case of a dividend that is a stock dividend on the SIRI Shares (A) subdivide the Exchangeable Shares in lieu of a stock dividend thereon (as provided for in the Share Provisions) in a similar proportion to that in respect of the SIRI Shares (an "**Equivalent Stock Subdivision**"), and (B) have sufficient authorized but unissued securities available to enable the Equivalent Stock Subdivision;
- (b) advise 2517835 sufficiently in advance of the declaration by SIRI of any dividend or other distribution on the SIRI Shares and take all such other actions as are necessary or desirable, in co-operation with 2517835, to ensure that (i) the respective declaration date, record date and payment date for an Equivalent Dividend on the Exchangeable Shares shall be the same as the declaration date, record date and payment date for the corresponding dividend or other distribution on the SIRI Shares, or (ii) the record date and effective date for an Equivalent Stock Subdivision shall be the same as the record date and payment date for the corresponding stock dividend on the SIRI Shares;
- (c) ensure that the record date for any dividend or other distribution declared on the SIRI Shares is not less than 7 days after the declaration date of such dividend or other distribution;
- (d) take all such actions and do all such things as are necessary to enable and permit 2517835, in accordance with applicable law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Exchangeable Share (other than Exchangeable Shares owned by SIRI, its affiliates or 2517835) upon the liquidation, dissolution or winding-up of 2517835 or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by 2517835, as the case may be, including all such actions and all such

things as are necessary or desirable to enable and permit 2517835 to cause to be delivered SIRI Shares to the holders of Exchangeable Shares in accordance with the provisions of Sections 5, 6 or 7, as the case may be, of the Share Provisions;

- (e) take all such actions and do all such things as are necessary or desirable to enable and permit Callco, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, including all such actions and all such things as are necessary or desirable to enable and permit Callco to cause to be delivered SIRI Shares to the holders of Exchangeable Shares in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, as the case may be; and
- (f) except in connection with any event, circumstance or action which causes or could cause the occurrence of a Redemption Date, not exercise its vote or other right as either a shareholder or creditor to initiate the voluntary liquidation, dissolution or winding up of 2517835 or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding up of 2517835 or any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs.

2.2 Contribution and Segregation of Funds

SIRI shall contribute to 2517835 (as a capital contribution or as the subscription price for shares of 2517835) from time to time cash in an amount equal to cash dividends required to be paid by 2517835 on the Exchangeable Shares as the result of cash dividends being declared on the SIRI Shares, which funding shall occur in sufficient time to permit 2517835 to pay any such cash dividends in accordance with the terms and conditions of this Agreement. In addition, 2517835 shall deposit a sufficient amount of funds in a separate account of 2517835 and segregate a sufficient amount of such other assets and property as is necessary to enable 2517835 to pay dividends on the Exchangeable Shares when due and to pay or otherwise satisfy its respective obligations under Sections 5, 6 and 7 of the Share Provisions, as applicable.

2.3 Reservation of SIRI Shares

SIRI hereby represents, warrants and covenants in favour of 2517835 and Callco that SIRI has reserved for issuance and shall, at all times while any Exchangeable Shares (other than Exchangeable Shares held by SIRI, its affiliates or 2517835) are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of SIRI Shares (or other shares or securities into which SIRI Shares may be reclassified or changed as contemplated by Section 2.7): (a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit SIRI to meet its obligations under any security or commitment pursuant to which SIRI may now or hereafter be required to issue SIRI Shares, to enable and permit Callco or SIRI, as the case may be, to meet its obligations under each of the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right and to enable and permit 2517835 to meet its obligations hereunder and under the Share Provisions.

2.4 Notification of Certain Events

In order to assist SIRI to comply with its obligations hereunder and to permit Callco or SIRI to exercise, as the case may be, the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, 2517835 shall notify SIRI and Callco of each of the following events at the time set forth below:

- (a) in the event of any determination by the Board of Directors of 2517835 to institute voluntary liquidation, dissolution or winding-up proceedings with respect to 2517835 or to effect any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution;
- (b) promptly, upon the earlier of receipt by 2517835 of notice of and 2517835 otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the

involuntary liquidation, dissolution or winding-up of 2517835 or to effect any other distribution of the assets of 2517835 among its shareholders for the purpose of winding up its affairs;

- (c) immediately, upon receipt by 2517835 of a Retraction Request;
- (d) on the same date on which notice of redemption is given to holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Share Provisions; and
- (e) as soon as practicable upon the issuance by 2517835 of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issuance of Exchangeable Shares and rights to acquire Exchangeable Shares pursuant to the Arrangement).

2.5 Delivery of SIRI Shares to 2517835 and Callco

In furtherance of its obligations under Section 2.1(d) and Section 2.1(e), upon notice from 2517835 or Callco of any event that requires 2517835 or Callco to cause to be delivered SIRI Shares to any holder of Exchangeable Shares, SIRI shall forthwith allot, issue and deliver or cause to be delivered to the relevant holder of Exchangeable Shares as directed by 2517835 or Callco the requisite number of SIRI Shares to be allotted to, received by, and issued to or to the order of, the former holder of the surrendered Exchangeable Shares (but, for the avoidance of doubt, not to 2517835 or Callco). All such SIRI Shares shall be duly authorized and validly issued as fully paid and shall be free and clear of any lien, claim or encumbrance. In consideration of the issuance and delivery of each such SIRI Share, 2517835 or Callco, as the case may be, shall ascribe a cash amount or pay a purchase price to SIRI equal to the Current Market Price of such SIRI Shares.

2.6 Qualification of SIRI Shares

If any SIRI Shares (or other shares or securities into which SIRI Shares may be reclassified or changed as contemplated by Section 2.7) to be issued and delivered hereunder require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any United States or Canadian federal, state, provincial or territorial securities or other law or regulation or pursuant to the rules and regulations of any securities or other regulatory authority in the United States or Canada or the fulfillment of any other United States or Canadian legal requirement before such shares (or such other shares or securities) may be issued by SIRI and delivered by SIRI at the direction of Callco or 2517835, if applicable, to the holder of surrendered Exchangeable Shares or in order that such shares (or such other shares or securities) may be freely-tradable (other than any restrictions of general application on transfer by reason of a holder being a "control person" for purposes of Canadian federal, provincial or territorial securities Law or the equivalent thereof under any United States Laws), SIRI shall use its commercially reasonable efforts (which, for greater certainty, shall not require SIRI to consent to a term or condition of an approval or consent which SIRI reasonably determines could have a materially adverse effect on SIRI or its subsidiaries) to cause such SIRI Shares (or such other shares or securities) to be and remain duly registered, qualified or approved under United States and/or Canadian law. SIRI shall use its commercially reasonable efforts (which, for greater certainty, shall not require SIRI to consent to a term or condition of an approval or consent which SIRI reasonably determines could have a materially adverse effect on SIRI or its subsidiaries) to cause all SIRI Shares (or such other shares or securities) to be delivered hereunder to be listed, quoted or posted for trading on all stock exchanges and quotation systems on which outstanding SIRI Shares (or such other shares or securities) have been listed by SIRI and remain listed and are quoted or posted for trading at such time.

2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by SIRI, its affiliates or 2517835 are outstanding:

- (a) SIRI shall not without prior approval of 2517835 and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions:
 - (i) issue or distribute SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to the holders of all or substantially all of the then outstanding SIRI Shares by way of stock dividend or other distribution, other than an issue of SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) to holders of SIRI Shares (i) who exercise an option to receive

dividends in SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares) in lieu of receiving cash dividends, or (ii) pursuant to any dividend reinvestment plan or similar arrangement; or

- (ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding SIRI Shares entitling them to subscribe for or to purchase SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares); or
- (iii) issue or distribute to the holders of all or substantially all of the then outstanding SIRI Shares (A) shares or securities (including evidence of indebtedness) of SIRI of any class (other than SIRI Shares or securities convertible into or exchangeable for or carrying rights to acquire SIRI Shares), or (B) rights, options, warrants or other assets other than those referred to in Section 2.7(a)(ii);

unless in each case the economic equivalent on a per share basis of such rights, options, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least 7 days prior written notice thereof is given to the holders of Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by SIRI in order to give effect to and to consummate, is in furtherance of or is otherwise in connection with the transactions contemplated by, and in accordance with, the Plan of Arrangement.

- (b) SIRI shall not without the prior approval of 2517835 and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions:

- (i) subdivide, redivide or change the then outstanding SIRI Shares into a greater number of SIRI Shares; or
- (ii) reduce, combine, consolidate or change the then outstanding SIRI Shares into a lesser number of SIRI Shares; or
- (iii) reclassify or otherwise change SIRI Shares or effect an amalgamation, merger, arrangement, reorganization or other transaction affecting SIRI Shares;

unless the same or an economically equivalent change shall simultaneously be made to, or in the rights of the holders of, the Exchangeable Shares and at least seven days prior written notice is given to the holders of Exchangeable Shares.

- (c) SIRI shall ensure that the record date for any event referred to in Section 2.7(a) or Section 2.7(b), or (if no record date is applicable for such event) the effective date for any such event, is not less than five business days after the date on which such event is declared or announced by SIRI (with contemporaneous notification thereof by SIRI to 2517835).
- (d) The Board of Directors of 2517835 shall determine, acting in good faith and in its sole discretion, economic equivalence for the purposes of any event referred to in Section 2.7(a) or Section 2.7(b) and each such determination shall be conclusive and binding on SIRI. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors of 2517835 to be relevant, be considered by the Board of Directors of 2517835:
 - (i) in the case of any stock dividend or other distribution payable in SIRI Shares, the number of such shares issued in proportion to the number of SIRI Shares previously outstanding;
 - (ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase SIRI Shares (or securities exchangeable for or convertible into or carrying rights to acquire SIRI Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price of a SIRI Share;

- (iii) in the case of the issuance or distribution of any other form of property (including any shares or securities of SIRI of any class other than SIRI Shares, any rights, options or warrants other than those referred to in Section 2.7(d)(ii), any evidences of indebtedness of SIRI or any assets of SIRI), the relationship between the fair market value (as determined by the Board of Directors of 2517835 in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding SIRI Share and the Current Market Price of a SIRI Share; and
- (iv) in the case of any subdivision, redivision or change of the then outstanding SIRI Shares into a greater number of SIRI Shares or the reduction, combination, consolidation or change of the then outstanding SIRI Shares into a lesser number of SIRI Shares or any amalgamation, merger, arrangement, reorganization or other transaction affecting SIRI Shares, the effect thereof upon the then outstanding SIRI Shares.
- (e) 2517835 agrees that, to the extent required, upon due notice from SIRI, 2517835 shall use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by 2517835, or subdivisions, redivisions or changes are made to the Exchangeable Shares, in order to implement the required economic equivalence with respect to the SIRI Shares and Exchangeable Shares as provided for in this Section 2.7.

2.8 Tender Offers

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to SIRI Shares (an "**Offer**") is proposed by SIRI or is proposed to SIRI or its shareholders and is recommended by the Board of Directors of SIRI, or is otherwise effected or to be effected with the consent or approval of the Board of Directors of SIRI, and the Exchangeable Shares are not redeemed by 2517835 or purchased by Callco pursuant to the Redemption Call Right, SIRI shall expeditiously and in good faith take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares (other than SIRI, its affiliates and 2517835) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of SIRI Shares, without discrimination. Without limiting the generality of the foregoing, SIRI shall expeditiously and in good faith take all such actions and do all such things as are necessary or desirable to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against 2517835 (or, if so required, to ensure that any such retraction, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of 2517835 to redeem (or Callco to purchase pursuant to the Redemption Call Right) Exchangeable Shares, as applicable, in the event of a SIRI Control Transaction.

2.9 Ownership of Outstanding Shares

Without the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions, SIRI covenants and agrees that, as long as any outstanding Exchangeable Shares are owned by any person other than SIRI, its affiliates or 2517835, SIRI shall be and remain the direct or indirect beneficial owner of all issued and outstanding voting shares in the capital of Callco. Notwithstanding the foregoing, but subject to Article 4, SIRI shall not be in violation of this Section 2.9 if any person or group of persons acting jointly or in concert acquire all or substantially all of the assets of SIRI or the SIRI Shares pursuant to any merger of SIRI pursuant to which SIRI was not the surviving corporation.

2.10 SIRI and Affiliates Not to Vote Exchangeable Shares

SIRI covenants and agrees that it shall appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares held by it and its affiliates for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. SIRI further covenants and agrees that it shall not, and shall cause its affiliates not to, exercise any voting rights which may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Share Provisions or pursuant to the provisions of the OBCA (or any successor or other corporate statute by which 2517835 may in the future be governed) with respect to any Exchangeable Shares held by it or by its affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares.

2.11 Ordinary Market Purchases

For certainty, nothing contained in this agreement, including the obligations of SIRI contained in Section 2.8, shall limit the ability of SIRI (or any of its subsidiaries including, without limitation, Callco or 2517835) to make ordinary market purchases of SIRI Shares in accordance with applicable laws and regulatory or stock exchange requirements.

Article 3

EXCHANGE AND AUTOMATIC EXCHANGE

3.1 Grant of Exchange Right and Automatic Exchange Right

- (a) SIRI hereby grants to 2517835 as trustee for and on behalf of, and for the use and benefit of the Beneficiaries, the right (the “**Exchange Right**”), upon the occurrence and during the continuance of an Insolvency Event, to require SIRI to purchase from each or any Beneficiary all or any part of the Exchangeable Shares held by such Beneficiary and the Automatic Exchange Right, all in accordance with the provisions of this agreement. SIRI hereby acknowledges receipt from 2517835 as trustee for and on behalf of the Beneficiaries of good and valuable consideration (and the adequacy thereof) for the grant of the Exchange Right and the Automatic Exchange Right by SIRI to 2517835.
- (b) During the term of this agreement and subject to the terms and conditions of this agreement, 2517835 shall possess and be vested with full legal ownership of the Automatic Exchange Right and the Exchange Right and shall be entitled to exercise all of the rights and powers of an owner with respect to the Automatic Exchange Right and the Exchange Right, provided that 2517835 shall:
 - (i) hold the Automatic Exchange Right and the Exchange Right and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this agreement; and
 - (ii) except as specifically authorized by this agreement, have no power or authority to exercise or otherwise deal in or with the Automatic Exchange Right or the Exchange Right.
- (c) The obligations of SIRI to issue SIRI Shares pursuant to the Automatic Exchange Right or the Exchange Right are subject to all applicable laws and regulatory or stock exchange requirements.

3.2 Legended Share Certificates

2517835 shall cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Beneficiaries of:

- (a) their right to instruct 2517835 with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by a Beneficiary; and
- (b) the Automatic Exchange Right.

3.3 General Exercise of Exchange Right

The Exchange Right shall be and remain vested in and exercisable by 2517835. 2517835 shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 3 from Beneficiaries entitled to instruct 2517835 as to the exercise thereof. To the extent that no instructions are received from a Beneficiary with respect to the Exchange Right, 2517835 shall not exercise or permit the exercise of the Exchange Right.

3.4 Purchase Price

The purchase price payable by SIRI for each Exchangeable Share to be purchased by SIRI under the Exchange Right (the “**Exchange Right Purchase Price**”) shall be an amount per share equal to (i) the Current Market Price of

an SIRI Share on the day before the exchange, which shall be satisfied in full by SIRI issuing to the Beneficiary one SIRI Share, plus (ii) an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of the exchange.

3.5 Exercise Instructions

Subject to the terms and conditions set forth herein, a Beneficiary shall be entitled upon the occurrence and during the continuance of an Insolvency Event, to instruct 2517835 to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Beneficiary on the books of 2517835. To cause the exercise of the Exchange Right by 2517835, the Beneficiary shall deliver to 2517835, in person or by certified or registered mail, at its principal office in Toronto or at such other place as 2517835 may from time to time designate by written notice to the Beneficiaries, the certificates representing the Exchangeable Shares which such Beneficiary desires SIRI to purchase, duly endorsed in blank for transfer, and accompanied by such other documents and instruments as 2517835 and SIRI may reasonably require together with (a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating (i) that the Beneficiary thereby instructs 2517835 to exercise the Exchange Right so as to require SIRI to purchase from the Beneficiary the number of Exchangeable Shares specified therein, (ii) that such Beneficiary has good title to and owns all such Exchangeable Shares to be acquired by SIRI free and clear of all liens, claims, security interests and encumbrances, (iii) the names in which the certificates (or the electronic equivalent thereof) representing SIRI Shares issuable in connection with the exercise of the Exchange Right are to be issued, and (iv) the names and addresses of the persons to whom such new certificates (or the electronic equivalent thereof) should be delivered, and (b) payment (or evidence satisfactory to 2517835 and SIRI of payment) of the taxes (if any) payable as contemplated by Section 3.7 of this agreement. If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to 2517835 are to be purchased by SIRI under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of 2517835.

3.6 Delivery of SIRI Shares; Effect of Exercise

Promptly after the receipt by 2517835 of the certificates representing the Exchangeable Shares which the Beneficiary desires SIRI to purchase under the Exchange Right, together with such documents and instruments of transfer and a duly completed form of notice of exercise of the Exchange Right (and payment of taxes, if any payable as contemplated by Section 3.7 or evidence thereof), duly endorsed for transfer to SIRI, 2517835 shall notify SIRI of its receipt of the same, which notice to SIRI shall constitute exercise of the Exchange Right by 2517835 on behalf of the Beneficiary in respect of such Exchangeable Shares, and SIRI shall promptly thereafter deliver or cause to be delivered to 2517835, for delivery to the Beneficiary in respect of such Exchangeable Shares (or to such other persons, if any, properly designated by such Beneficiary) the Exchange Right Purchase Price deliverable in connection with the exercise of the Exchange Right; provided, however, that no such delivery shall be made unless and until the Beneficiary requesting the same shall have paid (or provided evidence satisfactory to 2517835 and SIRI of the payment of) the taxes (if any) payable as contemplated by Section 3.7 of this agreement. Immediately upon the giving of notice by 2517835 to SIRI of the exercise of the Exchange Right, as provided in this Section 3.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Beneficiary of such Exchangeable Shares shall be deemed to have transferred to SIRI all of such Beneficiary's right, title and interest in and to such Exchangeable Shares and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive the Exchange Right Purchase Price unless such Exchange Right Purchase Price is not delivered by SIRI to 2517835 for delivery to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary) within three business days of the date of the giving of such notice by 2517835, in which case the rights of the Beneficiary shall remain unaffected until such Exchange Right Purchase Price is delivered by SIRI and any cheque included therein is paid. Upon delivery of such Exchange Right Purchase Price to 2517835, 2517835 shall promptly deliver such Exchange Right Purchase Price to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary). Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall be considered and deemed for all purposes to be the holder of the SIRI Shares delivered to it pursuant to the Exchange Right.

3.7 Stamp or Other Transfer Taxes

Upon any sale of Exchangeable Shares to SIRI pursuant to the Exchange Right or the Automatic Exchange Right, the share certificate or certificates representing SIRI Shares to be delivered in connection with the payment of the Exchange Right Purchase Price or the Automatic Exchange Right Purchase Price (as applicable) therefor shall be issued in the name of the Beneficiary in respect of the Exchangeable Shares so sold or in such names as such

Beneficiary may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold; provided, however, that such Beneficiary (a) shall pay (and neither SIRI nor 2517835 shall be required to pay) any documentary, stamp, transfer of other taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Beneficiary or (b) shall have evidenced to the satisfaction of SIRI that such taxes, if any, have been paid.

3.8 Notice of Insolvency Event

As soon as practicable following the occurrence of an Insolvency Event or any event that with the giving of notice or the passage of time or both would be an Insolvency Event, 2517835 shall provide notice of such Insolvency Event to SIRI and mail to each Beneficiary a notice of such Insolvency Event in the form provided by SIRI, which notice shall contain a brief statement of the rights of the Beneficiaries with respect to the Exchange Right together with any necessary documentation that would need to be completed in order to exercise such Exchange Right.

3.9 Automatic Exchange or Liquidation of SIRI

- (a) SIRI shall give 2517835 written notice of each of the following events at the time set forth below:
 - (i) in the event of any determination by the board of directors of SIRI to institute voluntary liquidation, dissolution or winding-up proceedings with respect to SIRI or to effect any other distribution of assets of SIRI among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and
 - (ii) as soon as practicable following the earlier of (A) receipt by SIRI of notice of, and (B) SIRI otherwise becoming aware of any instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of SIRI or to effect any other distribution of assets of SIRI among its shareholders for the purpose of winding up its affairs, in each case where SIRI has failed to contest in good faith any such proceeding commenced in respect of SIRI within 30 days of becoming aware thereof.
- (b) As soon as practicable following receipt by 2517835 from SIRI of notice of any event (a "**Liquidation Event**") contemplated by Section 3.9(a), 2517835 shall give notice thereof to the Beneficiaries. Such notice shall be provided to 2517835 by SIRI and shall include a brief description of the automatic exchange of Exchangeable Shares for SIRI Shares provided for in Section 3.9(c).
- (c) In order that the Beneficiaries will be able to participate on a pro rata basis with the holders of SIRI Shares in the distribution of assets of SIRI in connection with a Liquidation Event, immediately prior to the effective date (the "**Liquidation Event Effective Date**") of a Liquidation Event, all of the then outstanding Exchangeable Shares shall be automatically exchanged for SIRI Shares. To effect such automatic exchange, SIRI shall purchase each Exchangeable Share outstanding immediately prior to the Liquidation Event Effective Date and held by Beneficiaries, and each Beneficiary shall sell the Exchangeable Shares held by it at such time, free and clear of any lien, claim or encumbrance, for a purchase price per share (the "**Automatic Exchange Right Purchase Price**") equal to (i) the Current Market Price of a SIRI Share on the day prior to the Liquidation Event Effective Date, which shall be satisfied in full by SIRI issuing to the Beneficiary one SIRI Share, plus (ii) an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of the exchange. Upon payment by SIRI of such Automatic Exchange Right Purchase Price, the relevant Beneficiary shall cease to have any right to be paid by 2517835 any amount in respect of declared and unpaid dividends on each Exchangeable Share.
- (d) The closing of the transaction of purchase and sale contemplated by the automatic exchange of Exchangeable Shares for SIRI Shares shall be deemed to have occurred immediately prior to the Liquidation Event Effective Date, and each Beneficiary shall be deemed to have transferred to SIRI all of the Beneficiary's right, title and interest in and to such Beneficiary's Exchangeable Shares free and clear of any lien, claim or encumbrance and each such Beneficiary shall cease to be a holder of such Exchangeable Shares and SIRI shall issue to the Beneficiary the SIRI Shares issuable upon the automatic exchange of Exchangeable Shares for SIRI Shares and on the

applicable payment date shall deliver to 2517835 for delivery to the Beneficiary a cheque for the balance, if any, of the Automatic Exchange Right Purchase Price for such Exchangeable Shares, without interest, in each case less any amounts withheld pursuant to Section 3.10. Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall become the holder of the SIRI Shares issued pursuant to the automatic exchange of such Beneficiary's Exchangeable Shares for SIRI Shares and the certificates held by the Beneficiary previously representing the Exchangeable Shares exchanged by the Beneficiary with SIRI pursuant to such automatic exchange shall thereafter be deemed to represent SIRI Shares issued to the Beneficiary by SIRI pursuant to such automatic exchange. Upon the request of a Beneficiary and the surrender by the Beneficiary of Exchangeable Share certificates deemed to represent SIRI Shares, duly endorsed in blank and accompanied by such instruments of transfer as SIRI may reasonably require, SIRI shall deliver or cause to be delivered to the Beneficiary certificates (or the electronic equivalent thereof) representing the SIRI Shares of which the Beneficiary is the holder.

3.10 Withholding Rights

SIRI and 2517835 shall be entitled to deduct and withhold from any dividend, distribution, price or other consideration otherwise payable under this agreement to any holder of Exchangeable Shares or SIRI Shares such amounts as SIRI or 2517835 is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or United States tax Laws or any provision of provincial, state, local or foreign tax Law, in each case as amended or succeeded. 2517835 may act and rely on the advice of counsel with respect to such matters. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, SIRI and 2517835 are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to SIRI or 2517835, as the case may be, to enable it to comply with such deduction or withholding requirement and SIRI or 2517835 shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

Article 4

SIRI SUCCESSORS

4.1 Certain Requirements in Respect of Combination, etc.

So long as any Exchangeable Shares not owned by SIRI, its affiliates or 2517835 are outstanding, SIRI shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, arrangement, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, provided that it may do so if:

- (a) such other person or continuing corporation (the "**SIRI Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are necessary or advisable to evidence the assumption by the SIRI Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such SIRI Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of SIRI under this agreement; and
- (b) such transaction shall be upon such terms and conditions as to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Exchangeable Shares.

4.2 Vesting of Powers in Successor

Whenever the conditions of Section 4.1 have been duly observed and performed, the parties, if required by Section 4.1, shall execute and deliver the supplemental agreement provided for in Section 4.1(a) and thereupon the SIRI Successor and such other person that may then be the issuer of the SIRI Shares shall possess and from time to time may exercise each and every right and power of SIRI under this agreement in the name of SIRI or otherwise and any

act or proceeding by any provision of this agreement required to be done or performed by the Board of Directors of SIRI or any officers of SIRI may be done and performed with like force and effect by the directors or officers of such SIRI Successor.

4.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing (i) the amalgamation or merger of any wholly-owned direct or indirect subsidiary of SIRI with or into SIRI, (ii) the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of SIRI, provided that all of the assets of such subsidiary are transferred to SIRI or another wholly-owned direct or indirect subsidiary of SIRI, or (iii) any other distribution of the assets of any wholly-owned direct or indirect subsidiary of SIRI among the shareholders of such subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 4.

4.4 Successorship Transaction

Notwithstanding the foregoing provisions of Article 4, in the event of a SIRI Control Transaction:

- (a) in which SIRI merges or amalgamates with, or in which all or substantially all of the then outstanding SIRI Shares are acquired by, one or more other corporations to which SIRI is, immediately before such merger, amalgamation or acquisition, "related" within the meaning of the Tax Act (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof);
- (b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of that definition; and
- (c) in which all or substantially all of the then outstanding SIRI Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") or another corporation (the "**Other Corporation**") that, immediately after such SIRI Control Transaction, owns or controls, directly or indirectly, SIRI;

then all references herein to "SIRI" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "SIRI Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 5 of the Plan of Arrangement immediately subsequent to the SIRI Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 5 of the Plan of Arrangement had occurred immediately prior to the SIRI Control Transaction and the SIRI Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

Article 5 GENERAL

5.1 Term

This agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any person other than SIRI, its affiliates and 2517835.

5.2 Changes in Capital of SIRI and 2517835

At all times after the occurrence of any event contemplated pursuant to Section 2.7 and Section 2.8 or otherwise, as a result of which either SIRI Shares or the Exchangeable Shares or both are in any way changed, this agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which SIRI Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

5.3 Severability

If any term or other provision of this agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

5.4 Amendments, Modifications

- (a) Subject to Section 5.2, Section 5.3 and Section 5.5 this agreement may not be amended or modified except by an agreement in writing executed by 2517835, Callco and SIRI and approved by the holders of the Exchangeable Shares in accordance with Section 12(2) of the Share Provisions.
- (b) No amendment or modification or waiver of any of the provisions of this agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

5.5 Ministerial Amendments

Notwithstanding the provisions of Section 5.4, the parties to this agreement may in writing at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this agreement for the purposes of:

- (a) adding to the covenants of any or all parties provided that the Board of Directors of each of 2517835, Callco and SIRI shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares;
- (b) making such amendments or modifications not inconsistent with this agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors of each of 2517835, Callco and SIRI, it may be expedient to make, provided that each such Board of Directors shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares; or
- (c) making such changes or corrections which, on the advice of counsel to 2517835, Callco and SIRI, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Boards of Directors of each of 2517835, Callco and SIRI shall be of the good faith opinion that such changes or corrections will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares.

5.6 Meeting to Consider Amendments

2517835, at the request of SIRI, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 5.4. Any such meeting or meetings shall be called and held in accordance with the bylaws of 2517835, the Share Provisions and all applicable laws.

5.7 Enurement

This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns including, in respect of any amalgamation undertaken under applicable corporate law.

5.8 Notices to Parties

Any notice and other communications required or permitted to be given pursuant to this agreement shall be sufficiently given if delivered in person or if sent by facsimile transmission (provided such transmission is recorded as being transmitted successfully) to the parties at the following addresses:

- (i) In the case of SIRI or Callco to the following address:

Sirius XM Holdings Inc.
1221 Avenue of the Americas
36th Floor
New York, New York
10020

Attention: David Frear
Telephone: (212) 584-5191
Facsimile: (212) 584-5353

- (ii) In the case of 2517835 to the following address:

Sirius XM Canada Holdings Inc.
400-135 Liberty Street
Toronto, Ontario
M6K 1A7

Attention: Mark Redmond
Telephone: (416) 408-6041
Facsimile: (416) 408-6005

or at such other address as the party to which such notice or other communication is to be given has last notified the party given the same in the manner provided in this section, and if not given the same shall be deemed to have been received on the date of such delivery or sending.

5.9 Counterparts

This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

5.10 Jurisdiction

This agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or related hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the date first above written.

SIRIUS XM HOLDINGS INC.

Per: _____
Name:
Title:

2517836 ONTARIO LTD.

Per: _____
Name:
Title:

2517835 ONTARIO INC.

Per: _____
Name:
Title:

APPENDIX “C” – FAIRNESS OPINIONS AND FORMAL VALUATION

APPENDIX “C-1” – EY FAIRNESS OPINION

See attached.



May 12, 2016

PRIVATE & CONFIDENTIAL

The Special Committee of the Board of Directors of Sirius XM Canada Holdings Inc.
Sirius XM Canada Holdings Inc.
400 – 135 Liberty Street
Toronto, Ontario M6K 1A7

Dear Sirs/Mesdames:

Re: Sirius XM Canada Holdings Inc. Plan of Arrangement

Introduction

Ernst & Young LLP (“EY”) understands that Sirius XM Canada Holdings Inc. (“SXM” or the “Company”) is considering entering into a plan of arrangement (the “Arrangement”) pursuant to which Newco, a new company to be jointly owned by Slaight Communications Inc. (“Slaight”), Obelysk Media Inc. (“Obelysk” and together with Slaight, the “Continuing Canadian Shareholders”) and Sirius XM Holdings Inc. (“SXM-US”) would purchase all the issued and outstanding Class A Subordinate Voting Shares and Class B Voting Shares¹, other than certain shares, held by them, for \$4.50 for each Class A Subordinate Voting Share and \$1.50 for each Class B Share (collectively, the “Consideration”).

The Consideration is to be satisfied, at the election of each holder, in cash, common shares of SXM-US or shares of the purchaser (the “Exchangeable Shares”) exchangeable on a one-for-one basis into common shares of SXM-US, subject to a maximum of 50% of the aggregate Consideration being payable in either shares of SXM-US or Exchangeable Shares.

EY further understands that the transaction contemplates SXM’s dividend payments of \$0.105 per share each quarter being suspended for up to a maximum of two quarterly dividends, following which if the Arrangement has not been completed, regular quarterly dividends would be reinstated.

As a result of the proposed Arrangement, EY was retained by the Special Committee of the Board of Directors of SXM to provide a fairness opinion.

¹ Each Class B share is convertible into a Class A share at a 3:1 ratio (with the consideration for three Class B shares being equivalent to the consideration for one Class A share).

In accordance with Multilateral Instrument 61-101 (“MI 61-101”), subsection 6.3(2), a formal valuation of the non-cash consideration comprised of the common shares of SXM-US has not been obtained by SXM on the basis that a liquid market, as defined in MI 61-101, section 1.2, exists for the common shares of SXM-US. EY is of the opinion that the common shares of SXM-US meet the requirements for an exemption from a formal valuation as outlined in subsection 6.3(2) of MI 61-101.

In addition, EY understands that SXM will seek exemptive relief from the applicable Canadian securities regulators from the requirement to obtain a formal valuation of the Exchangeable Shares on the basis that such shares are exchangeable on a one-for-one basis for common shares of SXM-US, for which the exemption from the valuation requirement described above applies. EY further understands that if such exemptive relief is not obtained, SXM may obtain a formal valuation for the Exchangeable Shares in accordance with the requirements of MI 61-101.

This fairness opinion has been prepared to provide information for consideration by the Special Committee of SXM, the Board of Directors of SXM, and the SXM shareholders other than SXM-US and the Continuing Canadian Shareholders (the “minority shareholders”) with respect to the Arrangement, but does not constitute a recommendation to any party as to any course of action they might take. Despite any conclusions reached herein, the circumstances of individual shareholders will necessarily determine what course of action they will take in responding to the Arrangement.

This fairness opinion assesses fairness on the basis of the cash offer prices noted above and should not be considered a recommendation by EY or SXM as to which option (cash or share consideration) to select.

All dollar amounts are in Canadian funds, unless otherwise noted.

Independence of EY

EY has developed this fairness opinion on the basis of an independent review and analysis of SXM. The analysis herein and the valuation conclusions reached are those of the valuation professionals within EY.

EY is independent of all “interested parties” to the proposed Arrangement, in accordance with the requirements of MI 61-101 and EY’s professional standards:

- Over the past five years EY has provided only limited non-audit services to certain interested parties, specifically, SXM-US’s parent company, Liberty Media Corporation.
- EY has no financial interest in SXM, SXM-US or their affiliates or in the outcome of the proposed Arrangement.
- EY has not conducted a prior valuation of SXM.
- There are no understandings or agreements between EY and SXM or its associates or affiliates, with respect to future business dealings.

- EY's fees are not contingent on the completion of the proposed Arrangement or on the conclusions expressed herein.

Scope of Review

In developing this fairness opinion, EY has had discussions with the management of SXM, and representative of SXM's major shareholders, conducted the procedures noted below, and relied on information obtained from these general procedures, among others:

- Reviewed the terms of the proposed Arrangement that will result in Newco acquiring the shares of SXM other than shares owned by SXM-US and certain shares owned by the Continuing Canadian Shareholders.
- Reviewed the operating structure of SXM on the basis of information provided by SXM and available from public sources.
- Reviewed historical annual financial statements of SXM for the years ended August 31, 2012 through 2015 and the unaudited interim financial results for the eight months ended April 30, 2016, to obtain an understanding of the cost, revenue, investment and financing structure, and the results of operations in terms of revenues, profits, and cash flows.
- Reviewed the operating projections for SXM to obtain an understanding of future prospects, initiatives, risks and opportunities.
- Reviewed various background materials concerning SXM's business, as well as press releases, industry data and information considered relevant to formulating a view of the fair market value of SXM.
- Reviewed historical trading data, including trading volume, number of transactions, and share prices for SXM-US.
- Reviewed a range of economic, investment, stock market trading, and acquisition transaction data in the process of developing factors and rates of return relevant to estimating the fair market value of SXM.
- Applied a discounted cash flow approach to the valuation of SXM as at April 30, 2016, and assessed the reasonableness of the valuation multiples implied by the discounted cash flow valuation by comparing these to the valuation multiples of companies in SXM's industry (estimated from public company trading data and precedent transaction data).
- Evaluated the Consideration offered under the proposed Arrangement on the basis of fairness from a financial point of view to the minority shareholders of SXM .

Assumptions and Limitations

EY has relied upon the completeness, accuracy and fair presentation of all of the financial and other information obtained by it from public sources and from SXM for purposes of developing this fairness opinion. This fairness opinion is conditional upon the completeness and accuracy of such information. Subject to the exercise of professional judgments and except as expressly described herein, we have not attempted to verify the completeness, accuracy or fair presentation of any of the information relied upon in developing this assessment of financial fairness. The attached Schedule of Limiting Conditions includes additional assumptions concerning the information reviewed.

Based on representations from SXM management, EY has assumed that there are no material changes in the financial position or operating results for SXM from the date of the most recently available financial statements, April 30, 2016, to May 12, 2016.

Management of SXM has represented to us that the information provided by SXM is true and correct in all material respects as of April 30, 2016 and from that date to the date of May 12, 2016 there have been no changes in facts material to the fairness conclusions.

This fairness opinion has been prepared for the specific purpose identified above and is not to be used in any other context without the express written consent of EY. This fairness opinion is developed as of a specific date on the basis of identifiable information and EY has not undertaken to update it to any other date. Should information relevant to the fairness conclusions become available to EY subsequent to the date of this fairness opinion, EY reserves the right, but will be under no obligation, to revise this fairness opinion.

In completing this fairness opinion EY has made numerous assumptions with respect to economic, industry, and company performance and expectations that are matters over which EY has no control.

Going concern business value and associated evaluations of transaction fairness are inherently and inescapably a matter of implicit or explicit perceptions of the potential future economic performance of the business under consideration and the environment in which that performance will take place. Recognizing that those perceptions are developed under conditions where neither contractual nor other bases exist to ensure that actual operating results will conform to the assumptions employed for valuation purposes, this analysis necessarily works with contingent and uncertain information and there is a corresponding degree of uncertainty in the resultant estimates of value.

In some measure this uncertainty is recognized in the process of specifying the valuation results as a range of amounts. However, such range specification also acknowledges that in any market for a total business enterprise it is necessary to assume multiple bidders each of which will bring different perceptions of the potential for the business as an investment opportunity to bear on the acquisition bidding process. It must accordingly be recognized that EY does not warrant that the projections and estimates employed in developing this fairness opinion represent commitments as to what the future performance of the businesses will be.

The fairness opinion is considered to be a reasonable evaluation on the basis of the information and assumptions upon which it is predicated and as of the time when it was developed. However, should significant deviations from these assumptions emerge in the future, the evaluation may cease to be representative.

EY believes that an evaluation of the fairness of the proposed transaction from a financial point of view must be considered as a whole and that selecting portions of the analysis without considering the other factors and analyses may create a misleading view of the evaluation process.

Approach to the Evaluation of Fairness

In reviewing the consideration offered under the proposed Arrangement in terms of fairness from a financial point of view to the minority shareholders of SXM, EY's considerations included the offer prices for SXM's respective share classes relative to our analysis of values, as well as other general financial information.

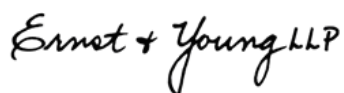
In assessing the fairness from a financial point of view of the Proposed Arrangement, we note that:

- The cash consideration of \$4.50 per Class A common share to be received under the proposed Arrangement is within our valuation range of \$3.96 to \$4.83 based on financial performance to April 30, 2016. Our review and discussions with management indicate that the financial performance has not changed materially from April 30, 2016 to May 12, 2016.
- The cash consideration of \$1.50 per Class B common share is an equivalent offer, in light of exchange ratio of 3 Class B common shares for 1 Class A common share.
- The cash consideration of \$4.50 per Class A common share to be received under the proposed Arrangement represents a 22.3% premium to the \$3.68 closing trading price on February 11, 2016 for SXM's Class A common shares. This earlier price is being referenced as it is prior to the media "leak" on February 12, 2016.

Fairness Conclusion

On the basis of our review and subject to the assumptions and limitations noted herein, it is our opinion as of the date hereof that the Consideration offered under the proposed Arrangement is fair, from a financial point of view, to the minority shareholders of SXM.

Sincerely,

A handwritten signature in black ink that reads 'Ernst & Young LLP' in a cursive, script font.

Ernst & Young LLP

SCHEDULE OF LIMITING CONDITIONS

1. Ernst & Young LLP ("EY") has prepared this fairness opinion solely for the purpose stated, and it should not be used for any other purpose. In carrying out our work, we have worked solely on the instructions of our client and this fairness opinion has been prepared solely for the use of Sirius XM Holdings Inc., its Board of Directors, and the Special Committee of the Board of Directors. Our fairness opinion may not have considered issues relevant to third parties and EY shall have no responsibility whatsoever to any third party which obtains a copy of this fairness opinion. Any use such a third party may choose to make of this fairness opinion is entirely at its own risk.
2. EY, by reason of its services hereunder, is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to the subject assets, properties, or business interest or to update any report, recommendation, analysis, conclusion or other document relating to its services for any events or circumstances except as stipulated in the engagement letter under which this report was prepared.
3. Provision of valuation conclusions and/or recommendations and considerations of the issues described herein are areas of valuation practice for which we believe that we have knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by EY or another Ernst & Young member firm.
4. No investigation of the title to the subject company and subject assets has been made, and the ownership claims to the subject company and subject assets are assumed to be valid. To the extent that EY's services include assets, properties or business interests, EY shall assume no responsibility for matters of legal description or title, and EY shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable government regulations and laws (including, without limitation, zoning regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any government, private entity or organization have been or can be obtained or renewed for any use on which EY services are to be based.
5. The value conclusions and/or recommendations contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this report. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser of the subject assets at the values stated herein.
6. No responsibility is assumed for information furnished by others (including management), and such information is believed to be reliable.

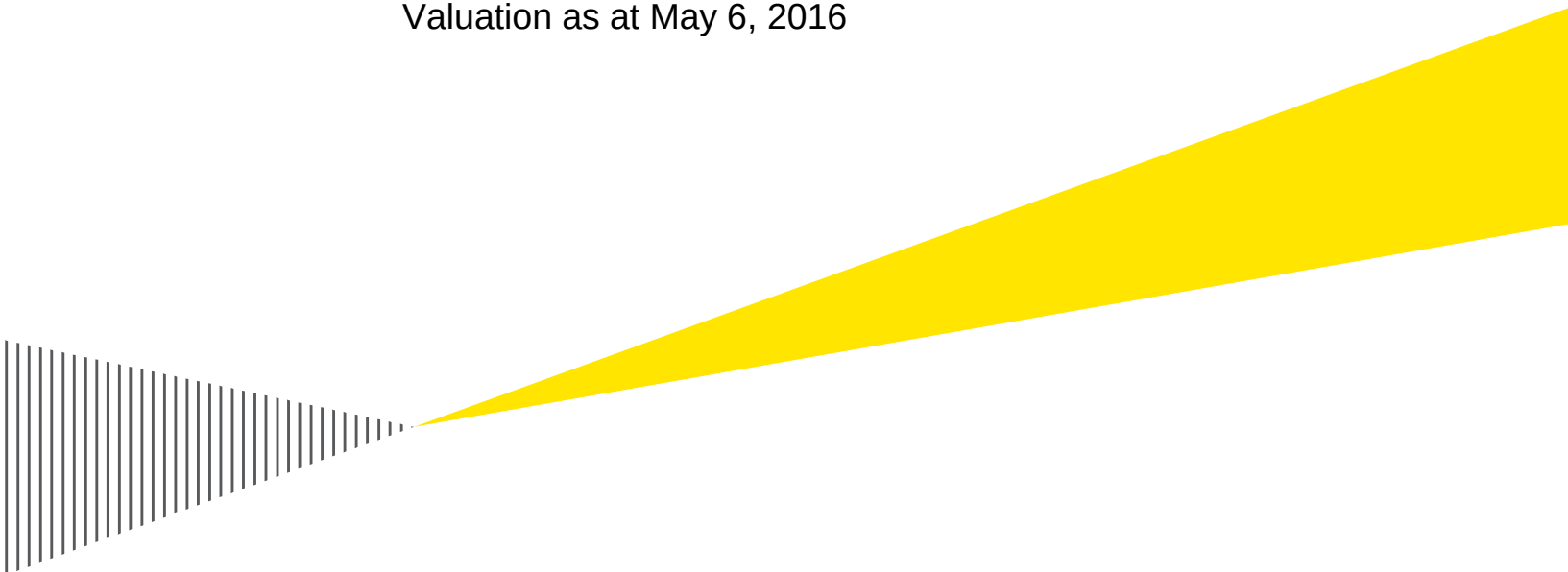
7. In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form (e.g., computer diskettes), related to the structure, operation, and financial performance of the subject company and subject assets. We have relied upon this information in our analyses and in the preparation of this report and have not independently verified its accuracy or completeness.
8. Certain historical financial data used in our engagement were derived from unaudited financial statements and are the responsibility of management. These financial statements may not have included disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
9. The estimates of cash flow data underlying the analysis herein is solely for use in the valuation analysis. We have not performed an examination or compilation of the underlying cash flow data in accordance with standards prescribed by the Canadian Institute of Chartered Accountants, and, accordingly, do not express an opinion or offer any form of assurance on the underlying cash flow data. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
10. Our fairness opinion assumes full compliance with all applicable federal, provincial, local, and other zoning, usage, environmental and similar laws and regulations, unless otherwise stated.
11. We assume no responsibility for any financial and tax reporting decisions, which are appropriately those of management. It is our understanding that management accepts the responsibility for any financial statement and tax reporting issues with respect to the subject assets.
12. We reserve the right (but will not be obligated) to revise this report in light of any relevant information (that we consider material to this fairness opinion) that comes to our attention after the date of issuance.

APPENDIX “C-2” – FORMAL VALUATION

See attached.

Sirius XM Canada Holdings Inc.

Valuation as at May 6, 2016



EY



SIRIUS XM CANADA HOLDINGS INC.

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REPORT OVERVIEW AND SUMMARY CONCLUSION

Introduction

Ernst & Young LLP (“EY”) understands that Sirius XM Canada Holdings Inc. (“SXM” or the “Company”) is considering entering into a plan of arrangement (the “Arrangement”) pursuant to which Newco, a new company to be jointly owned by Slaight Communications Inc. (“Slaight”), Obelysk Media Inc. (“Obelysk” and together with Slaight, the “Continuing Canadian Shareholders”) and Sirius XM Holdings Inc. (“SXM-US”) would purchase all the issued and outstanding Class A Subordinate Voting Shares and Class B Voting Shares¹, other than certain shares, held by them, for \$4.50 for each Class A Subordinate Voting Share and \$1.50 for each Class B Share (collectively, the “Consideration”).

The Consideration is to be satisfied, at the election of each holder, in cash, common shares of SXM-US, or shares of the purchaser (the “Exchangeable Shares”) exchangeable on a one-for-one basis into common shares of SXM-US, subject to a maximum of 50% of the aggregate Consideration being payable in either shares of SXM-US or Exchangeable Shares.

EY further understands that the transaction contemplates SXM’s dividend payments of \$0.105 per share each quarter being suspended for up to a maximum of two quarterly dividends, following which if the Arrangement has not been completed, regular quarterly dividends would be reinstated.

As a result of the proposed Arrangement, EY was retained by the Special Committee of the Board of Directors of SXM to provide this formal valuation, which has been prepared as at a May 6, 2016 valuation date (the “Valuation Date”).

This valuation report has been prepared for the purpose set out above on a basis consistent with the requirements of Multilateral Instrument 61-101 (“MI 61-101”). It has been prepared to provide information for consideration by the Special Committee with respect to the proposed Arrangement, but does not constitute a recommendation to any party as to any course of action they might take. Despite any conclusions reached herein, the circumstances of individual shareholders will necessarily determine what course of action they will take in responding to the proposed Arrangement.

¹ Each Class B share is convertible into a Class A share at a 3:1 ratio (with the consideration for three Class B shares being equivalent to the consideration for one Class A share).

Fair Market Value

The analysis and estimate of value set out herein have been developed with reference to the concepts of **fair market value**, defined under MI 61-101 as:

“The monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm’s length with the other and under no compulsion to act.”²

Independence of EY

EY has developed this valuation on the basis of an independent review and analysis of SXM. The analysis herein and the valuation conclusions reached are those of the valuation professionals within EY.

EY is independent of all “interested parties” to the proposed Arrangement, as defined in MI 61-101 and in accordance with EY’s professional standards:

- EY has provided only limited non-audit services to certain interested parties, specifically, SXM-US’s parent company, Liberty Media Corporation.
- EY has no financial interest in SXM, SXM-US or their affiliates or in the outcome of the proposed Arrangement.
- EY has not conducted a prior valuation of SXM.
- There are no understandings or agreements between EY and SXM or its associates or affiliates, with respect to future business dealings.
- EY’s fees are not contingent on the completion of the proposed Arrangement or on the conclusions expressed herein.

Scope of review

In connection with the valuation, EY has had discussions with the management of SXM and their legal counsel, conducted the procedures noted below, and relied on information obtained from these general procedures, among others:

- Reviewed the operating structure of SXM on the basis of information provided by SXM and information available from public sources.
- Discussions with SXM’s major shareholders to better understand the operations of SXM and the nature of the proposed Arrangement.

² Consistent with MI 61-101, Section 6.4(2)(d), we have not made any downward adjustments to reflect the liquidity of the securities, the effect of the transaction on the securities or the fact that the securities do not form part of a controlling interest.

- Reviewed historical annual financial statements of SXM for the years ending August 31, 2012 through 2015 and the unaudited interim financial statements for the eight months ended April 30, 2016, to obtain an understanding of the cost, revenue, investment and financing structure, and the results of operations in terms of revenues, profits, and cash flows.
- Reviewed the operating projections for SXM to obtain an understanding of future prospects, initiatives, risks and opportunities.
- Reviewed various background materials concerning SXM's business, as well as press releases, industry data and information considered relevant to formulating a view of the fair market value of SXM.
- Reviewed a range of economic, investment, stock market trading, and acquisition transaction data in the process of developing factors and rates of return relevant to estimating the fair market value of SXM.
- Applied a discounted cash flow approach to the valuation of SXM.
- Assessed the reasonableness of the valuation multiples implied by the discounted cash flow valuation by comparing these to the valuation multiples of companies in SXM's industry (estimated from public company trading data and precedent transaction data).
- Based on these analyses, formed a conclusion as to the fair market value range for SXM as at the Valuation Date.

Assumptions and limitations

EY has relied upon the completeness, accuracy and fair presentation of all of the financial and other information obtained from public sources, and from SXM for purposes of developing the valuation set out herein. This valuation is conditional upon the completeness and accuracy of such information. Subject to the exercise of professional valuation judgement and except as expressly described herein, we have not attempted to verify for valuation purposes the completeness, accuracy or fair presentation of any of the information relied upon in developing this valuation. The attached Schedule of Limiting Conditions includes additional assumptions concerning the information reviewed.

Based on representations from SXM management, EY has assumed that there are no material changes in the financial position or operating results for SXM from the date of the most recently available financial statements (April 30, 2016) to the Valuation Date.

The valuation has been prepared for the specific purpose identified above and is not to be used in any other context without the express written consent of EY. This valuation is developed as of a specific date on the basis of identifiable information and EY has not undertaken to update it to any other date. Should information relevant to the valuation conclusions become available to EY subsequent to the date of this report, EY reserves the right, but will be under no obligation, to revise this report.

In completing the valuation, EY has made numerous assumptions with respect to economic, industry, and company performance and expectations that are matters over which EY has no control. Going concern business value is inherently and inescapably a matter of implicit or explicit perceptions of the potential future economic performance of the business to be valued and the environment in which that performance will take place. Recognizing that those perceptions are developed under conditions where neither contractual nor other bases exist to ensure that actual operating results will conform to the assumptions employed for valuation purposes, this analysis necessarily works with contingent and uncertain information and there is a corresponding degree of uncertainty in the resultant estimates of value. In some measure this uncertainty is recognized in the process of specifying the valuation results as a range of amounts. However, such range specification also acknowledges that in any market for a total business enterprise it is necessary to assume multiple bidders each of which will bring different perceptions of the potential for the business as an investment opportunity to bear on the acquisition bidding process. It must accordingly be recognized that EY does not warrant that the projections and estimates employed in developing these valuation amounts represent commitments as to what the future performance of the businesses will be. The values are considered to be reasonable estimates on the basis of the information and assumptions upon which they are predicated and as of the time when the estimates were developed. However, should significant deviations from these assumptions emerge in the future, the estimates may well cease to be representative of value.

EY believes that its analysis for valuation purposes must be considered as a whole and that selecting portions of this analysis without considering the other factors and analyses, may create a misleading view of the valuation process and valuation results.

All dollar amounts are in Canadian funds, unless otherwise noted.

Summary conclusion

On the basis of our review and subject to the assumptions and limitations noted herein, in our opinion, the fair market value of 100% of SXM's issued and outstanding common shares, as at May 6, 2016 is in the range of \$510 million to \$622 million, or \$3.96 to \$4.83 per Class A common share.

BUSINESS OVERVIEW

General overview

SXM is headquartered in Toronto, Canada and through its wholly owned subsidiary, Sirius XM Canada Inc., operates as an audio entertainment company in Canada. SXM broadcasts radio channels featuring premier sports, news, talk, entertainment, and music, and offers an array of content.

SXM is the exclusive provider of satellite radio content in Canada through programming license agreements with SXM-US. Through these agreements, SXM is able to leverage SXM-US' investments in content rights and satellite equipment.

SXM offers its programming on various devices, including: pre-installed and after-market radios in cars, trucks, and boats; smartphones, mobile devices, and consumer electronics products for homes and offices; as well as online at siriusxm.ca. Currently, SXM has approximately 2.7 million subscribers.³

History

In June 2005, the CRTC awarded Canadian Satellite Radio Holdings Inc. (operating as XM Radio Canada) and Sirius Canada each six year licenses to broadcast satellite radio in Canada. Sirius Canada was a Canadian company owned by Slight Communications, Inc., Canadian Broadcasting Corporation ("CBC") and Sirius Satellite Radio. XM Radio Canada was a Canadian communications and media company incorporated in 2002 to broadcast satellite radio in Canada and owned by John Bitove.

On April 11, 2011, the Canadian Radio-television and Telecommunications Commission ("CRTC") approved the merger of XM Radio Canada and Sirius Canada to form SiriusXM Canada. Sirius Canada and XM Canada announced the completion of merger on June 21, 2011.

³ Source: 2015 Annual Report.

Current legal structure and ownership

SXM has three classes of shares, summarized as follows:⁴

- 104,808,043 Class A Subordinate Voting Shares with no par value and no fixed dividends. These “Class A common shares” trade publicly on the TSX.
- 30,729,510 Class B Voting Shares with no par value and no fixed dividends – convertible to Class A Shares on a 3 to 1 basis. Each Class B Voting Share participates in the equity of SXM on a per share basis equal to one third of the rate of participation of the Class A Subordinate Voting Shares and the Class C Non-Voting Shares.
- 13,638,527 Class C Non-Voting Shares with no par value and no fixed dividends – convertible to Class A Shares on a 1 to 1 basis, subject to foreign ownership restrictions.

The ownership of SXM is summarized in the following table:⁵

Sirius XM Canada Holdings Inc. Summary of capital structure				
Entity	Voting interest		Economic interest*	
	Shares (000s)	%	Shares (000s)	%
SXM-US	33,685.7	24.9%	47,324.2	36.8%
Obelysk, Inc.	23,154.9	17.1%	12,982.1	10.1%
Canadian Broadcasting Corp.	13,056.8	9.6%	13,056.8	10.1%
Slaight Communications, Inc.	26,170.4	19.3%	15,856.8	12.3%
Public float	39,469.9	29.1%	39,469.9	30.7%
	135,537.6	100.0%	128,689.7	100.0%

*Assumes Class B and Class C shares are converted to Class A shares.

Current operations and subscriber base

SXM's strategy is founded on the principles of acquiring subscribers in a cost effective manner, retaining subscribers through enhancing the value proposition and improving business efficiencies.

The primary source of revenue for SXM is subscription fees, with most customers subscribing on a multi-year, annual, quarterly, or monthly basis. Other sources of revenue include add-ons to the base subscription, advertising revenues, the direct sale of satellite radios and accessories through its call centers and website, and other ancillary services such as data and weather services.

⁴ Source: As per SXM management.

⁵ *Ibid.*

SXM's subscriber base of approximately 2.7 million have access to content through the following platforms:

- **In-vehicle:** In auto sales to consumers, automakers include a trial subscription to SXM radio services in the sale or lease of their vehicles. The length of these promotional subscriptions varies from three to twelve months. SXM has strategies in place to focus on both new and pre-owned vehicles to increase subscribers. All major automobile manufacturers ("OEMs") in Canada have agreements with SXM for the installation of satellite radios in new vehicles.
- **Aftermarket and other platforms:** Consumers can also enjoy satellite radio outside of their vehicles, using portable radio receivers, and by streaming content at home on their desktops and using applications ("apps") built for mobile devices. SXM satellite radio receivers are available at leading retailers across Canada such as Best Buy, Canadian Tire, Costco, The Source, Wal-Mart, Amazon.ca and other national, regional and independent retailers.
- **Streaming and IP Services:** SXM continues to invest in new and innovative ways for customers to access their exclusive content in unique ways by leveraging Internet Protocol ("IP") platforms.

Relationship with SXM-US

SXM-US produces 90% of SXM's content, which SXM has the exclusive right to distribute within Canada under two licensing agreements:

- **Sirius license:** requires SXM to pay a 10% royalty on all Sirius subscription revenues to SXM-US. The license expires on August 24, 2017.
- **XM license:** requires SXM to pay a 15% royalty on all XM subscription revenue to SXM-US. The license expires on November 17, 2020.

SXM-US is responsible for the purchase and deployment of the satellites on which SXM relies for the transmission of content in Canada.

SXM is a party to all the agreements with the OEMs, retailers, customer data, customer subscriptions, along with the broadcast license granted by the CRTC.

SXM is also responsible for the payment of activation fees to SXM-US of US\$5.00 per XM subscriber in certain instances.

Content and key agreements

SXM offers more than 130 channels, including commercial-free music as well as news, talk, sports and children's programming. This includes 17 Canadian channels designed and developed from studios in Toronto, Montreal and Vancouver. Canadian regulations require a ratio of one Canadian content channel for every nine non-Canadian channels.

SXM has access to content through agreements with the National Hockey League (“NHL”), and through agreements between SXM-US and the National Football League (“NFL”), National Basketball Association (“NBA”), Major League Baseball (“MLB”), Howard Stern, the National Association for Stock Car Auto Racing (“NASCAR”), the Professional Golfers’ Association of America (“PGA”) and others.

Additionally, SXM has a non-exclusive, non-transferable license agreement with CBC, whereby SXM has distribution rights to transmit channels currently owned by CBC.

Recent developments relating to key agreements include:

- **NHL Broadcast Agreement:** On August 11, 2015, SXM announced that it has extended its relationship with the NHL. The extension will allow the broadcast of NHL games and SiriusXM NHL Network Radio through the 2021-22 NHL season.
- **Pre-Owned and OEM Agreements:** During fiscals 2015 and 2016, SXM signed agreements with auto groups as part of its ongoing strategy to expand its pre-owned car program.

Prior indications of value

SXM has received no expressions of interest or purchase offers from arm’s length parties relating to the subject shares, business, or significant business assets within the two years preceding the Valuation Date.

Financial information

Historical operating results of SXM⁶

The table below sets out a summary of SXM's operating results for the years ended August 31, 2012 through 2015, and the eight months ended April 30, 2016, together with selected analytical ratios:

Sirius XM Canada Holdings Inc. Historical statement of operations (CAD \$000s)					
	For the years ended August 31,				8 months ended
	2012	2013	2014	2015	April 30, 2016
Subscription revenue	257,343	286,069	299,685	320,964	221,797
Equipment sales revenue	2,277	2,831	3,815	4,911	2,912
Revenue	259,620	288,901	303,500	325,874	224,709
Revenue share and royalties	84,193	89,870	90,039	106,367	72,525
Other cost of revenues	32,087	32,106	37,045	39,590	24,504
Cost of revenues	116,280	121,976	127,084	145,958	97,029
Gross profit	143,339	166,925	176,416	179,917	127,680
Operating expenses	99,423	100,675	100,009	104,132	64,817
EBITDA*	43,916	66,250	76,407	75,784	62,863
Capital expenditures	4,429	10,619	14,032	15,798	11,814
Growth and margin ratios:					
Revenue growth	NA	11.3%	5.1%	7.4%	NA
EBITDA margin	16.9%	22.9%	25.2%	23.3%	28.0%
EBITDA growth	NA	50.9%	15.3%	(0.8%)	NA
Capital expenditure, % of revenue	1.7%	3.7%	4.6%	4.8%	5.3%

*EBITDA is before non-recurring adjustments

As shown above, SXM has experienced strong revenue growth since 2012⁷ with a compound annual growth rate ("CAGR") of 7.9% from 2012 to 2015. Revenue growth is primarily attributable to growth in the subscriber base, which has grown from approximately 2.2 million subscribers in 2012 to 2.7 million subscribers in 2015, with a CAGR of approximately 7%.

⁶ Source: SXM's audited annual financial statements and interim unaudited financial statements for the period ending April 30, 2016.

⁷ Unless otherwise noted, years refer to fiscal years ending August 31.

Earnings before interest, tax, depreciation and amortization (“EBITDA”) margins improved significantly in 2013 from 16.9% in 2012 to 22.9% in 2013, as a result of a subscription price increase combined with stable operating costs. From 2013 through 2015, the EBITDA margin has remained relatively stable, ranging from approximately 23% to 25%.⁸

Capital expenditures have averaged approximately 4% to 5% of revenues since 2013 and are comprised of software and subscription licenses and activation fees, which includes investment in technology.

Historical financial position of SXM

The table below sets out a summary of the financial position of SXM as at August 31, 2012 through 2015, and as at April 30, 2016:

Sirius XM Canada Holdings Inc.					
Historical financial position (CAD \$000s)					
	As at August 31,				As at
	2012	2013	2014	2015	April 30, 2016
ASSETS					
Cash & cash equivalents	51,035	44,079	23,868	26,128	26,779
Other current assets	15,819	25,530	18,265	14,808	15,744
Total current assets	66,854	69,609	42,133	40,936	42,523
Intangible assets, net	175,986	152,217	134,971	131,410	137,854
Goodwill	96,733	96,733	96,733	96,733	96,733
Other long-term assets	67,555	60,564	55,556	24,018	21,847
Total assets	407,128	379,122	329,394	293,097	298,956
LIABILITIES					
Trade and other payables	39,086	47,145	44,121	36,658	46,288
Other current liabilities	10,766	13,653	13,618	36,786	19,738
Deferred revenue - current	137,554	144,885	146,111	153,076	153,702
Total current liabilities	187,406	205,684	203,850	226,520	219,729
Deferred revenue - long-term	21,019	17,105	15,076	12,033	9,977
Other long-term liabilities	8,455	4,383	2,231	1,954	10,585
Long term debt	144,993	143,707	195,464	196,036	196,438
Total liabilities	361,873	370,879	416,621	436,543	436,728
Equity	45,255	8,243	(87,227)	(143,446)	(137,772)
Total liabilities & equity	407,128	379,122	329,394	293,097	298,956

⁸ The higher EBITDA margin for the eight months ended April 30, 2016 is due to the timing of Canadian Content Development payments. EBITDA margins are expected to return to historical norms by the end of fiscal 2016.

As at April 30, 2016, SXM has approximately \$299 million in assets, largely comprised of the following:

- Intangible assets (46% of total assets): SXM's CTRC broadcasting license is the largest intangible asset at approximately \$80 million; other intangible assets include distribution rights related to contracts with OEMs and the NHL, XM activation fees, and computer software and licenses.
- Goodwill (32% of total assets): resulting from the merger between Sirius and XM in 2011.
- Cash (9% of total assets).

As at April 30, 2016, significant liabilities include the following:

- Deferred revenue: relates to subscription contracts.
- Long term debt: interest bearing senior notes at an interest rate of approximately 5.625%, due April 23, 2021.
- Other current liabilities: primarily comprised of amounts due to related parties (\$14 million) which are those incurred in the normal course of business and are included in working capital, and dividends payable (\$6 million).

Net working capital (excluding cash and interest payable, but including all deferred revenue) is in a deficit position of approximately \$208 million as at April 30, 2016. Net working capital has historically been in a deficit position due to the nature of the business which reflects high levels of deferred revenue and accounts payable.

Projected operating results

The table below sets out a summary of management's projected operating results, together with selected analytical ratios:

Sirius XM Canada Holdings Inc. Projected statement of operations (CAD \$000s)						
	For the years ending August 31,					
	2016	2017	2018	2019	2020	2021
Subscription revenue	334,505	348,269	379,013	395,720	412,317	428,910
Equipment sales revenue	5,093	5,195	5,299	5,405	5,513	5,623
Revenue	339,598	353,464	384,312	401,125	417,829	434,533
XM-Sirius Royalties	41,144	43,360	47,756	50,256	52,983	55,758
Other Royalties	74,710	77,761	84,547	88,246	91,921	95,595
Other cost of revenues	37,815	38,690	39,587	40,505	41,446	42,409
Cost of revenues	153,669	159,810	171,890	179,007	186,349	193,763
Gross profit	185,929	193,654	212,422	222,117	231,480	240,770
Operating expenses	106,055	110,116	118,903	119,604	120,461	121,727
EBITDA	79,874	83,537	93,520	102,513	111,019	119,043
Capital expenditures	16,730	17,731	15,087	15,391	16,007	16,622
Ratios & Assumptions						
Revenue growth	4.2%	4.1%	8.7%	4.4%	4.2%	4.0%
EBITDA margin	23.5%	23.6%	24.3%	25.6%	26.6%	27.4%
EBITDA growth	5.4%	4.6%	11.9%	9.6%	8.3%	7.2%
Capital expenditure, % of revenue	4.9%	5.0%	3.9%	3.8%	3.8%	3.8%

As shown, revenue is projected to grow from \$340 million in 2016 to \$435 million in 2021, which represents a CAGR of approximately 5% for the projection period. Revenue growth is primarily attributable to subscriber growth of approximately 4% to 5% (net of historical churn of approximately 2%). Subscription prices for 2016 and 2017 are projected to remain relatively consistent with 2015, while an assumed \$1.00 price increase in 2018 results in higher revenue growth in that period while maintaining churn at historical levels. Subscription prices in 2019 through 2020 are projected to remain relatively consistent with 2018.

The projection reflects an assumption that the royalty rates of 10% of revenues for the Sirius agreement and 15% of revenues for the XM agreement will remain in place upon renewal of the agreements. Other royalties relate to revenue share agreements with the OEMs, copyright music royalties, payments for Canadian Content Development, and CRTC fees. These costs are projected to remain at approximately 22% of revenues.

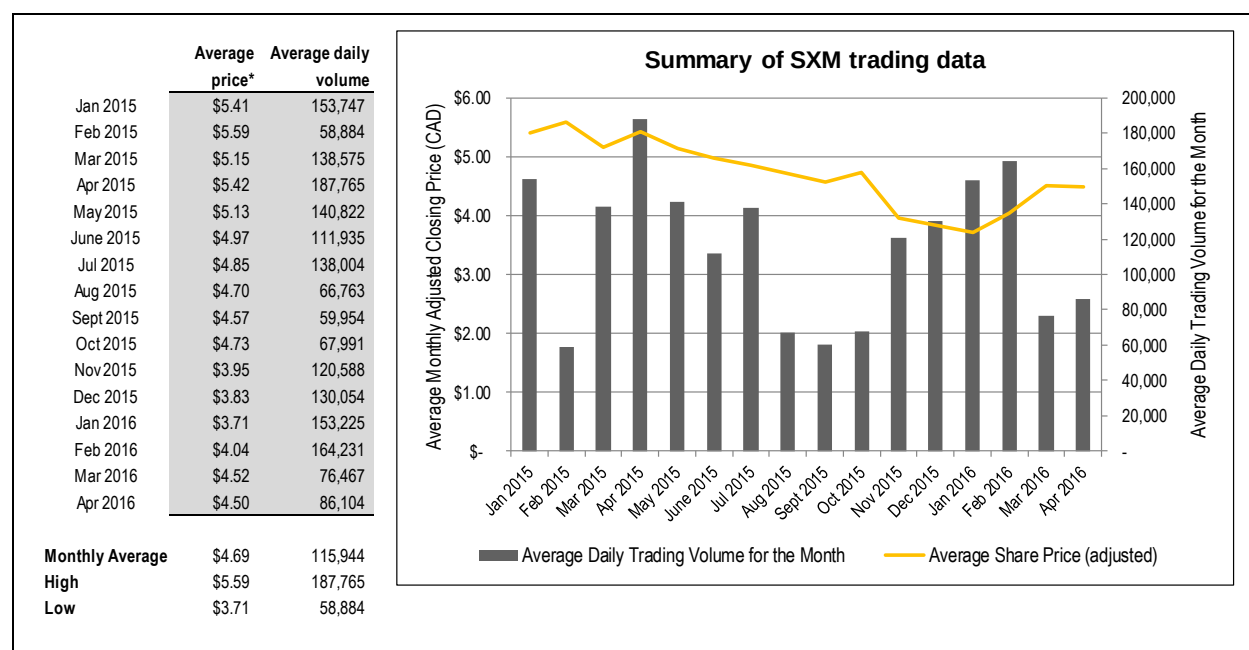
Other costs of revenue relate to customer care and billing, cost merchandise, as well as programming and content, which are assumed to grow at 2% to 3% per annum throughout the projection period.

Operating expenses include advertising, marketing, subsidies and distribution costs, and overhead costs. For 2016, 2017 and 2018, operating cost growth is approximately in line with revenue growth; thereafter, it is expected to grow at approximately 1% per annum.

EBITDA margins for 2016 and 2017 are relatively constant and then improve from 2018 through 2021, primarily due to the fact that operating expenses and other costs of revenue are expected to grow at a slower rate than revenues.

Share trading activity

The following table summarizes the monthly trading activity for SXM's shares for the 16 month period leading up to the Valuation Date:



*Average price represents average closing price, adjusted to remove the impact of dividends and other corporate actions, as applicable.

Since January 2015, SXM's share price⁹ has declined by approximately 20% from an average price of \$5.54 in January 2015 to a trading price of \$4.14 as at the Valuation Date.

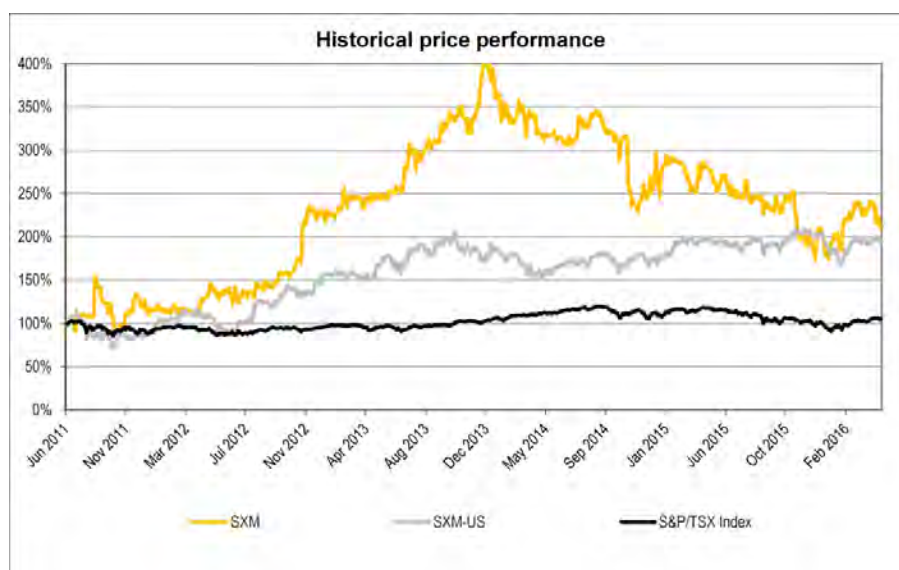
The average monthly trading volume ranged from a low of 58,884 in February 2015 to a high of 187,765 in April 2015.

⁹ Share prices are adjusted to exclude the impact of dividend payments and other corporate actions, as applicable.

On February 11, 2016, a transaction price of \$4.25 per share was “leaked” to the public.¹⁰ Following this event, the trading price increased from \$3.68 on February 11, 2016 to \$4.26 on February 12, 2016.

Prior to the “leak”, the share price had averaged approximately \$3.90 from November 15, 2015 to February 11, 2016.

The following table summarizes SXM’s historical price performance from June 2011 to the Valuation Date, relative to that of SXM-US and the S&P/TSX Index:



SXM’s trading price has experienced more volatility than SXM-US; however, both SXM and SXM-US have experienced stronger growth than the S&P/TSX Index until mid to late 2013. Subsequently, SXM’s trading prices have declined despite the S&P/TSX Index remaining relatively flat.

Industry and economic overview

SXM operates in the business sector generally described as audio entertainment. Appendix C contains industry commentary, as well as economic commentary.

Streaming and terrestrial radio compete with satellite radio for listeners/subscribers. In Canada, terrestrial and satellite radio is regulated by the CRTC. Satellite radio is a discretionary consumer activity, and thus depends on the state of the economy, including consumer confidence and disposable income levels. The state of the economy also directly impacts new car sales, which is a key driver of SXM’s subscriber base.

¹⁰ Source: Article published in The Globe & Mail on February 11, 2016 entitled “Sirius XM Canada plans \$750-million deal to go private; Deal could see American parent company join forces with Canadian owners to buy out the more than 30 per cent of 105 million outstanding shares”.

Canada posted a real gross domestic product (“GDP”) growth of 2.5% in 2014 and 1.2% in 2015.¹¹ The reduction in growth is due to the continued slowdown in China and suppressed commodity prices. Real GDP growth is expected to strengthen gradually through 2016 and 2017, with expected GDP growth of 2.2% and 2.1% respectively.¹²

Canadian auto sales rose higher than expected in 2015 (by 3.0%) to a record high of 1.9 million units. 2016 passenger vehicle sales are expected to remain on par with record 2015 volumes¹³.

VALUATION CRITERIA FRAMEWORK

Definition of fair market value

This valuation analysis has been developed by reference to the concept of fair market value which is defined in MI 61-101 as:

“The monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.”¹⁴

Valuation methodology

The three generally accepted approaches to valuation are commonly referred to as the income, market, and cost approaches. Although all three approaches should be considered in a valuation analysis, the fact pattern surrounding the nature of the assets or business being valued and the availability of data will dictate which approach or approaches are ultimately utilized in the analysis. Each approach to value is introduced below, and as necessary, more specifically described in our analyses herein.

Income approach

The income approach is based upon the premise that the value of a security or asset is the present value of the future benefits available for distribution to the owners of the subject security or asset. The most common income approach used in the valuation of securities or individual assets is a discounted cash flow analysis. A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting that stream back to present value at an appropriate discount rate.

¹¹ Source: Statistics Canada.

¹² Source: Bank of Canada Monetary Policy Report, April 2016.

¹³ Source: Scotiabank Global Economics Auto News Flash, January and April 2016.

¹⁴ Consistent with MI 61-101, Section 6.4(2)(d), we have not made any downward adjustments to reflect the liquidity of the securities, the effect of the transaction on the securities or the fact that the securities do not form part of a controlling interest.

Where applicable, the value of the asset or interest at the end of the projection period (often referred to as the “Terminal Value”) is estimated using either a perpetual growth assumption (i.e., “Gordon Growth Model”) or an “exit” multiple as applied to the expected earnings or cash flow level for the final year of the projection. The present value of the after-tax cash flows over the life of the asset or interest as well as the present value of the Terminal Value, as applicable, is summed to arrive at an indication of the value of the asset or interest. The discount rate utilized in the analysis should account for both the time value of money and investment risk factors.

Market approach

The market approach measures value based on the prices other purchasers in the market have paid for assets that can be considered reasonably similar to those being valued.

The market approach consists of gathering data on the prices paid for reasonably comparable assets or interests. Adjustments are made to the comparable assets to compensate for differences between reasonably similar assets and the asset being valued. In the case of equipment, for example, adjustments might be made for capacity, accuracy or output per unit of time. The market approach yields an estimate of the price reasonably expected to be realized from the sale of the subject asset or interest.

Development of valuation multiples to be applied as a representative returns approach to value is most often a matter of considering how trading and/or transaction (acquisition) market participants have assigned values to comparable companies and businesses.

Multiples derived from comparable public companies or guideline transactions are often applied to revenue or EBITDA, which results in the valuation at the level of total enterprise value.

Cost approach

The cost approach is based on the premise that a prudent investor would pay no more for an asset or interest than its replacement or reproduction cost. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation analysis. To determine the value of an asset using the cost approach, the replacement cost is determined and reduced for a factor to reflect the (i) physical deterioration, (ii) functional obsolescence and (iii) economic obsolescence of the asset, if applicable.

Selected valuation methodology

Considering the nature of the business and its economic viability, we concluded that it was appropriate to value the operating assets and liabilities of that business enterprise on a going concern basis.

The selection of appropriate valuation methodologies and the value conclusions drawn after their application are matters of professional judgement.

The methodologies selected were based on consideration of the following:

- SXM is currently generating positive cash flows, which are projected to grow over the next several periods based on an expectation of continued market penetration. As such, the DCF method is considered directly applicable to the valuation for SXM.
- Given SXM's unique nature of operations in Canada, it is difficult to draw direct comparisons to public companies or transactions within similar industries. In light of this, we have only considered publicly available trading information for corroborative purposes, and have not directly applied such trading information to the valuation of SXM.

VALUATION ANALYSIS

The DCF method was selected as the primary valuation methodology. In its fundamentals, the DCF model converts an explicitly projected stream of cash flows (and a terminal value at the end of the projection period) that are expected to accrue to the purchaser of the business, to a present value sum that represents the enterprise value of the business at the valuation date. The discount rate employed in such determinations of the value is most often a weighted average cost of capital that reflects the rate of return that must be expected from deploying funds in the business to warrant its acquisition and continuance.

DCF analysis

A DCF analysis has been developed based on management's operating projection for the business and other items discussed below. EY reviewed the projection information with SXM management and also considered historical results and ratios in the formulation of DCF assumptions, such as capital expenditures and working capital requirements. On that basis, the following DCF analysis was developed:

Sirius XM Canada Holdings Inc.							
Discounted cash flow analysis as at May 6, 2016 (CAD \$000s)							
	May 7, 2016 to Aug 31, 2016	For the years ending August 31,					Terminal
		2017	2018	2019	2020	2021	
Revenue	108,857	353,464	384,312	401,125	417,829	434,533	443,224
Operating expenses							
EBITDA	25,604	83,537	93,520	102,513	111,019	119,043	121,443
Add/(Deduct):							
Unlevered cash taxes	(4,882)	(15,944)	(18,468)	(22,207)	(24,452)	(26,523)	(29,075)
Working capital investment	1,240	5,717	2,085	1,698	1,648	1,593	1,081
Capital expenditures	(5,363)	(17,731)	(15,087)	(15,391)	(16,007)	(16,622)	(16,954)
Tax shield on capital expenditures							3,037
Free cash flow	16,599	55,579	62,049	66,612	72,208	77,492	79,532
Terminal multiple*							10.0x
Capitalized value of terminal cash flows							795,325
Tax shield on 2021E UCC pool balance							3,970
Terminal value, before discounting							799,294
Present value at 12%**	16,275	50,644	50,482	48,388	46,833	44,874	462,859
Enterprise value before redundancies	720,354						
Add: Present value of tax loss carryforward***	22,470						
Enterprise value	742,824						
		Low	Mid	High			
Selected enterprise value range****		687,112	742,824	798,536			
Less: Net debt		(176,951)	(176,951)	(176,951)			
Equity value		510,161	565,873	621,585			
Equity value, rounded		510,000	566,000	622,000			
Post conversion number of shares outstanding (millions)		128.69	128.69	128.69			
Implied value per Class A Share		3.96	4.40	4.83			

* Terminal multiple = 1 / (discount rate - growth rate), applying a 12% discount rate and 2% growth rate.

** Present value is the value at time zero, based on discounting future cash flow by the discount rate shown.

*** Present value of tax loss carryforward represents the present value of future saved taxes due to historical tax losses.

**** Our selected enterprise value range has been calculated as +/- 7.5% from our calculated mid-point.

This DCF analysis indicates a mid-point equity value of \$566 million for SXM, or \$4.40 per Class A common share.

Key assumptions

Assumptions underlying the above DCF analysis include:

- Revenue, EBITDA, normalized working capital requirements, and capital expenditures were based on management's projections. Royalty rates on the Sirius and XM licenses are assumed to stay consistent upon renewal.
- Tax is calculated based on expected future tax rates, after considering statutory tax rates and allowable tax deductions (e.g. capital cost allowance, financing fee deductions), before application of tax loss carry-forwards, which are separately valued and added to the cash flows. Any tax benefit arising from undepreciated capital cost ("UCC") pools at the end of the projection period were separately valued and added to the terminal period cash flows.
- The terminal value was calculated based on cash flows in the terminal period, capitalized based on a rate equal to the discount rate less the expected long term growth rate of 2% based on long-term historical and expected inflation rates for Canada. The terminal period results reflect inflationary growth over the final year of the projection period.
- Net debt was deducted from enterprise value under the assumption that book value approximates fair value. Included in net debt is interest bearing debt, long-term amounts due to related party, dividends payable and interest payable, net of cash.
- Weighted average cost of capital is based on the assumptions set out in the following section.

Weighted average cost of capital

The application of discounted cash flow methods requires the determination of an appropriate discount rate. Discounted cash flow methods are applied under conditions of uncertainty. In common usage, the word risk refers to any exposure to uncertainty in which the exposure has potential negative consequences. It is assumed that market participants are risk adverse. A risk-averse market participant prefers situations with a narrower range of uncertainty over situations with a greater range of uncertainty relative to an expected outcome. Marketplace participants seek compensation, referred to as a risk premium, for accepting uncertainty.

The determination of the asset-specific, risk-adjusted discount rate is based on the weighted average cost of capital ("WACC"). The following formula is applied to calculate WACC:

$$WACC = (WE * KE) + (WD * KD)$$

with:

WE = value of equity / value of total capital

KE = cost of equity

WD = value of interest bearing debt / value of total capital

KD = after tax cost of interest bearing debt

The Capital Asset Pricing Model ("CAPM") framework has been applied to estimate the cost of equity funds while debt costs have been estimated by reference to notional Company borrowing conditions.

Cost of equity

The CAPM is an empirical model for measuring the relationship between the risk of an asset and its expected return. The model assigns risk factors (or betas) to publicly traded assets based on a statistical analysis of the assets' return history, relative to returns on a "market basket" of alternative assets. The CAPM formula is:

$$KE = RF + \beta * MRP + S + U$$

where:

KE = cost of equity

RF = risk-free rate of return

β = systematic risk of the equity

MRP = market risk premium

S = size premium

U = unsystematic or company specific risk premium

The calculation of the WACC for SXM is shown in the table below:

Sirius XM Canada Holdings Inc. Weighted Average Cost of Capital		
Assumed net debt / total capital ratio	a	20.00% (1)
Equity risk premium	b	6.00% (2)
Beta	c	0.95 (3)
Risk free rate	d	1.98% (4)
Premium for size	e	2.54% (5)
Premium for other risks	f	3.75% (6)
After-tax cost of equity	$g=(b*c)+d+e+f$	13.95%
Pre-tax cost of debt		5.50% (7)
Less: Taxes @ 26.5%		-1.46%
After-tax cost of debt	h	4.04%
Weighted average cost of capital	$i=[(1-a)*g]+(a*h)$	11.97%
Selected WACC		12.00%
Notes: (1) Based on consideration of public media industry company debt / total capital ratios and the subjects business specific factors. (2) EY analysis of various Canadian equity risk premiums, representing the risk of the stock market, less long term risk free returns. (3) Assigned market risk factor relative to the average factor of 1.0. (4) Based on yield on long-term Government of Canada benchmark bonds as at May 6, 2016. (5) Size premium is based on the 2016 Duff & Phelps Risk Premia Study. (6) Related to risk specific to the company (see discussion). (7) Estimated based on yields on Sirius XM Canada Holdings Inc.'s issued securities as at May 6, 2016 and other market yields.		

As shown in the table above, a WACC of 12.0% has been selected. Selected factors include:

- The 20% debt to total capital ratio is based on our review of public media companies and SXM's own capital structure and requirements.
- The re-levered beta has been set at 0.95 based on our review of companies operating in the North American media industry.
- The size premium relates to the relative size of SXM compared to the population of companies from which the basic equity risk premium is derived. The percentage shown is based on historical return data.

- The premium for other risks inherent in the projections is primarily attributed to the relationship between SXM and SXM-US, specifically:
 - Renewal of the Sirius and XM Licensing Agreements: the Sirius and XM licenses are set to expire on August 24, 2017 and November 20, 2020, respectively.

We note that the current royalty rates on the XM and Sirius licensing agreements were established between 2003 and 2005, during a time at which the market for satellite radio was in its infancy and the predecessor companies to SXM (i.e., Sirius and XM) were unestablished. Subsequently, SXM has experienced strong revenue growth coupled with positive cash flows and increased profitability.

EY understands that should the proposed Arrangement be approved, SXM and SXM-US intend to sign a new Services and Advisory Agreement to be put in effect following the transaction. While the terms have not been finalized, EY understands that the new arrangement would replace, among other things, the existing royalty rates on the XM and Sirius Licensing Agreements at a royalty rate at least equal to or greater than the current royalty rate.

Should the proposed Arrangement not proceed, there is a material risk that the royalty rates on the Sirius and XM licensing agreements may increase upon renewal, given SXM's current and projected financial position, its dependency on SXM-US for content and its delivery, and the relative negotiating strength of SXM-US relative to that of SXM.

- Amounts related to Activation Fee: On April 26, 2016, SXM announced that it had received a demand for payment from SXM-US for US\$33.9 million with regard to activation fees under the XM licence agreement owed from 2005 to the end of January 2016. Additionally, SXM-US has also made a demand for its methodology to be used for calculating activation fees from February 2016 onwards. SXM management intends to seek a resolution of the matter through binding arbitration under the terms of the XM licensing agreement.

EY understands that SXM management does not intend to accrue a contingent liability on their balance sheet regarding such amounts, as they believe that their methodology for determining activation fees is correct.

- Given the above, EY has considered the risk of increased royalty and activation fee payments in estimating the cost of equity.

- In addition to the above risk, we note the following additional risks in the projections:
 - SXM-US relationship: Dependency on the relationship with SXM-US for the content (i.e., 90% of the content is produced by SXM-US) and the delivery (i.e., SXM is reliant for the delivery of such content via SXM-US' satellites).
 - Substantial competition: Competition has increased substantially over time from solely being terrestrial radio (i.e., AM/FM) to the introduction of portable music devices (i.e., iPods), Bluetooth and music streaming services such as Spotify, Pandora, Apple Music, and Google Play Music. The advance of in-dash infotainment services and traffic news sources also will play a large role in the competitive pressures on SXM.
 - Pricing power: EY understands that the pricing power of SXM has tended to be relatively elastic; therefore, there is a risk that increasing monthly subscription prices could result in higher than normal customer loss and lower subscriber acquisition.

Sensitivity analyses

EY performed sensitivity analyses by altering a number of factors within the projections and valuation model. The tables below show the impact on the mid-point value per Class A common share of altering: (1) the discount rate and terminal growth rate; and, (2) the discount rate and increasing the royalty rates associated with the XM and Sirius agreements upon their respective renewal dates.

Sensitivity on terminal growth (X) and discount rate (Y)					
X		1.0%	1.5%	2.0%	2.5%
Y	10.0%	5.11	5.44	5.81	6.23
	11.0%	4.47	4.73	5.03	5.35
	12.0%	3.95	4.17	4.40	4.65
	13.0%	3.52	3.69	3.89	4.10
	14.0%	3.15	3.30	3.46	3.63

Sensitivity on XM / Sirius royalties (X) and discount rate (Y)					
X		0.0%	5.0%	10.0%	15.0%
Y	10.0%	5.81	4.64	3.44	2.26
	11.0%	5.03	4.00	2.96	1.93
	12.0%	4.40	3.50	2.58	1.68
	13.0%	3.89	3.08	2.26	1.46
	14.0%	3.46	2.74	2.00	1.28

Corroborative analysis – implied multiples

Secondary corroborative analyses were considered by calculating the implied multiples based on our DCF value range in comparison to trading multiples of revenue and EBITDA as calculated for guideline public companies. Additionally, we have also considered the implied multiples from precedent transactions in comparison to the implied multiples from our DCF analysis.

The following table shows the range of multiples implied by our DCF value range, as well as the average public company trading multiples from relevant industries as at the Valuation Date (see Appendix A for additional details):

Sirius XM Canada Holdings Inc. North American media industry - precedent transactions multiples		
	TEV / LTM Revenue	TEV / LTM EBITDA
Multiples implied by the DCF analysis (2015 results)	2.1x to 2.5x	8.7x to 10.1x
Multiples implied by the DCF analysis (2016e)	2x to 2.4x	8.6x to 10x
All Transactions	3.1x	9.9x
Canadian Television / Cable & Satellite	4.0x	9.0x
US Television / Cable & Satellite	2.9x	10.5x
Canadian Radio	3.0x	7.2x
US Radio	2.1x	11.3x

Legend: TEV = Total enterprise value; LTM = Latest twelve months.

While the multiples implied by the DCF analysis are lower than certain categories of the observed industry multiples, this is not unexpected given that the selected media industry public companies tend to be larger and more diversified than SXM.

The following table summarizes the range of multiples implied by our DCF, as well as the precedent transactions as at the Valuation Date (see Appendix B for additional details):

Sirius XM Canada Holdings Inc. North American media industry - precedent transactions multiples		
	TEV / LTM Revenue	TEV / LTM EBITDA
Multiples implied by the DCF analysis (2015 results)	2.1x to 2.5x	8.7x to 10.1x
Multiples implied by the DCF analysis (2016e)	2x to 2.4x	8.6x to 10x
All Transactions	3.1x	9.9x
Canadian Television / Cable & Satellite	4.0x	9.0x
US Television / Cable & Satellite	2.9x	10.5x
Canadian Radio	3.0x	7.2x
US Radio	2.1x	11.3x

Legend: TEV = Total enterprise value; LTM = Latest twelve months.

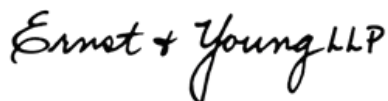
Similar to the industry trading multiples, the multiples implied by the DCF analysis are lower than those for certain categories of the precedent transactions, which is not considered inconsistent with precedent transactions being related to larger and more diversified entities in many instances.

Overall, the multiples implied by the DCF analysis are considered to be reasonably consistent with the media industry public trading multiples and precedent transactions, and accordingly, are considered corroborative of the DCF value estimates noted above.

VALUE CONCLUSION

On the basis of our review and subject to the assumptions and limitations noted herein, in our opinion the fair market value of 100% of SXM's issued and outstanding common shares, as at May 6, 2016, is in the range of \$510 million to \$622 million, or \$3.96 to \$4.83 per Class A common share.

Sincerely,



Ernst & Young LLP

May 12, 2016

Appendix A – Media company public trading data

North American media companies					
As at May 6, 2016					
Company	Market Cap (in millions)	Total Debt (in millions)	TEV (in millions)	TEV/LTM Sales	TEV/LTM EBITDA
Sirius XM Canada Holdings Inc.	533	196	706	2.1x	9.7x
Canadian Media Companies					
Cineplex Inc.	3,136	428	3,530	2.4x	13.5x
Corus Entertainment Inc.	2,409	613	2,981	3.6x	9.9x
DHX Media Ltd.	983	420	1,343	4.4x	18.0x
Newfoundland Capital Corp. Ltd.	284	142	424	2.6x	9.0x
Stingray Digital Group Inc.	375	37	409	4.9x	15.0x
TVA GROUP Inc.	170	74	232	0.4x	5.5x
COGECO Inc.	903	3,231	5,334	2.3x	5.3x
Shaw Communications, Inc.	11,548	5,959	17,696	3.2x	7.8x
Quebecor Inc.	4,068	6,391	10,793	2.8x	7.9x
Rogers Communications Inc.	25,273	17,515	42,672	3.2x	8.7x
Cogeco Communications Inc.	3,205	3,147	6,322	3.0x	6.5x
US Internet or Subscription Radio Companies					
Sirius XM Holdings Inc.	19,485	5,715	25,098	5.4x	15.5x
Pandora Media, Inc.	2,212	239	2,102	1.7x	NM
US Radio Companies					
Entravision Communications Corporation	699	320	966	3.8x	14.4x
Entercom Communications Corp.	486	463	962	2.2x	9.5x
Cumulus Media Inc.	96	2,405	2,443	2.1x	10.6x
US Media Conglomerate Companies					
The Walt Disney Company	172,196	18,915	191,050	3.5x	11.6x
Time Warner Inc.	58,893	23,673	81,056	2.9x	10.1x
Twenty-First Century Fox, Inc.	55,907	19,745	72,249	2.7x	11.4x
CBS Corporation	26,131	8,249	33,969	2.4x	10.5x
Viacom, Inc.	16,524	12,529	28,852	2.2x	7.6x
Lions Gate Entertainment Corp.	3,237	1,594	4,832	2.2x	NM
Comcast Corporation	149,078	55,634	202,190	2.7x	8.0x
US Specialty TV Companies					
Scripps Networks Interactive, Inc.	8,476	3,700	12,231	3.8x	8.5x
AMC Networks Inc.	4,976	3,015	7,528	2.9x	8.7x
Discovery Communications, Inc.	15,906	7,990	23,658	3.7x	9.7x
Starz	2,704	1,120	3,814	2.3x	9.5x
US Conventional TV Companies					
Sinclair Broadcast Group, Inc.	3,063	3,854	6,741	2.9x	9.8x
Media General, Inc.	2,272	2,219	4,494	3.3x	12.6x
Nexstar Broadcasting Group, Inc.	1,636	1,481	3,079	3.2x	9.4x
Gray Television, Inc.	982	-	982	NM	NM
Dish Network Corp.	21,702	12,251	33,380	2.2x	11.0x
Time Warner Cable Inc.	60,687	22,621	82,015	3.4x	10.3x
Charter Communications, Inc.	23,947	37,138	59,807	6.0x	17.2x
Cablevision Systems Corporation	9,545	9,548	18,159	2.8x	10.3x
All companies			Average	3.0x	10.4x
Canadian Media Companies			Average	3.0x	9.7x
Internet or Subscription Radio Companies			Average	3.5x	15.5x
US Radio Companies			Average	2.7x	11.5x
Media Conglomerate Companies			Average	2.6x	9.9x
Specialty TV Companies			Average	3.2x	9.1x
Conventional TV Companies			Average	3.4x	11.5x

Legend: Market cap = Market capitalization; TEV = Total enterprise Value; LTM = Latest twelve months; NM = Not meaningful.

Appendix B – Media company precedent transactions data

North American media companies					
As at May 6, 2016					
Closing Date	Buyer	Target	Implied EV (in millions)	TEV/LTM Sales	TEV/LTM EBITDA
Canadian Television / Cable & Satellite					
01-Apr-2016	Corus Entertainment Inc.	Shaw Media	2,666	NA	7.7x
19-Nov-2015	BCE	Corus Pay TV	211	NA	6.7x
31-Jul-2014	DHX Media Ltd.	Bell Media Inc., Family Channel Business	170	2.1x	6.3x
01-Jan-2014	Corus Entertainment Inc.	Remaining 50% in TELETOON Canada Inc.	498	4.9x	13.8x
01-Jan-2014	Corus Entertainment Inc.	Historia and Séries+ (2 buys of 50% each)	277	5.0x	9.3x
US Television / Cable & Satellite					
01-Apr-2015	The E. W. Scripps Company	Journal Communications, Inc.	747	1.7x	8.1x
24-Jul-2015	AT & T, Inc.	DIRECTV, LLC	73,162	2.1x	8.3x
19-Dec-2014	Media General, Inc.	LIN Media LLC	2,566	3.3x	13.4x
23-Dec-2013	TEGNA Inc.	Belo Corp.	2,222	3.0x	8.4x
08-Aug-2013	Sinclair Broadcast Group, Inc.	Fisher Communications, Inc.	359	2.1x	11.3x
01-May-2013	Liberty Media Corporation	Charter Communications, Inc.	23,201	3.0x	8.5x
01-Jul-2013	Charter Communications Operating, LLC	Bresnan Broadband Holdings, LLC	2,584	5.1x	15.9x
Canadian Radio					
31-Mar-2014	Newcap Inc.	5 Radio Stations	112	3.0x	7.2x
US Radio					
08-Aug-2013	Sinclair Broadcast Group, Inc.	Fisher Communications, Inc.	359	2.1x	11.3x
All Transactions			Average	3.1x	9.9x
Canadian Television / Cable & Satellite			Average	4.0x	9.0x
US Television / Cable & Satellite			Average	2.9x	10.5x
Canadian Radio			Average	3.0x	7.2x
US Radio			Average	2.1x	11.3x

Legend: Market cap = Market capitalization; TEV = Total enterprise Value; LTM = Latest twelve months; NA = Not available.

Appendix C - Industry and economic commentary

Industry overview

Audio entertainment services available fall into three distinct categories: terrestrial, satellite, and streaming. The industry is affected by the amount of time people spend in their cars, as it frequently coincides with radio listenership.

Terrestrial

Terrestrial radio has existed for over a century, with the industry today offering a wide variety of localized content. The industry is primarily focused on generating revenues through local advertising. According to the CRTC's latest figures, there are over one thousand AM/FM stations. The industry is in a state of maturity, with modest growth in recent years. In Canada, annual revenues were approximately \$1.6 billion in 2015,¹⁵ with a CAGR of negative -.2% from 2011 to 2015.¹⁶

Satellite

Satellite radio is relatively newer, commencing in the United States in 2001; the service was made available in Canada in 2005. The satellite radio business model differs from traditional radio in that revenues are primarily derived from subscription fees, and the service is commercial-free to the end user. Satellite radio offers national and international programming, unlike the localized model of terrestrial radio. In Canada, annual revenues were approximately \$325 million in 2015, with a CAGR of approximately 7.9% from 31 August 2012 to 2015.¹⁷

Streaming

Streaming, also referred to as internet radio, is the fastest growing broadcast music platform. Streaming radio services can be subscription-based (advertising free), free (with revenues generated through advertising), or a hybrid of the two. This segment of the market is not subject to CRTC regulation, although Canadian royalty laws are more onerous than those in the United States.

Streaming services are highly customizable, adapting to users' preferences through complex algorithms. The primary streaming service providers in Canada are Spotify, Apple Music, and Google Play Music. Pandora is one of the largest players in the US, but does not currently offer services in Canada.

Streaming services are seen as a threat to both satellite and terrestrial radio. Developments in connected technology in cars allow internet radio to be broadcast through the car's stereo system.

¹⁵ In this appendix, year refers to calendar year, unless otherwise stated.

¹⁶ Source: Canadian Radio-television and Telecommunications Commission.

¹⁷ Source: SXM audited financial statements.

Regulatory environment – Canadian radio

In Canada, owners of broadcasting entities are subject to a comprehensive regulatory regime under the Broadcasting Act. A stated purpose of the Broadcasting Act is to “safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada”.¹⁸ The Broadcasting Act endeavours to ensure that Canada has its own broadcasting system and that the Canadian public has access to programmes created by Canadians.

The CRTC is a public organization mandated to regulate broadcasting and telecommunications. The CRTC sets policies and rules to ensure the objectives of the Broadcasting Act are put into practice.

The Broadcasting Act requires that the Canadian broadcasting system be ‘effectively owned and controlled by Canadians’. Currently, non-Canadians may own up to 20% of a broadcaster and up to 33 and 1/3% of a holding company that owns a broadcaster. Under all circumstances, the entity holding the broadcasting license under the Broadcasting Act cannot be controlled by non-Canadians.¹⁹

Economic overview

From a macro-economic standpoint, SXM’s operating results are primarily impacted by the performance of the Canadian economy. Key economic indicators are summarized in the following table:

Key economic indicators (Canada)								
	2013	2014	2015	2016f	2017f	2018f	2019f	2020f
Canadian GDP growth (real)	2.2%	2.5%	1.2%	1.4%	2.0%	2.0%	1.7%	1.9%
Consumer Price Index	1.2%	1.5%	1.6%	2.0%	2.2%	2.2%	2.2%	2.2%
Household spending per capita (real)	1.3%	0.2%	1.0%	2.8%	1.3%	1.3%	1.4%	1.4%
Total new vehicle sales (units)	3.6%	6.2%	2.5%	0.5%	1.3%	1.3%	1.3%	1.3%

Source: Business Monitor International.

¹⁸ Source: The Broadcasting Act assented to February 1, 1991.

¹⁹ Source: Sirius XM Canada Holdings Inc. Annual Information Form dated November 30, 2015.

Gross domestic product

Canada posted real GDP growth of approximately 2.5% in 2014 and 1.2% in 2015.²⁰ Growth approximately halved in 2015 due to the continued slowdown in China and suppressed commodity prices. Real GDP is estimated to have increased by 2.8 per cent in the first quarter of 2016, but is expected to moderate in the second quarter. This growth dynamic primarily reflects volatility in trade flows and uneven timing of household expenditures over the first half of the year. In the second half of 2016 and beyond, growth is expected to strengthen as the drag from the resource sector diminishes and economic activity in the non-resource sector continues to grow.²¹

2015 saw the emergence of a two-tiered Canadian economy; growth prospects for domestic spending are increasingly challenged by low oil prices and high levels of household debt, while export prospects continue to improve with the strengthening demand from the United States. 2016 is expected to show improved economic growth after the weak performance of 2015. In 2017, growth is expected to be further supported by government spending.²² Real GDP growth is expected to strengthen gradually through 2016 and 2017, with expected GDP growth of 2.2% and 2.1% respectively.²³

Inflation

Canadian inflation remains near the bottom of the Bank of Canada's inflation-control range, ranging from approximately 1% to 1.4% in 2015. The significant drop in consumer energy prices was the largest source of disinflationary pressure; this was offset by the depreciation of the Canadian dollar which has resulted in upward pressure on prices of many imported consumer goods in Canada.

Since the beginning of 2016, total CPI inflation has remained below 2%, on average, as the downward pressure from declines in consumer energy prices and excess capacity has been only partially offset by the upward pressure from the exchange rate depreciation impact on consumer goods prices. These effects are expected to gradually diminish. As a result, total CPI inflation is projected to remain below 2% through 2016 and to be close to 2% thereafter.²⁴

²⁰ Source: Statistics Canada.

²¹ Source: Bank of Canada Monetary Policy Report, January 2016 and April 2016.

²² Source: TD Economics: Long-term Economic Forecast, December 2015 and March 2016.

²³ Source: Bank of Canada Monetary Policy Report, April 2016.

²⁴ Source: Bank of Canada Monetary Policy Report, April 2016.

Disposable income & household spending

Household disposable income grew 3.9% in 2015, a faster pace than the 3.0% growth rate in 2014.²⁵ Real household spending per capita grew at a rate of 1.0% in 2015, up from only 0.2% growth in 2014 over 2013. Real household spending is expected to grow at a rate of 2.8% in 2016 and 1.3% to 1.4% in 2017 through 2020.²⁶

Auto sales

In 2015, Canadian new vehicle sales rose by approximately 2.5% to a record high of 1.9 million units. It is expected 2016 passenger vehicle sales will remain on par with record 2015 volumes.²⁷ Growth in new vehicle sales is forecasted to be 0.5% in 2016 and 1.3% in 2016 through 2020.²⁸

The number of car sales in Canada in any given year is dominated by used cars by as much as a two-to-one ratio. Of used cars sold, about two-thirds are through dealerships (either independent or certified pre-owned) versus private sales.²⁹

²⁵ Source: Statistics Canada.

²⁶ Source: Business Monitor Online.

²⁷ Source: Scotiabank Global Economics Auto News Flash, January 2016 and April 2016.

²⁸ Source: Business Monitor Online.

²⁹ CIBC analyst report dated September 10, 2013.

Appendix D – Schedule of limiting conditions

1. This report is confidential and may be privileged. It has been prepared solely for the purpose stated, and should not be used for any other purpose. It should not be provided to any third party without the prior written consent of Ernst & Young LLP ("EY"). In carrying out our work, we have worked solely on the instructions of our client and this report has been drafted solely for its purposes. Our report may not have considered issues relevant to third parties and EY shall have no responsibility whatsoever to any third party which obtains a copy of this report. Any use such a third party may choose to make of this report is entirely at its own risk.
2. EY, by reason of its services hereunder, is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to the subject assets, properties, or business interest or to update any report, recommendation, analysis, conclusion or other document relating to its services for any events or circumstances except as stipulated in the engagement letter under which this report was prepared.
3. Provision of valuation conclusions and/or recommendations and considerations of the issues described herein are areas of valuation practice for which we believe that we have knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by EY or another Ernst & Young member firm.
4. No investigation of the title to the subject company and subject assets has been made, and the ownership claims to the subject company and subject assets are assumed to be valid. To the extent that EY's services include assets, properties or business interests, EY shall assume no responsibility for matters of legal description or title, and EY shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable government regulations and laws (including, without limitation, zoning regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any government, private entity or organization have been or can be obtained or renewed for any use on which EY services are to be based.
5. The value conclusions and/or recommendations contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this report. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser of the subject assets at the values stated herein.
6. No responsibility is assumed for information furnished by others (including management), and such information is believed to be reliable.

7. In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form (e.g., computer diskettes), related to the structure, operation, and financial performance of the subject company and subject assets. We have relied upon this information in our analyses and in the preparation of this report and have not independently verified its accuracy or completeness.
8. Certain historical financial data used in our valuation engagement were derived from unaudited financial statements and are the responsibility of management. These financial statements may not have included disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of the data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
9. The estimates of cash flow data included herein are solely for use in the valuation analysis and are not intended for use as forecasts or projections of future operations. We have not performed an examination or compilation of the accompanying cash flow data in accordance with standards prescribed by the Chartered Professional Accountants of Canada, and, accordingly, do not express an opinion or offer any form of assurance on the accompanying cash flow data. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
10. Our report assumes full compliance with all applicable federal, provincial, local, and other zoning, usage, environmental and similar laws and regulations, unless otherwise stated.
11. We assume no responsibility for any financial and tax reporting decisions, which are appropriately those of management. It is our understanding that management accepts the responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis, and for the ultimate use of our analysis and report.
12. We reserve the right (but will not be obligated) to revise this report in light of any relevant information that comes to our attention after the date of issuance.

APPENDIX “C-3” – NBF FAIRNESS OPINION

See attached.

May 12, 2016

The Special Committee of the Board of Directors
Sirius XM Canada Holdings Inc.
135 Liberty Street, 4th Floor
Toronto, ON M6K 1A7

To the Special Committee of the Board of Directors:

National Bank Financial Inc. (“NBF”, “we” or “us”) understands that Sirius XM Canada Holdings Inc. (“SiriusXM Canada” or the “Company”) and 2517835 Ontario Inc. (the “Purchaser”) a company to be owned by Slight Communications Inc. (“Slight Communications”), Obelysk Media Inc. (“Obelysk Media” and together with Slight Communications, the “Continuing Canadian Shareholders”) and Sirius XM Radio Inc. (“Sirius XM Radio”), the United States operating subsidiary of Sirius XM Holdings Inc. (“Sirius XM”) propose to enter into an arrangement agreement (the “Arrangement Agreement”) to be dated May 12, 2016. Under the terms of the Arrangement Agreement, the Purchaser will acquire all of the outstanding SiriusXM Canada Class A subordinate voting shares (“Class A Shares”) for consideration of (i) \$4.50 in cash; (ii) 0.898 of a Sirius XM common share (“Sirius XM Shares”); or (iii) 0.898 of an exchangeable share in the capital of the Purchaser (an “Exchangeable Share”), with each Exchangeable Share being exchangeable into one Sirius XM common share for each Class A Share (the “Class A Share Consideration”) and all of the outstanding SiriusXM Canada Class B voting shares (“Class B Shares”) for (i) \$1.50 in cash; (ii) 0.299 of a Sirius XM common share; or (iii) 0.299 of an Exchangeable Share for each Class B Share (the “Class B Share Consideration”), in each case at the election of the applicable holder of Class A Shares and Class B Shares, and subject to a minimum aggregate issuance of \$25 million in Exchangeable Shares and a maximum aggregate issuance of 35.0 million Sirius XM common shares and Exchangeable Shares. As referred to in this Opinion, “Consideration” means the Class A Share Consideration and/or the Class B Share Consideration, as the context requires. The Continuing Canadian Shareholders have agreed to contribute a portion of their Class A Shares to the Purchaser as part of the Arrangement, such that following completion of the Arrangement, the Continuing Canadian Shareholders will each hold a 33.5% voting interest and a 15% equity interest in the Purchaser, with the remaining 33% voting interest and 70% equity interest in the Purchaser to be held by Sirius XM Radio. The transactions contemplated by the Arrangement Agreement will be effected by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the “Arrangement”). Completion of the Arrangement will be subject to certain conditions, including the requisite approvals of the holders of Class A Shares and Class B Shares (“SiriusXM Canada Shareholders”). NBF understands that a meeting (the “Meeting”) of SiriusXM Canada Shareholders will be called to seek such approvals.

NBF understands that the Continuing Canadian Shareholders collectively hold 17.7% of the Class A Shares (22.4% of Class A Shares assuming conversion of the Class B Shares and the Class C non-voting shares (“Class C Shares”) into Class A Shares) and 100% of the Class B Shares, and that the Continuing Canadian Shareholders have agreed to enter into voting and lock-up agreements pursuant to which they will agree to vote in favour of the Arrangement, subject to certain terms and conditions. NBF further understands that the Canadian Broadcasting Corporation (“CBC”), which holds 12.5% of the Class A Shares (10.1% of Class A Shares assuming conversion of the Class B Shares and the Class C Shares into Class A Shares), has indicated that it intends to vote in favour of the Arrangement. In addition, NBF

understands that all directors and officers of the Company have agreed to enter into voting and lock-up agreements pursuant to which they will agree to vote in favour of the Arrangement, subject to certain terms and conditions.

NBF further understands that the Arrangement, the Arrangement Agreement and the voting and lock-up agreements will be more fully described in the information circular (the “Information Circular”) to be prepared by SiriusXM Canada and mailed to SiriusXM Canada Shareholders in connection with the Meeting.

Engagement of NBF by the Special Committee

NBF was first contacted in November 2015 with regard to a possible advisory assignment involving the potential recapitalization of the Company. NBF was formally engaged by an independent committee of the Board of Directors (the “Independent Committee”) of SiriusXM Canada on February 5, 2016 pursuant to an engagement letter (the “Engagement Letter”) to provide customary financial advisory and investment banking services in connection with the Arrangement and, if requested, include an opinion as to the fairness, from a financial point of view, of the Consideration to be received pursuant to the Arrangement by holders of the Class A Shares and Class B Shares, other than the Continuing Canadian Shareholders and Sirius XM Radio (the “Opinion”).

The terms of the Engagement Letter provide that NBF will be paid a fee for its services, part of which is conditional on completion of the Arrangement. In addition, SiriusXM Canada has agreed to indemnify NBF in respect of certain liabilities that might arise out of its engagement and to reimburse it for its reasonable expenses.

NBF has not been engaged to prepare a formal valuation of SiriusXM Canada or Sirius XM or a valuation of any of the securities or assets of either SiriusXM Canada or Sirius XM and this Opinion should not be construed as such. NBF has, however, conducted such analyses as it considered necessary in the circumstances to prepare and deliver this Opinion. This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”), but IIROC has not been involved in the preparation or review of this Opinion.

NBF understands that this Opinion and a summary thereof will be included in the Information Circular and, subject to the terms of the Engagement Letter, NBF consents to such disclosure.

Relationship with Interested Parties

NBF is not (i) an “insider”, “associate” or “affiliate” of SiriusXM Canada, the Purchaser, Sirius XM or the Continuing Canadian Shareholders (as those terms are defined in the *Securities Act* (Ontario)); or (ii) a financial advisor to the Purchaser, Sirius XM or the Continuing Canadian Shareholders in connection with the Arrangement.

NBF or its affiliates may in the ordinary course of their respective businesses provide financial advisory or investment banking or other services to SiriusXM Canada, Sirius XM, the Continuing Canadian Shareholders or any of their respective associated entities or affiliated entities. National Bank of Canada (an affiliate of NBF) has extended credit to a person affiliated with a significant shareholder of the Company and considered an insider under applicable securities law. Under the terms of this credit, National Bank of Canada has received collateral security which includes shares of the Company. NBF has implemented appropriate measures and established ethical walls or screens to address any potential

conflict of interest or independence issues arising as a result of this credit arrangement involving National Bank of Canada.

NBF acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of SiriusXM Canada and Sirius XM and, from time to time, may have executed or may execute transactions for such companies, the Continuing Canadian Shareholders and clients from whom it received or may receive compensation. NBF, as an investment dealer, conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to SiriusXM Canada and Sirius XM.

Credentials of NBF

NBF is a leading Canadian investment dealer whose businesses include corporate finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. This Opinion is the opinion of NBF and the form and content herein has been reviewed and approved for release by a group of managing directors of NBF, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Scope of Review

In connection with rendering this Opinion, we have reviewed and relied upon, or carried out as the case may be, among other things, the following:

- (i) final drafts of the Arrangement Agreement and schedules thereto;
- (ii) final drafts of each of the voting and lock-up agreements to be entered into in connection with the proposed arrangement;
- (iii) final drafts of the shareholder agreement of the successor to the Purchaser to be entered into in connection with the proposed arrangement;
- (iv) final drafts of the services agreement among the successor to the Purchaser, Sirius XM Canada Inc. and Sirius XM Radio Inc. to be entered into in connection with the proposed arrangement;
- (v) a draft of the fairness opinion and formal valuation prepared by Ernst & Young LLP in connection with the proposed arrangement (the “E&Y Valuation”);
- (vi) SiriusXM Canada’s audited annual financial statements, the accompanying MD&A and annual information forms for the years ended August 31, 2013, 2014 and 2015;
- (vii) SiriusXM Canada’s unaudited financial statements and the accompanying MD&A for the three and six months ended February 29, 2016, and monthly statements ended March 31, 2016;
- (viii) SiriusXM Canada’s three year strategic plan (dated April 9, 2015) (the “Three Year Strategic Plan”) and six year financial forecast for 2016-2021 (the “Six Year Financial Forecast”);
- (ix) the management information circular of the Company dated December 9, 2015 relating to the annual meeting of shareholders held on January 15, 2016;

- (x) the trust indenture dated April 23, 2014 in respect of the 5.625% senior unsecured notes of SiriusXM Canada due April 23, 2021;
- (xi) certain license agreements entered into by SiriusXM Canada;
- (xii) certain tax information and discussions with SiriusXM Canada's tax advisor, PricewaterhouseCoopers LLP;
- (xiii) Sirius XM's audited annual financial statements and accompanying MD&A for the years ended December 31, 2013, 2014 and 2015;
- (xiv) Sirius XM's unaudited quarterly financial statements and accompanying MD&A for three month period ending March 31, 2016;
- (xv) certain internal financial, operational, corporate and other information concerning SiriusXM Canada that was prepared or provided by management of the Company, including internal operating and financial projections prepared by management;
- (xvi) documents made available by the Company in an electronic data room for Purchaser's due diligence process;
- (xvii) various reports published by equity research analysts and industry sources regarding SiriusXM Canada, Sirius XM and other public companies, to the extent deemed relevant by us;
- (xviii) discussions with senior management of SiriusXM Canada;
- (xix) discussions with counsel to the Special Committee and counsel to the Company;
- (xx) discussions with Ernst & Young LLP;
- (xxi) discussions with senior management of Sirius XM and with J.P. Morgan (in its capacity as financial representative to Sirius XM);
- (xxii) discussions with the Continuing Canadian Shareholders and Canadian Imperial Bank of Commerce (in its capacity as financial representative to CBC);
- (xxiii) certain public information related to the business, operations, financial performance and share trading history of SiriusXM Canada, Sirius XM and other selected public companies we considered relevant;
- (xxiv) certain public information with respect to precedent transactions we considered relevant;
- (xxv) a certificate of certain senior officers of SiriusXM Canada attesting to the accuracy and completeness, in all material respects, of the information upon which the Opinion is based, provided to us and dated the date hereof; and
- (xxvi) such other information, discussions, investigations and analyses as we considered necessary or appropriate in the circumstances.

NBF has not, to the best of its knowledge, been denied access by the Company to any information requested by NBF.

Prior Valuations

SiriusXM Canada has represented to NBF that, to the best of its knowledge, there have been no prior valuations (as defined for the purposes of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) of SiriusXM Canada or any of its material assets or subsidiaries prepared within the past twenty-four (24) months, other than the E&Y Valuation.

Assumptions and Limitations

NBF has relied upon the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources or information provided to us by SiriusXM Canada and its advisors. This Opinion assumes such completeness, accuracy and fair presentation of such information. Subject to the exercise of professional judgment, we have not attempted to independently verify the completeness, accuracy or fair presentation of any such information.

Senior officers of SiriusXM Canada have represented to NBF in a certificate dated the date hereof, among other things, that (i) the information, data and other material (financial and otherwise) provided orally by, or in the presence of, an officer or employee of SiriusXM Canada or in writing by SiriusXM Canada or any of its subsidiaries (as such term is defined in the *Securities Act* (Ontario)) or their respective agents to NBF relating to SiriusXM Canada or any of its subsidiaries or the Arrangement for the purpose of preparing this Opinion (the “Information”) was, at the date the Information was provided to NBF, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of a material fact in respect of SiriusXM Canada, its subsidiaries, or the Arrangement and did not and does not omit to state a material fact in respect of SiriusXM Canada, its subsidiaries or the Arrangement necessary to make the Information or any statement contained therein not misleading in light of the circumstances under which the Information was made or provided; (ii) since the dates on which the Information was provided to NBF, except as disclosed in writing to NBF, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations, or prospects of SiriusXM Canada or any of its subsidiaries and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on this Opinion; and (iii) to the best of the senior officers’ knowledge, information and belief after due inquiry, there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to SiriusXM Canada or any of its subsidiaries or any of their respective material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided to NBF.

With respect to operating and financial forecasts provided to us concerning SiriusXM Canada and relied upon in our analysis, we have assumed (subject to the exercise of our professional judgment) that they have been prepared on bases reflecting reasonable assumptions, estimates and judgments of management of SiriusXM Canada, having regard to SiriusXM Canada’s business plans, financial conditions and prospects. Based on discussions with management, we have made adjustments to such forecasts to contemplate potential increases in royalty rates upon expiry of Sirius XM Canada’s existing licensing agreements with SiriusXM Radio, potential increases in related activation fees and the risks associated with Sirius XM Canada’s deferred tax assets which are subject to appeal with the Canada Revenue Agency.

NBF has assumed that, in all respects material to its analysis, the representations and warranties of the parties to the Arrangement Agreement and voting and lock-up agreements are true, accurate and complete in all material respects, such parties will each perform all of the respective covenants and agreements to

be performed by them under such agreements, and all conditions to the obligations of such parties as specified in such agreements will be satisfied without any waiver thereof.

In preparing this Opinion, we have assumed that the rights, privileges, restrictions and conditions attached to the Class A Shares, Class B Shares and Class C Shares are as set forth in the articles of incorporation of SiriusXM Canada reviewed by us and that such rights, privileges, restrictions and conditions are enforceable.

This Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of SiriusXM Canada and Sirius XM and their respective subsidiaries and affiliates, as they are reflected in the information, data, certificate and other material (financial or otherwise) reviewed by us. In our analyses and in connection with preparing this Opinion, NBF made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement or the sufficiency of this letter for your purposes.

This Opinion is effective on the date hereof and NBF disclaims any undertaking or obligation to advise any person of any change in any fact, information or matter affecting this Opinion that may come or be brought to NBF's attention after the date hereof. Without limiting the foregoing, if there is any material change in any fact, information or matter affecting this Opinion after the date hereof, NBF reserves the right to change, modify or withdraw this Opinion. This Opinion is addressed to the Special Committee and is for the sole use and benefit of the Special Committee, and may not be referred to, summarized, circulated, publicized or reproduced by SiriusXM Canada, other than in the Information Circular as herein expressly specified, or disclosed to, used or relied upon by any other party without the express prior written consent of NBF. This Opinion is not to be construed as a recommendation to any holder of Class A Shares, Class B Shares or Class C Shares to vote in favour or against the Arrangement.

NBF believes that its analyses must be considered as a whole and that selecting portions of our analyses or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying this Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

NBF did not, in considering the fairness of the Consideration to be received under the Arrangement from a financial point of view, assess any income tax consequences that any particular shareholder may face in connection with the Arrangement.

Overview of SiriusXM Canada

SiriusXM Canada, with approximately 2.7 million subscribers, is the country's leading audio entertainment company and broadcasts more than 130 satellite radio channels featuring premier sports, news, talk, entertainment and commercial-free music. SiriusXM Canada offers an array of content from the most recognized news, entertainment and major sports brands including the NHL, NFL, NBA, MLB, NASCAR, CNN, CBC, FOX, BBC, Howard Stern, Disney, Comedy Central and more.

SiriusXM programming is available on a variety of devices including pre-installed and after-market radios in cars, trucks and boats, smartphones and mobile devices, and consumer electronics products for

homes and offices. SiriusXM programming is also available online at www.siriusxm.ca and on Apple and Android-powered mobile devices.

SiriusXM Canada has partnerships with every major automaker and its radio products are available at more than 2,500 retail locations nationwide. To find out more about SiriusXM Canada, visit SiriusXM Canada's website at www.siriusxm.ca.

SiriusXM Canada receives its core content through royalty agreements with Sirius XM Radio in addition to producing select Canadian content. SiriusXM Canada currently has two programming licenses, one for the XM platform and one for the Sirius platform, which provide access to programming in exchange for a revenue royalty payment representing 15% of revenues for XM platform subscribers and up to 15% of revenues for Sirius platform subscribers (currently running at 10% of Revenues). In certain circumstances, SiriusXM Canada also pays a US\$5 activation fee per subscriber on the XM platform to Sirius XM Radio.

Approach to Fairness

In support of this Opinion, NBF has performed certain analyses on SiriusXM Canada and the Consideration, based on those methodologies and assumptions that NBF considered appropriate in the circumstances for the purposes of providing this Opinion. In the context of this Opinion, NBF principally considered and relied upon the following:

- (i) a comparison of the Consideration to the results of a discounted cash flow analysis of the Company (the "DCF Analysis");
- (ii) a comparison of the Consideration to the results of a precedent transactions analysis of the Company ("Precedent Transactions Analysis"); and
- (iii) Analysis of other market factors including a review of the characteristics of the Consideration, the Sirius XM Shares and the Exchangeable Shares and their issuers ("Other Analysis").

DCF Analysis

The DCF Analysis takes into account the amount, timing and relative certainty of the projected cash flows expected to be generated by the Company, as well as provides an "en bloc" value. This analysis requires that certain assumptions be made regarding, among other things, future cash flows, discount rates, and terminal values. These assumptions contemplate potential increases in royalty rates and related activation fees and the risks associated with SiriusXM Canada's deferred tax assets.

The DCF Analysis employed by NBF involved the calculation of the enterprise value of the Company by discounting to a present value the unlevered free cash flows ("UFCF") of the Company expected to be generated between March 1, 2016 and August 31, 2021 as well as a terminal value, determined as at August 31, 2021, such value also having been discounted to a present value. In determining the UFCF, NBF reviewed the Three Year Strategic Plan and Six Year Financial Forecast for the fiscal years 2016 to 2021. NBF also reviewed certain other industry and financial market information. To arrive at an equity value for the Company, NBF then deducted from this enterprise value the net liabilities of the Company as at February 29, 2016. The projected UFCF of the Company were discounted at the estimated weighted average cost of capital ("WACC") for the Company, calculated based upon the Company's after-tax cost of debt and equity and weighted based upon an assumed optimal capital structure for the Company.

A summary of the financial forecast and UFCF used for the DCF Analysis is provided below.

	<u>H2 2016E</u>	<u>FY 2017E</u>	<u>FY 2018E</u>	<u>FY 2019E</u>	<u>FY 2020E</u>	<u>FY 2021E</u>
	<i>(C\$ millions)</i>					
Revenue	\$172	\$353	\$384	\$401	\$418	\$435
Adjusted EBITDA	\$34	\$86	\$96	\$105	\$114	\$122
EBITDA	\$31	\$84	\$94	\$103	\$111	\$119
Taxes	(\$5)	(\$16)	(\$18)	(\$21)	(\$24)	(\$26)
Change in Working Capital	\$6	\$4	\$1	\$0	\$1	\$1
Capital Expenditures	(\$6)	(\$18)	(\$15)	(\$15)	(\$16)	(\$17)
Unlevered Free Cash Flow	\$26	\$55	\$61	\$66	\$72	\$77

Synergies

SiriusXM Canada provided to NBF an estimate of potential synergies that the Purchaser could realize from the transaction including, but not limited to, benefits arising from operating efficiencies and public company cost reductions. NBF considered the value of such potential synergies, net of the one-time costs to achieve these synergies, and this is reflected in this Opinion.

Sensitivity Analysis

As part of the DCF Analysis, NBF did not rely on any single series of projected cash flows but performed a variety of sensitivity analyses using the above UFCF forecast. Variables sensitized include subscriber churn rate, subscriber additions, average revenue per user, marketing costs, EBITDA margin, capital expenditures, discount rate and terminal growth rate. In addition, NBF considered the potential risks inherent in the projected cash flows attributable to the relationship with Sirius XM, and in particular, potential increases in royalty rates upon the expiry of the existing licensing agreements with XM and Sirius and potential increases in related activation fees. NBF also performed sensitivities for the impact of increases in royalty rates and related activation fees, as well as the risks associated with Sirius XM Canada's deferred tax assets, on the value per share based on the DCF Analysis. The results of these sensitivity analyses are reflected in this Opinion.

Discount Rates

The projected UFCF of the Company were discounted to calculate an enterprise value in current Canadian dollars at the estimated WACC for the Company. The WACC was calculated based upon the Company's after-tax cost of debt and equity and weighted based upon an assumed optimal capital structure for the Company. The assumed optimal capital structure was determined based upon a review of the capital structures of comparable companies and the risks inherent in SiriusXM Canada's business and the satellite radio industry. Based on this WACC calculation, NBF used a WACC range of 9.00% to 10.00% to discount the projected UFCF, including a range of sensitivities, and calculate the enterprise value. NBF believes that this WACC range reflects the risk inherent in SiriusXM Canada's business and that this range is representative of those used by financial and industry participants in evaluating businesses of this nature.

Terminal value

SiriusXM Canada estimated the terminal value at the end of the forecast period by calculating the present value at the selected WACC of the terminal year UFCF growing in perpetuity at 1.50% to 2.50% per year. In selecting the range of growth rates, NBF took into consideration the outlook for long-term inflation and the growth prospects of the Company beyond the terminal year.

Summary of the DCF Analysis

The DCF Analysis, which takes into account the sensitivity analyses described above, generates results that are consistent with the Consideration.

Precedent Transactions Analysis

NBF compared the proposed financial terms of the transaction to corresponding financial terms, to the extent publicly available, of selected transactions in the media industry. The terms of the selected transactions were reviewed on the basis of comparability of business to SiriusXM Canada. When considering the Precedent Transactions Analysis, NBF considered enterprise value (“EV”) to last twelve (12) months (“LTM”) EBITDA to be the primary valuation metric. This analysis also contemplates the risks associated with Sirius XM Canada’s deferred tax assets. The precedent transactions which were identified as most relevant to the transaction and primarily relied upon by NBF are summarized below:

Date Announced	Target	Acquiror	EV (C\$ millions)	EV / LTM EBITDA
Jan-16	Shaw Media	Corus Entertainment	\$2,650	7.8x
Aug-12	Cookie Jar Entertainment	DHX Media	\$111	8.8x
Mar-12	Astral Media	BCE	\$3,399	10.6x
Sep-10	CTVglobemedia	BCE	\$3,591	9.3x
May-10	CanWest Television	Shaw	\$1,993	9.5x
Jan-07	Alliance Atlantis	CanWest Global / Goldman	\$2,655	12.5x
Jul-06	CHUM	Bell Globemedia	\$1,643	13.2x
Dec-05	Bell Globemedia	Woodbridge / Teachers' / Torstar	\$2,701	10.0x
Average				10.2x
Median				9.7x

NBF calculated the multiple of EV / LTM EBITDA implied by the Consideration to be received by the holders of Class A Shares and Class B Shares to be 9.4x, which is consistent with the precedent transactions summarized above.

Other Analysis

To support the DCF Analysis and Precedent Transactions Analysis, NBF also considered but gave less weight to various other market factors, including (i) a review of the perspectives of the equity research analyst community on SiriusXM Canada and Sirius XM, (ii) a review of the Consideration and the Sirius XM Shares, and (iii) an examination of differences in, among other things, capital appreciation potential, forecasted revenue, EBITDA, and balance sheet strength and credit quality of Sirius XM and SiriusXM Canada. NBF also considered Sirius XM Canada’s heavy reliance on the services and relationships provided by Sirius XM, the uncertain outcome of Sirius XM Canada’s dispute with Sirius XM with respect to activation fees payable under its license agreement with XM, and the potential financial consequences to Sirius XM Canada of any changes to the services and relationships provided by Sirius XM. The results of these analyses are reflected in this Opinion.

With respect to the non-cash Consideration that SiriusXM Canada Shareholders may elect to receive under the Arrangement, NBF considered a number of factors, including but not limited to (i) the liquidity of Sirius XM Shares; (ii) the size of the market float for Sirius XM Shares; (iii) the market familiarity and profile of Sirius XM Shares; (iv) the number of Sirius XM Shares which may be issued in connection with the Arrangement; (v) Sirius XM’s public disclosure; (vi) the market trading multiples of Sirius XM Shares; and (vii) the fact that the Exchangeable Shares are exchangeable on a one-for-one basis into Sirius

XM Shares and otherwise structured to be economically equivalent to Sirius XM Shares. Based on these factors, NBF concluded that the value of the non-cash Consideration that SiriusXM Canada Shareholders may elect to receive under the Arrangement is consistent with the value of the cash Consideration offered to such SiriusXM Canada Shareholders.

Conclusion

Based upon and subject to the foregoing and such other matters as we consider relevant, NBF is of the opinion that, as of the date hereof, the Consideration to be received pursuant to the Arrangement by holders of the Class A Shares and Class B Shares, other than the Continuing Canadian Shareholders and Sirius XM Radio, is fair, from a financial point of view, to such holders of the Class A Shares and Class B Shares.

Yours very truly,

A handwritten signature in dark ink that reads "National Bank Financial Inc." in a cursive, flowing script.

NATIONAL BANK FINANCIAL INC.

APPENDIX “D” - SECTION 182 OF THE ONTARIO BUSINESS CORPORATIONS ACT

Arrangement

182. (1) In this section,

“arrangement”, with respect to a corporation, includes,

- (a) a reorganization of the shares of any class or series of the corporation or of the stated capital of any such class or series,
- (b) the addition to or removal from the articles of the corporation of any provision that is permitted by this Act to be, or that is, set out in the articles or the change of any such provision,
- (c) an amalgamation of the corporation with another corporation,
- (d) an amalgamation of a body corporate with a corporation that results in an amalgamated corporation subject to this Act,
- (e) a transfer of all or substantially all the property of the corporation to another body corporate in exchange for securities, money or other property of the body corporate,
- (f) an exchange of securities of the corporation held by security holders for other securities, money or other property of the corporation or securities, money or other property of another body corporate that is not a take-over bid as defined in Part XX of the *Securities Act*,
- (g) a liquidation or dissolution of the corporation,
- (h) any other reorganization or scheme involving the business or affairs of the corporation or of any or all of the holders of its securities or of any options or rights to acquire any of its securities that is, at law, an arrangement, and
- (i) any combination of the foregoing.

Scheme of arrangement

(2) A corporation proposing an arrangement shall prepare, for the approval of the shareholders, a statement thereof setting out in detail what is proposed to be done and the manner in which it is proposed to be done.

Adoption of arrangement

(3) Subject to any order of the court made under subsection (5), where an arrangement has been approved by shareholders of a corporation and by holders of shares of each class or series entitled to vote separately thereon, in each case by special resolution, the arrangement shall have been adopted by the shareholders of the corporation and the corporation may apply to the court for an order approving the arrangement.

Separate votes

(4) The holders of shares of a class or series of shares of a corporation are not entitled to vote separately as a class or series in respect of an arrangement unless the statement of the arrangement referred to in subsection (2) contains a provision that, if contained in a proposed amendment to the articles, would entitle such holders to vote separately as a class or series under section 170 and, if the statement of the arrangement contains such a provision, such holders are entitled to vote separately on the arrangement whether or not such shares otherwise carry the right to vote.

Application to court

(5) The corporation may, at any time, apply to the court for advice and directions in connection with an arrangement or proposed arrangement and the court may make such order as it considers appropriate, including, without limiting the generality of the foregoing,

- (a) an order determining the notice to be given to any interested person or dispensing with notice to any person;
- (b) an order requiring a corporation to call, hold and conduct an additional meeting of, or to hold a separate vote of, all or any particular group of holders of any securities or warrants of the corporation in such manner as the court directs;
- (c) an order permitting a shareholder to dissent under section 185 if the arrangement is adopted;

- (d) an order appointing counsel, at the expense of the corporation, to represent the interests of shareholders;
- (e) an order that the arrangement or proposed arrangement shall be deemed not to have been adopted by the shareholders of the corporation unless it has been approved by a specified majority that is greater than two-thirds of the votes cast at a meeting of the holders, or any particular group of holders, of securities or warrants of the corporation; and
- (f) an order approving the arrangement as proposed by the corporation or as amended in any manner the court may direct, subject to compliance with such terms and conditions, if any, as the court thinks fit,

and to the extent that any such order is inconsistent with this section such order shall prevail.

Procedure

(6) Where a reorganization or scheme is proposed as an arrangement and involves an amendment of the articles of a corporation or the taking of any other steps that could be made or taken under any other provision of this Act, the procedure provided for in this section, and not the procedure provided for in such other provision, applies to such reorganization or scheme.

(7) Repealed: 1994, c. 27, s. 71 (23).

APPENDIX “E” – INTERIM ORDER

See attached.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

JUSTICE

R. H. L. L.

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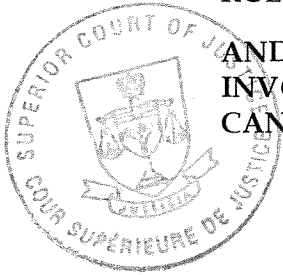
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THURSDAY, THE 28th

DAY OF JULY, 2016

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT, R.S.O. 1990, c. B.16, AS AMENDED, AND
RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT
INVOLVING SIRIUS XM CANADA HOLDINGS INC., SIRIUS XM
CANADA INC., 2517835 ONTARIO INC., AND SIRIUS XM RADIO INC.



SIRIUS XM CANADA HOLDINGS INC.

Applicant

INTERIM ORDER

THIS MOTION made by the Applicant, Sirius XM Canada Holdings Inc. (the "Company"), for an interim order for advice and directions pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended (the "OBCA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Notice of Application issued on July 19, 2016 and the affidavit of Mark Redmond sworn July 22, 2016, (the "Redmond Affidavit"), including the Plan of Arrangement, which is attached as Appendix "B" to the draft management information circular of the Company (the "Information Circular"), which is

attached as Exhibit "A" to the Redmond Affidavit, and on hearing the submissions of counsel for the Company and counsel for 2517835 Ontario Inc. (the "**Purchaser**") and Sirius XM Radio Inc. ("**Sirius XM Radio**").

Definitions

1. **THIS COURT ORDERS** that all definitions used in this Interim Order shall have the meanings ascribed thereto in the Information Circular or otherwise as specifically defined herein.

The Meeting

2. **THIS COURT ORDERS** that the Company is permitted to call, hold and conduct a special meeting (the "**Meeting**") of the holders of the issued and outstanding Class A Subordinate Voting Shares (the "**Class A Shares**"), Class B Voting Shares (the "**Class B Shares**", and together with the Class A Shares, the "**Company Voting Shares**") and Class C Non-Voting Shares (the "**Class C Shares**" and collectively with the Company Voting Shares, the "**Company Shares**") in the capital of the Company (the "**Shareholders**") to be held at TMX Broadcast Centre, Exchange Tower, Ground Floor, 130 King Street West, Toronto, Ontario, M5X 1J2 at 10:00 a.m. (Toronto time) on August 30, 2016 in order for the holders of Company Voting Shares, either in person or by proxy, to consider and, if determined advisable, pass a special resolution authorizing, adopting and approving, with or without variation, the Arrangement and the Plan of Arrangement (collectively, the "**Arrangement Resolution**").

3. **THIS COURT ORDERS** that the Meeting shall be called, held and conducted in accordance with the OBCA, the notice of meeting of Shareholders, which accompanies the Information Circular (the "**Notice of Meeting**") and the articles and by-laws of the Company, subject to what may be provided hereafter and subject to further order of this court.

4. **THIS COURT ORDERS** that the record date (the “**Record Date**”) for determination of the Shareholders entitled to notice of, and to vote at, the Meeting shall be 5:00 p.m. (Toronto time) on July 29, 2016.

5. **THIS COURT ORDERS** that the only persons entitled to attend or speak at the Meeting shall be:

- a) the Shareholders or their respective proxyholders;
- b) the Company Optionholders and holders of Company RSUs;
- c) the officers, directors, auditors and advisors of the Company;
- d) representatives and advisors of the Purchaser, Sirius XM Radio and Sirius XM Holdings Inc. (“**SIRI**”); and
- e) other persons who may receive the permission of the Chair of the Meeting.

6. **THIS COURT ORDERS** that the Company may transact such other business at the Meeting as is contemplated in the Information Circular, or as may otherwise be properly before the Meeting.

Quorum

7. **THIS COURT ORDERS** that the Chair of the Meeting shall be determined by the Company and that the quorum at the Meeting shall be two or more persons who are present in person and either hold personally, or represent by proxy, not less than 5% of the aggregate number of Company Voting Shares entitled to be voted at the Meeting.

Amendments to the Arrangement and Plan of Arrangement

8. **THIS COURT ORDERS** that the Company is authorized to make, subject to the terms of the Arrangement Agreement, and paragraph 9, below, such amendments, modifications or supplements to the Arrangement and the Plan of Arrangement as it may determine without any additional notice to the Shareholders, or others entitled to receive notice under paragraphs 12 and 13 hereof and the Arrangement and Plan of Arrangement, as so amended, modified or supplemented shall be the Arrangement and Plan of Arrangement to be submitted to the Shareholders at the Meeting and shall be the subject of the Arrangement Resolution. Amendments, modifications or supplements may be made following the Meeting, but shall be subject to review and, if appropriate, further direction by this Honourable Court at the hearing for the final approval of the Arrangement.

9. **THIS COURT ORDERS** that, if any amendments, modifications or supplements to the Arrangement or Plan of Arrangement as referred to in paragraph 8, above, would, if disclosed, reasonably be expected to affect a Shareholder's decision to vote for or against the Arrangement Resolution, notice of such amendment, modification or supplement shall be distributed, subject to further order of this Honourable Court, by press release, newspaper advertisement, prepaid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

Amendments to the Information Circular

10. **THIS COURT ORDERS** that the Company is authorized to make such amendments, revisions and/or supplements to the draft Information Circular as it may determine and the Information Circular, as so amended, revised and/or supplemented, shall be the Information Circular to be distributed in accordance with paragraphs 12 and 13 of this Interim Order.

Adjournments and Postponements

11. **THIS COURT ORDERS** that the Company, if it deems advisable and subject to the terms of the Arrangement Agreement, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement, and any such adjournment or postponement of the Meeting shall not change the Record Date, and notice of any such adjournment or postponement shall be given by such method as the Company may determine is appropriate in the circumstances. This provision shall not limit the authority of the Chair of the Meeting in respect of adjournments and postponements.

Notice of Meeting

12. **THIS COURT ORDERS** that, in order to effect notice of the Meeting, the Company shall send the Information Circular (including the Notice of Application and this Interim Order), the Notice of Meeting, the form of proxy, the letter of transmittal and the election form, along with such amendments or additional documents as the Company may determine are necessary or desirable and are not inconsistent with the terms of this Interim Order (collectively, the “**Meeting Materials**”), to the following:

- a) the registered holders of Company Shares (the “**Registered Shareholders**”) at the close of business on the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting, by one or more of the following methods:
 - i) by pre-paid ordinary or first class mail at the addresses of the Registered Shareholders as they appear on the books and records of the Company, or its registrar and transfer agent, at the close of business on

the Record Date and if no address is shown therein, then the last address of the person known to the Company;

- ii) by delivery, in person or by recognized courier service or inter-office mail, to the address specified in (i) above; or
 - iii) by facsimile or electronic transmission to any Registered Shareholder, who is identified to the satisfaction of the Company, who requests such transmission in writing and, if required by the Company, who is prepared to pay the charges for such transmission;
- b) the non-registered holders of Company Shares by providing sufficient copies of the Meeting Materials to intermediaries and registered nominees in a timely manner, in accordance with National Instrument 54-101 of the Canadian Securities Administrators; and
- c) the respective directors and auditors of the Company by delivery in person, by recognized courier service, by pre-paid ordinary or first class mail or, with the consent of the person, by facsimile or electronic transmission, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of sending and the date of the Meeting;

and that compliance with this paragraph shall constitute sufficient notice of the Meeting.

13. **THIS COURT ORDERS** that, in the event that the Company elects to distribute the Meeting Materials, the Company is hereby directed to:

- a) distribute the Information Circular (including the Notice of Application, and this Interim Order), and any other communications or documents determined by the Company to be necessary or desirable (collectively, the “**Court Materials**”) to
 - i) the Company Optionholders;
 - ii) the holders of Company RSUs; and
 - iii) the trustee under the Trust Indenture dated April 23, 2014 providing for the issuance of 5.625% Senior Notes due 2021 in the aggregate principal amount of \$200 million outstanding (the “**Senior Notes**”).

by any method permitted for notice to Shareholders as set forth in paragraphs 12(a) or 12(b), above, within the time periods set forth in paragraph 12 of this Interim Order. Distribution to such persons receiving the Court Materials shall be to their addresses as they appear on the books and records of the Company or its registrar and transfer agent at the close of business on the Record Date.

14. **THIS COURT ORDERS** that accidental failure or omission by the Company to give notice of the meeting or to distribute the Meeting Materials or Court Materials to any person entitled by this Interim Order to receive notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of the Company, or the non-receipt of such notice shall, subject to any further order of this Honourable Court, not constitute a breach of this Interim Order nor shall it invalidate any resolution passed or proceedings taken at the Meeting. If any such failure or omission is brought to the attention of the Company, it shall

use its best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

15. **THIS COURT ORDERS** that the Company is hereby authorized to make such amendments, revisions or supplements to the Meeting Materials and Court Materials as the Company may determine in accordance with the terms of the Arrangement Agreement ("**Additional Information**"), and that notice of such Additional Information may, subject to paragraph 9, above, be distributed by press release, newspaper advertisement, pre-paid ordinary mail, or by the method most reasonably practicable in the circumstances, as the Company may determine.

16. **THIS COURT ORDERS** that distribution of the Meeting Materials and Court Materials pursuant to paragraphs 12 and 13 of this Interim Order shall constitute notice of the Meeting and good and sufficient service of the within Application upon the persons described in paragraphs 12 and 13 and that those persons are bound by any orders made on the within Application. Further, no other form of service of the Meeting Materials or Court Materials or any portion thereof need be made, or notice given or other material served in respect of these proceedings and/or the Meeting to such persons or to any other persons, except to the extent required by paragraph 9, above.

Solicitation and Revocation of Proxies

17. **THIS COURT ORDERS** that the Company is authorized to use the letter of transmittal, election form and proxies substantially in the form of the drafts accompanying the Information Circular, with such amendments and additional information as the Company may determine are necessary or desirable, subject to the terms of the Arrangement Agreement.

The Company is authorized, at its expense, to solicit proxies, directly or through its officers, directors or employees, and through such agents or representatives as it may retain for that purpose, and by mail or such other forms of personal or electronic communication as it may determine. The Company may waive generally, in its discretion, the time limits set out in the Information Circular for the deposit or revocation of proxies by Shareholders, if the Company deems it advisable to do so.

18. **THIS COURT ORDERS** that Registered Shareholders shall be entitled to revoke their proxies in accordance with section 110(4) of the OBCA (except as the procedures of that section are varied by this paragraph) provided that any instruments in writing delivered pursuant to s. 110(4)(a) of the OBCA may be deposited (a) at the executive offices of the Company at 400-135 Liberty Street, Toronto, Ontario, M6K 1A7, at any time up to and including 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting at which the proxy is to be used, or (b) with the Chair of the Meeting before the time of voting on the day of the Meeting.

Voting

19. **THIS COURT ORDERS** that the only persons entitled to vote in person or by proxy on (i) the Arrangement Resolution, or (ii) such other business as may be properly brought before the Meeting, shall be those Shareholders who hold Company Voting Shares as of the close of business on the Record Date. Illegible votes, spoiled votes, defective votes and abstentions shall be deemed to be votes not cast. Proxies that are properly signed and dated but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

20. **THIS COURT ORDERS** that votes shall be taken at the Meeting on the basis of one vote per Company Voting Share and that in order for the Plan of Arrangement to be implemented, subject to further Order of this Honourable Court, the Arrangement Resolution must be passed, with or without variation, at the Meeting by an affirmative vote of:

- (i) at least two-thirds (66 2/3%) of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the holders of Company Voting Shares; and
- (ii) a simple majority of the votes cast in respect of the Arrangement Resolution at the Meeting in person or by proxy by the holders of Class A Shares, other than votes attached to the Class A Shares held by Sirius XM Radio and any other persons described in items (a) through (d) of section 8.1(2) of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Regulatory Authorities, but subject to the exemptions noted therein and any exemptions granted thereunder.

Such votes shall be sufficient to authorize the Company to do all such acts and things as may be necessary or desirable to give effect to the Arrangement and the Plan of Arrangement on a basis consistent with what is provided for in Information Circular without the necessity of any further approval by the Shareholders, subject only to final approval of the Arrangement by this Honourable Court.

21. **THIS COURT ORDERS** that in respect of matters properly brought before the Meeting pertaining to items of business affecting the Company (other than in respect of the Arrangement Resolution), the holders of the Class A Shares are entitled to one vote in respect

of each Class A Share and the holders of the Class B Shares are entitled to one vote in respect of each Class B Share. The holders of the Class C Shares shall not be entitled to vote at the Meeting.

Dissent Rights

22. **THIS COURT ORDERS** that each Registered Shareholder shall be entitled to exercise Dissent Rights in connection with the Arrangement Resolution in accordance with section 185 of the OBCA (except as the procedures of that section are varied by this Interim Order and the Plan of Arrangement) provided that, notwithstanding subsection 185(6) of the OBCA, any Registered Shareholder who wishes to dissent must, as a condition precedent thereto, provide written objection to the Arrangement Resolution to the Company in the form required by section 185 of the OBCA and the Arrangement Agreement, which written objection must be received by the Company at its principal executive office located at 135 Liberty Street, 4th Floor, Toronto, Ontario, M6K 1A7 not later than 5:00 p.m. (Toronto time) August 26, 2016 (or 5:00 p.m. (Toronto time) on the day which is two business days immediately preceding any adjourned or postponed Meeting), and must otherwise strictly comply with the requirements of the OBCA. For purposes of these proceedings, the “court” referred to in section 185 of the OBCA means this Honourable Court.

23. **THIS COURT ORDERS** that, notwithstanding section 185(4) of the OBCA, the Purchaser, and not the Company, shall be required to pay fair value, as of the day prior to approval of the Arrangement Resolution, for Company Shares held by Shareholders who duly exercise Dissent Rights, and to pay the amount to which such Registered Shareholders may be entitled pursuant to the terms of the Plan of Arrangement. In accordance with the Plan of Arrangement and the Information Circular, all references to the “corporation” in subsections

185(4) and 185(17) of the OBCA shall be deemed to refer to "2517835 Ontario Inc." in place of the "corporation", and the Purchaser shall have all of the rights, duties and obligations of the "corporation" under subsections 185(4) and 185(17) of the OBCA.

24. **THIS COURT ORDERS** that any Registered Shareholder who duly exercises such Dissent Rights set out in paragraph 22 above and who:

- i) is ultimately determined by this Honourable Court to be entitled to be paid fair value for his, her or its Company Shares, shall be deemed to have transferred those Company Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims, encumbrances, charges, adverse interests or security interests to the Purchaser for cancellation in consideration for a payment of cash from the Purchaser equal to such fair value; or
- ii) is for any reason ultimately determined by this Honourable Court not to be entitled to be paid fair value for his, her or its Company Shares pursuant to the exercise of the Dissent Right, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder;

but in no case shall the Company, the Purchaser, Sirius XM Radio, or any other person be required to recognize such Registered Shareholders as holders of Company Shares at or after the date upon which the Arrangement becomes effective and the names of such Registered Shareholders shall be deleted from the Company's register of holders of Company Shares at that time.

Hearing of Application for Approval of the Arrangement

25. **THIS COURT ORDERS** that upon approval by the Shareholders of the Plan of Arrangement in the manner set forth in this Interim Order, the Company may apply to this Honourable Court for final approval of the Arrangement.

26. **THIS COURT ORDERS** that distribution of the Notice of Application and the Interim Order in the Information Circular, when sent in accordance with paragraphs 12 and 13 shall constitute good and sufficient service of the Notice of Application and this Interim Order and no other form of service need be effected and no other material need be served unless a Notice of Appearance is served in accordance with paragraph 27.

27. **THIS COURT ORDERS** that any Notice of Appearance served in response to the Notice of Application shall be served on the solicitors for the Company, with a copy to counsel for the Purchaser and Sirius XM Radio as soon as reasonably practicable, and, in any event, no less than two days before the hearing of this Application at the following addresses:

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Alex Rose
Tel: (416) 869-5261
David Spence
Tel: (416) 869-5689
Fax: (416) 947-0866

Lawyers for the Applicant

NORTON ROSE FULBRIGHT CANADA LLP
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Royal Bank Plaza, South Tower
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Toronto, Canada M5J 2Z4

Linda Fuerst

Tel: (416) 216-2951

Fax: (416) 216-3930

**Lawyers for 2517835 Ontario Inc., Sirius XM
Radio Inc. and Sirius XM Holdings Inc.**

28. **THIS COURT ORDERS** that, subject to further order of this Honourable Court, the only persons entitled to appear and be heard at the hearing of the within application shall be:

- i) the Company;
- ii) the Purchaser, Sirius XM Radio and SIRI;
- iii) any person who has filed a Notice of Appearance herein in accordance with the Notice of Application, this Interim Order and the *Rules of Civil Procedure*.

29. **THIS COURT ORDERS** that any materials to be filed by the Company in support of the within Application for final approval of the Arrangement may be filed up to one day prior to the hearing of the Application without further order of this Honourable Court.

30. **THIS COURT ORDERS** that in the event the within Application for final approval does not proceed on the date set forth in the Notice of Application, and is adjourned, only those persons who served and filed a Notice of Appearance in accordance with paragraph 27 above shall be entitled to be given notice of the adjourned date.

Precedence

31. **THIS COURT ORDERS** that, to the extent of any inconsistency or discrepancy between this Interim Order and the terms of any instrument creating, governing or collateral

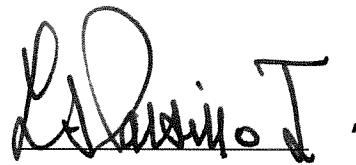
to the Company Shares, Company Options, Company RSUs, or Senior Notes, or the articles or by-laws of the Company, this Interim Order shall govern.

Extra-Territorial Assistance

32. **THIS COURT** seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body in any province of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Variance

33. **THIS COURT ORDERS** that the Company shall be entitled to seek leave to vary this Interim Order upon such terms and upon the giving of such notice as this Honourable Court may direct.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 28 2016

PER / PAR:



IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING
SIRIUS XM CANADA HOLDINGS INC., SIRIUS XM CANADA INC., 2517835
ONTARIO INC., AND SIRIUS XM RADIO INC.

Court File No. CV-16-11466-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

INTERIM ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
Commerce Court West
Suite 5300, 199 Bay Street
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Tel: (416) 869-5261
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Lawyers for the Applicant

APPENDIX “F” - NOTICE OF APPLICATIONS

See attached.

216-11466-001
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF
THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF
CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF
ARRANGEMENT INVOLVING SIRIUS XM CANADA HOLDINGS
INC., SIRIUS XM CANADA INC., 2517835 ONTARIO INC., AND
SIRIUS XM RADIO INC.



SIRIUS XM CANADA HOLDINGS INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following pages.

THIS APPLICATION will come on for a hearing on September 2, 2016 at 10:00 a.m. at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date July 19, 2016

Issued by



Local registrar

A. Anissimova
Registrar

Address of court office 330 University Ave.
Toronto ON M5G 1R7

TO: ALL HOLDERS OF CLASS A SUBORDINATE VOTING SHARES,
CLASS B VOTING SHARES AND CLASS C NON-VOTING SHARES
OF SIRIUS XM CANADA HOLDINGS INC.

AND TO: ALL DIRECTORS OF SIRIUS XM CANADA HOLDINGS INC.

AND TO: ALL HOLDERS OF OPTIONS TO PURCHASE COMMON SHARES
OF SIRIUS XM CANADA HOLDINGS INC.

AND TO: ALL HOLDERS OF RESTRICTED AND PERFORMANCE SHARE
UNITS OF SIRIUS XM CANADA HOLDINGS INC.

AND TO: THE TRUSTEE UNDER THE TRUST INDENTURE DATED APRIL
23, 2014 PROVIDING FOR THE ISSUANCE OF 5.625% SENIOR
NOTES DUE APRIL 23, 2021

AND TO: THE AUDITOR FOR SIRIUS XM CANADA HOLDINGS INC.

AND TO: 2517835 ONTARIO INC., SIRIUS XM RADIO INC. AND SIRIUS XM
HOLDINGS INC.

APPLICATION

1. The applicant makes application for:
 - (a) An interim order (the "Interim Order") for advice and directions pursuant to section 182(5) of the *Business Corporations Act*, R.S.O. 1990, c. B. 16, as amended (the "OBCA"), with respect to an arrangement (the "Arrangement") arising out of a proposed transaction amongst Sirius XM Canada Holdings Inc. (the "Company"), Sirius XM Canada Inc. ("Sirius XM Canada"), 2517835 Ontario Inc. (the "Purchaser") and Sirius XM Radio Inc. ("Sirius XM Radio"), as described in the Company's management information circular (the "Information Circular") to be distributed to the holders of the Company's Class A Subordinate Voting Shares (the "Class A Shares"), the Company's Class B Voting Shares (the "Class B Shares") and the Company's Class C Non-Voting Shares (the "Class C Shares") in connection with a meeting at which the holders of Class A Shares and Class B Shares will consider and vote upon the Arrangement (the "Meeting");
 - (b) A final order approving the Arrangement pursuant to sections 182(3) and 182(5) of the OBCA; and
 - (c) Such further and other relief as seems just to this Honourable Court.
2. The grounds for the application are:
 - (a) The Company is a corporation governed by the provisions of the OBCA with its registered office in Toronto, Ontario. The Company's operations are carried on through its wholly owned subsidiary Sirius XM Canada.
 - (b) The Company offers satellite radio services and is one of the largest Canadian subscription-based media companies as measured by number of subscribers, with approximately 2.7 million total subscribers.

- (c) The Company relies upon Sirius XM Radio's satellite network for the delivery of satellite radio services. The Company is provided with access to satellite radio programming and various other services pursuant to two exclusive licence agreements with Sirius XM Radio.
- (d) Sirius XM Radio is the world's largest radio company measured by revenue. It is also one of the Company's most significant shareholders. It is a wholly owned subsidiary of Sirius XM Holdings Inc. ("SIRI"), which is a publicly traded Delaware corporation with no operations independent of Sirius XM Radio.
- (e) 2517835 Ontario Inc. (the "Purchaser") is an Ontario incorporated company that was formed for the purpose of completing the Arrangement. Sirius XM Radio has unconditionally and irrevocably guaranteed the due and punctual performance of the Purchaser's obligations relating to the Arrangement.
- (f) The Company has three classes of shares: Class A Shares, Class B Shares and Class C Shares (together, the "Company Shares").
- (g) The Company's Class A Shares trade on the Toronto Stock Exchange under the ticker symbol "XSR".
- (h) Amongst the Company's largest shareholders are Sirius XM Radio, which holds Class A Shares and all of the Company's Class C Shares; and Slight Communications Inc. ("Slight") and Obelysk Media Inc. ("Obelysk"), which hold Class A Shares and together hold all of the Company's Class B Shares. Together, Sirius XM Radio, Slight and Obelysk are referred to herein as the "Purchaser Group".
- (i) The Arrangement contemplates, amongst other things:
 - (i) the acquisition of all of the Class A Shares (other than those held by Dissenting Shareholders (as defined in the Information

- Circular) and certain Class A Shares held by the Purchaser Group) by the Purchaser for (i) \$4.50 in cash for each Class A Share; (ii) 0.898 of a share in the capital of SIRI for each Class A Share; or (iii) 0.898 of an Exchangeable Share (as defined in Information Circular) in the capital of the Purchaser for each Class A Share; or a combination thereof;
- (ii) the acquisition of all of the Class B Shares (other than those held by Dissenting Shareholders) by the Purchaser for (i) \$1.50 in cash for each Class B Share; (ii) 0.299 of a SIRI Share for each Class B Share; or (iii) 0.299 of an Exchangeable Share for each Class B Share; or a combination thereof;
 - (iii) the acquisition of the remaining Class A Shares and Class C Shares held by the Purchaser Group in return for the "Purchaser Class A Shares", "Purchaser Class B Shares" and "Purchaser Preferred Shares", as described in the Information Circular; and
 - (iv) the cancellation of all outstanding Company options and restricted and performance share units on the terms described in the Information Circular.
- (j) The Arrangement is described in detail in the draft of the Information Circular attached as Exhibit "A" to the Mark Redmond Affidavit (defined below).
 - (d) The Meeting is scheduled to take place in Toronto.
 - (e) The Company's registrar and transfer agent for the Meeting are located in Toronto.
 - (f) The Arrangement is an "arrangement" within the meaning of section 182(1) of the OBCA.

- (g) All statutory requirements under section 182 and other applicable provisions of the OBCA either have been fulfilled or are expected to be fulfilled by the return date of this Application.
- (h) The Company wishes to effect a fundamental change in the nature of an arrangement under the provisions of the OBCA.
- (i) The Arrangement is in the Company's best interests and is put forward in good faith.
- (j) The Arrangement is fair and reasonable.
- (k) The Arrangement has a valid business purpose.
- (l) The Arrangement resolves the objections of those whose rights are being arranged in a fair and balanced way.
- (m) The directions set forth in any Interim Order this Court may grant, and the shareholder approvals required, will be followed and obtained by the date of the return of this Application.
- (n) Certain of the Company's shareholders are resident outside of Ontario and will be served at their addresses as they appear on the Company's books and records pursuant to Rules 17.02(n) and 17.02(o) of the *Rules of Civil Procedure*, R.R.O., Reg. 194, and the terms of any Interim Order for advice and directions granted by this Honourable Court.
- (o) Section 182 of the OBCA.
- (p) National Instrument No. 54-101 - *Communication with Beneficial Owners of the Securities of a Reporting Issuer* of the Canadian Securities Administrators.
- (q) Rules 14.05, 17.02, 37 and 38 of the *Rules of Civil Procedure*.

- (r) Such further and other grounds as counsel may advise and this Honourable Court may permit.

3. The following documentary evidence will be used at the hearing of the application:

- (a) The Affidavit of Mark Redmond, to be sworn, and the exhibits thereto (the "Mark Redmond Affidavit");
- (b) A further or supplementary Affidavit to be sworn, and the exhibits thereto, on behalf of the Company, reporting as to compliance with the Interim Order and the results of the Meeting; and
- (c) Such further and other material as counsel may advise and this Honourable Court may permit.

July 19, 2016

STIKEMAN ELLIOTT LLP
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Lawyers for the Applicant

IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, B.16, AS AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE *RULES OF CIVIL PROCEDURE*

AND IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT INVOLVING SIRIUS XM CANADA HOLDINGS INC., SIRIUS XM CANADA INC., 2517835 ONTARIO INC., AND SIRIUS XM RADIO INC.

216-11466-000
Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

NOTICE OF APPLICATION

STIKEMAN ELLIOTT LLP
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Lawyers for the Applicant

APPENDIX “G” – INFORMATION CONCERNING THE PURCHASER AND SIRI

APPENDIX “G-1” – INFORMATION CONCERNING SIRIUS XM HOLDINGS INC.

The following information concerning Sirius XM Holdings Inc. (“**SIRI**”) should be read in conjunction with the information appearing elsewhere in the Company Circular including in respect of the Company. Capitalized terms used but not otherwise defined in this Appendix “G-1” have the meaning ascribed to them in the Company Circular.

OVERVIEW

Sirius XM Radio Inc. (the “**Guarantor**”) is a wholly-owned subsidiary of SIRI. SIRI has no operations independent of the Guarantor. Unless otherwise stated or indicated by context, the term the “**SIRI Group**” refers to SIRI and its subsidiaries.

The SIRI Group transmits music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over the SIRI Group’s Internet radio service, including through applications for mobile devices. The SIRI Group is also a leader in providing connected vehicle services. The SIRI Group’s connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

The SIRI Group has agreements with every major automaker to offer satellite radio in their vehicles. The SIRI Group also acquires subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to the SIRI Group’s services. Additionally, the SIRI Group distributes its satellite radios through retailers online and at locations nationwide and through its website. Satellite radio services are also offered to customers of certain rental car companies.

As of June 30, 2016, the SIRI Group had approximately 30.6 million subscribers of which approximately 25.1 million were self-pay subscribers and approximately 5.5 million were paid promotional subscribers. The SIRI Group’s subscriber totals include subscribers under its regular pricing plans; discounted pricing plans; subscribers that have prepaid, including payments either made or due from automakers for subscriptions included in the sale or lease price of a vehicle; subscribers to the SIRI Group’s Internet services who do not also have satellite radio subscriptions; and certain subscribers to its weather, traffic, and data services who do not also have satellite radio subscriptions. Subscribers and subscription related revenues and expenses associated with the SIRI Group’s connected vehicle services and the Sirius XM Canada Holdings Inc. services are not included in its subscriber count or subscriber-based operating metrics.

The SIRI Group’s primary source of revenue is subscription fees, with most of its customers subscribing on an annual, semi-annual, quarterly or monthly plan. The SIRI Group offers discounts for prepaid, longer term subscription plans, as well as a multiple subscription discount. The SIRI Group also derives revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as its weather, traffic and data services.

In certain cases, a subscription to the SIRI Group’s radio services is included in the sale or lease price of new vehicles or previously owned vehicles. The length of these subscriptions varies but is typically three to twelve months. The SIRI Group receives payments for these subscriptions from certain automakers. The SIRI Group also reimburses various automakers for certain costs associated with satellite radios installed in new vehicles.

Liberty Media Corporation (“**Liberty Media**”) beneficially owns, directly and indirectly, over 50% of the outstanding SIRI Shares. As a result, SIRI is a “controlled company” for the purposes of the NASDAQ corporate governance requirements. Liberty Media owns interests in a range of media, communications and entertainment businesses.

OPTIONS TO PURCHASE SECURITIES

The following table shows the aggregate number of outstanding options to purchase securities of SIRI held as at June 30, 2016:

Category	Number of Securities Under Option	Weighted Average Exercise Price per SIRI Share (US\$)	Weighted Average Market Price of Securities Under Option on the Date of Grant per SIRI Share (US\$)	Market Price of Securities Under Option as at June 30, 2016 per SIRI Share (US\$)	Range of Expiration Dates
All executive officers and past executive officers, as a group (9 in total)	101,809,747	\$3.50	\$3.50	\$3.95	February 1, 2017 to May 24, 2026
All directors and past directors who are not also executive officers, as a group (11 in total)	6,959,565	\$2.01	\$2.01	\$3.95	August 10, 2017 to May 25, 2026
All other employees or past employees, as a group	191,639,291	\$3.13	\$3.13	\$3.95	July 13, 2016 to March 14, 2026
All consultants, as a group	38,940,000	\$4.00	\$4.00	\$3.95	December 14, 2022

DESCRIPTION OF EQUITY SECURITIES

SIRI is authorized to issue up to 9,000,000,000 SIRI Shares. As at June 30, 2016, there were approximately 4,893,341,000 SIRI Shares issued and 4,888,341,000 SIRI Shares outstanding.

Each holder of a SIRI Share is entitled to one vote for each SIRI Share held of record by such holder on all matters on which stockholders generally are entitled to vote. The SIRI Shares do not have the right to cumulate votes in the election of directors or pre-emptive rights.

PRIOR SALES

The following tables set out the number of SIRI Shares and securities convertible into SIRI Shares, including the issue and/or exercise price, issued by SIRI during the 12-month period ending June 30, 2016.

SIRI Shares Issued

Date of Issuance	Number of SIRI Shares Issued	Issuance Price (US\$ per SIRI Share)
July 2015	831,721 ⁽¹⁾	3.96 ⁽¹⁾
August 2015	4,500,205 ⁽¹⁾	3.94 ⁽¹⁾
August 5, 2015	858,123 ⁽²⁾	n/a
August 19, 2015	656,572 ⁽²⁾	n/a
August 27, 2015	103 ⁽²⁾	n/a
September 2015	1,194,505 ⁽¹⁾	3.87 ⁽¹⁾
September 23, 2015	3,556 ⁽²⁾	n/a
October 2015	3,776,376 ⁽¹⁾	4.04 ⁽¹⁾
October 30, 2015	476,961 ⁽²⁾	n/a
November 2015	900,391 ⁽¹⁾	4.15 ⁽¹⁾
December 2015	214,507 ⁽¹⁾	4.06 ⁽¹⁾
December 2, 2015	16,057 ⁽²⁾	n/a
January 2016	165,741 ⁽¹⁾	3.72 ⁽¹⁾
February 2016	89,233 ⁽¹⁾	3.56 ⁽¹⁾
March 2016	498,626 ⁽¹⁾	3.87 ⁽¹⁾
April 2016	197,324 ⁽¹⁾	3.98 ⁽¹⁾

Date of Issuance	Number of SIRI Shares Issued	Issuance Price (US\$ per SIRI Share)
April 29, 2016	2,769 ⁽²⁾	n/a
May 2016	786,564 ⁽¹⁾	3.90 ⁽¹⁾
May 25, 2016	69,454 ⁽³⁾	n/a
June 2016	282,488 ⁽¹⁾	3.99 ⁽¹⁾
June 20, 2016	52,323 ⁽²⁾	n/a

Notes:

- (1) Due to the frequency of stock option exercises throughout each month, these amounts reflect the total number of SIRI Shares issued pursuant to stock option exercises or the weighted-average exercise price thereof, as applicable, for the month on a net settlement basis.
- (2) Amount represents the number of SIRI Shares issued upon vesting of restricted stock units on a net settlement basis.
- (3) Amount represents the number of SIRI Shares issued to directors pursuant to compensation plan.

Stock Options Granted

Date of Grant	Number of Stock Options Granted⁽¹⁾	Exercise Price (US\$ per SIRI Share)
July 29, 2015	17,509,590	3.95
August 5, 2015	62,332,900	3.92
August 11, 2015	13,279,313	3.90
September 1, 2015	181,393	3.76
November 2, 2015	83,344	4.13
November 23, 2015	2,462,162	4.15
November 30, 2015	240,560	4.11
December 11, 2015	4,095,724	4.01
December 14, 2015	38,940,000	4.00
February 23, 2016	4,132,858	3.61
March 14, 2016	194,278	3.92
May 24, 2016	10,805,602	3.96
May 25, 2016	874,500	3.96

Note:

- (1) Each stock option is exercisable for one SIRI Share, prior to net settlement.

Restricted Stock Units Granted

Date of Grant	Number of Restricted Stock Units Granted⁽¹⁾
July 29, 2015	221,519
August 5, 2015	5,193,800
August 11, 2015	2,564,103
September 1, 2015	16,622
November 23, 2015	180,941
November 30, 2015	21,289
December 11, 2015	311,721
February 23, 2016	277,008
March 14, 2016	15,944

Date of Grant	Number of Restricted Stock Units Granted⁽¹⁾
May 24, 2016	1,452,020

Note:

(1) The holder of a restricted stock unit will, upon vesting, receive one SIRI Share for such restricted stock unit vested prior to net settlement.

TRADING PRICE AND VOLUME OF SHARES

The SIRI Shares are listed for trading on the NASDAQ under the symbol “SIRI”. On July 28, 2016, the closing sale price per SIRI Share on the NASDAQ was \$4.36. The following table sets forth, for the periods indicated, the high and low trading prices, the monthly trading volume and the average daily trading volume for the SIRI Shares.

Period	High (US\$)	Low (US\$)	Volume	Average Daily Volume
July 1, 2016 – July 28, 2016	4.43	3.92	1,102,404,200	58,021,274
June 2016	4.04	3.74	983,486,270	44,703,921
May 2016	4.02	3.85	585,497,730	27,880,844
April 2016	4.05	3.79	950,740,150	45,273,340
March 2016	3.97	3.72	711,427,540	32,337,615
February 2016	3.75	3.29	814,648,450	40,732,423
January 2016	4.04	3.45	654,425,490	34,443,447
December 2015	4.18	3.96	575,157,070	26,143,503
November 2015	4.20	4.02	458,275,794	22,913,790
October 2015	4.18	3.69	700,091,400	31,822,336
September 2015	3.92	3.65	525,415,460	25,019,784
August 2015	4.01	3.31	601,146,120	28,626,006
July 2015	4.01	3.63	688,490,230	31,295,010

CORPORATE GOVERNANCE

Board of Directors

The Board of Directors of SIRI (the “**SIRI Board**”) is currently comprised of 12 members, a majority of which are independent. Joan L. Amble, Eddy W. Hartenstein, Vanessa A. Wittman, George W. Bodenheimer, James P. Holden, Carl E. Vogel, James F. Mooney and David M. Zaslav are independent directors of SIRI. James E. Meyer, SIRI’s Chief Executive Officer, Gregory B. Maffei and Mark D. Carleton, each of whom is an employee of Liberty Media, and Evan D. Malone, whose father is the Chairman of Liberty Media, are not considered to be independent directors.

Board Mandate

The SIRI Board’s role and responsibilities are set out in SIRI’s Corporate Governance Guidelines, a copy of which is attached hereto as Schedule “H”. Please see “Item 1 – Election of Directors” in the Proxy Statement for more information.

The Audit Committee’s Charter

A copy of the Charter of the Audit Committee of the Board of Directors of SIRI (the “**Audit Committee Charter**”) is attached hereto as Schedule “I”.

RISK FACTORS

In addition to considering the other information in the Company Circular, Company Shareholders should consider carefully the risk factors set forth in SIRI’s public disclosure on www.sec.gov, including, without limitation, the risk factors included in the documents referenced below under “Additional Information”.

AUDITORS

KPMG LLP at 345 Park Avenue, New York, NY 10154 are the auditors for SIRI.

ADDITIONAL INFORMATION

Additional information regarding SIRI is set out in the following documents:

1. Form 10-K Annual Report of SIRI for the fiscal year ended December 31, 2015 attached hereto as Schedule “A”;
2. the Proxy Statement attached hereto as Schedule “B”;
3. Form 10-Q Quarterly Report of SIRI for the quarterly period ended June 30, 2016 attached hereto as Schedule “C”;
4. SIRI’s Corporate Governance Guidelines attached hereto as Schedule “D”; and
5. the Audit Committee Charter attached hereto as Schedule “E”.

SCHEDULES TO APPENDIX “G-1”

See attached.

SCHEDULE “A” TO APPENDIX “G-1”

**FORM 10-K ANNUAL REPORT OF SIRI
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

- ☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____**

COMMISSION FILE NUMBER 001-34295

SIRIUS XM HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*
1221 Avenue of the Americas, 36th Floor
New York, New York
(Address of principal executive offices)

38-3916511
(I.R.S. Employer Identification Number)
10020
(Zip Code)

Registrant's telephone number, including area code: (212) 584-5100

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:

Name of Each Exchange on Which Registered:

Common Stock, par value \$0.001 per share

The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates as of June 30, 2015 was \$8,252,527,278. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

The number of shares of the registrant's common stock outstanding as of January 29, 2016 was 5,095,994,772.

DOCUMENTS INCORPORATED BY REFERENCE

Information included in our definitive proxy statement for our 2016 annual meeting of stockholders scheduled to be held on Tuesday, May 24, 2016 is incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this report.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
2015 FORM 10-K ANNUAL REPORT
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PART I

ITEM 1. **BUSINESS**

This Annual Report on Form 10-K presents information for Sirius XM Holdings Inc. (“Holdings”). The terms “we,” “us,” “our,” and “our company” as used herein and unless otherwise stated or indicated by context, refer to Sirius XM Radio Inc. (“Sirius XM”) and its subsidiaries.

Sirius XM Holdings Inc.

Sirius XM is a wholly-owned subsidiary of Holdings. Holdings was incorporated in the State of Delaware on May 21, 2013. Holdings has no operations independent of its subsidiary Sirius XM.

Relationship with Liberty Media

Liberty Media Corporation (“Liberty Media”) beneficially owns, directly and indirectly, over 50% of the outstanding shares of Holdings’ common stock. Liberty Media owns interests in a range of media, communications and entertainment businesses.

Sirius XM Radio Inc.

We transmit music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through our two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over our Internet radio service, including through applications for mobile devices.

As of December 31, 2015, we had approximately 29.6 million subscribers. Our subscribers include:

- subscribers under our regular and discounted pricing plans;
- subscribers that have prepaid, including payments made or due from automakers for subscriptions included in the sale or lease price of a vehicle;
- subscribers to our Internet services who do not also have satellite radio subscriptions; and
- certain subscribers to our weather, traffic and data services who do not also have satellite radio subscriptions.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly basis. We offer discounts for prepaid and longer term subscription plans as well as discounts for multiple subscriptions. We also derive revenue from the sale of advertising on select non-music channels, activation and other fees, the direct sale of satellite radios and accessories, and other ancillary services, such as our weather, traffic and data services.

Our satellite radios are primarily distributed through automakers; retail stores nationwide; and through our website. We have agreements with every major automaker to offer satellite radios in their vehicles. Satellite radio services are also offered to customers of certain rental car companies.

We are also a leader in providing connected vehicle applications and services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers. Subscribers to our connected vehicle services are not included in our subscriber count or subscriber-based operating metrics.

Programming

We offer a dynamic programming lineup of commercial-free music plus sports, entertainment, comedy, talk, news, traffic and weather, including:

- an extensive selection of music genres, ranging from rock, pop and hip-hop to country, dance, jazz, Latin and classical;
- live play-by-play sports from major leagues and colleges;
- a multitude of talk and entertainment channels for a variety of audiences;
- a wide range of national, international and financial news;
- exclusive limited run channels; and
- local traffic and weather reports for 21 metropolitan markets throughout the United States.

Our diverse spectrum of programming, including our lineup of exclusive material, is a significant differentiator from terrestrial radio and other audio entertainment providers. We make changes to our programming lineup from time to time as we strive to attract new subscribers and offer content which appeals to a broad range of audiences and to our existing subscribers. The channel line-ups for our services are available at siriusxm.com.

Internet Radio Service

We stream select music and non-music channels over the Internet. Our Internet radio service also includes certain channels and features that are not available on our satellite radio service. Access to our Internet radio service is offered to subscribers for a fee. We also offer applications to allow consumers to access our Internet radio service on smartphones and tablet computers.

SiriusXM Internet Radio offers listeners enhanced programming discovery and the ability to connect with content currently playing across our commercial-free music, sports, comedy, news, talk and entertainment channels or available through SiriusXM On Demand.

We offer two innovative Internet-based products, SiriusXM On Demand and MySXM. SiriusXM On Demand offers our Internet radio subscribers listening on our online media player and on smartphones the ability to choose their favorite episodes from a catalog of content whenever they want. MySXM permits subscribers to personalize our existing commercial-free music and comedy channels to create a more tailored listening experience. Channel-specific sliders allow users to create over 100 variations of each of more than 50 channels by adjusting characteristics like library depth, familiarity, music style, tempo, region, and multiple other channel-specific attributes. SiriusXM On Demand and MySXM are offered to our Internet radio subscribers at no extra charge.

SXM17

We are developing a product, which we call “SXM17,” that combines our satellite and Internet services into a single, cohesive in-vehicle entertainment experience and is expected to allow us to take advantage of the automaker’s deployment of advanced in-dash infotainment systems. SXM17 will leverage the ubiquitous signal coverage of our satellite infrastructure and low delivery costs with the two-way communication capability of wireless Internet service to provide consumers seamless access to all of our content, including our live channels, SiriusXM On Demand programming and more personalized music services. The wireless Internet connection included in SXM17 will enable enhanced search and recommendations functions, making discovery of our content in the vehicle easier than ever. SXM17 will allow consumers to manage many aspects of their subscriptions directly through their vehicles’ equipment. We expect automakers to begin including our SXM17 product in vehicles as early as 2017.

Distribution of Radios

Automakers

We distribute satellite radios through the sale and lease of new vehicles. We have agreements with every major automaker to offer satellite radios in their vehicles. Satellite radios are available as a factory or dealer-installed option in substantially all vehicle makes sold in the United States.

Most automakers include a subscription to our radio service in the sale or lease of their new vehicles. In certain cases, we receive subscription payments from automakers in advance of the activation of our service. We share with certain automakers a portion of the revenues we derive from subscribers using vehicles equipped to receive our service. We also reimburse various automakers for certain costs associated with the satellite radios installed in new vehicles, including in certain cases hardware costs, engineering expenses and promotional and advertising expenses.

Previously Owned Vehicles

We acquire subscribers through the sale and lease of previously owned vehicles with factory-installed satellite radios. We have entered into agreements with many automakers to market subscriptions to purchasers and lessees of vehicles which include satellite radios sold through their certified pre-owned programs. We also work directly with franchise and independent dealers on programs for non-certified vehicles.

We have developed systems and methods to identify purchasers and lessees of previously owned vehicles which include satellite radios and have established marketing plans to promote our services to these potential subscribers.

Retail

We sell satellite radios directly to consumers through our website. Satellite radios are also marketed and distributed through national and regional retailers.

Our Satellite Radio Systems

Our satellite radio systems are designed to provide clear reception in most areas despite variations in terrain, buildings and other obstructions. We continually monitor our infrastructure and regularly evaluate improvements in technology.

Our satellite radio systems have three principal components:

- satellites, terrestrial repeaters and other satellite facilities;
- studios; and
- radios.

Satellites, Terrestrial Repeaters and Other Satellite Facilities

Satellites. We provide our service through a fleet of eight orbiting satellites, five in the Sirius system, FM-1, FM-2, FM-3, FM-5 and FM-6, and three in the XM system, XM-3, XM-4 and XM-5.

Our constellation of three XM satellites operate in a geostationary, with XM-5 used as a spare for both the XM and Sirius constellations. Our constellation of five Sirius satellites operate in two separate orbits. Three of our Sirius satellites, FM-1, FM-2 and FM-3, operate in a highly inclined elliptical orbit. The other two Sirius satellites, FM-5 and FM-6, operate in a geostationary orbit. We plan to transition our Sirius constellation to solely a geostationary orbit using the FM-5 and FM-6 satellites. As part of this transition, FM-1, FM-2 and FM-3 are expected to be moved into disposal orbits during 2016.

Satellite Insurance. We do not have in-orbit insurance policies covering our satellites, as we consider the premium costs to be uneconomical relative to the risk of satellite failure.

Terrestrial Repeaters. In some areas with high concentrations of tall buildings, such as urban centers, signals from our satellites may be blocked and reception of satellite signals can be adversely affected. In many of these areas, we have deployed terrestrial repeaters to supplement satellite coverage. We operate over 1,100 terrestrial repeaters as part of our systems across the United States.

Other Satellite Facilities. We control and communicate with our satellites from facilities in North America and maintain earth stations in Panama and Ecuador to control and communicate with three of our Sirius satellites, FM-1, FM-2 and FM-3. Our satellites are monitored, tracked and controlled by a third party satellite operator.

Studios

Our programming originates from studios in New York City and Washington D.C. and, to a lesser extent, from smaller studios in Los Angeles, Nashville and a variety of smaller venues across the country. Our corporate headquarters is based in New York City. Both our New York City and Washington D.C. offices house facilities for programming origination, programming personnel and facilities to transmit programming.

Radios

Radios are primarily manufactured in two principal configurations - as in-dash radios and dock & play radios.

We do not manufacture radios. We have authorized manufacturers and distributors to produce and distribute radios, and have licensed our technology to various electronics manufacturers to develop, manufacture and distribute radios under certain brands. We do manage various aspects of the production of satellite radios. To facilitate the sale of radios, we may subsidize a portion of the radio manufacturing costs to reduce the hardware price to consumers.

Connected Vehicle Services

We are a leader in providing connected vehicle services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers. We offer a portfolio of location-based services through two-way wireless connectivity, including safety, security, convenience, maintenance and data services, remote vehicles diagnostics, stolen or parked vehicle locator services, and monitoring of vehicle emission systems. Our connected vehicle business provides services to several automakers, including Acura, BMW, Honda, Hyundai, Infiniti, Lexus, Nissan and Toyota.

Subscribers to our connected vehicle services are not included in our subscriber count or subscriber-based operating metrics.

Canada

We own approximately 37% of the equity of Sirius XM Canada Holdings Inc. ("Sirius XM Canada"), the satellite radio provider in Canada. Subscribers to the services offered by Sirius XM Canada are not included in our subscriber count.

Other Services

Commercial Accounts. Our programming is available for commercial establishments. Commercial subscription accounts are available through providers of in-store entertainment solutions and directly from us. Certain commercial subscribers are included in our subscriber count.

Satellite Television Service. Certain of our music channels are offered as part of certain programming packages on the DISH Network satellite television service. Subscribers to the DISH Network satellite television service are not included in our subscriber count.

Subscribers to the following services are not included in our subscriber count, unless the applicable service is purchased by the subscriber separately and not as part of a radio subscription to our services:

Travel Link. We offer Travel Link, a suite of data services that includes graphical weather, fuel prices, sports schedules and scores and movie listings.

Real-Time Traffic Services. We offer services that provide graphic information as to road closings, traffic flow and incident data to consumers with compatible in-vehicle navigation systems.

Real-Time Weather Services. We offer several real-time weather services designed for improving situational awareness in vehicle, marine and/or aviation use.

Competition

Satellite Radio

We face significant competition for both listeners and advertisers in our satellite radio business, including from providers of radio or other audio services. Our digital competitors are making in-roads into vehicles, where we are currently the prominent alternative to traditional AM/FM radio.

Traditional AM/FM Radio. Our services compete with traditional AM/FM radio. Several traditional radio companies are substantial entities owning large numbers of radio stations or other media properties. The radio broadcasting industry is highly competitive. Traditional AM/FM broadcasters are also aggressively pursuing Internet radio, wireless Internet-based distribution arrangements and data services.

Traditional AM/FM radio has a well-established demand for its services and offers free broadcasts paid for by commercial advertising rather than by subscription fees. Many radio stations offer information programming of a local nature, such as local news and sports. The availability of traditional free AM/FM radio reduces the likelihood that customers would be willing to pay for our subscription services and, by offering free broadcasts, it may impose limits on what we can charge for our services.

Internet Radio and Internet-Enabled Smartphones. Internet radio services often have no geographic limitations and provide listeners with radio programming from across the country and around the world. Major media companies and online providers, including Apple, Google Play, Pandora and iHeartRadio, make high fidelity digital streams available through the Internet for free or, in some cases, for less than the cost of a satellite radio subscription. These services compete directly with our services, at home, in vehicles, and wherever audio entertainment is consumed.

Smartphone applications are often free to the user and offer music and talk content. Leading audio smartphone radio applications include Apple, Pandora, Spotify, and iHeartRadio. Certain of these applications also include advanced functionality, such as personalization, and allow the user to access large libraries of content. These services are easily integrated into vehicles.

Advanced In-Dash Infotainment Systems. Nearly all automakers have deployed or are planning to deploy integrated multimedia systems in dashboards. These systems combine control of audio entertainment from a variety of sources, including AM/FM/HD radio broadcasts, satellite radio, Internet radio, smartphone applications and stored audio, with navigation and other advanced applications such as restaurant bookings, movie show times and financial information. Internet radio and other data are typically connected to the system via a bluetooth link to an Internet-enabled smartphone or wireless modem installed in the vehicle, and the entire system may be controlled by touchscreen or voice recognition. These systems enhance the attractiveness of Internet-based competitors by making such applications more prominent, easier to access, and safer to use in the car. Similar systems are also available in the aftermarket and sold through retailers.

Direct Broadcast Satellite and Cable Audio. A number of providers offer specialized audio services through either direct broadcast satellite or cable audio systems. These services are targeted to fixed locations, mostly in-home. The radio service offered by direct broadcast satellite and cable audio is often included as part of a package of digital services with video service, and video customers generally do not pay an additional monthly charge for the audio service.

Other Digital Media Services. The audio entertainment marketplace continues to evolve rapidly, with a steady emergence of new media platforms that compete with our services now or that could compete with those services in the future.

Traffic News Services

A number of providers compete with our traffic news services. In-dash navigation is threatened by smartphones that provide data services through a direct vehicle interface. Most of these smartphones offer GPS mapping, often with turn-by-turn navigation.

Connected Vehicle Services

Our connected vehicle services business operates in a highly competitive environment and competes with several providers, including Verizon Telematics. OnStar, a division of General Motors, also offers connected vehicle services in GM vehicles. We also compete with wireless devices such as mobile phones, carriers of mobile communications and, to a lesser extent, with systems developed internally by automakers. We compete against other connected vehicle service providers for automaker arrangements on the basis of service quality and reliability, technical capabilities and systems customization, scope of service, industry experience, past performance and price.

Government Regulation

As operators of a privately-owned satellite system, we are regulated by the FCC under the Communications Act of 1934, principally with respect to:

- the licensing of our satellite systems;
- preventing interference with or to other users of radio frequencies; and
- compliance with FCC rules established specifically for U.S. satellites and satellite radio services.

Any assignment or transfer of control of our FCC licenses must be approved by the FCC. The FCC's order approving the merger of our wholly-owned subsidiary, Vernon Merger Corporation, with and into XM Satellite Radio Holdings Inc. in July 2008 (the "Merger") requires us to comply with certain voluntary commitments we made as part of the FCC Merger proceeding. We believe we comply with those commitments.

In 1997, we were the winning bidders for FCC licenses to operate a satellite digital audio radio service and provide other ancillary services. Our FCC licenses for our Sirius satellites expire in 2017 and 2022. Our FCC licenses for our XM satellites expire in 2018, 2021 and 2022. XM-1 is operating under Special Temporary Authority from the FCC and is in the process of being de-orbited. We anticipate that, absent significant misconduct on our part, the FCC will renew our licenses to permit operation of our satellites for their useful lives, and grant licenses for any replacement satellites.

In some areas with high concentrations of tall buildings, such as urban centers, signals from our satellites may be blocked and reception can be adversely affected. In many of these areas, we have installed terrestrial repeaters to supplement our satellite signal coverage. The FCC has established rules governing terrestrial repeaters and has granted us a license through 2027 to operate our repeater network.

In many cases, we obtain FCC certifications for satellite radios, including satellite radios that include FM modulators. We believe our radios that are in production comply with all applicable FCC rules.

We are required to obtain export licenses from the United States government to export certain ground control equipment, satellite communications/control services and technical data related to our satellites and their operations. The delivery of such equipment, services and technical data to destinations outside the United States and to foreign persons is subject to strict export control and prior approval requirements from the United States government (including prohibitions on the sharing of certain satellite-related goods and services with China).

Changes in law or regulations relating to communications policy or to matters affecting our services could adversely affect our ability to retain our FCC licenses or the manner in which we operate.

Copyrights to Programming

In connection with our satellite radio music programming, we must negotiate and enter into royalty arrangements with two sets of rights holders: Holders of copyrights in musical works (that is, the music and lyrics) and holders of copyrights in sound recordings (that is, the actual recording of a work).

Musical works rights holders, generally songwriters and music publishers, have been traditionally represented by performing rights organizations such as the American Society of Composers, Authors and Publishers (“ASCAP”), Broadcast Music, Inc. (“BMI”) and SESAC, Inc. (“SESAC”). These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders. We have arrangements with all of these organizations. However, the market for rights relating to musical works is changing rapidly. Certain songwriters and music publishers have withdrawn from the traditional performing rights organizations, particularly ASCAP and BMI, and new entities have formed to represent rights holders. In addition, the United States Justice Department is reviewing the consent decrees that have governed ASCAP and BMI since the 1940s and other aspects of the musical works market. The changing market for musical works may have an adverse effect on us, including increasing our costs or limiting the musical works available to us.

Sound recording rights holders, typically large record companies, are primarily represented by SoundExchange, an organization which negotiates licenses, and collects and distributes royalties on behalf of record companies and performing artists. Under the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998, we may negotiate royalty arrangements with the owners of sound recordings fixed after February 15, 1972, or if negotiation is unsuccessful, the royalty rate is established by the Copyright Royalty Board (the “CRB”) of the Library of Congress.

The CRB has issued its determination regarding the royalty rate payable by us under the statutory license covering the performance of sound recordings fixed after February 15, 1972 over our satellite digital audio radio service, and the making of ephemeral (server) copies in support of such performances, for the five-year period ending on December 31, 2017. Under the terms of the CRB's decision, we will pay a royalty based on gross revenues, subject to certain exclusions, of 10.5% for 2016 and 11% for 2017. The rate for 2015 was 10%.

The revenue subject to royalty includes subscription revenue from our U.S. satellite digital audio radio subscribers and advertising revenue from channels, other than those channels that make only incidental performances of sound recordings. Exclusions from revenue subject to the statutory license fee include, among other things, revenue from channels, programming and products or other services offered for a separate charge where such channels make only incidental performances of sound recordings; revenue from equipment sales; revenue from current and future data services (including video and connected vehicle services) offered for a separate charge; intellectual property royalties received by us; credit card, invoice and fulfillment service fees; and bad debt expense. The regulations also allow us to further reduce our monthly royalty fee in proportion to the percentage of our performances that feature pre-1972 recordings (which are not subject to federal copyright protection) as well as those that are licensed directly from the copyright holder, rather than through the statutory license.

To secure the rights to stream music content over the Internet, including to mobile devices, we also must obtain licenses from, and pay royalties to, copyright owners of musical compositions and sound recordings. We have arrangements with ASCAP, SESAC and BMI to license the musical compositions we stream over the Internet. The licensing of certain sound recordings fixed after February 15, 1972 for use on the Internet is also subject to the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998 on terms established by the CRB. In 2015, we paid a per performance rate for the streaming of certain sound recordings on the Internet of \$0.0024.

In December 2015, the CRB released the rates and terms for the use of sound recordings by non-interactive Internet services, such as our Internet radio service, for the period of 2016 through 2020. Effective as of January 1, 2016, the CRB set a royalty rate at \$0.0017 per performance for ad-supported services and a royalty rate at \$0.0022 per performance for subscription-based services. In accordance with the CRB's decision, these royalty rates will increase during the period from 2017 through 2020 based on the consumer price index.

Our rights to perform certain copyrighted sound recordings (that is, the actual recording of a work) that were fixed after February 15, 1972 are governed by United States federal law, the Copyright Act. In contrast, our rights to perform certain sound recordings that were fixed before February 15, 1972 are governed by state statutes and common law and are subject to litigation in five States. See "Item 3. Legal Proceedings" below.

Trademarks

We have registered, and intend to maintain, the trademarks "Sirius", "XM", "SiriusXM" and "SXM" with the United States Patent and Trademark Office in connection with the services we offer. We are not aware of any material claims of infringement or other challenges to our right to use the "Sirius", "XM", "SiriusXM" or "SXM" trademarks in the United States. We also have registered, and intend to maintain, trademarks for the names of certain of our channels. We have also registered the trademarks "Sirius", "XM" and "SiriusXM" in Canada. We have granted a license to use certain of our trademarks in Canada to Sirius XM Canada.

Personnel

As of December 31, 2015, we had 2,323 full-time employees. In addition, we rely upon a number of part-time employees, consultants, other advisors and outsourced relationships. None of our employees are represented by a labor union, and we believe that our employee relations are good.

Corporate Information and Available Information

Our executive offices are located at 1221 Avenue of the Americas, 36th floor, New York, New York 10020 and our telephone number is (212) 584-5100. Our internet address is www.siriusxm.com. Our annual, quarterly and current reports, and any amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), may be accessed free of charge through our website after we have electronically filed or furnished such material with the SEC. Siriusxm.com (including any other reference to such address in this Annual Report) is an inactive textual reference only, meaning that the information contained on or accessible from the website is not part of this Annual Report on Form 10-K and is not incorporated in this report by reference.

Executive Officers of the Registrant

Certain information regarding our executive officers as of January 29, 2016 is provided below:

Name	Age	Position
James E. Meyer	61	Chief Executive Officer
Scott A. Greenstein	56	President and Chief Content Officer
David J. Frear	59	Senior Executive Vice President and Chief Financial Officer
Dara F. Altman	57	Executive Vice President and Chief Administrative Officer
James A. Cady	55	Executive Vice President, Operations, Products and Connected Vehicle
Stephen Cook	60	Executive Vice President, Sales and Automotive
Patrick L. Donnelly	54	Executive Vice President, General Counsel and Secretary
Katherine Kohler Thomson	49	Executive Vice President, Chief Marketing Officer
Joseph A. Verbrugge	46	Executive Vice President, Sales and Development

James E. Meyer has served as our Chief Executive Officer since December 2012. From May 2004 to December 2012, Mr. Meyer was our President, Operations and Sales. Prior to May 2004, Mr. Meyer was President of Aegis Ventures Incorporated, a consulting firm that provides general management services. From December 2001 until 2002, Mr. Meyer served as special advisor to the Chairman of Thomson S.A., a leading consumer electronics company. From January 1997 until December 2001, Mr. Meyer served as the Senior Executive Vice President for Thomson as well as a member of the executive committee. From 1992 until 1996, Mr. Meyer served as Thomson's Senior Vice President of Product Management. Mr. Meyer is a director of ROVI Corporation.

Scott A. Greenstein has served as our President and Chief Content Officer since May 2004. Prior to May 2004, Mr. Greenstein was Chief Executive Officer of The Greenstein Group, a media and entertainment consulting firm. From 1999 until 2002, he was Chairman of USA Films, a motion picture production, marketing and distribution company. From 1997 until 1999, Mr. Greenstein was Co-President of October Films, a motion picture production, marketing and distribution company. Prior to joining October Films, Mr. Greenstein was Senior Vice President of Motion Pictures, Music, New Media and Publishing at Miramax Films, and held senior positions at Viacom Inc.

David J. Frear has served as our Senior Executive Vice President and Chief Financial Officer since June 2015. From June 2003 to June 2015, served as our Executive Vice President and Chief Financial Officer. From 1999 to 2003, Mr. Frear was Executive Vice President and Chief Financial Officer of Savvis Communications Corporation, a global managed service provider, delivering internet protocol applications for business customers. Mr. Frear also served as a director of Savvis. From 1993 to 1998, Mr. Frear was Senior Vice President and Chief Financial Officer of Orion Network Systems Inc., an international satellite communications company that was acquired by Loral Space & Communications Ltd. in 1998. From 1990 to 1993, Mr. Frear was Chief Financial Officer of Millicom Incorporated, a cellular, paging and cable television company. Prior to joining Millicom, he was an investment banker at Bear, Stearns & Co., Inc. and Credit Suisse.

Dara F. Altman has served as our Executive Vice President and Chief Administrative Officer since September 2008. From January 2006 until September 2008, Ms. Altman served as Executive Vice President, Business and Legal Affairs, of XM. Ms. Altman was Executive Vice President of Business Affairs for Discovery Communications from 1997 to 2005. From 1993 to 1997, Ms. Altman served as Senior Vice President and General Counsel of Reiss Media Enterprises, which owned Request TV, a national pay-per-view service. Before Request TV, Ms. Altman served as counsel for Home Box Office. Ms. Altman started her career as an attorney at the law firm of Willkie Farr & Gallagher LLP.

James A. Cady has served as our Executive Vice President, Operations, Products and Connected Vehicle, since July 2015 and, prior to July 2015, served as Senior Vice President and General Manager of our Connected Services Platform since February 2014. Mr. Cady served as the Chief Executive Officer and President of Slacker, Inc., an internet music service provider, from August 2009 until February 2014. He was the President and Chief Operating Officer of Slacker, Inc. from May 2006 until August 2009. From September 2004 until May 2006, he served as the Chief Executive Officer and President of LightPointe Communications, Inc., a manufacturer of wireless data transmission equipment. Prior to that time, Mr. Cady served in a variety of roles at an assortment of technology companies, including WatchGuard Technologies Inc., a manufacturer of computer security solutions; Rio, a division of SONICblue, Incorporated; Diamond Multimedia Systems, a manufacturer of various multimedia components; Supra Corp., a producer of hardware for computers; Moore Company, a wholesale distributor of consumer electronics; and Atari Corp., a manufacturer of computer and video games.

Stephen Cook has served as our Executive Vice President, Sales and Automotive, since January 2013. Mr. Cook served as our Group Vice President and General Manager, Automotive Division, from July 2008 until January 2013. Mr. Cook served as Executive Vice President, Automotive, of XM from July 2006 to July 2008. He also served as XM's Executive Vice President, Sales and Marketing, from January 2002 until July 2006, and as XM's Senior Vice President, Sales and Marketing, from February 1999 until January 2002. Prior to joining XM, Mr. Cook was Chief Operating Officer for Conxus Communications. From 1990 to 1997, Mr. Cook held management positions with GTE's cellular operations. Prior to that time, Mr. Cook worked in brand management for Procter & Gamble.

Patrick L. Donnelly has served as our Executive Vice President, General Counsel and Secretary, since May 1998. From June 1997 to May 1998, he was Vice President and Deputy General Counsel of ITT Corporation, a hotel, gaming and entertainment company that was acquired by Starwood Hotels & Resorts Worldwide, Inc. in February 1998. From October 1995 to June 1997, he was assistant general counsel of ITT Corporation. Prior to October 1995, Mr. Donnelly was an attorney at the law firm of Simpson Thacher & Bartlett LLP.

Katherine Kohler Thomson has served as our Executive Vice President, Chief Marketing Officer, since December 2013. Ms. Thomson was the President and Chief Operating Officer of the Los Angeles Times Media Group from May 2011 until November 2013. She was also the Chief Operating Officer of Tribune Publishing Company, Inc. from April 2013 until November 2013. Ms. Thomson served as Vice President, Business Operations of FLO TV, a division of Qualcomm Incorporated that delivered live television to mobile devices, from September 2009 until May 2011. From September 2008 through September 2009, she was Executive Vice President and Chief of Staff at the Los Angeles Times Media Group. She joined the Los Angeles Times Media Group from Energy Innovations, an affordable solar energy provider, where she was Chief Operating Officer from August 2007 until September 2008. Prior to that time, she spent fourteen years in a variety of positions at DIRECTV, culminating in the role of Senior Vice President, Sales and Marketing Operations.

Joseph A. Verbrugge has served as our Executive Vice President, Sales and Development, since December 2015. Mr. Verbrugge previously served as our Senior Vice President and General Manager, Automotive Remarketing and Retail Sales, from April 2012 until December 2015; as our Senior Vice President, Automotive Remarketing, from February 2010 until April 2012; and as our Senior Vice President, Automotive Partnerships, from September 2008 until February 2010. From January 2007 through September 2008, he was Senior Vice President, Automotive Accounts/Partnerships and International Operations, of XM; from May 2006 until January 2007, Mr. Verbrugge served as Senior Vice President, Administration and International Operations of XM; from January 2005 until May 2006, he was Vice President, International Operations, of XM; and from September 2004 until January 2005 he served as Vice President, Special Projects, of XM. Prior to joining XM, Mr. Verbrugge was a consultant with The Dealy Strategy Group LLC, a management consulting firm specializing in international satellite communications and information services companies, from 1999 until 2004. From 1992 until 1995, Mr. Verbrugge was a bond representative with Aetna Life and Casualty Company, an insurance company.

ITEM 1A. RISK FACTORS

In addition to the other information in this Annual Report on Form 10-K, including the information under the caption Item 1. Business “Competition,” the following risk factors should be considered carefully in evaluating us and our business. This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results and the timing of events could differ materially from those projected in forward-looking statements due to a number of factors, including those set forth below and elsewhere in this Annual Report on Form 10-K. See “Special Note Regarding Forward-Looking Statements” following this Item 1A. Risk Factors.

We face substantial competition and that competition is likely to increase over time.

We face substantial competition from other providers of radio and audio services. Our ability to retain and attract subscribers depends on our success in creating and providing popular or unique music, entertainment, news and sports programming. Our subscribers can obtain certain similar content for free through terrestrial radio stations, Internet radio services and Internet streaming services. Audio content delivered via the Internet, including through mobile devices in vehicles, is increasingly competitive with our services. A summary of various services that compete with us is contained in the section entitled “Item 1. Business-Competition” of this Annual Report on Form 10-K.

Competition could result in lower subscription, advertising or other revenue or an increase in our marketing, promotion or other expenses and, consequently, lower our earnings and free cash flow. We cannot assure you we will be able to compete successfully with our existing or future competitors or that competition will not have a material adverse impact on our operations and financial condition.

Our ability to attract and retain subscribers in the future is uncertain.

Our ability to retain our subscribers, or increase the number of subscribers to our service, is uncertain and subject to many factors, including:

- the production and sale or lease of new vehicles in the United States;
- the price of our service;
- the health of the economy;
- the rate at which existing self-pay subscribers buy and sell new and used vehicles in the United States;
- our ability to convince owners and lessees of new and previously owned vehicles that include satellite radios to purchase subscriptions to our service;
- the effectiveness of our marketing programs;
- the entertainment value of our programming;
- our ability to respond to evolving consumer tastes, relative to the flexibility of our Internet-based competitors; and
- actions by our competitors, such as terrestrial radio and other audio entertainment and information providers.

As part of our business, we experience, and expect to experience in the future, subscriber turnover (i.e., churn). Some elements of our business strategy may result in churn increasing. For example, our efforts to increase the penetration of satellite radios in new, lower priced vehicle lines may result in the growth of economy-minded subscribers; our work to acquire subscribers purchasing or leasing pre-owned vehicles may attract subscribers of more limited economic means; and our product and marketing efforts may attract more price sensitive subscribers.

If we are unable to retain current subscribers at expected rates, or the costs of retaining subscribers are higher than expected, our financial performance and operating results could be adversely affected. We cannot predict how successful we will be at retaining customers who purchase or lease vehicles that include a subscription to our satellite radio service. We spend substantial amounts on advertising and marketing and in transactions with automakers, retailers and others to obtain and attract subscribers.

Our profitability could be adversely affected if we are unable to consistently attract new subscribers and retain our current subscribers at prices and margins consistent with our past performance.

Consumer protection laws and their enforcement could damage our business.

We engage in extensive marketing efforts to attract and retain subscribers to our services. We employ a wide variety of communications tools as part of our marketing campaigns, including telemarketing efforts and email solicitations. Consumer protection laws cover nearly all aspects of our marketing efforts, including the content of our advertising, the terms of consumer offers and the manner in which we communicate with subscribers and prospective subscribers. The nature of our business requires us to expend significant resources to try to ensure that our marketing activities comply with federal and state laws, rules and regulations relating to consumer protection, including laws relating to telemarketing activities and privacy. There can be no assurance that these efforts will be successful or that we will not have to expend even greater resources towards compliance efforts.

We are subject to various claims under the Telephone Consumer Protection Act (the "TCPA") relating to telephone calls our call center vendors have made to consumers and subscribers, including calls to mobile phones. Modifications to federal and state laws, rules and regulations concerning consumer protection, including decisions by federal and state courts and agencies interpreting these laws, could have an adverse impact on our ability to attract and retain subscribers to our services. There can be no assurance that new laws or regulations will not be enacted or adopted, preexisting laws or regulations will not be more strictly enforced or that our varied operations will comply with all applicable laws, which could have a material adverse impact on our operations and financial condition.

The unfavorable outcome of pending or future litigation, including class actions alleging violations of the TCPA, could have a material adverse impact on our operations and financial condition.

We are parties to several legal proceedings arising out of various aspects of our business, including class actions seeking substantial damages for purported violations by us, or by our call center vendors acting on our behalf, of the TCPA. The TCPA imposes significant restrictions on communications made using automatic telephone dialing systems ("ATDS") or artificial or prerecorded voices. The class actions against us allege, among other things, that we called mobile phones using an ATDS without the consumer's prior consent or, alternatively, after the consumer revoked his or her prior consent, in violation of the TCPA. Under the TCPA, such violations may result in statutory damages of up to five hundred dollars per call for inadvertent violations and up to fifteen hundred dollars per call for knowing or willful violations. Given the significant number of communications our call center vendors make to consumers and our subscribers, a determination that we, or our call center vendors acting on our behalf, have violated the TCPA could expose us to statutory damages and, if incurred, could, individually or in the aggregate, have a material adverse impact on our operations and financial condition. Further, if any indemnification claims we have against our call center vendors are unsuccessful, we may be required to pay the full amount of any damages.

The outcome of these proceedings may not be favorable, and one or more unfavorable outcomes could have a material adverse impact on our financial condition. Beyond these current proceedings, if, going forward, we fail to ensure that the telemarketing efforts of our call center vendors are TCPA-compliant, and we are held responsible for their acts, we may be subject to further litigation and could be required to pay significant statutory damages. See "Item 3. Legal Proceedings" below.

The market for music rights is changing and is subject to significant uncertainties.

We must maintain music programming royalty arrangements with, and pay license fees to, owners of rights in musical works. Traditionally, BMI, ASCAP and SESAC have negotiated for these copyright users, collected royalties and distributed them to songwriters and music publishers. These traditional arrangements are changing rapidly. For example, owners of rights in musical works have withdrawn from BMI, ASCAP and SESAC, third parties have contacted us regarding the need to separately license works, the United States Justice Department is evaluating modifications to the Consent Decrees that have governed ASCAP and BMI since the 1940s, and Committees of Congress have held hearings on substantial revisions of the Copyright Act. The fracturing of the traditional system for licensing rights in musical works may have significant consequences to our business, including increasing licensing costs and reducing the availability of certain pieces for use on our services.

Under the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998, we also must pay royalties to copyright owners of sound recordings fixed after February 15, 1972. Those royalty rates may be established through negotiation or, if negotiation is unsuccessful, by the CRB. Owners of copy rights in sound recordings have created SoundExchange, a collective organization, to collect and distribute royalties. SoundExchange is exempt by statute from certain U.S. antitrust laws and exercises significant market power in the licensing of sound recordings. Under the terms of the CRB's decision governing sound recording royalties for the five-year period ending on December 31, 2017, we will be required to pay a royalty based on our gross revenues, subject to certain exclusions, of 10.5% for 2016, and 11% for 2017. The CRB proceeding to set royalty rates for the five year period beginning 2018 will begin later this year. SoundExchange currently has a petition before the CRB, requesting an interpretation of the CRB's regulations related to sound recording royalties for the five year period ended December 31, 2012. SoundExchange alleges that we underpaid royalties for statutory licenses within that time period. See "Item 3. Legal Proceedings" below.

The right to perform certain copyrighted sound recordings that were fixed before February 15, 1972 is governed by state common law principles and, in certain instances, may be subject to state statutes. We are a defendant in litigation in several States, regarding the alleged distribution, duplication and performance of certain copyrighted sound recordings that were fixed before February 15, 1972. In 2015, we settled one such suit for \$210 million. The settling record companies claimed to own, control or otherwise have the right to settle with respect to approximately 85% of the pre-1972 recordings we have historically played. See "Item 3. Legal Proceedings" below. If courts ultimately hold that a performance right exists under various state copyright laws, we may be required to pay additional royalties to perform copyrighted sound recordings that were fixed before February 15, 1972 or remove those works from our service.

Our business depends in large part upon the auto industry.

A substantial portion of our subscription growth has come from purchasers and lessees of new and previously owned automobiles in the United States. The sale and lease of vehicles with satellite radios is an important source of subscribers for our satellite radio service. We have agreements with every major automaker to include satellite radios in new vehicles, although these agreements do not require automakers to install specific or minimum quantities of radios in any given period.

Automotive production and sales are dependent on many factors, including the availability of consumer credit, general economic conditions, consumer confidence and fuel costs. To the extent vehicle sales by automakers decline, or the penetration of factory-installed satellite radios in those vehicles is reduced, subscriber growth for our satellite radio services may be adversely impacted.

Sales of previously owned vehicles represent a significant source of new subscribers for us. We have agreements with auto dealers and companies operating in the used vehicle market to provide us with data on sales of previously owned satellite radio enabled vehicles. The continuing availability of this information is important to our future growth.

General economic conditions can affect our business.

The purchase of a satellite radio subscription is discretionary, and our business and our financial condition can be negatively affected by general economic conditions. Poor general economic conditions could adversely affect subscriber churn, conversion rates and vehicle sales.

If we fail to protect the security of personal information about our customers, we could be subject to costly government enforcement actions and private litigation and our reputation could suffer.

The nature of our business involves the receipt and storage of personal information about our subscribers including, in many cases, credit and debit card information. If we fail to protect the security of personal information about our customers or if we experience a data security breach, we could be exposed to costly government enforcement actions and private litigation and our reputation could suffer. In addition, our subscribers and potential customers could lose confidence in our ability to protect their personal information, which could cause them to discontinue usage of our services. Such events could lead to lost future sales and adversely affect our results of operations.

Other existing or future government laws and regulations could harm our business.

We are subject to many laws, including federal, state, local and foreign laws. These laws and regulations cover issues such as user privacy, behavioral advertising, automatic renewal of agreements, pricing, fraud, electronic waste, mobile and electronic device communications, quality of products and services, taxation, advertising, intellectual property rights and information security. The expansion of these laws, both in terms of their number and their applicability, could harm our business.

Failure of our satellites would significantly damage our business.

The lives of our satellites vary depending on a number of factors, including:

- degradation and durability of solar panels;
- quality of construction;
- random failure of satellite components, which could result in significant damage to or loss of a satellite;
- amount of fuel the satellite consumes; and
- damage or destruction as a result of electrostatic storms, terrorist attacks, collisions with other objects in space or other events, such as nuclear detonations, occurring in space.

In the ordinary course of operation, satellites experience failures of component parts and operational and performance anomalies. Components on our in-orbit satellites have failed; and from time to time we have experienced anomalies in the operation and performance of these satellites. These failures and anomalies are expected to continue in the ordinary course, and we cannot predict if any of these possible future events will have a material adverse effect on our operations or the life of our existing in-orbit satellites. Any material failure of our satellites could cause us to lose customers and could materially harm our reputation and our operating results. We hold no in-orbit insurance for our satellites. Additional information regarding our fleet of satellites is contained in the section entitled “Item 1. Business - Satellites, Terrestrial Repeaters and Other Satellite Facilities” of this Annual Report on Form 10-K.

We plan to transition our Sirius constellation of satellites to a geostationary orbit using our existing FM-5 and FM-6 satellites. The transition of our Sirius constellation to a geostationary orbit will, in certain areas, affect the signal coverage for customers served by those satellites.

In addition, our Sirius network of terrestrial repeaters communicates with a single third-party satellite. Our XM network of terrestrial repeaters communicates with a single XM satellite. If the satellites communicating with the applicable repeater network fail unexpectedly, the services would be disrupted for several hours or longer.

Interruption or failure of our information technology and communications systems could negatively impact our results and our brand.

We operate a complex and growing business. We offer a wide variety of subscription packages at different price points. Our business is dependent on the operation and availability of our information technology and communication systems and those of certain third party service providers. Any degradation in the quality, or any failure, of our systems could reduce our revenues, cause us to lose customers and damage our brand. Although we have implemented practices designed to maintain the availability of our information technology systems and mitigate the harm of any unplanned interruptions, we cannot anticipate all eventualities. We occasionally experience unplanned outages or technical difficulties. We could also experience loss of data or processing capabilities, which could cause us to lose customers and could materially harm our reputation and our operating results.

We rely on internal systems and external systems maintained by manufacturers, distributors and service providers to take, fulfill and handle customer service requests and host certain online activities. Any interruption or failure of our internal or external systems could prevent us from servicing customers or cause data to be unintentionally disclosed.

Our data centers and our information technology and communications systems are vulnerable to damage or interruption from natural disasters, malicious attacks, fire, power loss, telecommunications failures, computer viruses or other attempts to harm our systems.

We have a program in place to detect and respond to data security incidents. However, because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventive measures. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities, or those of third parties with whom we do business, through fraud, trickery, or other forms of deceiving our employees, contractors or other agents.

If hackers were able to circumvent our security measures, we could lose proprietary information or personal information or experience significant disruptions. If our systems become unavailable or suffer a security breach, we may be required to expend significant resources to address these problems, including notification under various federal and state data privacy regulations, and our reputation and operating results could suffer.

We may not realize the benefits of acquisitions or other strategic initiatives.

Our business strategy may include selective acquisitions or other strategic initiatives that allow us to expand our business. The success of any acquisition depends upon effective integration of acquired businesses and assets into our operations, which is subject to risks and uncertainties, including realization of any anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention for other business concerns, and undisclosed or potential legal liabilities of the acquired business or assets.

Rapid technological and industry changes could adversely impact our services.

The audio entertainment industry is characterized by rapid technological change, frequent product innovations, changes in customer requirements and expectations, and evolving standards. If we are unable to keep pace with these changes, our business may not succeed. Products using new technologies, or emerging industry standards, could make our technologies less competitive in the marketplace.

Failure of third parties to perform could adversely affect our business.

Our business depends, in part, on various third parties, including:

- manufacturers that build and distribute satellite radios;
- companies that manufacture and sell integrated circuits for satellite radios;
- programming providers and on-air talent;
- vendors that operate our call centers;
- retailers that market and sell satellite radios and promote subscriptions to our services; and
- vendors that have designed or built, and vendors that support or operate, other important elements of our systems.

If one or more of these third parties do not perform in a satisfactory or timely manner, our business could be adversely affected. In addition, a number of third parties on which we depend have experienced, and may in the future experience, financial difficulties or file for bankruptcy protection. Such third parties may not be able to perform their obligations to us in a timely manner, if at all, as a result of their financial condition or may be relieved of their obligations to us as part of seeking bankruptcy protection.

We design, establish specifications, source or specify parts and components, and manage various aspects of the logistics of the production of satellite radios. As a result of these activities, we may be exposed to liabilities associated with the design, manufacture and distribution of radios that the providers of an entertainment service would not customarily be subject to, such as liabilities for design defects, patent infringement and compliance with applicable laws, as well as the costs of returned product.

Our service may experience harmful interference from new and existing wireless operations.

The development of new applications and services in spectrum adjacent to the frequencies licensed to us for satellite radio and ancillary services, as well as the possible loss of service caused by the combination of signals in other frequencies, could cause harmful interference to our satellite radio service. Certain operations or combination of operations permitted by the FCC in spectrum, other than our licensed frequencies, could result in the loss of signal to our service and the reception of our satellite radio service could be adversely affected in certain areas. In certain cases, we are dependent on the FCC to assist us in preventing harmful interference to our service.

Failure to comply with FCC requirements could damage our business.

We hold FCC licenses and authorizations to operate commercial satellite radio services in the United States, including authorizations for satellites and terrestrial repeaters, and related authorizations. The FCC generally grants licenses and authorizations for a fixed term. Although we expect our licenses and authorizations to be renewed in the ordinary course upon their expiration, there can be no assurance that this will be the case. Any assignment or transfer of control of any of our FCC licenses or authorizations must be approved in advance by the FCC.

The operation of our satellite radio systems is subject to significant regulation by the FCC under authority granted through the Communications Act of 1934 and related federal law. We are required, among other things, to operate only within specified frequencies; to meet certain conditions regarding the interoperability of our satellite radios with those of other licensed satellite radio systems; to coordinate our satellite radio services with radio systems operating in the same range of frequencies in neighboring countries; and to coordinate our communications links to our satellites with other systems that operate in the same frequency band. Noncompliance by us with these requirements or other conditions or with other applicable FCC rules and regulations could result in fines, additional license conditions, license revocation or other detrimental FCC actions. There is no guarantee that Congress will not modify the statutory framework governing our services, or that the FCC will not modify its rules and regulations in a manner that would have a material impact on our operations.

The terms of our licenses and the order of the FCC approving the Merger requires us to meet certain conditions. Non-compliance with these conditions could result in fines, additional license conditions, license revocation or other detrimental FCC actions.

We may from time to time modify our business plan, and these changes could adversely affect us and our financial condition.

We regularly evaluate our plans and strategy. These evaluations often result in changes to our plans and strategy, some of which may be material. These changes in our plans or strategy may include: the acquisition or termination of unique or compelling programming; the introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and acquisitions of other businesses, including acquisitions that are not directly related to our satellite radio business.

We have a significant amount of indebtedness, and our revolving credit facility contains certain covenants that restrict our current and future operations.

As of December 31, 2015, we had an aggregate principal amount of approximately \$5.5 billion of indebtedness outstanding, \$340 million of which was outstanding under a \$1.75 billion Senior Secured Revolving Credit Facility.

Our indebtedness increases our vulnerability to general adverse economic and industry conditions; requires us to dedicate a portion of our cash flow from operations to payments on indebtedness, reducing the availability of cash flow to fund capital expenditures, marketing and other general corporate activities; limits our ability to borrow additional funds; limits our flexibility in planning for, or reacting to, changes in our business and the audio entertainment industry; and may place us at a competitive disadvantage compared to other competitors.

Our studios, terrestrial repeater networks, satellite uplink facilities or other ground facilities could be damaged by natural catastrophes or terrorist activities.

An earthquake, hurricane, tornado, flood, terrorist attack or other catastrophic event could damage our studios, terrestrial repeater networks or satellite uplink facilities, interrupt our service and harm our business.

Any damage to the satellites that transmit to our terrestrial repeater networks would likely result in degradation of the affected service for some subscribers and could result in complete loss of service in certain or all areas. Damage to our satellite uplink facilities could result in a complete loss of our services until we could transfer operations to suitable back-up facilities.

Our principal stockholder has significant influence, including over actions requiring stockholder approval, and its interests may differ from the interests of other holders of our common stock.

Liberty Media beneficially owns over 50% of Holdings' common stock and has the ability to influence our affairs, policies and operations. Two Liberty Media executives and one other member of the board of directors of Liberty Media are members of our board of directors. Our board of directors currently has thirteen members. Gregory B. Maffei, the President and Chief Executive Officer of Liberty Media, is the Chairman of Holdings' board of directors. Our board of directors is responsible for, among other things, the appointment of management, future issuances of common stock or other securities, the payment of dividends, if any, the incurrence of debt, and the approval of various transactions.

Liberty Media can also determine the outcome of all matters requiring general stockholder approval, including the election of the board of directors and changes to our certificate of incorporation or by-laws. Liberty Media can also cause or prevent a change of control of Holdings and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock. In certain cases, the interests of Liberty Media may not be aligned with the interests of other stockholders of Holdings.

We are a “controlled company” within the meaning of the NASDAQ listing rules and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements.

We are a “controlled company” for the purposes of the NASDAQ Stock Market listing rules. As such, we have elected not to comply with certain NASDAQ corporate governance requirements. Although a majority of our board of directors consists of independent directors, we do not have a compensation committee and nominating and corporate governance committee that consist entirely of independent directors.

Our business may be impaired by third-party intellectual property rights.

Development of our systems has depended upon the intellectual property that we have developed, as well as intellectual property licensed from third parties. If the intellectual property that we have developed or use is not adequately protected, others will be permitted to and may duplicate portions of our systems or services without liability. In addition, others may challenge, invalidate, render unenforceable or circumvent our intellectual property rights, patents or existing licenses or we may face significant legal costs in connection with defending and enforcing those intellectual property rights. Some of the know-how and technology we have developed, and plan to develop, is not now, nor will it be, covered by U.S. patents or trade secret protections. Trade secret protection and contractual agreements may not provide adequate protection if there is any unauthorized use or disclosure. The loss of necessary technologies could require us to substitute technologies of lower quality performance standards, at greater cost or on a delayed basis, which could harm us.

Other parties may have patents or pending patent applications, which will later mature into patents or inventions that may block or put limits on our ability to operate our system or license technologies. We may have to resort to litigation to enforce our rights under license agreements or to determine the scope and validity of other parties’ proprietary rights in the subject matter of those licenses. This may be expensive and we may not succeed in any such litigation.

Third parties may assert claims or bring suit against us for patent, trademark or copyright infringement, or for other infringement or misappropriation of intellectual property rights. Any such litigation could result in substantial cost, and diversion of effort and adverse findings in any proceeding could subject us to significant liabilities to third parties; require us to seek licenses from third parties; block our ability to operate our systems or license our technology; or otherwise adversely affect our ability to successfully develop and market our satellite radio systems.

Special Note About Forward-Looking Statements

We have made various statements in this Annual Report on Form 10-K that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be made in our other reports filed with or furnished to the SEC, in our press releases and in other documents. In addition, from time to time, we, through our management, may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, including those identified above, which could cause actual results to differ materially from such statements. The words “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “believe,” “intend,” “plan,” “may,” “should,” “could,” “would,” “likely,” “projection,” “outlook” and similar expressions are intended to identify forward-looking statements. We caution you that the risk factors described above are not exclusive. There may also be other risks that we are unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. New factors emerge from time to time, and it is not possible for us to predict which will arise or to assess with any precision the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements, except as required by law.

IT EM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. **PR OPERTIES**

Below is a list of the principal properties that we own or lease:

Location	Purpose	Own/Lease
New York, NY	Corporate headquarters, office facilities and studio/production facilities	Lease
Washington, DC	Office, studio/production facilities and data center	Own
Lawrenceville, NJ	Office and technical/engineering facilities	Lease
Deerfield Beach, FL	Office and technical/engineering facilities	Lease
Farmington Hills, MI	Office and technical/engineering facilities	Lease
Nashville, TN	Studio/production facilities	Lease
Vernon, NJ	Technical/engineering facilities	Own
Ellenwood, GA	Technical/engineering facilities	Lease
Los Angeles, CA	Studio/production facilities	Lease
Irving, TX	Office and engineering facilities/call center	Lease

We also own or lease other small facilities that we use as offices for our advertising sales personnel, studios and warehouse and maintenance space. These facilities are not material to our business or operations. We also lease properties in Panama and Ecuador that we use as earth stations to command and control satellites.

In addition, we lease or license space at approximately 730 locations for use in connection with the terrestrial repeater networks that support our satellite radio services. In general, these leases and licenses are for space on building rooftops and communications towers. None of these individual arrangements are material to our business or operations.

ITEM 3. **LEGAL PROCEEDINGS**

In the ordinary course of business, we are a defendant or party to various claims and lawsuits, including those discussed below. These claims are at various stages of arbitration or adjudication.

Telephone Consumer Protection Act Suits . We are a defendant in several purported class action suits that allege that we, or call center vendors acting on our behalf, made calls which violate provisions of the TCPA. The plaintiffs in these actions allege, among other things, that we called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff also alleges that we violated the TCPA’s call time restrictions and in one of the other actions the plaintiff also alleges that we violated the TCPA’s do not call restrictions. Our vendors make millions of calls each month to consumers, including our subscribers, as part of our customer service and marketing efforts. The plaintiffs in these suits are seeking various forms of relief, including statutory damages of five hundred dollars for each violation of the TCPA or, in the alternative, treble damages of up to fifteen hundred dollars for each knowing and willful violation of the TCPA, as well as payment of interest, attorneys’ fees and costs, and certain injunctive relief prohibiting any violations of the TCPA in the future.

These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc., No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio, Inc., No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio, Inc. and Career Horizons, Inc., No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio, Inc., No. 8:15-cv-01710-JSM-EAJ (M.D. Fla). These actions were commenced in February 2012, January 2013, April 2015 and July 2015, respectively. Information concerning each of these actions is publicly available in court filings under their docket numbers.

We have notified certain of our call center vendors of these actions and requested that they defend and indemnify us against these claims pursuant to the provisions of their existing or former agreements with us. We believe we have valid contractual claims against call center vendors in connection with these claims and intend to preserve and pursue our rights to recover from these entities; however, no assurance can be made as to our ability to fully recover all claims we may have against these entities.

Pre-1972 Sound Recording Matters. In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that we underpaid royalties for statutory licenses during the 2007-2012 period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that we improperly reduced our calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not “separately charged” as required by the regulations. SoundExchange is seeking compensatory damages of not less than \$50 million and up to \$100 million or more, payment of late fees and interest, and attorneys’ fees and costs.

In August 2014, the United States District Court for the District of Columbia granted our motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations.

This matter is titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No.13-cv-1290-RJL (D.D.C.), and *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTR. Information concerning each of these actions is publicly available in filings under their docket numbers.

In addition, since 2013, we have been named as a defendant in several suits, including putative class action suits, challenging our use and public performance via satellite radio and the Internet of sound recordings fixed prior to February 15, 1972 (“pre-1972 recordings”) under various state laws. In June 2015, we settled the suit brought by Capitol Records LLC, Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp. and ABKCO Music & Records, Inc. relating to our use and public performance of pre-1972 recordings for \$210 million, which amount was paid in July 2015. These settling record companies claimed to own, control or otherwise have the right to settle with respect to approximately 85% of the pre-1972 recordings we have historically played. We have also entered into certain direct licenses with other owners of pre-1972 recordings, which in many cases include releases of any claims associated with our use of pre-1972 recordings.

Several putative class actions suits challenging our use and public performance of other pre-1972 recordings under various state laws remain pending. We believe we have substantial defenses to the claims asserted, we are defending these actions vigorously, and do not believe that the resolution of these remaining cases will have a material adverse effect on our business, financial condition or results of operations.

With respect to certain matters described above under the captions “*Telephone Consumer Protection Act Suits*” and “*Pre-1972 Sound Recording Matters*,” we have determined that the outcome of these matters is inherently unpredictable and subject to significant uncertainties, many of which are beyond our control. No provision was made for losses to the extent such are not probable and estimable. We believe we have substantial defenses to the claims asserted, and intend to defend these actions vigorously.

Other Matters. In the ordinary course of business, we are a defendant in various other lawsuits and arbitration proceedings, including derivative actions; actions filed by subscribers, both on behalf of themselves and on a class action basis; former employees; parties to contracts or leases; and owners of patents, trademarks, copyrights or other intellectual property. None of these matters, in our opinion, is likely to have a material adverse effect on our business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Our common stock is traded on the NASDAQ Global Select Market under the symbol "SIRI." The following table sets forth the high and low per share sales price for our common stock, as reported by NASDAQ, for the periods indicated below:

	High	Low
Year Ended December 31, 2014		
First Quarter	\$ 3.89	\$ 3.09
Second Quarter	\$ 3.49	\$ 2.98
Third Quarter	\$ 3.65	\$ 3.28
Fourth Quarter	\$ 3.63	\$ 3.14
Year Ended December 31, 2015		
First Quarter	\$ 4.04	\$ 3.33
Second Quarter	\$ 4.00	\$ 3.70
Third Quarter	\$ 4.01	\$ 3.31
Fourth Quarter	\$ 4.20	\$ 3.69

On January 29, 2016, the closing sales price of our common stock on the NASDAQ Global Select Market was \$3.70 per share. On January 29, 2016, there were approximately 9,560 record holders of our common stock.

Dividends

We currently do not pay dividends on our common stock. Our ability to pay dividends is currently limited by covenants under our revolving credit facility. In December 2012, we paid a special cash dividend. Our board of directors has not made any determination whether similar special cash dividends will be paid in the future.

Issuer Purchases of Equity Securities

Since December 2012, our board of directors approved for repurchase an aggregate of \$8.0 billion of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise. As of December 31, 2015, our cumulative repurchases since December 2012 under our stock repurchase program totaled 1.8 billion shares for \$6.3 billion, and \$1.7 billion remained available under our stock repurchase program. The size and timing of our repurchases will be based on a number of factors, including price and business and market conditions.

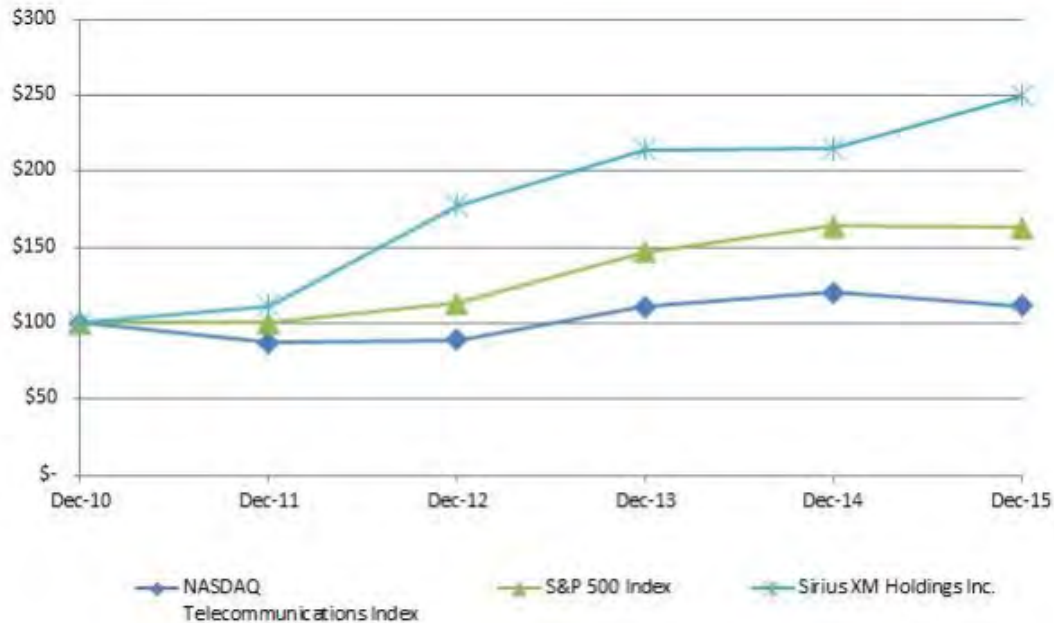
The following table provides information about our purchases of equity securities registered pursuant to Section 12 of the Exchange Act during the quarter ended December 31, 2015:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
October 1, 2015 - October 31, 2015	29,667,244	\$ 3.93	29,667,244	\$ 1,951,440,398
November 1, 2015 - November 30, 2015	19,121,892	\$ 4.12	19,121,892	\$ 1,872,689,142
December 1, 2015 - December 31, 2015	42,816,509	\$ 4.06	42,816,509	\$ 1,698,860,143
Total	91,605,645	\$ 4.03	91,605,645	

(a) These amounts include fees and commissions associated with shares repurchased. All of these repurchases were made pursuant to our share repurchase program.

COMPARISON OF CUMULATIVE TOTAL RETURNS

Set forth below is a graph comparing the cumulative performance of our common stock with the Standard & Poor's Composite-500 Stock Index, or the S&P 500, and the NASDAQ Telecommunications Index from December 31, 2010 to December 31, 2015. The graph assumes that \$100 was invested on December 31, 2010 in each of our common stock, the S&P 500 and the NASDAQ Telecommunications Index. A dividend with respect to our common stock was declared in 2012 only.



Stockholder Return Performance Table

	NASDAQ Telecommunications Index	S&P 500 Index	Sirius XM Holdings Inc.
December 31, 2010	\$ 100.00	\$ 100.00	\$ 100.00
December 31, 2011	\$ 87.38	\$ 100.00	\$ 111.66
December 31, 2012	\$ 89.13	\$ 113.40	\$ 177.30
December 31, 2013	\$ 110.54	\$ 146.97	\$ 214.11
December 31, 2014	\$ 120.38	\$ 163.71	\$ 214.72
December 31, 2015	\$ 111.36	\$ 162.52	\$ 249.69

Equity Compensation Plan Information

Plan Category (shares in thousands)	Column (a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Column (b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights ⁽¹⁾	Column (c) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	354,569	\$ 3.29	246,778
Equity compensation plans not approved by security holders	—	—	—
Total	354,569	\$ 3.29	246,778

(1) Excludes approximately 16,088 shares covering RSUs from the calculation of the weighted average exercise price.

ITEM 6. SELECTED FINANCIAL DATA

The operating and balance sheet data included in the following selected financial data for 2015 and 2014 have been derived from our audited consolidated financial statements. Historical operating and balance sheet data included within the following selected financial data from 2011 through 2013 is derived from the audited Consolidated Financial Statements of Sirius XM and Holdings. This selected financial data should be read in conjunction with the audited Consolidated Financial Statements and related notes thereto included in Item 8 of this Annual Report on Form 10-K and “Management's Discussion and Analysis of Financial Condition and Results of Operations” included in Item 7 of this Annual Report on Form 10-K.

(in thousands, except per share data)	As of and for the Years Ended December 31,				
	2015	2014	2013 (1)	2012 (2)	2011
Statements of Comprehensive Income Data:					
Total revenue	\$ 4,570,058	\$ 4,181,095	\$ 3,799,095	\$ 3,402,040	\$ 3,014,524
Net income	\$ 509,724	\$ 493,241	\$ 377,215	\$ 3,472,702	\$ 426,961
Net income per share - basic	\$ 0.09	\$ 0.09	\$ 0.06	\$ 0.55	\$ 0.07
Net income per share - diluted	\$ 0.09	\$ 0.08	\$ 0.06	\$ 0.51	\$ 0.07
Weighted average common shares outstanding - basic	5,375,707	5,788,944	6,227,646	4,209,073	3,744,606
Weighted average common shares outstanding - diluted	5,435,166	5,862,020	6,384,791	6,873,786	6,500,822
Cash dividends declared per share	\$ —	\$ —	\$ —	\$ 0.05	\$ —
Balance Sheet Data:					
Cash and cash equivalents	\$ 111,838	\$ 147,724	\$ 134,805	\$ 520,945	\$ 773,990
Restricted investments	\$ 9,888	\$ 5,922	\$ 5,718	\$ 3,999	\$ 3,973
Total assets (3)	\$ 8,046,662	\$ 8,369,065	\$ 8,826,959	\$ 9,024,800	\$ 7,452,738
Long-term debt, net of current portion (3)	\$ 5,443,614	\$ 4,487,419	\$ 3,088,701	\$ 2,400,943	\$ 2,969,093
Stockholders' (deficit) equity	\$ (166,491)	\$ 1,309,837	\$ 2,745,742	\$ 4,039,565	\$ 704,145

- (1) The selected financial data for 2013 includes the balances and approximately two months of activity related to the acquisition of the connected vehicle business of Agero, Inc. in November 2013.
- (2) For the year ended December 31, 2012, we had an income tax benefit of \$2,998,234 due to the release of our valuation allowance. A special cash dividend was paid during 2012.
- (3) The 2011 – 2015 balances reflect the adoption of Accounting Standards Update 2015-03, *Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, and Accounting Standards Update 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Agreements*. As a result of our adoption of these ASUs, Total Assets was reduced by \$7,155, \$6,444, \$17,821, \$30,043 and \$43,258 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively, and Long-term debt, net of current portion, was reduced by \$7,155, \$6,444, \$5,120, \$30,043 and \$43,258 for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results and the timing of events could differ materially from those projected in forward-looking statements due to a number of factors, including those described under "Item 1A - Risk Factors" and elsewhere in this Annual Report on Form 10-K. See "Special Note Regarding Forward-Looking Statements."

(All amounts referenced in this Item 7 are in thousands, except per subscriber and per installation amounts, unless otherwise stated)

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

Executive Summary

We transmit music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through our two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over our Internet radio service, including through applications for mobile devices. We are also a leader in providing connected vehicle services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

We have agreements with every major automaker ("OEMs") to offer satellite radios in their vehicles. We also acquire subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to our services. Additionally, we distribute our satellite radios through retailers online and at locations nationwide and through our website. Satellite radio services are also offered to customers of certain rental car companies.

As of December 31, 2015, we had approximately 29.6 million subscribers of which approximately 24.3 million were self-pay subscribers and approximately 5.3 million were paid promotional subscribers. Our subscriber totals include subscribers under our regular pricing plans; discounted pricing plans; subscribers that have prepaid, including payments either made or due from automakers for subscriptions included in the sale or lease price of a vehicle; subscribers to our Internet services who do not also have satellite radio subscriptions; and certain subscribers to our weather, traffic, and data services who do not also have satellite radio subscriptions. Subscribers and subscription related revenues and expenses associated with our connected vehicle services are not included in our subscriber count or subscriber-based operating metrics.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly plan. We offer discounts for prepaid, longer term subscription plans, as well as a multiple subscription discount. We also derive revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as our weather, traffic and data services.

In certain cases, a subscription to our radio services is included in the sale or lease price of new vehicles or previously owned vehicles. The length of these subscriptions varies but is typically three to twelve months. We receive payments for these subscriptions from certain automakers. We also reimburse various automakers for certain costs associated with satellite radios installed in new vehicles.

Liberty Media beneficially owns, directly and indirectly, over 50% of the outstanding shares of our common stock. As a result, we are a "controlled company" for the purposes of the NASDAQ corporate governance requirements. Liberty Media owns interests in a range of media, communications and entertainment businesses.

We also have an approximate 37% equity interest in Sirius XM Canada which offers satellite radio services in Canada. Subscribers to the Sirius XM Canada service are not included in our subscriber count.

Results of Operations

Set forth below are our results of operations for the year ended December 31, 2015 compared with the year ended December 31, 2014 and the year ended December 31, 2014 compared with the year ended December 31, 2013.

	For the Years Ended December 31,			2015 vs 2014 Change		2014 vs 2013 Change	
	2015	2014	2013	Amount	%	Amount	%
Revenue:							
Subscriber revenue	\$ 3,824,793	\$ 3,554,302	\$ 3,284,660	\$ 270,491	8%	\$ 269,642	8%
Advertising revenue	122,292	100,982	89,288	21,310	21%	11,694	13%
Equipment revenue	110,923	104,661	80,573	6,262	6%	24,088	30%
Other revenue	512,050	421,150	344,574	90,900	22%	76,576	22%
Total revenue	4,570,058	4,181,095	3,799,095	388,963	9%	382,000	10%
Operating expenses:							
Cost of services:							
Revenue share and royalties	1,034,832	810,028	677,642	224,804	28%	132,386	20%
Programming and content	293,091	297,313	290,323	(4,222)	(1%)	6,990	2%
Customer service and billing	377,908	370,585	320,755	7,323	2%	49,830	16%
Satellite and transmission	94,609	86,013	79,292	8,596	10%	6,721	8%
Cost of equipment	42,724	44,397	26,478	(1,673)	(4%)	17,919	68%
Subscriber acquisition costs	532,599	493,464	495,610	39,135	8%	(2,146)	0%
Sales and marketing	354,189	336,480	291,024	17,709	5%	45,456	16%
Engineering, design and development	64,403	62,784	57,969	1,619	3%	4,815	8%
General and administrative	324,801	293,938	262,135	30,863	10%	31,803	12%
Depreciation and amortization	272,214	266,423	253,314	5,791	2%	13,109	5%
Total operating expenses	3,391,370	3,061,425	2,754,542	329,945	11%	306,883	11%
Income from operations	1,178,688	1,119,670	1,044,553	59,018	5%	75,117	7%
Other income (expense):							
Interest expense, net of amounts capitalized	(299,103)	(269,010)	(204,671)	(30,093)	(11%)	(64,339)	(31%)
Loss on extinguishment of debt and credit facilities, net	—	—	(190,577)	—	0%	190,577	100%
Loss on change in value of derivatives	—	(34,485)	(20,393)	34,485	100%	(14,092)	(69%)
Other income	12,379	14,611	8,180	(2,232)	(15%)	6,431	79%
Total other expense	(286,724)	(288,884)	(407,461)	2,160	1%	118,577	29%
Income before income taxes	891,964	830,786	637,092	61,178	7%	193,694	30%
Income tax expense	(382,240)	(337,545)	(259,877)	(44,695)	(13%)	(77,668)	(30%)
Net income	\$ 509,724	\$ 493,241	\$ 377,215	\$ 16,483	3%	\$ 116,026	31%

Our results of operations discussed below include the impact of purchase price accounting adjustments associated with the July 2008 merger between our wholly owned subsidiary, Vernon Merger Corporation, and XM Satellite Radio Holdings Inc. (the “Merger”). The purchase price accounting adjustments related to the Merger, include the: (i) elimination of deferred revenue associated with the investment in XM Canada, (ii) recognition of deferred subscriber revenues not recognized in purchase price accounting, and (iii) elimination of the benefit of deferred credits on executory contracts, which are primarily attributable to third party arrangements with an OEM and programming providers. The deferred credits on executory contracts attributable to third party arrangements with an OEM included in revenue share and royalties, subscriber acquisition costs, and sales and marketing concluded with the expiration of the acquired contract during 2013. The purchase price accounting adjustments related to programming providers concluded with the expiration of the acquired contract in June 2015. The impact of these purchase price accounting adjustments is detailed in our Adjusted Revenues and Operating Expenses tables on pages 37 through 38 of our glossary.

Total Revenue

Subscriber Revenue includes subscription, activation and other fees.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, subscriber revenue was \$3,824,793 and \$3,554,302, respectively, an increase of 8%, or \$270,491. The increase was primarily attributable to an 8% increase in the daily weighted average number of subscribers and increases in certain of our self-pay subscription rates, partially offset by subscription discounts and limited channel plans offered in customer acquisition and retention programs.

- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013 , subscriber revenue was \$3,554,302 and \$3,284,660 , respectively, an increase of 8% , or \$269,642 . The increase was primarily attributable to a 6% increase in the daily weighted average number of subscribers, the inclusion of a full year of subscription revenue generated by our connected vehicle business and the increase in certain of our subscription rates beginning in January 2014. These increases were partially offset by subscription discounts and limited channel plans offered in customer acquisition and retention programs, a change in an agreement with an automaker and a rental car company, and an increasing number of lifetime subscription plans that had reached full revenue recognition.

We expect subscriber revenues to increase based on the growth of our subscriber base, including the increases in certain of our subscription rates and the sale of additional services to subscribers.

Advertising Revenue includes the sale of advertising on certain non-music channels.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, advertising revenue was \$122,292 and \$100,982, respectively, an increase of 21%, or \$21,310. The increase was primarily due to a greater number of advertising spots sold and transmitted as well as increases in rates charged per spot.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, advertising revenue was \$100,982 and \$89,288, respectively, an increase of 13%, or \$11,694. The increase was primarily due to a greater number of advertising spots sold and transmitted, as well as increases in rates charged per spot.

We expect our advertising revenue to continue to grow as more advertisers are attracted to our national platform and growing subscriber base and as we launch additional non-music channels.

Equipment Revenue includes revenue and royalties from the sale of satellite radios, components and accessories.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, equipment revenue was \$110,923 and \$104,661, respectively, an increase of 6%, or \$6,262. The increase was driven by royalties from higher OEM production and sales to distributors, partially offset by lower direct to consumer sales.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, equipment revenue was \$104,661 and \$80,573, respectively, an increase of 30%, or \$24,088. The increase was driven by higher sales to distributors and royalties from OEM production, partially offset by lower per unit revenue on direct to consumer sales.

We expect equipment revenue to fluctuate based on OEM production for which we receive royalty payments for our technology and, to a lesser extent, on the volume of equipment sales in our aftermarket and direct to consumer business.

Other Revenue includes amounts earned from subscribers for the U.S. Music Royalty Fee, revenue from our connected vehicle business and our Canadian affiliate and ancillary revenues.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, other revenue was \$512,050 and \$421,150, respectively, an increase of 22%, or \$90,900. The increase was driven by revenues from the U.S. Music Royalty Fee as the number of subscribers subject to the 13.9% rate increased along with an overall increase in subscribers, higher revenue generated from our connected vehicle business, and increased revenue from our Canadian affiliate.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, other revenue was \$421,150 and \$344,574, respectively, an increase of 22%, or \$76,576. The increase was driven by revenues from the U.S. Music Royalty Fee as the number of subscribers subject to the 12.5% rate increased along with an overall increase in subscribers, by a change in an agreement with a rental car company and the inclusion of a full year of revenue generated by our connected vehicle business.

We expect other revenue to increase as our growing subscriber base drives higher U.S. Music Royalty Fees.

Operating Expenses

Revenue Share and Royalties include distribution and content provider revenue share, royalties for transmitting content and web streaming, and advertising revenue share.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, revenue share and royalties were \$1,034,832 and \$810,028, respectively, an increase of 28%, or \$224,804, and increased as a percentage of total revenue. The increase was primarily due to \$128,256 in expense recorded during the year ended December 31, 2015 related to our settlements associated with our use of certain pre-1972 sound recordings through December 31, 2015. Revenue share and royalties also increased due to greater revenues subject to royalty and revenue sharing arrangements and a 5.3% increase in the statutory royalty rate for the performance of post-1972 sound recordings.

- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013 , revenue share and royalties were \$ 810,028 and \$ 677,642 , respectively, an increase of 20% , or \$ 132,386 , and increased as a percentage of total revenue. The increase was primarily attributable to the elimination of the benefit to earnings from the amortization of deferred credits on executory contracts initially recognized in purchase price accounting associated with the Merger, greater revenues subject to royalty and/or revenue sharing arrangements, and a 5.6% increase in the statutory royalty rate for the performance of post-1972 sound recordings. For the year ended December 31, 2013, revenue share and royalties was positively impacted by a benefit of \$122,534 to earnings from the amortization of deferred credits on executory contracts associated with the Merger.

We expect our revenue share and royalty costs to increase as a result of the Capitol Records settlement and as our revenues grow and our post-1972 royalty rates increase. We expect to recognize \$83,250 in expense related to the Capitol Records settlement for the use of pre-1972 sound recordings for 2016 through 2017. As determined by the Copyright Royalty Board, we have paid or will pay royalties for the use of certain post-1972 sound recordings on our satellite radio service of 9.0%, 9.5%, 10.0%, 10.5% and 11% in 2013, 2014, 2015, 2016 and 2017, respectively.

Programming and Content includes costs to acquire, create, promote and produce content. We have entered into various agreements with third parties for music and non-music programming that require us to pay license fees and other amounts.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, programming and content expenses were \$293,091 and \$297,313, respectively, a decrease of 1%, or \$4,222, and decreased as a percentage of total revenue. The decrease was primarily due to the termination of certain programming agreements, partially offset by the addition of new programming arrangements and personnel-related costs.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, programming and content expenses were \$297,313 and \$290,323, respectively, an increase of 2%, or \$6,990, but decreased as a percentage of total revenue. The increase was primarily due to higher personnel costs, the reduction in the benefit to earnings from the purchase price accounting adjustments associated with the Merger and the early termination of certain programming agreements, partially offset by the renewal of certain licensing agreements at more cost effective terms.

We expect our programming and content expenses to increase as we offer additional programming, and renew or replace expiring agreements.

Customer Service and Billing includes costs associated with the operation and management of internal and third party customer service centers, and our subscriber management systems as well as billing and collection costs, transaction fees and bad debt expense.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, customer service and billing expenses were \$377,908 and \$370,585, respectively, an increase of 2%, or \$7,323, but decreased as a percentage of total revenue. The increase was primarily due to a higher subscriber base driving increased transaction fees, bad debt expense and personnel related costs, partially offset by efficiencies achieved from management's strategic initiatives implemented at our call centers operated by our vendors.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, customer service and billing expenses were \$370,585 and \$320,755, respectively, an increase of 16%, or \$49,830, but increased as a percentage of total revenue. The increase was primarily due to the inclusion of a full year of costs associated with our connected vehicle services business, higher subscriber volume driving increased subscriber contacts and bad debt expense.

We expect our customer service and billing expenses to increase as our subscriber base grows.

Satellite and Transmission consists of costs associated with the operation and maintenance of our terrestrial repeater networks; satellites; satellite telemetry, tracking and control systems; satellite uplink facilities; studios; and delivery of our Internet streaming service.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, satellite and transmission expenses were \$94,609 and \$86,013, respectively, an increase of 10%, or \$8,596, and remained flat as a percentage of total revenue. The increase was primarily due to the loss on disposal of certain obsolete terrestrial repeaters and related parts of \$7,384, and higher costs associated with our Internet streaming operations, partially offset by lower satellite insurance costs.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, satellite and transmission expenses were \$86,013 and \$79,292, respectively, an increase of 8%, or \$6,721, and remained flat as a percentage of total revenue. The increase was primarily due to increased personnel costs, costs associated with our Internet streaming operations, satellite insurance expense, and terrestrial repeater network costs.

We expect satellite and transmission expenses, excluding losses from disposal of assets, to remain relatively unchanged as decreases in Internet streaming costs are offset by increases in terrestrial repeater network costs.

Cost of Equipment includes costs from the sale of satellite radios, components and accessories and provisions for inventory allowance attributable to products purchased for resale in our direct to consumer distribution channels.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, cost of equipment was \$42,724 and \$44,397, respectively, a decrease of 4%, or \$1,673, and decreased as a percentage of equipment revenue. The decrease was primarily due to lower direct to consumer sales, partially offset by higher sales to distributors.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, cost of equipment was \$44,397 and \$26,478, respectively, an increase of 68%, or \$17,919, and increased as a percentage of equipment revenue. The increase was primarily due to higher sales to distributors, partially offset by lower costs per unit on direct to consumer sales.

We expect cost of equipment to fluctuate with changes in sales and inventory valuations.

Subscriber Acquisition Costs include hardware subsidies paid to radio manufacturers, distributors and automakers; subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to automakers and retailers; product warranty obligations; freight; and provisions for inventory allowances attributable to inventory consumed in our OEM and retail distribution channels. The majority of subscriber acquisition costs are incurred and expensed in advance of, or concurrent with, acquiring a subscriber. Subscriber acquisition costs do not include advertising costs, marketing, loyalty payments to distributors and dealers of satellite radios or revenue share payments to automakers and retailers of satellite radios.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, subscriber acquisition costs were \$532,599 and \$493,464, respectively, an increase of 8%, or \$39,135, and remained flat as a percentage of total revenue. Increased costs related to a larger number of satellite radio installations in new vehicles were partially offset by improved OEM and chipset subsidy rates per vehicle.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, subscriber acquisition costs were \$493,464 and \$495,610, respectively, a decrease of less than 1%, or \$2,146, and decreased as a percentage of total revenue. Improved OEM subsidy rates per vehicle and a change in a contract with an automaker decreased subscriber acquisition costs. The decrease was partially offset by the elimination of the benefit to earnings in 2014 from the amortization of deferred credits on executory contracts initially recognized in purchase price accounting associated with the Merger and increased subsidy costs related to a larger number of satellite radio installations in new vehicles. For the year ended December 31, 2013, the benefit to earnings from amortization of deferred credits was \$64,365.

We expect subscriber acquisition costs to fluctuate with OEM installations and aftermarket volume; however, the cost of subsidized radio components is expected to decline. We intend to continue to offer subsidies, commissions and other incentives to acquire subscribers.

Sales and Marketing includes costs for marketing, advertising, media and production, including promotional events and sponsorships; cooperative marketing; and personnel. Marketing costs include expenses related to direct mail, outbound telemarketing and email communications.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, sales and marketing expenses were \$354,189 and \$336,480, respectively, an increase of 5%, or \$17,709, but decreased as a percentage of total revenue. The increase was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials and higher personnel-related costs.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, sales and marketing expenses were \$336,480 and \$291,024, respectively, an increase of 16%, or \$45,456, and increased as a percentage of total revenue. The increase was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials, the inclusion of a full year of costs associated with our connected vehicle services business, increased personnel costs, and the elimination of the benefit to earnings in 2014 from the amortization of the deferred credit for acquired executory contracts recognized in purchase price accounting associated with the Merger; partially offset by lower loyalty costs due to a change in a contract with an automaker. The benefit to earnings from the amortization of the deferred credit for acquired executory contracts for the year ended December 31, 2013 was \$12,922.

We anticipate that sales and marketing expenses will increase as we expand programs to retain our existing subscribers, win back former subscribers, and attract new subscribers.

Engineering, Design and Development consists primarily of compensation and related costs to develop chipsets and new products and services, including streaming and connected vehicle services, research and development for broadcast information systems and costs associated with the incorporation of our radios into new vehicles manufactured by automakers.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, engineering, design and development expenses were \$64,403 and \$62,784, respectively, an increase of 3%, or \$1,619, and remained flat as a percentage of total revenue. The increase was driven primarily by additional costs associated with streaming development, partially offset by lower personnel costs.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, engineering, design and development expenses were \$62,784 and \$57,969, respectively, an increase of 8%, or \$4,815, and remained flat as a percentage of total revenue. The increase was driven primarily by the inclusion of a full year of costs associated with our connected vehicle services business and higher personnel costs.

We expect engineering, design and development expenses to increase in future periods as we continue to develop our infrastructure, products and services.

General and Administrative primarily consists of compensation and related costs for personnel and facilities, and include costs related to our finance, legal, human resources and information technologies departments.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, general and administrative expenses were \$324,801 and \$293,938, respectively, an increase of 10%, or \$30,863, and remained flat as a percentage of total revenue. The increase was driven primarily by higher personnel costs, reserves for consumer legal settlements and facilities costs, partially offset by insurance recoveries and lower professional fees related to the proposal made in January 2014 by Liberty Media to acquire the balance of our common stock not already owned by it.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, general and administrative expenses were \$293,938 and \$262,135, respectively, an increase of 12%, or \$31,803, and remained flat as a percentage of total revenue. The increase was primarily driven by the inclusion of a full year of costs associated with our connected vehicle services business, as well as higher legal, personnel and facilities costs.

We expect our general and administrative expenses to increase in future periods as a result of, among other things, enhanced information technology, ongoing legal costs and personnel costs to support the growth of our business.

Depreciation and Amortization represents the recognition in earnings of the acquisition cost of assets used in operations, including our satellite constellations, property, equipment and intangible assets, over their estimated service lives.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, depreciation and amortization expense was \$272,214 and \$266,423, respectively, an increase of 2%, or \$5,791, but decreased as a percentage of total revenue. The increase was driven by additional software placed in-service, partially offset by a reduction of amortization associated with the stepped-up basis in assets acquired in the Merger (including intangible assets, property and equipment) through the end of their estimated service lives and certain satellites reaching the end of their estimated service lives.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, depreciation and amortization expense was \$266,423 and \$253,314, respectively, an increase of 5%, or \$13,109, but decreased as a percentage of total revenue. Depreciation and amortization expense increased as a result of the inclusion of costs associated with our connected vehicle services business and additional assets placed in-service, including our FM-6 satellite which was placed in-service in late 2013. The increase was offset by a reduction of amortization associated with the stepped-up basis in assets acquired in the Merger (including intangible assets, satellites, property and equipment) through the end of their estimated useful lives and certain satellites reaching the end of their estimated useful lives.

Other Income (Expense)

Interest Expense, Net of Amounts Capitalized, includes interest on outstanding debt.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, interest expense was \$ 299,103 and \$ 269,010 , respectively, an increase of 11% , or \$ 30,093 . The increase was primarily due to higher average debt during the year ended December 31, 2015 compared to the year ended December 31, 2014. The increase was partially offset by lower average interest rates resulting from the redemption and conversion of higher interest rate debt during 2014.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, interest expense was \$269,010 and \$204,671, respectively, an increase of 31%, or \$64,339. The increase was primarily due to higher average debt and a

reduction in interest capitalized following the launch of our FM -6 satellite. The increase was partially offset by lower average interest rates resulting from the redemption or repayment of higher interest rate debt throughout 2013.

We expect interest expense to increase in future periods to the extent the amount of our total debt outstanding increases.

Loss on Extinguishment of Debt and Credit Facilities, Net, includes losses incurred as a result of the conversion and retirement of certain debt.

- *2015 vs. 2014* : There was no loss on extinguishment of debt and credit facilities for the years ended December 31, 2015 and 2014.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, loss on extinguishment of debt and credit facilities, net, was \$0 and \$190,577, respectively. During the year ended December 31, 2013, a loss was recorded on the extinguishment of our then outstanding 7.625% Senior Notes due 2018 and 8.75% Senior Notes due 2015.

Loss on Change in Value of Derivatives represents the change in fair value of the commitments under the share repurchase agreement with Liberty Media, which were are accounted for as a derivative.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, the loss on change in value of derivatives was \$0 and \$34,485, respectively. The loss in 2014 resulted from a change in the market value of our common stock to be purchased under the share repurchase agreement with Liberty Media. On April 25, 2014, we completed the final purchase installment under this share repurchase agreement and repurchased \$340,000 of our shares of common stock from Liberty Media at a price of \$3.66 per share.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, the loss on change in value of derivatives was \$34,485 and \$20,393, respectively. The loss resulted from a change in the market value of our common stock to be purchased under the share repurchase agreement with Liberty Media. On April 25, 2014, we completed the final purchase installment under this share repurchase agreement and repurchased \$340,000 of our shares of common stock from Liberty Media at a price of \$3.66 per share.

Other Income primarily includes realized gains and losses, interest income, and our share of the income or loss of Sirius XM Canada.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, other income was \$12,379 and \$14,611, respectively. Other income for the year ended December 31, 2015 was driven by dividends received from Sirius XM Canada in excess of our investment. Other income for the year ended December 31, 2014 was driven by our share of Sirius XM Canada's net income and gain from the conversion of certain debentures into shares of Sirius XM Canada, partially offset by the amortization expense related to our equity method intangible assets.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, other income was \$14,611 and \$8,180, respectively. The other income for the year ended December 31, 2014 was driven by dividends received from Sirius XM Canada, our share of Sirius XM Canada's net income and income from the conversion of certain debentures into shares of Sirius XM Canada, partially offset by the amortization expense related to our equity method intangible assets. The other income for 2013 was primarily due to the inclusion of our share of Sirius XM Canada's net income, partially offset by the amortization expense related to our equity method intangible assets.

Income Taxes

Income Tax Expense includes the change in our deferred tax assets, foreign withholding taxes and current federal and state tax expenses.

- *2015 vs. 2014* : For the years ended December 31, 2015 and 2014, income tax expense was \$382,240 and \$337,545, respectively. Our annual effective tax rate for the year ended December 31, 2015 was 42.9%, which was impacted by tax law changes in the District of Columbia and New York City. The tax law change in the District of Columbia will reduce our future taxes and use less of certain net operating losses in the future. The District of Columbia tax law change resulted in a \$44,392 increase in our valuation allowance during the year ended December 31, 2015. The tax law change in New York City will increase certain net operating losses to be utilized in the future. The New York City tax law change resulted in a \$14,831 increase in our deferred tax asset during the year ended December 31, 2015. Our effective tax rate for the year ended December 31, 2014 was 40.6% primarily due to the impact of the loss on change in fair value of the derivative related to the share repurchase agreement with Liberty Media.
- *2014 vs. 2013* : For the years ended December 31, 2014 and 2013, income tax expense was \$337,545 and \$259,877, respectively. Our annual effective tax rate for the year ended December 31, 2014 was 40.6% primarily due to the

\$34,485 loss on change in fair value of the derivative s related to the share repurchase agreement with Liberty Media. Our annual effective tax rate for the year ended December 31, 2013 was 40.8%, primarily as a result of non-deductible expenses related to the loss on change in value of derivatives.

Key Operating Metrics

In this section, we present certain financial and operating performance measures that are not calculated and presented in accordance with generally accepted accounting principles in the United States (“Non-GAAP”). These metrics include: average monthly revenue per subscriber, or ARPU; customer service and billing expenses, per average subscriber; subscriber acquisition cost, or SAC, per installation; free cash flow; and adjusted EBITDA. These measures exclude the impact of share-based payment expense and certain purchase price accounting adjustments related to the Merger, which include the: (i) elimination of deferred revenue associated with the investment in XM Canada, (ii) recognition of deferred subscriber revenues not recognized in purchase price accounting, and (iii) elimination of the benefit of deferred credits on executory contracts, which are primarily attributable to third party arrangements with an OEM and programming providers. Additionally, when applicable, our adjusted EBITDA and free cash flow metrics exclude the effect of any significant items that do not relate to the on-going performance of our business, such as settlements related to our historical use of pre-1972 sound recordings. We use these Non-GAAP financial measures to manage our business, to set operational goals and as a basis for determining performance-based compensation for our employees.

Free cash flow is a metric that our management and board of directors use to evaluate the cash generated by our operations, net of capital expenditures and other investment activity and significant items that do not relate to the on-going performance of our business. In a capital intensive business, with significant investments in satellites, we look at our operating cash flow, net of these investing cash outflows, to determine cash available for future subscriber acquisition and capital expenditures, to repurchase or retire debt, to acquire other companies and to evaluate our ability to return capital to stockholders. We believe free cash flow is an indicator of the long-term financial stability of our business. Free cash flow, which is reconciled to “Net cash provided by operating activities,” is a Non-GAAP financial measure. This measure can be calculated by deducting amounts under the captions “Additions to property and equipment”, deducting or adding Restricted and other investment activity and the return of capital from investment in unconsolidated entity from “Net cash provided by operating activities” from the consolidated statements of cash flows, adjusted for any significant legal settlements. Free cash flow should be used in conjunction with other GAAP financial performance measures and may not be comparable to free cash flow measures presented by other companies. Free cash flow should be viewed as a supplemental measure rather than an alternative measure of cash flows from operating activities, as determined in accordance with GAAP. Free cash flow is limited and does not represent remaining cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt maturities. We believe free cash flow provides useful supplemental information to investors regarding our current and projected cash flow, along with other GAAP measures (such as cash flows from operating and investing activities), to determine our financial condition, and to compare our operating performance to other communications, entertainment and media companies. We have excluded the \$210,000 payment related to the pre-1972 sound recordings legal settlement from our free cash flow calculation in the year ended December 31, 2015.

We believe these Non-GAAP financial measures provide useful information to investors regarding our financial condition and results of operations. We believe investors find these Non-GAAP financial performance measures useful in evaluating our core trends because it provides a direct view of our underlying contractual costs. We believe investors use our current and projected adjusted EBITDA to estimate our current or prospective enterprise value and to make investment decisions. By providing these Non-GAAP financial measures, together with the reconciliations to the most directly comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations.

These Non-GAAP financial measures should be viewed in addition to, and not as an alternative for or superior to, our reported results prepared in accordance with GAAP. In addition, these Non-GAAP financial measures may not be comparable to similarly-titled measures by other companies. Please refer to the glossary (pages 36 through 40) for a further discussion of such Non-GAAP financial measures and reconciliations to the most directly comparable GAAP measure. The following table contains our key operating metrics based on our adjusted results of operations for the years ended December 31, 2015, 2014 and 2013. Subscribers and subscription related revenues and expenses associated with our connected vehicle services are not included in our subscriber count or subscriber-based operating metrics:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Self-pay subscribers	24,288	22,523	21,082
Paid promotional subscribers	5,306	4,788	4,477
Ending subscribers	29,594	27,311	25,559
Self-pay subscribers	1,765	1,441	1,512
Paid promotional subscribers	517	311	147
Net additions (a)	2,283	1,752	1,659
Daily weighted average number of subscribers	28,337	26,284	24,886
Average self-pay monthly churn	1.8%	1.9%	1.8%
New vehicle consumer conversion rate	40%	41%	44%
ARPU	\$ 12.53	\$ 12.38	\$ 12.23
SAC, per installation	\$ 33	\$ 34	\$ 43
Customer service and billing expenses, per average subscriber	\$ 1.01	\$ 1.07	\$ 1.06
Free cash flow	\$ 1,315,193	\$ 1,155,776	\$ 927,496
Adjusted EBITDA	\$ 1,657,617	\$ 1,467,775	\$ 1,166,140

(a) Note: Amounts may not sum as a result of rounding.

Subscribers. At December 31, 2015, we had approximately 29.6 million subscribers, an increase of approximately 2.3 million subscribers, or 8%, from the approximate 27.3 million subscribers as of December 31, 2014.

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, net additions were 2,283 thousand and 1,752 thousand, respectively, an increase of 30%, or 531 thousand. The increase in subscribers was primarily due to increases in original and subsequent owner trial conversions, as well as increases in shipments by OEMs offering paid trials and activations of inactive radios, partially offset by higher deactivations related to vehicle turnover and non-pay churn resulting from changes in telemarketing practices following the Federal Communications Commission's July 10, 2015 order relating to the Telephone Consumer Protection Act of 1991.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, net additions were 1,752 thousand and 1,659 thousand, respectively, an increase of 6%, or 93 thousand. The increase in subscribers was primarily due to increases in shipments by OEMs offering paid trials as well as increases in trial conversions, offset by higher deactivations related to vehicle turnover as well as voluntary reasons.

Average Self-pay Monthly Churn is derived by dividing the monthly average of self-pay deactivations for the period by the average number of self-pay subscribers for the period. (See accompanying glossary on pages 36 through 40 for more details.)

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, our average self-pay monthly churn rate was 1.8% and 1.9%, respectively. The decrease in churn was due to a reduction in the total number of subscribers leaving for voluntary reasons.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, our average self-pay monthly churn rate was 1.9% and 1.8%, respectively. The increase was due to increased vehicle related churn associated with existing self-pay subscribers migrating to unpaid trials, offset by improvements in voluntary churn.

New Vehicle Consumer Conversion Rate is the percentage of owners and lessees of new vehicles that receive our service and convert to become self-paying subscribers after an initial promotional period. The metric excludes rental and fleet vehicles. (See accompanying glossary on pages 36 through 40 for more details).

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, the new vehicle consumer conversion rate was 40% and 41%, respectively. The decrease in conversion was primarily due to an increased vehicle penetration rate and

the effect of the suspension of certain outbound calling efforts by our vendors as they evaluated the Federal Communications Commission's July 10, 2015 order relating to the Telephone Consumer Protection Act of 1991, partially offset by improvements in converting previously active subscribers during a trial.

- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, the new vehicle consumer conversion rate was 41% and 44%, respectively. The decrease in the new vehicle consumer conversion rate was primarily due to an increased vehicle penetration rate and lower conversion of first-time satellite enabled car buyers and lessees in lower priced vehicles.

ARPU is derived from total earned subscriber revenue (excluding revenue derived from our connected vehicle services business), net advertising revenue and other subscription-related revenue, net of purchase price accounting adjustments, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. (For a reconciliation to GAAP see the accompanying glossary on pages 36 through 40 for more details.)

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, ARPU was \$12.53 and \$12.38, respectively. The increase was driven primarily by increases in certain of our subscription rates, partially offset by growth in subscription discounts and limited channel plans offered through customer acquisition and retention programs, and a shift to longer-term promotional data service plans with lower rates.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, ARPU was \$12.38 and \$12.23, respectively. The increase was driven primarily by the contribution of the U.S. Music Royalty Fee, and the impact of the increase in certain of our subscription rates beginning in January 2014. The positive result was partially offset by growth in subscription discounts and limited channel plans offered through our customer acquisition and retention programs, lifetime subscription plans that had reached full revenue recognition and changes in contracts with an automaker and a rental car company.

SAC, Per Installation, is derived from subscriber acquisition costs and margins from the sale of radios, components and accessories, excluding purchase price accounting adjustments, divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. (For a reconciliation to GAAP see the accompanying glossary on pages 36 through 40 for more details.)

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, SAC, per installation, was \$33 and \$34, respectively. The decrease was primarily due to lower subsidies on chipsets and improvements in contractual OEM rates.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, SAC, per installation, was \$34 and \$43, respectively. The decrease was primarily due to improvements in contractual OEM rates.

Customer Service and Billing Expenses, Per Average Subscriber, is derived from total customer service and billing expenses, excluding connected vehicle customer service and billing expenses and share-based payment expense, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. (For a reconciliation to GAAP see the accompanying glossary on pages 36 through 40 for more details.)

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, customer service and billing expenses, per average subscriber, were \$1.01 and \$1.07, respectively. The decrease was driven primarily by efficiencies achieved from management's strategic initiatives implemented at our call centers operated by our vendors, as well as a decrease in the rate at which subscribers call to cancel.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, customer service and billing expenses, per average subscriber, were \$1.07 and \$1.06, respectively. The increase was primarily driven by bad debt expense.

Free Cash Flow includes cash provided by operations, net of additions to property and equipment, restricted and other investment activity, and the return of capital from investment in unconsolidated entity, excluding the \$210,000 pre-1972 sound recordings legal settlement payment. (For a reconciliation to GAAP see the accompanying glossary on pages 36 through 40 for more details.)

- **2015 vs. 2014 :** For the years ended December 31, 2015 and 2014, free cash flow was \$1,315,193 and \$1,155,776, respectively, an increase of \$159,417, or 14%. Excluding the \$210,000 pre-1972 sound recordings legal settlement payment, the increase was primarily driven by higher net cash provided by operating activities from improved operating performance, and higher collections from subscribers, partially offset by higher interest payments.
- **2014 vs. 2013 :** For the years ended December 31, 2014 and 2013, free cash flow was \$1,155,776 and \$927,496, respectively, an increase of \$228,280, or 25%. The increase was primarily driven by higher net cash provided by operating activities from improved performance, collections from subscribers and distributors, the absence of

satellite construction related payments and dividends received from Sirius XM Canada, partially offset by payments related to improvements to our terrestrial repeater network.

Adjusted EBITDA. EBITDA is defined as net income before interest expense, net of amounts capitalized; income tax expense and depreciation and amortization. Adjusted EBITDA excludes the impact of other income, loss on disposal of assets, loss on extinguishment of debt, loss on change in value of derivatives as well as certain other non-cash charges, such as certain purchase price accounting adjustments, share-based payment expense and settlements related to the historical use of pre-1972 sound recordings. (For a reconciliation to GAAP see the accompanying glossary on pages 36 through 40 for more details.)

- *2015 vs. 2014 :* For the years ended December 31, 2015 and 2014, adjusted EBITDA was \$1,657,617 and \$1,467,775, respectively, an increase of 13%, or \$189,842. The increase was due to growth in adjusted revenues primarily as a result of the increase in our subscriber base and certain of our subscription rates, partially offset by higher costs associated with the growth in our revenues and subscriber base.
- *2014 vs. 2013 :* For the years ended December 31, 2014 and 2013, adjusted EBITDA was \$1,467,775 and \$1,166,140, respectively, an increase of 26%, or \$301,635. The increase was due to growth in adjusted revenues primarily as a result of the increase in our subscriber base and certain of our subscription rates, improved revenue share and OEM subsidy rates per vehicle, and the renewal of certain programming agreements at more cost effective terms; partially offset by higher legal expenses and costs associated with the growth in our revenues and subscriber base.

Liquidity and Capital Resources

Cash Flows for years ended December 31, 2015 compared with the years ended December 31, 2014 and the year ended December 31, 2014 compared with the year ended December 31, 2013.

As of December 31, 2015 and 2014, we had \$111,838 and \$147,724, respectively, of cash and cash equivalents. The following table presents a summary of our cash flow activity for the periods set forth below:

	For the Years Ended December 31,			2015 vs 2014	2014 vs 2013
	2015	2014	2013		
Net cash provided by operating activities	\$ 1,244,051	\$ 1,253,244	\$ 1,102,832	\$ (9,193)	\$ 150,412
Net cash used in investing activities	(138,858)	(96,324)	(700,688)	(42,534)	604,364
Net cash used in financing activities	(1,141,079)	(1,144,001)	(788,284)	2,922	(355,717)
Net (decrease) increase in cash and cash equivalents	(35,886)	12,919	(386,140)	(48,805)	399,059
Cash and cash equivalents at beginning of period	147,724	134,805	520,945	12,919	(386,140)
Cash and cash equivalents at end of period	\$ 111,838	\$ 147,724	\$ 134,805	\$ (35,886)	\$ 12,919

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities decreased by \$9,193 to \$1,244,051 for the year ended December 31, 2015 from \$1,253,244 for the year ended December 31, 2014. Cash flows provided by operating activities increased by \$150,412 to \$1,253,244 for the year ended December 31, 2014 from \$1,102,832 for the year ended December 31, 2013.

Our largest source of cash provided by operating activities is generated by subscription and subscription-related revenues. We also generate cash from the sale of advertising on certain non-music channels and the sale of satellite radios, components and accessories. Our primary uses of cash from operating activities include revenue share and royalty payments to distributors, programming and content providers, and payments to radio manufacturers, distributors and automakers. In addition, uses of cash from operating activities include payments to vendors to service, maintain and acquire subscribers, general corporate expenditures, and compensation and related costs.

Cash Flows Used in Investing Activities

Cash flows used in investing activities are primarily due to additional spending to improve our terrestrial repeater network and for capitalized software. In 2015, our cash flows used in investing activities also included an increase to our letters of credit issued for the benefit of lessors of certain of our office space. In 2014, our cash flows used in investing activities were primarily due to additional spending to improve our terrestrial repeater network and for capitalized software, partially offset by a special one-time dividend received from our investment in Sirius XM Canada of \$24,178. We expect to continue to incur significant costs to improve our terrestrial repeater network and broadcast and administrative infrastructure. In 2013, our cash flows used in investing activities included \$525,352 related to our acquisition of the connected vehicle business of Agero, Inc.

Cash Flows Used in Financing Activities

Cash flows used in financing activities consists of the issuance and repayment of long-term debt, cash used in our stock option program and the purchase of common stock under our share repurchase program. Proceeds from long-term debt, related party debt and equity issuances have been used to fund our operations, construct and launch new satellites and invest in other infrastructure improvements.

Cash flows provided by financing activities in 2015 were due to the issuance of \$1,000,000 aggregate principal amount of 5.375% Senior Notes due 2025 and borrowings under the Credit Facility. Cash flows used in financing activities in 2015 were primarily due to the purchase and retirement of shares of our common stock under our repurchase program for \$2,018,254 and repayments under the Credit Facility. Cash flows used in financing activities in 2014 were primarily due to the purchase of shares of our common stock under our repurchase program for \$2,496,799 and repayments under the Credit Facility. In 2014, we issued \$1,500,000 aggregate principal amount of 6.00% Senior Notes due 2024. Cash flows used in financing activities in 2013 were primarily due to the purchase of shares of our common stock under our share repurchase program for \$1,762,360, and the extinguishment of \$800,000 of our then outstanding 8.75% Senior Notes due 2015 and \$700,000 of our then outstanding 7.625% Senior Notes due 2018. In 2013, we issued \$650,000 aggregate principal amount of 5.875% Senior Notes due 2020, \$600,000 aggregate principal amount of 5.75% Senior Notes due 2021, \$500,000 aggregate principal amount of 4.25% Senior Notes due 2020 and \$500,000 aggregate principal amount of 4.625% Senior Notes due 2023.

Future Liquidity and Capital Resource Requirements

Based upon our current business plans, we expect to fund operating expenses, capital expenditures, working capital requirements, legal settlements, interest payments, taxes and scheduled maturities of our debt with existing cash, cash flow from operations and borrowings under our Credit Facility. As of December 31, 2015, \$1,410,000 was available for future borrowing under our Credit Facility. We believe that we have sufficient cash and cash equivalents as well as debt capacity to cover our estimated short-term and long-term funding needs, as well as fund stock repurchases and any strategic opportunities.

Our ability to meet our debt and other obligations depends on our future operating performance and on economic, financial, competitive and other factors. We continually review our operations for opportunities to adjust the timing of expenditures to ensure that sufficient resources are maintained.

We regularly evaluate our business plans and strategy. These evaluations often result in changes to our business plans and strategy, some of which may be material and significantly change our cash requirements. These changes in our business plans or strategy may include: the acquisition of unique or compelling programming; the introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and acquisitions, including acquisitions that are not directly related to our satellite radio business.

Stock Repurchase Program

Since December 2012, our board of directors approved for repurchase an aggregate of \$8,000,000 of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise.

As of December 31, 2015, our cumulative repurchases since December 2012 under our stock repurchase program totaled 1,783,496 shares for \$6,301,140, and \$1,698,860 remained available under our stock repurchase program. We expect to fund future repurchases through a combination of cash on hand, cash generated by operations and future borrowings.

Debt Covenants

The indentures governing Sirius XM's senior notes, and the agreement governing the Credit Facility include restrictive covenants. As of December 31, 2015, we were in compliance with such covenants. For a discussion of our "Debt Covenants," refer to Note 13 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Off-Balance Sheet Arrangements

We do not have any significant off-balance sheet arrangements other than those disclosed in Note 16 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Cash Commitments

For a discussion of our “Contractual Cash Commitments,” refer to Note 16 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Related Party Transactions

For a discussion of “Related Party Transactions,” refer to Note 11 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Accounting estimates require the use of significant management assumptions and judgments as to future events, and the effect of those events cannot be predicted with certainty. The accounting estimates will change as new events occur, more experience is acquired and more information is obtained. We evaluate and update our assumptions and estimates on an ongoing basis and use outside experts to assist in that evaluation when we deem necessary. We have identified all significant accounting policies in Note 3 to our consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

Goodwill . Goodwill represents the excess of the purchase price over the estimated fair value of net tangible and identifiable intangible assets acquired in business combinations. Our annual impairment assessment of our single reporting unit is performed as of the fourth quarter of each year. Assessments are performed at other times if events or circumstances indicate it is more likely than not that the asset is impaired. Step one of the impairment assessment compares the fair value of the entity to its carrying value and if the fair value exceeds its carrying value, goodwill is not impaired. If the carrying value exceeds the fair value, the implied fair value of goodwill is compared to the carrying value of goodwill; an impairment loss will be recorded for the amount the carrying value exceeds the implied fair value. Our quantitative assessment is based on our enterprise fair value. At the date of our annual assessment for 2015, the fair value of our single reporting unit substantially exceeded its carrying value and therefore was not at risk of failing step one of Accounting Standards Codification (“ASC”) 350-20, *Goodwill* . ASC 350-35 states that if the carrying amount of the reporting unit is zero or negative, the second step of the impairment test shall be performed to measure the amount of impairment loss, if any, when it is more likely than not that a goodwill impairment exists based on adverse qualitative factors. Subsequent to our annual assessment performed in the fourth quarter of 2015, we were not aware of any adverse qualitative factors that would indicate any impairment to our goodwill as of December 31, 2015. No impairment losses were recorded for goodwill during the years ended December 31, 2015, 2014 and 2013.

Long-Lived and Indefinite-Lived Assets . We carry our long-lived assets at cost less accumulated amortization and depreciation. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At the time an impairment in the value of a long-lived asset is identified, the impairment is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Our annual impairment assessment of indefinite-lived assets, our FCC licenses and XM trademark, is performed as of the fourth quarter of each year and an assessment is made at other times if events or changes in circumstances indicate that it is more likely than not that the asset is impaired. Accounting Standards Update 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, establishes an option to first perform a qualitative assessment to determine whether it is more likely than not that an asset is impaired. If the qualitative assessment supports that it is more likely than not that the fair value of the asset exceeds its carrying value, a company is not required to perform a quantitative impairment test. If the qualitative assessment does not support the fair value of the asset, then a quantitative assessment is performed. During the fourth quarter of 2015, a qualitative impairment analysis was performed and we determined that the fair value of our FCC licenses and trademark substantially exceeded the carrying value and therefore was not at risk of impairment. Our qualitative assessment includes the consideration of our long-term financial projections, current and historical weighted average cost of capital and liquidity factors, legal and regulatory issues and industry and market pressures. Subsequent to our annual evaluation of the carrying value of our long-lived assets, there were no events or circumstances that triggered the need for an impairment evaluation.

There were no changes in the carrying value of our indefinite life intangible assets during the years ended December 31, 2015 or 2014.

Useful Life of Broadcast/Transmission System . Our satellite system includes the costs of our satellite construction, launch vehicles, launch insurance, capitalized interest, spare satellites, terrestrial repeater network and satellite uplink facilities. We monitor our satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable.

We operate five in-orbit Sirius satellites, FM-1, FM-2, FM-3, FM-5 and FM-6. Our FM-1, FM-2 and FM-3 satellites were launched in 2000 and reached the end of their depreciable lives in 2013 and 2015 but are still in operation. We estimate that our FM-5 satellite launched in 2009 will operate effectively through the end of its depreciable life in 2024. Our FM-6 satellite that was launched in 2013, is currently used as an in-orbit spare that is planned to start full-time operation in 2016 and is expected to operate effectively through the end of its depreciable life in 2028.

We operate three in-orbit XM satellites, XM-3, XM-4 and XM-5. We estimate that our XM-3 and XM-4 satellites launched in 2005 and 2006, respectively, will reach the end of their depreciable lives in 2020 and 2021, respectively. Our XM-5 satellite was launched in 2010, is used as an in-orbit spare and is expected to reach the end of its depreciable life in 2025.

Our satellites have been designed to last fifteen-years. Our in-orbit satellites may experience component failures which could adversely affect their useful life. We monitor the operating condition of our in-orbit satellites and if events or circumstances indicate that the depreciable lives of our in-orbit satellites have changed, we will modify the depreciable life accordingly. If we were to revise our estimates, our depreciation expense would change.

Income Taxes . Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. In determining the period in which related tax benefits are realized for book purposes, excess share-based compensation deductions included in net operating losses are realized after regular net operating losses are exhausted; excess tax compensation benefits are recorded off-balance sheet as a memo entry until the period the excess tax benefit is realized through a reduction of taxes payable. Income tax expense is the sum of current income tax plus the change in deferred tax assets and liabilities.

We assess the recoverability of deferred tax assets at each reporting date and, where applicable, a valuation allowance is recognized when, based on the weight of all available evidence, it is considered more likely than not that all, or some portion, of the deferred tax assets will not be realized. Our assessment includes an analysis of whether deferred tax assets will be realized in the ordinary course of operations based on the available positive and negative evidence, including the scheduling of deferred tax liabilities and forecasted income from operations. The underlying assumptions we use in forecasting future taxable income require significant judgment. In the event that actual income from operations differs from forecasted amounts, or if we change our estimates of forecasted income from operations, we could record additional charges or reduce allowances in order to adjust the carrying value of deferred tax assets to their realizable amount. Such adjustments could be material to our consolidated financial statements.

As of December 31, 2015, we had a valuation allowance of \$49,095 relating to deferred tax assets that are not likely to be realized due to certain state net operating loss limitations and acquired net operating losses that we were not likely to utilize.

ASC 740 requires a company to first determine whether it is more likely than not that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more likely than not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. If the tax position is not more likely than not to be sustained, the gross amount of the unrecognized tax position will not be recorded in the financial statements but will be shown in tabular format within the uncertain income tax positions. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs due to the following conditions: (1) the tax position is “more likely than not” to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. A number of years may elapse before an uncertain tax position is effectively settled or until there is a lapse in the applicable statute of limitations. We record interest and penalties related to uncertain tax positions in Income tax expense in our consolidated statements of comprehensive income. As of December 31, 2015, the gross liability for income taxes associated with uncertain state tax positions was \$253,277.

Glossary

Adjusted EBITDA - EBITDA is defined as net income before interest expense, net of amounts capitalized; income tax expense and depreciation and amortization. We adjust EBITDA to exclude the impact of other income, loss on disposal of assets, loss on extinguishment of debt, loss on change in value of derivatives as well as certain other charges discussed below. This measure is one of the primary Non-GAAP financial measures on which we (i) evaluate the performance of our on-going core operating results period over period, (ii) base our internal budgets and (iii) compensate management. As such, adjusted EBITDA is a Non-GAAP financial performance measure that excludes (if applicable): (i) certain adjustments as a result of the purchase price accounting for the Merger, (ii) depreciation and amortization, (iii) share-based payment expense and (iv) other significant operating expense (income) that do not relate to the on-going performance of our business. The purchase price accounting adjustments include: (i) the elimination of deferred revenue associated with the investment in XM Canada, (ii) recognition of deferred subscriber revenues not recognized in purchase price accounting, and (iii) elimination of the benefit of deferred credits on executory contracts, which are primarily attributable to third party arrangements with an OEM and programming providers. We believe adjusted EBITDA is a useful measure of the underlying trend of our operating performance, which provides useful information about our business apart from the costs associated with our physical plant, capital structure and purchase price accounting. We believe investors find this Non-GAAP financial measure useful when analyzing our results and comparing our operating performance to the performance of other communications, entertainment and media companies. We believe investors use current and projected adjusted EBITDA to estimate our current and prospective enterprise value and to make investment decisions. Because we fund and build-out our satellite radio system through the periodic raising and expenditure of large amounts of capital, our results of operations reflect significant charges for depreciation expense. The exclusion of depreciation and amortization expense is useful given significant variation in depreciation and amortization expense that can result from the potential variations in estimated useful lives, all of which can vary widely across different industries or among companies within the same industry. We believe the exclusion of share-based payment expense and loss on disposal of assets is useful as they are not directly related to the operational conditions of our business. We also believe the exclusion of settlements related only to the historical use of pre-1972 sound recordings is useful as it does not represent an expense incurred as part of normal operations for the period.

Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statements of comprehensive income of certain expenses, including share-based payment expense and certain purchase price accounting for the Merger. We endeavor to compensate for the limitations of the Non-GAAP measure presented by also providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the Non-GAAP measure. Investors that wish to compare and evaluate our operating results after giving effect for these costs, should refer to net income as disclosed in our consolidated statements of comprehensive income. Since adjusted EBITDA is a Non-GAAP financial performance measure, our calculation of adjusted EBITDA may be susceptible to varying calculations; may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. The reconciliation of net income to the adjusted EBITDA is calculated as follows:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Net income (GAAP):	\$ 509,724	\$ 493,241	\$ 377,215
Add back items excluded from Adjusted EBITDA:			
Purchase price accounting adjustments:			
Revenues (see pages 37-38)	7,251	7,251	7,251
Operating expenses (see pages 37-38)	(1,394)	(3,781)	(207,854)
Pre-1972 sound recordings historical legal settlements (GAAP)	109,164	—	—
Loss on disposal of assets (GAAP)	7,384	—	—
Loss on change in value of derivatives (GAAP)	—	34,485	20,393
Share-based payment expense (GAAP)	84,310	78,212	68,876
Depreciation and amortization (GAAP)	272,214	266,423	253,314
Interest expense, net of amounts capitalized (GAAP)	299,103	269,010	204,671
Loss on extinguishment of debt and credit facilities, net (GAAP)	—	—	190,577
Other income (GAAP)	(12,379)	(14,611)	(8,180)
Income tax expense (GAAP)	382,240	337,545	259,877
Adjusted EBITDA	\$ 1,657,617	\$ 1,467,775	\$ 1,166,140

Adjusted Revenues and Operating Expenses - We define this Non-GAAP financial measure as our actual revenues and operating expenses adjusted to exclude the impact of certain purchase price accounting adjustments from the Merger and share-based payment expense. We use this Non-GAAP financial measure to manage our business, to set operational goals and as a basis for determining performance-based compensation for our employees. The following tables reconcile our actual revenues and operating expenses to our adjusted revenues and operating expenses for the years ended December 31, 2015, 2014 and 2013:

	Unaudited For the Year Ended December 31, 2015			
	As Reported	Purchase Price Accounting Adjustments	Allocation of Share-based Payment Expense	Adjusted
Revenue:				
Subscriber revenue	\$ 3,824,793	\$ —	\$ —	\$ 3,824,793
Advertising revenue	122,292	—	—	122,292
Equipment revenue	110,923	—	—	110,923
Other revenue	512,050	7,251	—	519,301
Total revenue	\$ 4,570,058	\$ 7,251	\$ —	\$ 4,577,309
Operating expenses				
Cost of services:				
Revenue share and royalties	\$ 1,034,832	\$ —	\$ —	\$ 1,034,832
Programming and content	293,091	1,394	(10,325)	284,160
Customer service and billing	377,908	—	(2,982)	374,926
Satellite and transmission	94,609	—	(4,147)	90,462
Cost of equipment	42,724	—	—	42,724
Subscriber acquisition costs	532,599	—	—	532,599
Sales and marketing	354,189	—	(17,985)	336,204
Engineering, design and development	64,403	—	(9,470)	54,933
General and administrative	324,801	—	(39,401)	285,400
Depreciation and amortization (a)	272,214	—	—	272,214
Share-based payment expense	—	—	84,310	84,310
Total operating expenses	\$ 3,391,370	\$ 1,394	\$ —	\$ 3,392,764

- (a) Purchase price accounting adjustments included above exclude the incremental depreciation and amortization associated with the \$785,000 stepped up basis in property, equipment and intangible assets as a result of the Merger. The increased depreciation and amortization for the year ended December 31, 2015 was \$35,000.

	Unaudited For the Year Ended December 31, 2014			
	As Reported	Purchase Price Accounting Adjustments	Allocation of Share-based Payment Expense	Adjusted
Revenue:				
Subscriber revenue	\$ 3,554,302	\$ —	\$ —	\$ 3,554,302
Advertising revenue	100,982	—	—	100,982
Equipment revenue	104,661	—	—	104,661
Other revenue	421,150	7,251	—	428,401
Total revenue	<u>\$ 4,181,095</u>	<u>\$ 7,251</u>	<u>\$ —</u>	<u>\$ 4,188,346</u>
Operating expenses				
Cost of services:				
Revenue share and royalties	\$ 810,028	\$ —	\$ —	\$ 810,028
Programming and content	297,313	3,781	(9,180)	291,914
Customer service and billing	370,585	—	(2,780)	367,805
Satellite and transmission	86,013	—	(4,091)	81,922
Cost of equipment	44,397	—	—	44,397
Subscriber acquisition costs	493,464	—	—	493,464
Sales and marketing	336,480	—	(15,454)	321,026
Engineering, design and development	62,784	—	(8,675)	54,109
General and administrative	293,938	—	(38,032)	255,906
Depreciation and amortization (a)	266,423	—	—	266,423
Share-based payment expense	—	—	78,212	78,212
Total operating expenses	<u>\$ 3,061,425</u>	<u>\$ 3,781</u>	<u>\$ —</u>	<u>\$ 3,065,206</u>

- (a) Purchase price accounting adjustments included above exclude the incremental depreciation and amortization associated with the \$785,000 stepped up basis in property, equipment and intangible assets as a result of the Merger. The increased depreciation and amortization for the year ended December 31, 2014 was \$39,000.

	Unaudited For the Year Ended December 31, 2013			
	As Reported	Purchase Price Accounting Adjustments	Allocation of Share-based Payment Expense	Adjusted
Revenue:				
Subscriber revenue	\$ 3,284,660	\$ —	\$ —	\$ 3,284,660
Advertising revenue	89,288	—	—	89,288
Equipment revenue	80,573	—	—	80,573
Other revenue	344,574	7,251	—	351,825
Total revenue	<u>\$ 3,799,095</u>	<u>\$ 7,251</u>	<u>\$ —</u>	<u>\$ 3,806,346</u>
Operating expenses				
Cost of services:				
Revenue share and royalties	\$ 677,642	\$ 122,534	\$ —	\$ 800,176
Programming and content	290,323	8,033	(7,584)	290,772
Customer service and billing	320,755	—	(2,219)	318,536
Satellite and transmission	79,292	—	(3,714)	75,578
Cost of equipment	26,478	—	—	26,478
Subscriber acquisition costs	495,610	64,365	—	559,975
Sales and marketing	291,024	12,922	(14,792)	289,154
Engineering, design and development	57,969	—	(7,405)	50,564
General and administrative	262,135	—	(33,162)	228,973
Depreciation and amortization (a)	253,314	—	—	253,314
Share-based payment expense	—	—	68,876	68,876
Total operating expenses	<u>\$ 2,754,542</u>	<u>\$ 207,854</u>	<u>\$ —</u>	<u>\$ 2,962,396</u>

- (a) Purchase price accounting adjustments included above exclude the incremental depreciation and amortization associated with the \$785,000 stepped up basis in property, equipment and intangible assets as a result of the Merger. The increased depreciation and amortization for the year ended December 31, 2013 was \$47,000.

ARPU - is derived from total earned subscriber revenue, advertising revenue and other subscription-related revenue, excluding revenue associated with our connected vehicle business, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. Other subscription-related revenue includes the U.S. Music Royalty Fee. ARPU is calculated as follows:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Subscriber revenue, excluding connected vehicle (GAAP)	\$ 3,726,340	\$ 3,466,050	\$ 3,272,718
Add: advertising revenue (GAAP)	122,292	100,982	89,288
Add: other subscription-related revenue (GAAP)	410,644	336,408	290,895
	<u>\$ 4,259,276</u>	<u>\$ 3,903,440</u>	<u>\$ 3,652,901</u>
Daily weighted average number of subscribers	<u>28,337</u>	<u>26,284</u>	<u>24,886</u>
ARPU	<u>\$ 12.53</u>	<u>\$ 12.38</u>	<u>\$ 12.23</u>

Average self-pay monthly churn - is defined as the monthly average of self-pay deactivations for the period divided by the average number of self-pay subscribers for the period.

Customer service and billing expenses, per average subscriber - is derived from total customer service and billing expenses, excluding connected vehicle customer service and billing expenses and share-based payment expense, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. We believe the exclusion of share-based payment expense in our calculation of customer service and billing expenses, per average subscriber, is useful as share-based payment expense is not directly related to the operational conditions that give rise to variations in the components of our customer service and billing expenses. Customer service and billing expenses, per average subscriber, is calculated as follows:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Customer service and billing expenses, excluding connected vehicle (GAAP)	\$ 346,789	\$ 340,094	\$ 317,832
Less: share-based payment expense (GAAP)	(2,982)	(2,780)	(2,219)
	<u>\$ 343,807</u>	<u>\$ 337,314</u>	<u>\$ 315,613</u>
Daily weighted average number of subscribers	<u>28,337</u>	<u>26,284</u>	<u>24,886</u>
Customer service and billing expenses, per average subscriber	<u>\$ 1.01</u>	<u>\$ 1.07</u>	<u>\$ 1.06</u>

Free cash flow - is derived from cash flow provided by operating activities, net of additions to property and equipment, restricted and other investment activity, and the return of capital from investment in unconsolidated entity, excluding the \$210,000 pre-1972 sound recordings legal settlement payment. Free cash flow is calculated as follows:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Cash Flow information			
Net cash provided by operating activities	\$ 1,244,051	\$ 1,253,244	\$ 1,102,832
Net cash used in investing activities	\$ (138,858)	\$ (96,324)	\$ (700,688)
Net cash used in financing activities	\$ (1,141,079)	\$ (1,144,001)	\$ (788,284)
Free Cash Flow			
Net cash provided by operating activities	\$ 1,244,051	\$ 1,253,244	\$ 1,102,832
Additions to property and equipment	(134,892)	(121,646)	(173,617)
Purchases of restricted and other investments	(3,966)	—	(1,719)
Return of capital from investment in unconsolidated entity	—	24,178	—
Pre-1972 sound recordings legal settlement	210,000	—	—
Free cash flow	<u>\$ 1,315,193</u>	<u>\$ 1,155,776</u>	<u>\$ 927,496</u>

New vehicle consumer conversion rate - is defined as the percentage of owners and lessees of new vehicles that receive our satellite radio service and convert to become self-paying subscribers after the initial promotion period. At the time satellite radio enabled vehicles are sold or leased, the owners or lessees generally receive trial subscriptions ranging from three to twelve months. We measure conversion rate three months after the period in which the trial service ends. The metric excludes rental and fleet vehicles.

Subscriber acquisition cost, per installation - or SAC, per installation, is derived from subscriber acquisition costs and margins from the sale of radios and accessories, excluding purchase price accounting adjustments, divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. Purchase price accounting adjustments associated with the Merger include the elimination of the benefit of amortization of deferred credits on executory contracts recognized at the Merger date attributable to an OEM. SAC, per installation, is calculated as follows:

	Unaudited		
	For the Years Ended December 31,		
	2015	2014	2013
Subscriber acquisition costs (GAAP)	\$ 532,599	\$ 493,464	\$ 495,610
Less: margin from direct sales of radios and accessories (GAAP)	(68,199)	(60,264)	(54,095)
Add: purchase price accounting adjustments	—	—	64,365
	\$ 464,400	\$ 433,200	\$ 505,880
Installations	14,041	12,788	11,765
SAC, per installation	\$ 33	\$ 34	\$ 43

ITEM 7A. **QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

As of December 31, 2015, we did not hold or issue any free-standing derivatives. We hold investments in money market funds and certificates of deposit. These securities are consistent with the objectives contained within our investment policy. The basic objectives of our investment policy are the preservation of capital, maintaining sufficient liquidity to meet operating requirements and maximizing yield.

Our debt includes fixed rate instruments and the fair market value of our debt is sensitive to changes in interest rates. Sirius XM's borrowings under the Credit Facility carry a variable interest rate based on LIBOR plus an applicable rate based on its debt to operating cash flow ratio. We currently do not use interest rate derivative instruments to manage our exposure to interest rate fluctuations.

ITEM 8. **FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

See the Index to Consolidated Financial Statements and financial statements and financial statement schedule contained in Item 15 herein, which are incorporated herein by reference.

ITEM 9. **CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

ITEM 9A. CONTROLS AND PROCEDURES

Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. An evaluation was performed under the supervision and with the participation of our management, including James E. Meyer, our Chief Executive Officer, and David J. Frear, our Senior Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as that term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2015. Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2015 at the reasonable assurance level. There has been no change in our internal control over financial reporting (as that term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. We have performed an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our internal control over financial reporting. Our management used the updated Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission to perform this evaluation. Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our internal control over financial reporting was effective as of December 31, 2015.

KPMG LLP, an independent registered public accounting firm, which has audited and reported on the consolidated financial statements contained in this Annual Report on Form 10-K, has issued its report on the effectiveness of our internal control over financial reporting which follows this report.

Audit Report of the Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their audit report appearing on page F-3 of this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information about our executive officers is contained in the discussion entitled "Executive Officers of the Registrant" in Part I of this Annual Report on Form 10-K.

The additional information required by this Item 10 is incorporated in this report by reference to the applicable information in our definitive proxy statement for the 2016 annual meeting of stockholders set forth under the captions *Stock Ownership*, *Governance of the Company*, *Item 1. Election of Directors* and *Item 3. Ratification of Independent Registered Public Accountants*, which we expect to file with the Securities and Exchange Commission prior to April 29, 2016.

Code of Ethics

We have adopted a code of ethics that applies to all employees, including executive officers, and to directors. The Code of Ethics is available on the Corporate Governance page of our website at www.siriusxm.com. If we ever were to amend or waive any provision of our Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or any person performing similar functions, we intend to satisfy our disclosure obligations with respect to any such waiver or amendment by posting such information on our internet website set forth above rather than filing a Form 8-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated in this report by reference to the applicable information in our definitive proxy statement for the 2016 annual meeting of stockholders set forth under the captions *Item 1. Election of Directors and, Executive Compensation*, which we expect to file with the Securities and Exchange Commission prior to April 29, 2016.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Certain information required by this item is set forth under the heading “Equity Compensation Plan Information” in Part II, Item 5, of this report.

The additional information required by this Item 12 is incorporated in this report by reference to the applicable information in our definitive proxy statement for the 2016 annual meeting of stockholders set forth under the caption *Stock Ownership*, which we expect to file with the Securities and Exchange Commission prior to April 29, 2016.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this Item 13 is incorporated in this report by reference to the applicable information in our definitive proxy statement for the 2016 annual meeting of stockholders set forth under the captions *Governance of the Company* and *Item 1. Election of Directors*, which we expect to file with the Securities and Exchange Commission prior to April 29, 2016.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item 14 is incorporated in this report by reference to the applicable information in our definitive proxy statement for the 2016 annual meeting of stockholders set forth under the caption *Item 2. Ratification of Independent Registered Public Accountants - Principal Accountant Fees and Services*, which we expect to file with the Securities and Exchange Commission prior to April 29, 2016.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this report:

- (1) Financial Statements. See Index to Consolidated Financial Statements appearing on page F-1.
- (2) Financial Statement Schedules. See Index to Consolidated Financial Statements appearing on page F-1.
- (3) Exhibits. See Exhibit Index following this report, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 2nd day of February 2016.

SIRIUS XM HOLDINGS INC.

By: /s/ DAVID J. FREAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ GREGORY B. MAFFEI (Gregory B. Maffei)	Chairman of the Board of Directors and Director	February 2, 2016
/s/ JAMES E. MEYER (James E. Meyer)	Chief Executive Officer and Director (Principal Executive Officer)	February 2, 2016
/s/ DAVID J. FREAR (David J. Frear)	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 2, 2016
/s/ THOMAS D. BARRY (Thomas D. Barry)	Senior Vice President and Controller (Principal Accounting Officer)	February 2, 2016
/s/ JOAN L. AMBLE (Joan L. Amble)	Director	February 2, 2016
/s/ ANTHONY J. BATES (Anthony J. Bates)	Director	February 2, 2016
/s/ GEORGE W. BODENHEIMER (George W. Bodenheimer)	Director	February 2, 2016
/s/ MARK D. CARLETON (Mark D. Carleton)	Director	February 2, 2016
/s/ EDDY W. HARTENSTEIN (Eddy W. Hartenstein)	Director	February 2, 2016
/s/ JAMES P. HOLDEN (James P. Holden)	Director	February 2, 2016
/s/ EVAN D. MALONE (Evan D. Malone)	Director	February 2, 2016
/s/ JAMES F. MOONEY (James F. Mooney)	Director	February 2, 2016
/s/ CARL E. VOGEL (Carl E. Vogel)	Director	February 2, 2016
/s/ VANESSA A. WITTMAN (Vanessa A. Wittman)	Director	February 2, 2016
/s/ DAVID M. ZASLAV (David M. Zaslav)	Director	February 2, 2016

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Sirius XM Holdings Inc. and subsidiaries:

We have audited the accompanying consolidated balance sheets of Sirius XM Holdings Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule listed in Item 15(2). These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sirius XM Holdings Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sirius XM Holdings Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 2, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

New York, New York
February 2, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Sirius XM Holdings Inc. and subsidiaries:

We have audited Sirius XM Holdings Inc. and subsidiaries' internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Sirius XM Holdings Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Sirius XM Holdings Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Sirius XM Holdings Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 2, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York
February 2, 2016

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Years Ended December 31,		
	2015	2014	2013
<i>(in thousands, except per share data)</i>			
Revenue:			
Subscriber revenue	\$ 3,824,793	\$ 3,554,302	\$ 3,284,660
Advertising revenue	122,292	100,982	89,288
Equipment revenue	110,923	104,661	80,573
Other revenue	512,050	421,150	344,574
Total revenue	4,570,058	4,181,095	3,799,095
Operating expenses:			
Cost of services:			
Revenue share and royalties	1,034,832	810,028	677,642
Programming and content	293,091	297,313	290,323
Customer service and billing	377,908	370,585	320,755
Satellite and transmission	94,609	86,013	79,292
Cost of equipment	42,724	44,397	26,478
Subscriber acquisition costs	532,599	493,464	495,610
Sales and marketing	354,189	336,480	291,024
Engineering, design and development	64,403	62,784	57,969
General and administrative	324,801	293,938	262,135
Depreciation and amortization	272,214	266,423	253,314
Total operating expenses	3,391,370	3,061,425	2,754,542
Income from operations	1,178,688	1,119,670	1,044,553
Other income (expense):			
Interest expense, net of amounts capitalized	(299,103)	(269,010)	(204,671)
Loss on extinguishment of debt and credit facilities, net	—	—	(190,577)
Loss on change in value of derivatives	—	(34,485)	(20,393)
Other income	12,379	14,611	8,180
Total other expense	(286,724)	(288,884)	(407,461)
Income before income taxes	891,964	830,786	637,092
Income tax expense	(382,240)	(337,545)	(259,877)
Net income	\$ 509,724	\$ 493,241	\$ 377,215
Foreign currency translation adjustment, net of tax	(100)	(94)	(428)
Total comprehensive income	\$ 509,624	\$ 493,147	\$ 376,787
Net income per common share:			
Basic	\$ 0.09	\$ 0.09	\$ 0.06
Diluted	\$ 0.09	\$ 0.08	\$ 0.06
Weighted average common shares outstanding:			
Basic	5,375,707	5,788,944	6,227,646
Diluted	5,435,166	5,862,020	6,384,791

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	As of December 31,	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 111,838	\$ 147,724
Receivables, net	234,782	220,579
Inventory, net	22,295	19,397
Related party current assets	5,941	4,344
Deferred tax assets	—	1,038,603
Prepaid expenses and other current assets	187,033	119,099
Total current assets	561,889	1,549,746
Property and equipment, net	1,415,401	1,510,112
Long-term restricted investments	9,888	5,922
Intangible assets, net	2,593,346	2,645,046
Goodwill	2,205,107	2,205,107
Related party long-term assets	—	3,000
Deferred tax assets	1,115,731	437,736
Other long-term assets	145,300	12,396
Total assets	\$ 8,046,662	\$ 8,369,065
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 625,313	\$ 587,755
Accrued interest	91,655	80,440
Current portion of deferred revenue	1,771,915	1,632,381
Current portion of deferred credit on executory contracts	—	1,394
Current maturities of long-term debt	4,764	7,482
Related party current liabilities	2,840	4,340
Total current liabilities	2,496,487	2,313,792
Deferred revenue	157,609	151,901
Long-term debt	5,443,614	4,487,419
Related party long-term liabilities	10,795	13,635
Deferred tax liabilities	6,681	—
Other long-term liabilities	97,967	92,481
Total liabilities	8,213,153	7,059,228
Commitments and contingencies (Note 16)		
Stockholders' (deficit) equity:		
Preferred stock, undesignated, par value \$0.001 (liquidation preference of \$0.001 per share); 50,000 shares authorized and 0 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	—	—
Common stock, par value \$0.001; 9,000,000 shares authorized; 5,153,451 and 5,653,529 shares issued; 5,147,647 and 5,646,119 outstanding at December 31, 2015 and December 31, 2014, respectively	5,153	5,653
Accumulated other comprehensive loss, net of tax	(502)	(402)
Additional paid-in capital	4,783,795	6,771,554
Treasury stock, at cost; 5,804 and 7,410 shares of common stock at December 31, 2015 and December 31, 2014, respectively	(23,727)	(26,034)
Accumulated deficit	(4,931,210)	(5,440,934)
Total stockholders' (deficit) equity	(166,491)	1,309,837
Total liabilities and stockholders' (deficit) equity	\$ 8,046,662	\$ 8,369,065

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY

	Convertible Perpetual Preferred Stock, Series B-1		Common Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' (Deficit) Equity
<i>(in thousands)</i>	Shares	Amount	Shares	Amount			Shares	Amount		
Balance at January 1, 2013	6,250	\$ 6	5,262,440	\$ 5,263	\$ 120	\$ 10,345,566	—	\$ —	\$ (6,311,390)	\$ 4,039,565
Comprehensive income, net of tax	—	—	—	—	(428)	—	—	—	377,215	376,787
Share-based payment expense	—	—	—	—	—	68,876	—	—	—	68,876
Exercise of options and vesting of restricted stock units	—	—	32,841	32	—	19,396	—	—	—	19,428
Minimum withholding taxes on net share settlement of stock-based compensation	—	—	—	—	—	(46,342)	—	—	—	(46,342)
Conversion of preferred stock to common stock	(6,250)	(6)	1,293,509	1,293	—	(1,287)	—	—	—	—
Conversion of Exchangeable Notes to common stock	—	—	27,688	28	—	45,069	—	—	—	45,097
Common stock repurchased	—	—	—	—	—	—	520,258	(1,764,969)	—	(1,764,969)
Common stock retired	—	—	(520,258)	(520)	—	(1,764,449)	(520,258)	1,764,969	—	—
Initial fair value of forward contract	—	—	—	—	—	7,300	—	—	—	7,300
Balance at December 31, 2013	—	\$ —	6,096,220	\$ 6,096	\$ (308)	\$ 8,674,129	—	\$ —	\$ (5,934,175)	\$ 2,745,742
Comprehensive income, net of tax	—	—	—	—	(94)	—	—	—	493,241	493,147
Share-based payment expense	—	—	—	—	—	78,212	—	—	—	78,212
Exercise of options and vesting of restricted stock units	—	—	15,960	16	—	315	—	—	—	331
Minimum withholding taxes on net share settlement of stock-based compensation	—	—	—	—	—	(37,320)	—	—	—	(37,320)
Conversion of Exchangeable Notes to common stock	—	—	272,856	273	—	502,097	—	—	—	502,370
Issuance of common stock upon exercise of warrants	—	—	99	—	—	—	—	—	—	—
Common stock repurchased	—	—	—	—	—	—	739,016	(2,472,645)	—	(2,472,645)
Common stock retired	—	—	(731,606)	(732)	—	(2,445,879)	(731,606)	2,446,611	—	—
Balance at December 31, 2014	—	\$ —	5,653,529	\$ 5,653	\$ (402)	\$ 6,771,554	7,410	\$ (26,034)	\$ (5,440,934)	\$ 1,309,837
Comprehensive income, net of tax	—	—	—	—	(100)	—	—	—	509,724	509,624
Share-based payment expense	—	—	—	—	—	84,310	—	—	—	84,310
Exercise of options and vesting of restricted stock units	—	—	19,740	20	—	240	—	—	—	260
Minimum withholding taxes on net share settlement of stock-based compensation	—	—	—	—	—	(54,575)	—	—	—	(54,575)
Issuance of common stock upon exercise of warrants	—	—	6,010	6	—	(6)	—	—	—	—
Common stock repurchased	—	—	—	—	—	—	524,222	(2,015,947)	—	(2,015,947)
Common stock retired	—	—	(525,828)	(526)	—	(2,017,728)	(525,828)	2,018,254	—	—
Balance at December 31, 2015	—	\$ —	5,153,451	\$ 5,153	\$ (502)	\$ 4,783,795	5,804	\$ (23,727)	\$ (4,931,210)	\$ (166,491)

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income	\$ 509,724	\$ 493,241	\$ 377,215
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	272,214	266,423	253,314
Non-cash interest expense, net of amortization of premium	7,872	21,039	21,698
Provision for doubtful accounts	47,237	44,961	39,016
Amortization of deferred income related to equity method investment	(2,776)	(2,776)	(2,776)
Loss on extinguishment of debt and credit facilities, net	—	—	190,577
Gain on unconsolidated entity investments, net	—	(5,547)	(5,865)
Dividend received from unconsolidated entity investment	14,788	17,019	22,065
Loss on disposal of assets	7,384	—	—
Loss on change in value of derivatives	—	34,485	20,393
Share-based payment expense	84,310	78,212	68,876
Deferred income taxes	365,499	327,461	259,787
Other non-cash purchase price adjustments	(1,394)	(3,781)	(207,854)
Changes in operating assets and liabilities:			
Receivables	(61,440)	(72,628)	(15,245)
Inventory	(2,898)	(5,534)	11,474
Related party, net	(14,953)	(4,303)	40
Prepaid expenses and other current assets	(67,204)	(1,195)	16,788
Other long-term assets	(130,741)	3,393	3,324
Accounts payable and accrued expenses	52,696	(17,191)	(44,009)
Accrued interest	11,215	38,355	8,131
Deferred revenue	145,242	48,645	73,593
Other long-term liabilities	7,276	(7,035)	12,290
Net cash provided by operating activities	1,244,051	1,253,244	1,102,832
Cash flows from investing activities:			
Additions to property and equipment	(134,892)	(121,646)	(173,617)
Purchases of restricted and other investments	(3,966)	—	(1,719)
Acquisition of business, net of cash acquired	—	1,144	(525,352)
Return of capital from investment in unconsolidated entity	—	24,178	—
Net cash used in investing activities	(138,858)	(96,324)	(700,688)
Cash flows from financing activities:			
Proceeds from exercise of stock options	260	331	21,968
Taxes paid in lieu of shares issued for stock-based compensation	(54,539)	(37,318)	(46,342)
Proceeds from long-term borrowings and revolving credit facility, net of costs	1,728,571	2,406,205	3,156,063
Payment of premiums on redemption of debt	—	—	(175,453)
Repayment of long-term borrowings and revolving credit facility	(797,117)	(1,016,420)	(1,782,160)
Repayment of related party long-term borrowings	—	—	(200,000)
Common stock repurchased and retired	(2,018,254)	(2,496,799)	(1,762,360)
Net cash used in financing activities	(1,141,079)	(1,144,001)	(788,284)
Net (decrease) increase in cash and cash equivalents	(35,886)	12,919	(386,140)
Cash and cash equivalents at beginning of period	147,724	134,805	520,945
Cash and cash equivalents at end of period	\$ 111,838	\$ 147,724	\$ 134,805

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

<i>(in thousands)</i>	For the Years Ended December 31,		
	2015	2014	2013
Supplemental Disclosure of Cash and Non-Cash Flow Information			
Cash paid during the period for:			
Interest, net of amounts capitalized	\$ 269,925	\$ 199,424	\$ 169,781
Income taxes paid	\$ 12,384	\$ 8,713	\$ 2,783
Acquisition related costs	\$ —	\$ —	\$ 2,902
Non-cash investing and financing activities:			
Capital lease obligations incurred to acquire assets	\$ 7,487	\$ 719	\$ 11,966
Conversion of Series B preferred stock to common stock	\$ —	\$ —	\$ 1,293
Treasury stock not yet settled	\$ 23,727	\$ 26,034	\$ —
Conversion of 7% Exchangeable Notes to common stock, net of debt issuance and deferred financing costs	\$ —	\$ 502,097	\$ 45,097
Performance incentive payments	\$ —	\$ —	\$ 16,900
Goodwill reduced for the exercise and vesting of certain stock awards	\$ —	\$ —	\$ 274
Purchase price accounting adjustments to goodwill	\$ —	\$ 1,698	\$ —

See accompanying notes to the consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars and shares in thousands, except per share amounts)

(1) Business & Basis of Presentation

Business

We transmit music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through our two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over our Internet radio service, including through applications for mobile devices. We are also a leader in providing connected vehicle services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

We have agreements with every major automaker ("OEMs") to offer satellite radios in their vehicles. We also acquire subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to our services. Additionally, we distribute our satellite radios through retailers online and at locations nationwide and through our website. Satellite radio services are also offered to customers of certain rental car companies.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly plan. We offer discounts for prepaid, longer term subscription plans, as well as a multiple subscription discount. We also derive revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as our weather, traffic and data services.

In certain cases, a subscription to our radio services is included in the sale or lease price of new or previously owned vehicles. The length of these subscriptions varies but is typically three to twelve months. We receive payments for these subscriptions from certain automakers. We also reimburse various automakers for certain costs associated with satellite radios installed in new vehicles.

Liberty Media Corporation ("Liberty Media") beneficially owns, directly and indirectly, over 50% of the outstanding shares of our common stock. As a result, we are a "controlled company" for the purposes of the NASDAQ corporate governance requirements. Liberty Media owns interests in a range of media, communications and entertainment businesses.

Basis of Presentation

This Annual Report on Form 10-K presents information for Sirius XM Holdings Inc. ("Holdings"). Holdings has no operations independent of its wholly-owned subsidiary Sirius XM Radio Inc. ("Sirius XM").

The accompanying consolidated financial statements of Holdings and its subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All significant intercompany transactions have been eliminated in consolidation. Certain numbers in our prior period consolidated financial statements have been reclassified or consolidated to conform to our current period presentation.

Public companies are required to disclose certain information about their reportable operating segments. Operating segments are defined as significant components of an enterprise for which separate financial information is available and is evaluated on a regular basis by the chief operating decision makers in deciding how to allocate resources to an individual segment and in assessing performance of the segment. We have determined that we have one reportable segment as our chief operating decision maker, our Chief Executive Officer, assesses performance and allocates resources based on the consolidated results of operations of our business.

We have evaluated events subsequent to the balance sheet date and prior to the filing of this Annual Report on Form 10-K for the year ended December 31, 2015 and have determined that no events have occurred that would require adjustment to our consolidated financial statements. For a discussion of subsequent events that do not require adjustment to our consolidated financial statements refer to Note 18.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from those estimates. Significant estimates inherent in the preparation of the accompanying consolidated financial statements include asset impairment, depreciable lives of our satellites, share-based payment expense, and income taxes.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Dollars and shares in thousands, except per share amounts)

(2) Acquisitions

On November 4, 2013, we purchased all of the outstanding shares of capital stock of the connected vehicle business of Agero, Inc. ("Agero") for \$525,352. The transaction was accounted for using the acquisition method of accounting. During the year ended December 31, 2014, the purchase price allocation associated with the connected vehicle business of Agero was finalized resulting in a net decrease in the purchase price of \$1,144.

(3) Summary of Significant Accounting Policies

In addition to the significant accounting policies discussed in this Note 3, the following table includes our significant accounting policies that are described in other notes to our consolidated financial statements, including the number and page of the note:

Significant Accounting Policy	Note #	Page #
Fair Value Measurements	4	F- 12
Goodwill	8	F- 14
Intangible Assets	9	F- 15
Property and Equipment	10	F- 16
Equity Method Investments	11	F- 18
Share-Based Compensation	15	F- 23
Legal Costs	16	F- 26
Income Taxes	17	F- 28

Cash and Cash Equivalents

Our cash and cash equivalents consist of cash on hand, money market funds, certificates of deposit, in-transit credit card receipts and highly liquid investments purchased with an original maturity of three months or less.

Revenue Recognition

We derive revenue primarily from subscribers, advertising and direct sales of merchandise.

Revenue from subscribers consists primarily of subscription fees, and to a lesser extent, revenue from rental car companies and non-refundable activation and other fees. Revenue is recognized as it is realized or realizable and earned. We recognize subscription fees as our services are provided. At the time of sale, vehicle owners purchasing or leasing a vehicle with a subscription to our service typically receive between a three and twelve month prepaid subscription. Prepaid subscription fees received from certain automakers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon retail sale and activation.

We recognize revenue from the sale of advertising as the advertising is transmitted. Agency fees are calculated based on a stated percentage applied to gross billing revenue for our advertising inventory and are reported as a reduction of advertising revenue. We pay certain third parties a percentage of advertising revenue. Advertising revenue is recorded gross of such revenue share payments as we are the primary obligor in the transaction. Advertising revenue share payments are recorded to Revenue share and royalties during the period in which the advertising is transmitted.

Equipment revenue and royalties from the sale of satellite radios, components and accessories are recognized upon shipment, net of discounts and rebates. Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs associated with shipping goods to customers are reported as a component of Cost of equipment.

Other revenue primarily includes U.S. Music Royalty Fees which are recorded as revenue and as a component of Revenue share and royalties expense. Fees received from subscribers for the U.S. Music Royalty Fee are recorded as deferred revenue and amortized to revenue ratably over the service period which coincides with the recognition of the subscriber's subscription revenue.

We report revenues net of any tax assessed by a governmental authority that is both imposed on, and concurrent with, a specific revenue-producing transaction between a seller and a customer in our consolidated statements of comprehensive income.

Accounting Standards Codification 605, *Revenue Recognition*, provides guidance on how and when to recognize revenues for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets, such as in our

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Dollars and shares in thousands, except per share amounts)

bundled subscription plans. Revenue arrangements with multiple deliverables are required to be divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. Consideration must be allocated at the inception of the arrangement to all deliverables based on their relative selling price, which has been determined using vendor specific objective evidence of the selling price to self-pay customers.

Revenue Share

We share a portion of our subscription revenues earned from subscribers with certain automakers. The terms of the revenue share agreements vary with each automaker, but are typically based upon the earned audio revenue as reported or gross billed audio revenue. Revenue share is recorded as an expense in our consolidated statements of comprehensive income and not as a reduction to revenue.

Programming Costs

Programming costs which are for a specified number of events are amortized on an event-by-event basis; programming costs which are for a specified season or include programming through a dedicated channel are amortized over the season or period on a straight-line basis. We allocate a portion of certain programming costs which are related to sponsorship and marketing activities to Sales and marketing expense on a straight-line basis over the term of the agreement.

Advertising Costs

Media is expensed when aired and advertising production costs are expensed as incurred. Advertising production costs include expenses related to marketing and retention activities, including expenses related to direct mail, outbound telemarketing and email communications. We also incur advertising production costs related to cooperative marketing and promotional events and sponsorships. During the years ended December 31, 2015, 2014 and 2013, we recorded advertising costs of \$228,676, \$222,962 and \$178,364, respectively. These costs are reflected in Sales and marketing expense in our consolidated statements of comprehensive income.

Subscriber Acquisition Costs

Subscriber acquisition costs consist of costs incurred to acquire new subscribers which include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid to automakers who include a satellite radio and a prepaid subscription to our service in the sale or lease price of a new vehicle; subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to retailers and automakers as incentives to purchase, install and activate radios; product warranty obligations; freight; and provisions for inventory allowance attributable to inventory consumed in our OEM and retail distribution channels. Subscriber acquisition costs do not include advertising costs, loyalty payments to distributors and dealers of radios and revenue share payments to automakers and retailers of radios.

Subsidies paid to radio manufacturers and automakers are expensed upon installation, shipment, receipt of product or activation and are included in Subscriber acquisition costs because we are responsible for providing the service to the customers. Commissions paid to retailers and automakers are expensed upon either the sale or activation of radios. Chipsets that are shipped to radio manufacturers and held on consignment are recorded as inventory and expensed as Subscriber acquisition costs when placed into production by radio manufacturers. Costs for chipsets not held on consignment are expensed as Subscriber acquisition costs when the automaker confirms receipt.

Research & Development Costs

Research and development costs are expensed as incurred and primarily include the cost of new product development, chipset design, software development and engineering. During the years ended December 31, 2015, 2014 and 2013, we recorded research and development costs of \$54,933, \$54,109 and \$50,564, respectively. These costs are reported as a component of Engineering, design and development expense in our consolidated statements of comprehensive income.

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Recent Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-17, *Income Taxes – Balance Sheet Reclassification of Deferred Taxes (Topic 740)*. This ASU requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this update. The amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted and the amendments may be applied either prospectively to all deferred tax liabilities and assets or retrospectively to all periods presented. We early adopted this ASU in the fourth quarter of 2015 on a prospective basis and included the current portion of deferred tax assets within the non-current portion of deferred tax assets within our consolidated balance sheets. We did not adjust our prior period consolidated balance sheet as a result of the adoption of this ASU.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30)*, and, in August 2015, the FASB issued ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements*. These ASUs require debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt consistent with debt discounts. The presentation and subsequent measurement of debt issuance costs associated with lines of credit, may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The recognition and measurement guidance for debt issuance costs are not affected by these ASUs. These ASUs are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those years. Early adoption is permitted for financial statements that have not been previously issued, and retrospective application is required for each balance sheet presented. We early adopted these ASUs in the fourth quarter of 2015, and debt issuance costs previously recorded as an asset, other than those related to our Credit Facility, in the amount of \$7,155 and \$6,444 for the years ended December 31, 2015 and 2014, respectively, have been reclassified as a reduction to our debt liability within our consolidated balance sheets.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the FASB issued ASU 2015-14 which amended the effective date of this ASU to fiscal years beginning after December 15, 2017, and early adoption is permitted only for fiscal years beginning after December 15, 2016. Accordingly, we plan to adopt this ASU on January 1, 2018. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statements.

(4) Fair Value Measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between market participants. As of December 31, 2015 and 2014, the carrying amounts of cash and cash equivalents, receivables, and accounts payable approximated fair value due to the short-term nature of these instruments. ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy for input into valuation techniques as follows:

- i. Level 1 input: unadjusted quoted prices in active markets for identical instrument;
- ii. Level 2 input: observable market data for the same or similar instrument but not Level 1, including quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- iii. Level 3 input: unobservable inputs developed using management's assumptions about the inputs used for pricing the asset or liability.

Investments are periodically reviewed for impairment and an impairment is recorded whenever declines in fair value below carrying value are determined to be other than temporary. In making this determination, we consider, among other factors, the severity and duration of the decline as well as the likelihood of a recovery within a reasonable timeframe.

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Our assets and liabilities measured at fair value were as follows:

	December 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Sirius XM Canada Holdings Inc. ("Sirius XM Canada") - investment (a)	\$ 141,850	—	—	\$ 141,850	\$ 246,500	—	—	\$ 246,500
Liabilities:								
Debt (b)	—	\$ 5,649,173	—	\$ 5,649,173	—	\$ 4,613,044	—	\$ 4,613,044

- (a) This amount approximates fair value. The carrying value of our investment in Sirius XM Canada was \$0 and \$2,654 as of December 31, 2015 and 2014, respectively.
- (b) The fair value for non-publicly traded instruments is based upon estimates from a market maker and brokerage firm. Refer to Note 13 for information related to the carrying value of our debt as of December 31, 2015 and 2014.

(5) Earnings per Share

Basic net income per common share is calculated by dividing the income available to common stockholders by the weighted average common shares outstanding during each reporting period. Diluted net income per common share adjusts the weighted average number of common shares outstanding for the potential dilution that could occur if common stock equivalents (convertible debt, preferred stock, warrants, stock options and restricted stock units) were exercised or converted into common stock, calculated using the treasury stock method.

In 2013, we utilized the two-class method in calculating basic net income per common share, as our Series B Preferred Stock was considered to be participating securities through January 18, 2013. On January 18, 2013, Liberty Media converted its remaining 6,250 outstanding shares of our Series B Preferred Stock into 1,293,509 shares of common stock. We had no participating securities during the years ended December 31, 2015 and 2014.

Common stock equivalents of 151,112 for the year ended December 31, 2015, and 132,162 and 365,177 for the years ended December 31, 2014 and 2013, respectively, were excluded from the calculation of diluted net income per common share as the effect would have been anti-dilutive.

	For the Years Ended December 31,		
	2015	2014	2013
Numerator:			
Net income	\$ 509,724	\$ 493,241	\$ 377,215
Allocation of undistributed income to Series B Preferred Stock	—	—	(3,825)
Net income available to common stockholders for basic net income per common share	\$ 509,724	\$ 493,241	\$ 373,390
Add back:			
Allocation of undistributed income to Series B Preferred Stock	—	—	3,825
Net income available to common stockholders for diluted net income per common share	\$ 509,724	\$ 493,241	\$ 377,215
Denominator:			
Weighted average common shares outstanding for basic net income per common share (a)	5,375,707	5,788,944	6,227,646
Weighted average impact of assumed Series B Preferred Stock conversion	—	—	63,789
Weighted average impact of dilutive equity instruments	59,459	73,076	93,356
Weighted average shares for diluted net income per common share	5,435,166	5,862,020	6,384,791
Net income per common share:			
Basic	\$ 0.09	\$ 0.09	\$ 0.06
Diluted	\$ 0.09	\$ 0.08	\$ 0.06

- (a) The 7% Exchangeable Senior Subordinated Notes due 2014 (the "Exchangeable Notes") were fully converted into shares of our common stock as of December 1, 2014. During the year ended December 31, 2013, the common stock reserved for conversion in connection with the Exchangeable Notes were considered to be anti-dilutive in our calculation of diluted net income per share.

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(6) Receivables, net

Receivables, net includes customer accounts receivable, receivables from distributors and other receivables.

Customer accounts receivable, net, includes receivables from our subscribers and advertising customers and is stated at amounts due, net of an allowance for doubtful accounts. Our allowance for doubtful accounts is based upon our assessment of various factors. We consider historical experience, the age of the receivable balances, current economic conditions and other factors that may affect the counterparty's ability to pay. Bad debt expense is included in Customer service and billing expense in our consolidated statements of comprehensive income.

Receivables from distributors primarily include billed and unbilled amounts due from OEMs for services included in the sale or lease price of vehicles, as well as billed amounts due from wholesale distributors of our satellite radios. Other receivables primarily include amounts due from manufacturers of our radios, modules and chipsets where we are entitled to subsidies and royalties based on the number of units produced. We have not established an allowance for doubtful accounts for our receivables from distributors or other receivables as we have historically not experienced any significant collection issues with OEMs or other third parties.

Receivables, net consists of the following:

	December 31, 2015	December 31, 2014
Gross customer accounts receivable	\$ 98,740	\$ 101,634
Allowance for doubtful accounts	(6,118)	(7,815)
Customer accounts receivable, net	\$ 92,622	\$ 93,819
Receivables from distributors	120,012	105,731
Other receivables	22,148	21,029
Total receivables, net	<u>\$ 234,782</u>	<u>\$ 220,579</u>

(7) Inventory, net

Inventory consists of finished goods, refurbished goods, chipsets and other raw material components used in manufacturing radios. Inventory is stated at the lower of cost or market. We record an estimated allowance for inventory that is considered slow moving or obsolete or whose carrying value is in excess of net realizable value. The provision related to products purchased for resale in our direct to consumer distribution channel and components held for resale by us is reported as a component of Cost of equipment in our consolidated statements of comprehensive income. The provision related to inventory consumed in our OEM and retail distribution channel is reported as a component of Subscriber acquisition costs in our consolidated statements of comprehensive income.

Inventory, net consists of the following:

	December 31, 2015	December 31, 2014
Raw materials	\$ 11,085	\$ 12,150
Finished goods	21,159	17,971
Allowance for obsolescence	(9,949)	(10,724)
Total inventory, net	<u>\$ 22,295</u>	<u>\$ 19,397</u>

(8) Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. Our annual impairment assessment of our single reporting unit is performed as of the fourth quarter of each year, and an assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. Step one of the impairment assessment compares the fair value to its carrying value and if the fair value exceeds its carrying value, goodwill is not impaired. If the carrying value exceeds the fair value, the implied fair value of goodwill is compared to the carrying value of goodwill. If the implied fair value exceeds the carrying value then goodwill is not impaired; otherwise, an impairment loss will be recorded by the amount the carrying value exceeds the implied fair value. At the date of our annual assessment for 2015 and 2014, the fair value of our single reporting unit substantially exceeded its carrying value and therefore was not at risk of failing step one of ASC 350-20, *Goodwill*. ASC 350-35 states that if the carrying amount of the reporting unit is zero or negative, the second step of the impairment test shall be performed to measure the amount of

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impairment loss, if any, when it is more likely than not that a goodwill impairment exists based on adverse qualitative factors. Subsequent to our annual assessment performed in the fourth quarter of 2015, we were not aware of any adverse qualitative factors that would indicate any impairment to our goodwill as of December 31, 2015.

No impairment losses were recorded for goodwill during the years ended December 31, 2015, 2014 and 2013. As of December 31, 2015, the cumulative balance of goodwill impairments recorded since the July 2008 merger (the "Merger") between our wholly owned subsidiary, Vernon Merger Corporation, and XM Satellite Radio Holdings Inc. ("XM"), was \$4,766,190, which was recognized during the year ended December 31, 2008.

(9) Intangible Assets

Our intangible assets include the following:

		December 31, 2015			December 31, 2014		
	Weighted Average Useful Lives	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Indefinite life intangible assets:							
FCC licenses	Indefinite	\$2,083,654	\$ —	\$ 2,083,654	\$2,083,654	\$ —	\$ 2,083,654
Trademark	Indefinite	250,000	—	250,000	250,000	—	250,000
Definite life intangible assets:							
Subscriber relationships	9 years	380,000	(336,822)	43,178	380,000	(305,755)	74,245
OEM relationships	15 years	220,000	(31,778)	188,222	220,000	(17,111)	202,889
Licensing agreements	12 years	45,289	(26,977)	18,312	45,289	(23,290)	21,999
Proprietary software	8 years	27,215	(17,752)	9,463	27,215	(15,691)	11,524
Developed technology	10 years	2,000	(1,483)	517	2,000	(1,283)	717
Leasehold interests	7.4 years	132	(132)	—	132	(114)	18
Total intangible assets		\$3,008,290	\$ (414,944)	\$ 2,593,346	\$3,008,290	\$ (363,244)	\$ 2,645,046

Indefinite Life Intangible Assets

We have identified our FCC licenses and the XM trademark as indefinite life intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are used and the effects of obsolescence on their use.

We hold FCC licenses to operate our satellite digital audio radio service and provide ancillary services. The following table outlines the years in which each of our satellite licenses expires:

FCC satellite licenses	Expiration year
SIRIUS FM-1	2017
SIRIUS FM-2	2017
SIRIUS FM-3	2017
SIRIUS FM-5	2017
SIRIUS FM-6	2022
XM-3	2021
XM-4	2022
XM-5	2018

Our XM-1 satellite is operating under Special Temporary Authority from the FCC and is in the process of being de-orbited. Prior to expiration of our FCC licenses, we are required to apply for a renewal of our FCC licenses. The renewal and extension of our licenses, including temporary licenses, is reasonably certain at minimal cost, which is expensed as incurred. Each of the FCC licenses authorizes us to use the radio spectrum, which is a renewable, reusable resource that does not deplete or exhaust over time.

ASU 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*, established an option to first perform a qualitative assessment to determine whether it is more likely than not that an asset is impaired. If the qualitative assessment supports that it is more likely than not that the fair value of the asset exceeds its carrying value, a quantitative impairment test is not required. If the qualitative assessment does not support the fair value of the asset, then a quantitative assessment is performed. Our annual

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impairment assessment of our indefinite intangible assets is performed as of the fourth quarter of each year. An assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. If the carrying value of the intangible assets exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

We completed qualitative assessments of our FCC licenses and XM trademark during the fourth quarter of 2015, 2014 and 2013. As of the date of our annual assessment for 2015, 2014 and 2013, our qualitative impairment assessment of the fair value of our indefinite intangible assets indicated that such assets substantially exceeded their carrying value and therefore was not at risk of impairment. No impairments were recorded for intangible assets with indefinite lives during the years ended December 31, 2015, 2014, and 2013.

Definite Life Intangible Assets

Definite-lived intangible assets are amortized over their respective estimated useful lives to their estimated residual values, in a pattern that reflects when the economic benefits will be consumed, and are reviewed for impairment under the provisions of ASC 360-10-35, *Property, Plant and Equipment/Overall/Subsequent Measurement*. We review intangible assets subject to amortization for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. No impairment was recorded to our intangible assets with definite lives in 2015, 2014 or 2013.

Amortization expense for all definite life intangible assets was \$51,700, \$55,016 and \$50,011 for the years ended December 31, 2015, 2014 and 2013, respectively. Expected amortization expense for each of the fiscal years 2016 through 2020 and for periods thereafter is as follows:

Years ending December 31,	Amount
2016	\$ 48,545
2017	34,882
2018	19,463
2019	19,026
2020	18,446
Thereafter	119,330
Total definite life intangible assets, net	<u>\$ 259,692</u>

(10) Property and Equipment

Property and equipment, including satellites, are stated at cost, less accumulated depreciation. Equipment under capital leases is stated at the present value of minimum lease payments. Depreciation is calculated using the straight-line method over the following estimated useful life of the asset:

Satellite system	2 - 15 years
Terrestrial repeater network	5 - 15 years
Broadcast studio equipment	3 - 15 years
Capitalized software and hardware	3 - 7 years
Satellite telemetry, tracking and control facilities	3 - 15 years
Furniture, fixtures, equipment and other	2 - 7 years
Building	20 or 30 years
Leasehold improvements	Lesser of useful life or remaining lease term

We review long-lived assets, such as property and equipment, for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds the estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the fair value of the asset. We did not record any impairments during the years ended December 31, 2015, 2014 or 2013.

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Property and equipment, net, consists of the following:

	December 31, 2015	December 31, 2014
Satellite system	\$ 2,388,000	\$ 2,397,611
Terrestrial repeater network	117,127	108,341
Leasehold improvements	49,407	48,677
Broadcast studio equipment	70,888	61,306
Capitalized software and hardware	466,464	340,738
Satellite telemetry, tracking and control facilities	75,440	71,268
Furniture, fixtures, equipment and other	81,871	78,237
Land	38,411	38,411
Building	60,487	59,373
Construction in progress	101,324	155,716
Total property and equipment	3,449,419	3,359,678
Accumulated depreciation and amortization	(2,034,018)	(1,849,566)
Property and equipment, net	<u>\$ 1,415,401</u>	<u>\$ 1,510,112</u>

Construction in progress consists of the following:

	December 31, 2015	December 31, 2014
Satellite system	\$ 12,912	\$ 12,912
Terrestrial repeater network	25,578	48,406
Capitalized software	37,064	77,755
Other	25,770	16,643
Construction in progress	<u>\$ 101,324</u>	<u>\$ 155,716</u>

Depreciation expense on property and equipment was \$220,514, \$211,407, \$203,303 for the years ended December 31, 2015, 2014 and 2013, respectively. We retired property and equipment of \$43,833, \$19,398 and \$16,039 during the years ended December 31, 2015, 2014 and 2013, respectively, which included the retirement of our XM-1 and XM-2 satellites in 2015 and 2014, respectively. We recognized a loss on disposal of assets of \$7,384 during the year ended December 31, 2015, which related to the disposal of certain obsolete terrestrial repeaters and related parts. We did not recognize any loss on disposal of assets during the years ended December 31, 2014 and 2013.

Satellites

We currently own a fleet of eight operating satellites. We are in the process of de-orbiting XM-1, a satellite that is no longer in use and has also reached the end of its operational life. The chart below provides certain information on our operating satellites:

Satellite Description	Year Delivered	Estimated End of Depreciable Life
FM-1*	2000	2013
FM-2*	2000	2013
FM-3*	2000	2015
FM-5	2009	2024
FM-6	2013	2028
XM-3	2005	2020
XM-4	2006	2021
XM-5	2010	2025

* Satellite was fully depreciated and was still in operation as of December 31, 2015.

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(11) Related Party Transactions

In the normal course of business, we enter into transactions with related parties. Our related parties include:

Liberty Media

Liberty Media has beneficially owned over 50% of our outstanding common stock since January 2013 and has two executives and one of its directors on our board of directors. Gregory B. Maffei, the President and Chief Executive Officer of Liberty Media, is the Chairman of our board of directors.

On October 9, 2013, we entered into an agreement with Liberty Media to repurchase \$500,000 of our common stock from Liberty Media. Pursuant to that agreement, we repurchased \$160,000 of our common stock from Liberty Media in 2013 and in April 2014, we completed the final purchase installment under this share repurchase agreement and repurchased the remaining \$340,000 of our shares of common stock from Liberty Media at a price of \$3.66 per share. As there were certain terms in the forward purchase contract that could have caused the obligation to not be fulfilled, the instrument was recorded as a liability and was marked to fair value with \$34,485 and \$20,393 recorded to Loss on change in value of derivatives within our consolidated statements of comprehensive income during the years ended December 31, 2014 and 2013, respectively.

During the years ended December 31, 2014 and 2013, we recognized \$1,025 and \$13,514 in Interest expense, respectively, associated with the portion of the Exchangeable Notes, the 7.625% Senior Notes due 2018 and the 8.75% Senior Notes due 2015 held by Liberty Media through November 2014, October 2013 and August 2013, respectively.

Sirius XM Canada

We hold an equity method investment in Sirius XM Canada. We own approximately 47,300 of Sirius XM Canada's Class A shares on a converted basis, representing an approximate 37% equity interest and an approximate 25% voting interest. We primarily provide programming and content services to Sirius XM Canada and are reimbursed from Sirius XM Canada for certain product development costs, production and distribution of chipset radios, as well as for information technology and streaming support costs.

Investments in which we have the ability to exercise significant influence but not control are accounted for pursuant to the equity method of accounting. We recognize our proportionate share of earnings or losses of Sirius XM Canada as they occur as a component of Interest and investment income in our consolidated statements of comprehensive income on a one month lag.

The difference between our investment and our share of the fair value of the underlying net assets of Sirius XM Canada is first allocated to either finite-lived intangibles or indefinite-lived intangibles and the balance is attributed to goodwill. We follow ASC 350, *Intangibles - Goodwill and Other*, which requires that equity method finite-lived intangibles be amortized over their estimated useful life while indefinite-lived intangibles and goodwill are not amortized. The amortization of equity method finite-lived intangible assets is recorded in Interest and investment income in our consolidated statements of comprehensive income. We periodically evaluate our equity method investments to determine if there has been an other-than-temporary decline in fair value below carrying value. Equity method finite-lived intangibles, indefinite-lived intangibles and goodwill are included in the carrying amount of the investment.

We had the following related party balances associated with Sirius XM Canada:

	December 31, 2015	December 31, 2014
Related party current assets	\$ 5,941	\$ 4,344
Related party long-term assets	\$ —	\$ 3,000
Related party current liabilities	\$ 2,840	\$ 4,340
Related party long-term liabilities	\$ 10,795	\$ 13,635

Our related party current asset balances primarily consist of activation fees and programming and chipset costs for which we are reimbursed. Our related party long-term asset balance in 2014 primarily included our investment balance in Sirius XM Canada. Our related party liabilities as of December 31, 2015 and 2014 included \$2,776 for the current portion of deferred revenue and \$10,639 and \$13,415, respectively, for the long-term portion of deferred revenue recorded as of the Merger date related to agreements with XM Canada, now Sirius XM Canada. These costs are being amortized on a straight line basis through 2020.

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We recorded the following revenue and other income associated with Sirius XM Canada in our consolidated statements of comprehensive income:

	For the Years Ended December 31,		
	2015	2014	2013
Revenue (a)	\$ 56,397	\$ 49,691	\$ 48,935
Other income			
Share of net earnings (b)	\$ —	\$ 7,889	\$ 5,865
Dividends (c)	\$ 12,645	\$ 7,628	\$ —

- (a) Under our agreements with Sirius XM Canada, we currently receive a percentage-based royalty of 10% and 15% for certain types of subscription revenue earned by Sirius XM Canada for Sirius and XM platforms, respectively; and additional royalties for premium services and royalties for activation fees and reimbursements for other charges. We record revenue from Sirius XM Canada as Other revenue in our consolidated statements of comprehensive income. The license and services agreement entered into with Sirius Canada will expire in 2017. The license agreement entered into with XM Canada will expire in 2020.
- (b) We recognize our proportionate share of earnings or losses of Sirius XM Canada as they occur as a component of Other income in our consolidated statements of comprehensive income on a one month lag. This amount included amortization related to the equity method intangible assets of \$363 and \$1,454 for the years ended December 31, 2014 and 2013, respectively, and for 2014, this also included a gain of \$1,251 related to the fair value received in excess of the carrying value associated with the redemption of our investment in Sirius XM Canada's 8% convertible unsecured subordinated debentures in February 2014. As of December 31, 2015, we had \$840 in losses related to our investment in Sirius XM Canada that we had not recorded in our consolidated financial statements since our investment balance is zero. Future equity income will be offset by these losses prior to recording equity income in our results.
- (c) Sirius XM Canada paid gross dividends to us of \$15,645, \$43,492 and \$16,796 during the years ended December 31, 2015, 2014 and 2013, respectively. These dividends were first recorded as a reduction to our investment balance in Sirius XM Canada to the extent a balance existed and then as Other income for the remaining portion.

(12) Investments

Long Term Restricted Investments

Restricted investments relate to reimbursement obligations under letters of credit issued for the benefit of lessors of certain of our office space. As of December 31, 2015 and 2014, our Long-term restricted investments were \$9,888 and \$5,922, respectively. During the year ended December 31, 2015, we increased our letters of credit by \$3,966 associated with leased office space.

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(13) Debt

Our debt as of December 31, 2015 and 2014 consisted of the following:

Issuer / Borrower	Issued	Debt	Maturity Date	Interest Payable	Principal Amount at December 31, 2015	Carrying value (a) at	
						December 31, 2015	December 31, 2014
Sirius XM (b)	May 2013	4.25% Senior Notes (the "4.25% Notes")	May 15, 2020	semi-annually on May 15 and November 15	\$ 500,000	\$ 496,282	\$ 495,529
Sirius XM (b)	September 2013	5.875% Senior Notes (the "5.875% Notes")	October 1, 2020	semi-annually on April 1 and October 1	650,000	644,720	643,790
Sirius XM (b)	August 2013	5.75% Senior Notes (the "5.75% Notes")	August 1, 2021	semi-annually on February 1 and August 1	600,000	595,720	595,091
Sirius XM (b)	May 2013	4.625% Senior Notes (the "4.625% Notes")	May 15, 2023	semi-annually on May 15 and November 15	500,000	495,602	495,116
Sirius XM (b)	May 2014	6.00% Senior Notes (the "6.00% Notes")	July 15, 2024	semi-annually on January 15 and July 15	1,500,000	1,485,196	1,483,918
Sirius XM (b)(c)	March 2015	5.375% Senior Notes (the "5.375% Notes")	April 15, 2025	semi-annually on April 15 and October 15	1,000,000	989,446	—
Sirius XM (b)(d)	August 2012	5.25% Senior Secured Notes (the "5.25% Notes")	August 15, 2022	semi-annually on February 15 and August 15	400,000	395,675	395,147
Sirius XM (e)	December 2012	Senior Secured Revolving Credit Facility (the "Credit Facility")	June 16, 2020	variable fee paid quarterly	1,750,000	340,000	380,000
Sirius XM	Various	Capital leases	Various	n/a	n/a	12,892	12,754
Total Debt						5,455,533	4,501,345
Less: total current maturities						4,764	7,482
Less: total deferred financing costs for Notes						7,155	6,444
Total long-term debt						\$ 5,443,614	\$ 4,487,419

- (a) The carrying value of the obligations is net of any remaining unamortized original issue discount.
- (b) Substantially all of our domestic wholly-owned subsidiaries have guaranteed these notes.
- (c) In March 2015, Sirius XM issued \$1,000,000 aggregate principal amount of 5.375% Senior Notes due 2025, with an original issuance discount of \$11,250.
- (d) The liens securing the 5.25% Notes are equal and ratable to the liens granted to secure the Credit Facility.
- (e) In December 2012, Sirius XM entered into a five-year Credit Facility with a syndicate of financial institutions for \$1,250,000. In June 2015, Sirius XM entered into an amendment to increase the total borrowing capacity under the Credit Facility to \$1,750,000 and to extend the maturity to June 2020. Sirius XM's obligations under the Credit Facility are guaranteed by certain of its material domestic subsidiaries and are secured by a lien on substantially all of Sirius XM's assets and the assets of its material domestic subsidiaries. Interest on borrowings is payable on a monthly basis and accrues at a rate based on LIBOR plus an applicable rate. Sirius XM is also required to pay a variable fee on the average daily unused portion of the Credit Facility which is payable on a quarterly basis. The variable rate for the unused portion of the Credit Facility was 0.30% per annum as of December 31, 2015. As of December 31, 2015, \$1,410,000 was available for future borrowing under the Credit Facility. Sirius XM's outstanding borrowings under the Credit Facility are classified as Long-term debt within our consolidated balance sheets due to the long-term maturity of this debt.

Retired and Converted Debt

During the year ended December 31, 2014, \$502,370 in principal amount of the Exchangeable Notes were converted, resulting in the issuance of 272,856 shares of our common stock. No loss was recognized as a result of this conversion.

During the year ended December 31, 2013, we purchased \$800,000 of our then outstanding 8.75% Senior Notes due 2015, for an aggregate purchase price, including premium and interest, of \$927,860. We recognized \$104,818 to Loss on extinguishment of debt and credit facilities, net, consisting primarily of unamortized discount, deferred financing fees and repayment premium, as a result of this transaction.

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During the year ended December 31, 2013, we also purchased \$700,000 of our then outstanding 7.625% Senior Notes due 2018, for an aggregate purchase price, including premium and interest, of \$797,830. We recognized \$85,759 to Loss on extinguishment of debt and credit facilities, net, consisting primarily of unamortized discount, deferred financing fees and repayment premium, as a result of this transaction.

Covenants and Restrictions

Under the Credit Facility, Sirius XM, our wholly-owned subsidiary, must comply with a debt maintenance covenant that it not exceed a total leverage ratio, calculated as consolidated total debt to consolidated operating cash flow, of 5.0 to 1.0. The Credit Facility generally requires compliance with certain covenants that restrict Sirius XM's ability to, among other things, (i) incur additional indebtedness, (ii) incur liens, (iii) pay dividends or make certain other restricted payments, investments or acquisitions, (iv) enter into certain transactions with affiliates, (v) merge or consolidate with another person, (vi) sell, assign, lease or otherwise dispose of all or substantially all of Sirius XM's assets, and (vii) make voluntary prepayments of certain debt, in each case subject to exceptions.

The indentures governing Sirius XM's notes restrict Sirius XM's non-guarantor subsidiaries' ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiary guaranteeing each such series of notes on a pari passu basis. The indentures governing the notes also contain covenants that, among other things, limit Sirius XM's ability and the ability of its subsidiaries to create certain liens; enter into sale/leaseback transactions; and merge or consolidate.

Under Sirius XM's debt agreements, the following generally constitute an event of default: (i) a default in the payment of interest; (ii) a default in the payment of principal; (iii) failure to comply with covenants; (iv) failure to pay other indebtedness after final maturity or acceleration of other indebtedness exceeding a specified amount; (v) certain events of bankruptcy; (vi) a judgment for payment of money exceeding a specified aggregate amount; and (vii) avoidance of subsidiary guarantees, subject to grace periods where applicable. If an event of default occurs and is continuing, our debt could become immediately due and payable.

At December 31, 2015 and 2014, we were in compliance with our debt covenants.

(14) Stockholders' Equity

Common Stock, par value \$0.001 per share

We are authorized to issue up to 9,000,000 shares of common stock. There were 5,153,451 and 5,653,529 shares of common stock issued and 5,147,647 and 5,646,119 shares outstanding on December 31, 2015 and 2014, respectively.

As of December 31, 2015, 354,569 shares of common stock were reserved for issuance in connection with incentive stock based awards and common stock to be granted to members of our board of directors, employees and third parties.

Stock Repurchase Program

Since December 2012, our board of directors approved for repurchase an aggregate of \$8,000,000 of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise. As of December 31, 2015, our cumulative repurchases since December 2012 under our stock repurchase program totaled 1,783,496 shares for \$6,301,140, and \$1,698,860 remained available under our stock repurchase program.

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The following table summarizes our share repurchase activity for the years ended:

Share Repurchase Type	December 31, 2015		December 31, 2014		December 31, 2013	
	Shares	Amount	Shares	Amount	Shares	Amount
Open Market and Privately Negotiated Repurchases (a)	524,222	\$ 2,015,947	422,965	\$ 1,426,428	476,546	\$ 1,602,360
Liberty Media (b)	—	—	92,889	340,000	43,712	160,000
May 2014 ASR Agreement (c)	—	—	151,846	506,404	—	—
August 2014 ASR Agreement (d)	—	—	71,316	250,000	—	—
Total Repurchases	524,222	\$ 2,015,947	739,016	\$ 2,522,832	520,258	\$ 1,762,360

- (a) As of December 31, 2015, \$23,727 of common stock repurchases had not settled, nor been retired, and were recorded as Treasury stock within our consolidated balance sheets and consolidated statements of stockholders' (deficit) equity.
- (b) On October 9, 2013, we entered into an agreement to repurchase \$500,000 of our common stock from Liberty Media. Pursuant to this agreement, we repurchased 43,712 shares of our common stock for \$160,000 from Liberty Media in 2013. In April 2014, we completed the final purchase installment and repurchased 92,889 shares of our common stock for \$340,000 from Liberty Media at a price of \$3.66 per share. As there were certain terms in the forward purchase contract with Liberty Media that could have caused the obligation not to be fulfilled, the instrument was classified as a liability and was marked to fair value with any gain or loss recorded to our consolidated statements of comprehensive income. We recognized \$34,485 and \$20,393 to Loss on change in value of derivatives in our consolidated statements of comprehensive income during the years ended December 31, 2014 and 2013, respectively.
- (c) In May 2014, we entered into an accelerated share repurchase agreement (the "May 2014 ASR Agreement") under which we prepaid \$600,000 to a third-party financial institution to repurchase our common stock. Under the May 2014 ASR Agreement, we received 151,846 shares of our common stock which were retired upon receipt and the counterparty returned to us \$93,596 for the unused portion of the original prepayment.
- (d) In August 2014, we entered into an accelerated share repurchase agreement (the "August 2014 ASR Agreement") under which we prepaid \$250,000 to a third-party financial institution to repurchase our common stock. Under the August 2014 ASR Agreement, we received an aggregate of 71,316 shares of our common stock that were retired upon receipt.

Share Lending Arrangements

To facilitate the offering of the Exchangeable Notes, we entered into share lending agreements with Morgan Stanley Capital Services Inc. and UBS AG London Branch in July 2008. All loaned shares were returned to us as of October 2011, and the share lending agreements were terminated.

We recorded interest expense related to the amortization of the costs associated with the share lending arrangement and other issuance costs for our Exchangeable Notes of \$12,701 and \$12,745 for the years ended December 31, 2014 and 2013, respectively. These costs were fully amortized as of December 31, 2014 as the Exchangeable Notes matured on December 1, 2014.

Preferred Stock, par value \$0.001 per share

We are authorized to issue up to 50,000 shares of undesignated preferred stock with a liquidation preference of \$0.001 per share. In January 2013, Liberty Media converted its remaining shares of the Series B Preferred Stock into 1,293,509 shares of our common stock. There were no shares of preferred stock issued or outstanding as of December 31, 2015 and 2014.

Warrants

As of December 31, 2015, there were no warrants outstanding. We have issued warrants to purchase shares of our common stock in connection with distribution and programming agreements. As of December 31, 2014, 16,667 warrants were outstanding and fully vested. During the year ended December 31, 2015, these warrants with an exercise price of \$2.50 per share were exercised on a net settlement basis, resulting in the issuance of 6,010 shares of our common stock. Except for an insignificant amount of warrant expense associated with the extension of the warrants during the three months ended March 31, 2015, we did not incur warrant related expenses during the years ended December 31, 2015, 2014 and 2013. Warrants were included in our calculation of diluted net income per common share as the effect was dilutive for the years ended December 31, 2014 and 2013.

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(15) Benefit Plans

We recognized share-based payment expense of \$84,310, \$78,212 and \$68,876 for the years ended December 31, 2015, 2014 and 2013, respectively.

We account for equity instruments granted to employees in accordance with ASC 718, *Compensation - Stock Compensation*. ASC 718 requires all share-based compensation payments to be recognized in the financial statements based on fair value. ASC 718 requires forfeitures to be estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from initial estimates. We use the Black-Scholes-Merton option-pricing model to value stock option awards and have elected to treat awards with graded vesting as a single award. Share-based compensation expense is recognized ratably over the requisite service period, which is generally the vesting period, net of forfeitures. We measure restricted stock awards and units using the fair market value of the restricted shares of common stock on the day the award is granted.

Fair value as determined using the Black-Scholes-Merton model varies based on assumptions used for the expected life, expected stock price volatility and risk-free interest rates. For the years ended December 31, 2015, 2014 and 2013, we estimated the fair value of awards granted using the hybrid approach for volatility, which weights observable historical volatility and implied volatility of qualifying actively traded options on our common stock. The expected life assumption represents the weighted-average period stock-based awards are expected to remain outstanding. These expected life assumptions are established through a review of historical exercise behavior of stock-based award grants with similar vesting periods. Where historical patterns do not exist, contractual terms are used. The risk-free interest rate represents the daily treasury yield curve rate at the grant date based on the closing market bid yields on actively traded U.S. treasury securities in the over-the-counter market for the expected term. Our assumptions may change in future periods.

Stock-based awards granted to employees, non-employees and members of our board of directors include warrants, stock options, stock awards and restricted stock units.

2015 Long-Term Stock Incentive Plan

In May 2015, our stockholders approved the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “2015 Plan”). Employees, consultants and members of our board of directors are eligible to receive awards under the 2015 Plan. The 2015 Plan provides for the grant of stock options, restricted stock awards, restricted stock units and other stock-based awards that the compensation committee of our board of directors deem appropriate. Vesting and other terms of stock-based awards are set forth in the agreements with the individuals receiving the awards. Stock-based awards granted under the 2015 Plan are generally subject to a vesting requirement. Stock options generally expire ten years from the date of grant. Each restricted stock unit entitles the holder to receive one share of common stock upon vesting. As of December 31, 2015, 246,778 shares of common stock were available for future grants under the 2015 Plan.

Other Plans

We maintain four other share-based benefit plans — the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan, the XM 2007 Stock Incentive Plan, the Amended and Restated Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan and the XM 1998 Shares Award Plan. No further awards may be made under these plans.

The following table summarizes the weighted-average assumptions used to compute the fair value of options granted to employees and members of our board of directors:

	For the Years Ended December 31,		
	2015	2014	2013
Risk-free interest rate	1.4%	1.6%	1.4%
Expected life of options — years	4.17	4.72	4.73
Expected stock price volatility	26%	33%	47%
Expected dividend yield	0%	0%	0%

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The following table summarizes the weighted-average assumptions used to compute the fair value of options granted to third parties, other than non-employee members of our board of directors:

	For the Year Ended December 31,
	2015
Risk-free interest rate	2.0%
Expected life of options — years	7.00
Expected stock price volatility	37%
Expected dividend yield	0%

There were no options granted to third parties during the years ended December 31, 2014 and 2013. We do not intend to pay regular dividends on our common stock. Accordingly, the dividend yield used in the Black-Scholes-Merton option value was zero for all periods.

The following table summarizes stock option activity under our share-based plans for the years ended December 31, 2015, 2014 and 2013:

	Options	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at the beginning of January 1, 2013	274,512	\$ 1.92		
Granted	57,228	\$ 3.59		
Exercised	(61,056)	\$ 1.31		
Forfeited, cancelled or expired	(6,445)	\$ 2.02		
Outstanding as of December 31, 2013	264,239	\$ 2.42		
Granted	61,852	\$ 3.39		
Exercised	(46,943)	\$ 1.63		
Forfeited, cancelled or expired	(11,294)	\$ 4.08		
Outstanding as of December 31, 2014	267,854	\$ 2.72		
Granted	145,366	\$ 3.95		
Exercised	(57,667)	\$ 1.88		
Forfeited, cancelled or expired	(17,072)	\$ 4.60		
Outstanding as of December 31, 2015	338,481	\$ 3.29	7.49	\$ 267,813
Exercisable as of December 31, 2015	121,751	\$ 2.51	5.50	\$ 194,362

The weighted average grant date fair value per share of options granted during the years ended December 31, 2015, 2014 and 2013 was \$1.11, \$1.05 and \$1.48, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2015, 2014 and 2013 was \$117,944, \$89,428 and \$142,491, respectively. During the years ended December 31, 2015, 2014 and 2013, the number of net settled shares which were issued as a result of stock option exercises was 17,652, 15,228 and 32,650, respectively.

We recognized share-based payment expense associated with stock options of \$70,084, \$69,754 and \$66,231 for the years ended December 31, 2015, 2014 and 2013, respectively.

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The following table summarizes the restricted stock unit and stock award activity under our share-based plans for the years ended December 31, 2015, 2014 and 2013 :

	Shares	Grant Date Fair Value Per Share
Nonvested at the beginning of January 1, 2013	429	\$ 3.25
Granted	6,873	\$ 3.59
Vested	(192)	\$ 3.27
Forfeited	(126)	\$ 3.61
Nonvested as of December 31, 2013	6,984	\$ 3.58
Granted	6,108	\$ 3.38
Vested	(1,138)	\$ 3.62
Forfeited	(379)	\$ 3.52
Nonvested as of December 31, 2014	11,575	\$ 3.47
Granted	8,961	\$ 3.92
Vested	(3,464)	\$ 3.44
Forfeited	(984)	\$ 3.52
Nonvested as of December 31, 2015	16,088	\$ 3.73

The weighted average grant date fair value per share of restricted stock units and stock awards granted during the years ended December 31, 2015, 2014 and 2013 was \$3.92, \$3.38 and \$3.59, respectively. The total intrinsic value of restricted stock units and stock awards vesting during the years ended December 31, 2015, 2014 and 2013 was \$13,720, \$4,044 and \$605, respectively. During the years ended December 31, 2015, 2014 and 2013, the number of net settled shares which were issued as a result of restricted stock units and stock awards vesting were 2,088, 732 and 191, respectively.

We recognized share-based payment expense associated with restricted stock units and stock awards of \$14,226, \$8,458 and \$2,645 during the years ended December 31, 2015, 2014 and 2013, respectively.

Total unrecognized compensation costs related to unvested share-based payment awards for stock options and restricted stock units granted to employees, members of our board of directors and third parties at December 31, 2015 and 2014, net of estimated forfeitures, were \$261,628 and \$162,985, respectively. The total unrecognized compensation costs at December 31, 2015 are expected to be recognized over a weighted-average period of 3 years.

401(k) Savings Plan

Sirius XM sponsors the Sirius XM Radio Inc. 401(k) Savings Plan (the “Sirius XM Plan”) for eligible employees. The Sirius XM Plan allows eligible employees to voluntarily contribute from 1% to 50% of their pre-tax eligible earnings, subject to certain defined limits. We match 50% of an employee’s voluntary contributions per pay period on the first 6% of an employee’s pre-tax salary up to a maximum of 3% of eligible compensation. We may also make additional discretionary matching, true-up matching and non-elective contributions to the Sirius XM Plan based on certain conditions. Employer matching contributions under the Sirius XM Plan vest at a rate of 33.33% for each year of employment and are fully vested after three years of employment for all current and future contributions. Beginning in January 2014, our cash employer matching contributions were no longer used to purchase shares of our common stock on the open market, unless the employee elects our common stock as their investment option for this contribution. We recognized \$8,144, \$5,385 and \$4,181 in expense during years ended December 31, 2015, 2014 and 2013, respectively, to the Sirius XM Plan in fulfillment of our matching obligation.

Sirius XM Holdings Inc. Deferred Compensation Plan

In June 2015, we adopted the Sirius XM Holdings Inc. Deferred Compensation Plan (the “DCP”), effective July 1, 2015. The DCP allows members of our board of directors and certain eligible employees to defer all or a portion of their base salary, cash incentive compensation and/or board of directors’ compensation, as applicable, each plan year starting in 2016. Pursuant to the terms of the DCP, we may elect to make additional contributions beyond amounts deferred by participants, but we are under no obligation to do so. We have established a grantor (or “rabbi”) trust to facilitate the payment of our obligations under the DCP. As of December 31, 2015, there were no balances or amounts associated with the DCP that were recorded in our consolidated financial statements.

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(16) Commitments and Contingencies

The following table summarizes our expected contractual cash commitments as of December 31, 2015:

	2016	2017	2018	2019	2020	Thereafter	Total
Debt obligations	\$ 4,764	\$ 3,840	\$ 2,810	\$ 1,478	\$ 1,490,000	\$ 4,000,000	\$ 5,502,892
Cash interest payments	294,797	294,651	294,543	294,467	278,147	736,188	2,192,793
Satellite and transmission	10,814	3,166	4,171	4,161	3,858	8,972	35,142
Programming and content	246,899	225,519	204,569	187,644	163,332	298,650	1,326,613
Marketing and distribution	19,969	13,282	12,379	10,108	4,646	4,600	64,984
Satellite incentive payments	11,780	13,296	14,302	10,652	7,918	35,609	93,557
Operating lease obligations	44,749	42,978	41,619	37,165	34,594	179,147	380,252
Other	68,665	14,429	4,686	559	360	40	88,739
Total (1)	<u>\$ 702,437</u>	<u>\$ 611,161</u>	<u>\$ 579,079</u>	<u>\$ 546,234</u>	<u>\$ 1,982,855</u>	<u>\$ 5,263,206</u>	<u>\$ 9,684,972</u>

- (1) The table does not include our reserve for uncertain tax positions, which at December 31, 2015 totaled \$3,525, as the specific timing of any cash payments cannot be projected with reasonable certainty.

Debt obligations. Debt obligations include principal payments on outstanding debt and capital lease obligations.

Cash interest payments. Cash interest payments include interest due on outstanding debt and capital lease payments through maturity.

Satellite and transmission. We have entered into agreements with third parties to operate and maintain the off-site satellite telemetry, tracking and control facilities and certain components of our terrestrial repeater networks.

Programming and content. We have entered into various programming agreements. Under the terms of these agreements, our obligations include fixed payments, advertising commitments and revenue sharing arrangements. Our future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in our minimum contractual cash commitments.

Marketing and distribution. We have entered into various marketing, sponsorship and distribution agreements to promote our brand and are obligated to make payments to sponsors, retailers, automakers and radio manufacturers under these agreements. Certain programming and content agreements also require us to purchase advertising on properties owned or controlled by the licensors. We also reimburse automakers for certain engineering and development costs associated with the incorporation of satellite radios into new vehicles they manufacture. In addition, in the event certain new products are not shipped by a distributor to its customers within 90 days of the distributor's receipt of goods, we have agreed to purchase and take title to the product.

Satellite incentive payments. Boeing Satellite Systems International, Inc., the manufacturer of certain of our in-orbit satellites, may be entitled to future in-orbit performance payments with respect to XM-3 and XM-4 meeting their fifteen-year design life. Boeing may also be entitled to additional incentive payments up to \$10,000 if our XM-4 satellite continues to operate above baseline specifications during the five years beyond the satellite's fifteen-year design life.

Space Systems/Loral, the manufacturer of certain of our in-orbit satellites, may be entitled to future in-orbit performance payments with respect to XM-5, FM-5 and FM-6 meeting their fifteen-year design life.

Operating lease obligations. We have entered into both cancelable and non-cancelable operating leases for office space, equipment and terrestrial repeaters. These leases provide for minimum lease payments, additional operating expense charges, leasehold improvements and rent escalations that have initial terms ranging from one to fifteen years, and certain leases have options to renew. The effect of the rent holidays and rent concessions are recognized on a straight-line basis over the lease term, including reasonably assured renewal periods. Total rent recognized in connection with leases for the years ended December 31, 2015, 2014 and 2013 was \$47,679, \$45,107 and \$39,228, respectively.

Other. We have entered into various agreements with third parties for general operating purposes. In addition to the minimum contractual cash commitments described above, we have entered into agreements with other variable cost arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into

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additional programming, distribution, marketing and other agreements that contain similar variable cost provisions. The cost of our stock acquired from a third-party financial institution but not paid for as of December 31, 2015 is also included in this category.

We do not have any other significant off-balance sheet financing arrangements that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Legal Proceedings

In the ordinary course of business, we are a defendant or party to various claims and lawsuits, including those discussed below. These claims are at various stages of arbitration or adjudication.

We record a liability when we believe that it is both probable that a liability will be incurred, and the amount of loss can be reasonably estimated. We evaluate developments in legal matters that could affect the amount of liability that has been previously accrued and make adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount of a loss or potential loss. We may be unable to reasonably estimate the reasonably possible loss or range of loss for a particular legal contingency for various reasons, including, among others, because: (i) the damages sought are indeterminate; (ii) the proceedings are in the relative early stages; (iii) there is uncertainty as to the outcome of pending proceedings (including motions and appeals); (iv) there is uncertainty as to the likelihood of settlement and the outcome of any negotiations with respect thereto; (v) there remain significant factual issues to be determined or resolved; (vi) the relevant law is unsettled; or (vii) the proceedings involve novel or untested legal theories. In such instances, there may be considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

Telephone Consumer Protection Act Suits . We are a defendant in several purported class action suits that allege that we, or call center vendors acting on our behalf, made calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the “TCPA”). The plaintiffs in these actions allege, among other things, that we called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff also alleges that we violated the TCPA’s call time restrictions and in one of the other actions the plaintiff also alleges that we violated the TCPA’s do not call restrictions. Our vendors make millions of calls each month to consumers, including our subscribers, as part of our customer service and marketing efforts. The plaintiffs in these suits are seeking various forms of relief, including statutory damages of five hundred dollars for each violation of the TCPA or, in the alternative, treble damages of up to fifteen hundred dollars for each knowing and willful violation of the TCPA, as well as payment of interest, attorneys’ fees and costs, and certain injunctive relief prohibiting any violations of the TCPA in the future.

These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc., No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio, Inc., No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio, Inc. and Career Horizons, Inc., No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio, Inc., No. 8:15-cv-01710-JSM-EAJ (M.D. Fla). These actions were commenced in February 2012, January 2013, April 2015 and July 2015, respectively. Information concerning each of these actions is publicly available in court filings under their docket numbers.

We have notified certain of our call center vendors of these actions and requested that they defend and indemnify us against these claims pursuant to the provisions of their existing or former agreements with us. We believe we have valid contractual claims against call center vendors in connection with these claims and intend to preserve and pursue our rights to recover from these entities; however, no assurance can be made as to our ability to fully recover all claims we may have against these entities.

Pre-1972 Sound Recording Matters . In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that we underpaid royalties for statutory licenses during the 2007-2012 period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that we improperly reduced our calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not “separately charged” as required by the regulations. SoundExchange is seeking compensatory damages of not less than \$50,000 and up to \$100,000 or more, payment of late fees and interest, and attorneys’ fees and costs.

In August 2014, the United States District Court for the District of Columbia granted our motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations.

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This matter is titled *SoundExchange, Inc. v. Sirius XM Radio, Inc.*, No.13-cv-12 90-RJL (D.D.C.), and *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTR. Information concerning each of these actions is publicly available in filings under their docket numbers.

In addition, since 2013, we have been named as a defendant in several suits, including putative class action suits, challenging our use and public performance via satellite radio and the Internet of sound recordings fixed prior to February 15, 1972 (“pre-1972 recordings”) under various state laws. In June 2015, we settled the suit brought by Capitol Records LLC, Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp. and ABKCO Music & Records, Inc. relating to our use and public performance of pre-1972 recordings for \$210,000 which amount was paid in July 2015. These settling record companies claim to own, control or otherwise have the right to settle with respect to approximately 85% of the pre-1972 recordings we have historically played. We have also entered into certain direct licenses with other owners of pre-1972 recordings, which in many cases include releases of any claims associated with our use of pre-1972 recordings. The portion of the June 2015 settlement covering the remaining future service periods is being amortized to Revenue share and royalties within our statements of comprehensive income through December 2017 and as of December 31, 2015, \$39,808 was recorded to Prepaid expenses and other current assets and \$43,442 was recorded to Other long-term assets within our consolidated balance sheets.

Several putative class actions suits challenging our use and public performance of other pre-1972 recordings under various state laws remain pending. We believe we have substantial defenses to the claims asserted, we are defending these actions vigorously, and do not believe that the resolution of these remaining cases will have a material adverse effect on our business, financial condition or results of operations.

With respect to certain matters described above under the captions “*Telephone Consumer Protection Act Suits*” and “*Pre-1972 Sound Recording Matters*”, we have determined that the outcome of these matters is inherently unpredictable and subject to significant uncertainties, many of which are beyond our control. No provision was made for losses to the extent such are not probable and estimable. We believe we have substantial defenses to the claims asserted, and intend to defend these actions vigorously.

Other Matters. In the ordinary course of business, we are a defendant in various other lawsuits and arbitration proceedings, including derivative actions; actions filed by subscribers, both on behalf of themselves and on a class action basis; former employees; parties to contracts or leases; and owners of patents, trademarks, copyrights or other intellectual property. None of these matters, in our opinion, is likely to have a material adverse effect on our business, financial condition or results of operations.

(17) Income Taxes

There is no current U.S. federal income tax provision, as all federal taxable income was offset by utilizing U.S. federal net operating loss carryforwards. The current state income tax provision is primarily related to taxable income in certain States that have suspended or limited the ability to use net operating loss carryforwards or where net operating losses have been fully utilized. The current foreign income tax provision is primarily related to foreign withholding taxes on dividend distributions between us and our Canadian affiliate. For the year ended December 31, 2013, the current foreign income tax provision related to reimbursement of foreign withholding taxes. Income tax expense is the sum of current income tax plus the change in deferred tax assets and liabilities.

We file a consolidated federal income tax return for all of our wholly-owned subsidiaries, including Sirius XM. Income tax expense consisted of the following:

	For the Years Ended December 31,		
	2015	2014	2013
Current taxes:			
Federal	\$ —	\$ —	\$ —
State	(15,916)	(7,743)	(5,359)
Foreign	(825)	(2,341)	5,269
Total current taxes	(16,741)	(10,084)	(90)
Deferred taxes:			
Federal	(318,933)	(302,350)	(211,044)
State	(46,566)	(25,111)	(48,743)
Total deferred taxes	(365,499)	(327,461)	(259,787)
Total income tax expense	<u>\$ (382,240)</u>	<u>\$ (337,545)</u>	<u>\$ (259,877)</u>

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Dollars and shares in thousands, except per share amounts)

The following table indicates the significant elements contributing to the difference between the federal tax expense at the statutory rate and at our effective rate:

	For the Years Ended December 31,		
	2015	2014	2013
Federal tax expense, at statutory rate	\$ (312,188)	\$ (290,775)	\$ (222,982)
State income tax expense, net of federal benefit	(26,018)	(32,067)	(19,031)
State rate changes	608	5,334	(8,666)
Non-deductible expenses	(1,106)	(13,914)	(9,545)
Change in valuation allowance	(44,100)	2,836	4,228
Other, net	564	(8,959)	(3,881)
Income tax expense	<u>\$ (382,240)</u>	<u>\$ (337,545)</u>	<u>\$ (259,877)</u>

Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. In determining the period in which related tax benefits are realized for book purposes, excess share-based compensation deductions included in net operating losses are realized after regular net operating losses are exhausted; and excess tax compensation benefits are recorded off balance-sheet as a memo entry until the period the excess tax benefit is realized through a reduction of taxes payable. A valuation allowance is recognized when, based on the weight of all available evidence, it is considered more likely than not that all, or some portion, of the deferred tax assets will not be realized.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities, shown before jurisdictional netting, are presented below:

	For the Years Ended December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	\$ 1,447,159	\$ 1,818,719
Deferred revenue	730,239	691,323
Accrued bonus	31,458	28,170
Expensed costs capitalized for tax	19,584	19,624
Investments	46,857	46,751
Stock based compensation	66,030	79,296
Other	37,226	38,365
Total deferred tax assets	<u>2,378,553</u>	<u>2,722,248</u>
Deferred tax liabilities:		
Depreciation of property and equipment	(250,821)	(237,971)
FCC license	(779,145)	(789,857)
Other intangible assets	(190,442)	(213,086)
Total deferred tax liabilities	<u>(1,220,408)</u>	<u>(1,240,914)</u>
Net deferred tax assets before valuation allowance	1,158,145	1,481,334
Valuation allowance	(49,095)	(4,995)
Total net deferred tax asset	<u>\$ 1,109,050</u>	<u>\$ 1,476,339</u>

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences can be carried forward under tax law. Management's evaluation of the realizability of deferred tax assets considers both positive and negative evidence, including historical financial performance, scheduled reversal of deferred tax assets and liabilities, projected taxable income and tax planning strategies in making this assessment. The weight given to the potential effects of positive and negative evidence is based on the extent to which it can be objectively verified. The net deferred tax assets are primarily related to net operating loss carryforwards of approximately \$3,762,205. In addition to the gross book net operating loss carryforwards, we have \$827,150 of excess share-based compensation deductions that will not be realized until we utilize these net operating losses, resulting in an approximate gross operating loss carryforward on our tax return of \$4,589,355.

As of December 31, 2015 and 2014, we had a valuation allowance related to deferred tax assets of \$49,095 and \$4,995, respectively, which were not likely to be realized due to certain state net operating loss limitations. During the year ended December

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Dollars and shares in thousands, except per share amounts)

31, 2015, the tax law change in the District of Columbia will reduce our future taxes and use less of certain net operating losses in the future. The District of Columbia tax law change resulted in a \$44,392 increase in our valuation allowance. These net operating loss carryforwards expire on various dates through 2035.

ASC 740 requires a company to first determine whether it is more likely than not that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more likely than not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. If the tax position is not more likely than not to be sustained, the gross amount of the unrecognized tax position will not be recorded in the financial statements but will be shown in tabular format within the uncertain income tax positions. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs due to the following conditions: (1) the tax position is “more likely than not” to be sustained, (2) the tax position, amount, and/or timing is ultimately settled through negotiation or litigation, or (3) the statute of limitations for the tax position has expired. A number of years may elapse before an uncertain tax position is effectively settled or until there is a lapse in the applicable statute of limitations. We record interest and penalties related to uncertain tax positions in Income tax expense in our consolidated statements of comprehensive income.

As of December 31, 2015 and 2014, the gross liability for income taxes associated with uncertain state tax positions was \$253,277 and \$1,432, respectively. If recognized, \$183,974 of unrecognized tax benefits would affect our effective tax rate. Uncertain tax positions are recognized in Other long-term liabilities which, as of December 31, 2015 and 2014, we had recorded \$3,525 and \$1,432, respectively. No penalties have been accrued.

We have federal and certain state income tax audits pending. We do not expect the ultimate outcome of these audits to have a material adverse effect on our financial position or results of operations. We also do not currently anticipate that our existing reserves related to uncertain tax positions as of December 31, 2015 will significantly increase or decrease during the twelve month period ending December 31, 2016; however, various events could cause our current expectations to change in the future. Should our position with respect to the majority of these uncertain tax positions be upheld, the effect would be recorded in our consolidated statements of comprehensive income as part of the income tax provision. We recorded interest expense of \$89 and \$55 for the years ended December 31, 2015 and 2014, respectively, related to our unrecognized tax benefits.

Changes in our uncertain income tax positions, from January 1 through December 31 are presented below:

	2015	2014
Balance, beginning of year	\$ 1,432	\$ 1,432
Increases in tax positions for prior years	251,845	—
Balance, end of year	<u>\$ 253,277</u>	<u>\$ 1,432</u>

(18) Subsequent Events

Stock Repurchase Program

For the period from January 1, 2016 to January 29, 2016, we repurchased 51,883 shares of our common stock on the open market for an aggregate purchase price of \$194,127, including fees and commissions.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(Dollars and shares in thousands, except per share amounts)

(19) Quarterly Financial Data--Unaudited

Our quarterly results of operations are summarized below:

	For the Three Months Ended			
	March 31	June 30	September 30	December 31
2015				
Total revenue	\$ 1,080,990	\$ 1,123,210	\$ 1,169,712	\$ 1,196,146
Cost of services	\$ (406,370)	\$ (525,463)	\$ (440,808)	\$ (470,523)
Income from operations	\$ 313,806	\$ 219,429	\$ 351,584	\$ 293,869
Net income	\$ 105,692	\$ 102,849	\$ 166,550	\$ 134,633
Net income per common share--basic	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03
Net income per common share--diluted	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.03
2014				
Total revenue	\$ 997,711	\$ 1,035,345	\$ 1,057,087	\$ 1,090,952
Cost of services	\$ (390,534)	\$ (393,185)	\$ (403,519)	\$ (421,098)
Income from operations	\$ 247,407	\$ 284,578	\$ 294,028	\$ 293,657
Net income	\$ 93,988	\$ 119,961	\$ 136,170	\$ 143,122
Net income per common share--basic	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03
Net income per common share--diluted (1)	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03

- (1) The sum of quarterly net income per share applicable to common stockholders (diluted) does not necessarily agree to the net income per share for the year due to the timing of common stock issuances.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
Schedule II - Schedule of Valuation and Qualifying Accounts

(in thousands)

Description	Balance January 1,	Charged to Expenses (Benefit)	Write-offs/ Payments/ Other	Balance December 31,
2013				
Allowance for doubtful accounts	\$ 11,711	39,016	(41,649)	\$ 9,078
Deferred tax assets—valuation allowance	\$ 9,835	(4,228)	2,224	\$ 7,831
Allowance for obsolescence	\$ 16,159	(773)	(1,168)	\$ 14,218
2014				
Allowance for doubtful accounts	\$ 9,078	44,961	(46,224)	\$ 7,815
Deferred tax assets—valuation allowance	\$ 7,831	(2,836)	—	\$ 4,995
Allowance for obsolescence	\$ 14,218	(335)	(3,159)	\$ 10,724
2015				
Allowance for doubtful accounts	\$ 7,815	47,187	(48,884)	\$ 6,118
Deferred tax assets—valuation allowance	\$ 4,995	44,100	—	\$ 49,095
Allowance for obsolescence	\$ 10,724	(34)	(741)	\$ 9,949

EXHIBIT INDEX

Exhibit	Description
2.1	Certificate of Ownership and Merger, dated as of January 12, 2011, merging XM Satellite Radio Inc. with and into Sirius XM Radio Inc. (incorporated by reference to Exhibit 3.1 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on January 12, 2011 (File No. 001-34295)).
2.2	Agreement and Plan of Merger, dated as of November 14, 2013, by and among Sirius XM Radio Inc., Sirius XM Holdings Inc. and Sirius XM Merger Sub Inc. (incorporated by reference to Exhibit 2.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on November 15, 2013 (File No. 001-34295)).
3.1	Amended and Restated Certificate of Incorporation of Sirius XM Holdings Inc. (incorporated by reference to Exhibit 3.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on November 15, 2013 (File No. 001-34295)).
3.2	Amended and Restated By-Laws of Sirius XM Holdings Inc. (incorporated by reference to Exhibit 3.2 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on November 15, 2013 (File No. 001-34295)).
4.1	Form of certificate for shares of Sirius XM Holdings Inc.'s common stock (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-34295)).
4.2	Indenture, dated as of August 13, 2012, among Sirius XM Radio Inc., the guarantors thereto and U.S. Bank National Association, as trustee, relating to Sirius XM Radio Inc.'s 5.25% Senior Secured Notes due 2022 (incorporated by reference to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on August 14, 2012 (File No. 001-34295)).
4.3	Supplemental Indenture, dated as of April 10, 2014, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.25% Senior Secured Notes due 2022 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on April 10, 2014 (File No. 001-34295)).
4.4	Indenture, dated as of May 16, 2013, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 4.25% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34295)).
4.5	Indenture, dated as of May 16, 2013, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 4.625% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34295)).
4.6	Indenture, dated as of August 1, 2013, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.75% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on August 1, 2013 (File No. 001-34295)).
4.7	Indenture, dated as of September 24, 2013, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.875% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on September 25, 2013 (File No. 001-34295)).
4.8	Indenture, dated as of May 6, 2014, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 6.00% Senior Notes due 2024 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on May 7, 2014 (File No. 001-34295)).
4.9	Indenture, dated as of March 6, 2015, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association as trustee, relating to the 5.375% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on March 6, 2015 (File No. 001-34295)).
4.10	Form of Common Stock Purchase Warrant, dated as of January 27, 2009, issued by Sirius XM Radio Inc. to NFL Enterprises LLC (incorporated by reference to Exhibit 4.48 to Sirius XM Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-34295)).
4.11	Sirius XM Holdings Inc.'s Assumption of NFL Enterprises LLC Warrant, dated as of November 15, 2013 (incorporated by reference to Exhibit 4.13 to Sirius XM Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-34295)).
4.12	Amendment No. 1, dated as of March 30, 2015, to the Common Stock Purchase Warrants, each dated January 27, 2009, issued by Sirius XM Holdings Inc., the successor to Sirius XM Radio Inc., to NFL Enterprises LLC (incorporated by reference to Exhibit 4.2 to Sirius XM Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. (File No. 001-34295))
4.13	Investment Agreement, dated as of February 17, 2009, between Sirius XM Radio Inc. and Liberty Radio LLC (incorporated by reference to Exhibit 4.55 to Sirius XM Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-34295)).
4.14	Assignment and Assumption of Investment Agreement among Sirius XM Radio Inc., Sirius XM Holdings Inc. and Liberty Radio LLC, dated as of November 15, 2013 (incorporated by reference to Exhibit 4.15 to Sirius XM Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-34295)).

Exhibit	Description
10.1	Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., JPMorgan Chase Bank, N.A. as administrative agent, and the other agents and lenders party thereto (incorporated by reference to Sirius XM Radio Inc.'s Current Report on Form 8-K filed on December 10, 2012 (File No. 001-34295)).
10.2	Amendment No. 1, dated as of April 22, 2014, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent for the Lenders, as collateral agent for the Secured Parties and as an Issuing Bank (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on April 22, 2014 (File No. 001-34295)).
10.3	Amendment No. 2, dated as of June 16, 2015, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and lenders parties thereto (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on June 19, 2015 (File No. 001-34295)).
**10.4	Technology Licensing Agreement among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc., WorldSpace Management Corporation and American Mobile Satellite Corporation, dated as of January 1, 1998, amended by Amendment No. 1 to Technology Licensing Agreement (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-27441)).
**10.5	Third Amended and Restated Distribution and Credit Agreement, dated as of February 6, 2008, among General Motors Corporation, XM Satellite Radio Holdings Inc. and XM Satellite Radio Inc. (incorporated by reference to Exhibit 10.63 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 000-27441)).
**10.6	Third Amended and Restated Satellite Purchase Contract for In-Orbit Delivery, dated as of May 15, 2001, between XM Satellite Radio Inc. and Boeing Satellite Systems International, Inc. (incorporated by reference to Exhibit 10.36 to Amendment No. 1 to XM Satellite Radio Holdings Inc.'s Registration Statement on Form S-3 (File No. 333-89132)).
**10.7	Amended and Restated Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated May 22, 2003, among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International, Inc. (incorporated by reference to Exhibit 10.53 to XM Satellite Radio Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 000-27441)).
**10.8	Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated July 31, 2003, among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International, Inc. (incorporated by reference to Exhibit 10.54 to XM Satellite Radio Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 000-27441)).
**10.9	Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated December 19, 2003, among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International, Inc. (incorporated by reference to Exhibit 10.57 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-27441)).
*10.10	Amended and Restated Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.10 to Sirius XM Radio Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 001-34295)).
*10.11	Form of Stock Option Agreement between CD Radio Inc. and each Optionee (incorporated by reference to Exhibit 10.16.2 to Sirius XM Radio Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (File No. 001-34295)).
*10.12	XM Satellite Radio Holdings Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to XM Satellite Radio Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (File No. 000-27441)).
*10.13	Form of Non-Qualified Stock Option Agreement pursuant to the XM Satellite Radio Holdings Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed June 1, 2007 (File No. 000-27441)).
*10.14	Form of Restricted Stock Agreement pursuant to the XM Satellite Radio Holdings Inc. 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed June 1, 2007 (File No. 000-27441)).
*10.15	Sirius XM Radio 401(k) Savings Plan, January 1, 2009 Restatement (incorporated by reference to Exhibit 10.30 to Sirius XM Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-34295)).
*10.16	Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 4.9 to Sirius XM Radio Inc.'s Registration Statement on Form S-8 (File No. 333-160386)).
*10.17	Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (incorporated by reference to Appendix A to Sirius XM Holdings Inc.'s definitive Proxy Statement on Schedule 14A filed on April 6, 2015 (File No. 001-34295)).

Exhibit	Description
*10.18	Form of Director Non-Qualified Stock Option Agreement pursuant to the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.34 to Sirius XM Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-34295)).
*10.19	Form of Director Non-Qualified Stock Option Agreement pursuant to the Sirius XM Holdings Inc. 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.18 to Sirius XM Holdings Inc.'s Annual Report filed for the year ended December 31, 2014 (File No. 001-34295)).
*10.20	Form of Non-Qualified Stock Option Agreement pursuant to the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.35 to Sirius XM Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-34295)).
*10.21	Form of Non-Qualified Stock Option Agreement pursuant to the Sirius XM Holdings Inc. 2009 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.20 to Sirius XM Holdings Inc.'s Annual Report filed for the year ended December 31, 2014 (File No. 001-34295)).
*10.22	Form of Director Non-Qualified Stock Option Agreement pursuant to the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (filed herewith).
*10.23	Form of Non-Qualified Stock Option Agreement pursuant to the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (filed herewith).
*10.24	Form of Option Award Agreement between Sirius XM Radio Inc. and James E. Meyer (incorporated by reference to Exhibit 10.1 to Sirius XM Radio Inc.'s Current Report on Form 8-K filed October 16, 2009 (File No. 001-34295)).
*10.25	Employment Agreement, dated as of June 19, 2015, between Sirius XM Radio Inc. and Dara F Altman (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on June 23, 2015 (File No. 001-34295)).
*10.26	Employment Agreement, dated as of June 29, 2015, between Sirius XM Radio Inc. and James A. Cady (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on June 30, 2015 (File No. 001-34295)).
*10.27	Employment Agreement, dated as of July 3, 2015, between Sirius XM Radio Inc. and David J. Frear (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on July 8, 2015 (File No. 001-34295)).
*10.28	Employment Agreement, dated August 11, 2015, between Sirius XM Radio Inc. and James E. Meyer (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on August 13, 2015 (File No. 001-34295)).
*10.29	Employment Agreement, dated December 11, 2015, between Sirius XM Radio Inc. and Joseph A. Verbrugge (filed herewith).
*10.30	Assignment and Assumption Agreement, dated as of November 15, 2013, among Sirius XM Holdings Inc. and Sirius XM Radio Inc. (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on November 15, 2013 (File No. 001-34295)).
*10.31	Omnibus Amendment, dated November 15, 2013, to the XM Satellite Radio Holdings Inc. Talent Option Plan, the XM Satellite Radio Holdings Inc. 1998 Shares Award Plan, as amended, the Amended and Restated Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan, the XM Satellite Radio Holdings Inc. 2007 Stock Incentive Plan and the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan and their Related Stock Option Agreements, Restricted Stock Agreements and Restricted Stock Unit Agreements (incorporated by reference to Exhibit 10.2 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on November 15, 2013 (File No. 001-34295)).
*10.32	Sirius XM Holdings Inc. Deferred Compensation Plan (incorporated by reference to Exhibit 10.2 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on June 30, 2015 (File No. 001-34295)).
21.1	List of Subsidiaries (filed herewith).
23.1	Consent of KPMG LLP (filed herewith).
31.1	Certificate of James E. Meyer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certificate of David J. Frear, Senior Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certificate of James E. Meyer, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certificate of David J. Frear, Senior Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

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Exhibit	Description
99.1	Amended and Restated Certificate of Incorporation of Sirius XM Radio Inc., as amended (incorporated by reference to Exhibit 3.3 to Sirius XM Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-34295)).
99.2	Amended and Restated By-Laws of Sirius XM Radio Inc., as amended (incorporated by reference to Exhibit 3.4 to Sirius XM Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-34295)).
101.1	The following financial information from our Annual Report on Form 10-K for the year ended December 31, 2015 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013; (ii) Consolidated Balance Sheets as of December 31, 2015 and 2014; (iii) Consolidated Statements of Stockholders' (Deficit) Equity for the years ended December 31, 2015, 2014 and 2013; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013; and (v) Combined Notes to Consolidated Financial Statements.
*	This document has been identified as a management contract or compensatory plan or arrangement.
**	Pursuant to the Commission's Orders Granting Confidential Treatment under Rule 406 of the Securities Act of 1933 or Rule 24(b)-2 under the Securities Exchange Act of 1934, certain confidential portions of this Exhibit were omitted by means of redacting a portion of the text.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

THIS OPTION HAS NOT BEEN REGISTERED UNDER STATE OR FEDERAL SECURITIES LAWS. THIS OPTION MAY
NOT BE TRANSFERRED EXCEPT
BY WILL OR UNDER THE LAWS OF DESCENT AND DISTRIBUTION.

SIRIUS XM HOLDINGS INC. 2015 LONG-TERM STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT
2015 COMPENSATION AWARD

THIS STOCK OPTION AGREEMENT (this “Agreement”), dated as of _____, 2015 (the “Grant Date”), is between SIRIUS XM HOLDINGS INC., a Delaware corporation (the “Company”), and _____ (the “Director”).

1. Grant of Option; Vesting. (a) Subject to the terms and conditions of this Agreement, the Sirius XM Holdings Inc. Director Compensation Policy (the “Policy”), and the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “Plan”), the Company hereby grants to the Director the right and option (this “Option”) to purchase up to _____ (_____) shares (the “Shares”) of common stock, par value \$0.001 per share, of the Company at a price per share of \$_____, the closing price of such common stock on The Nasdaq Global Select Market on _____, 2015 (the “Exercise Price”). This Option is not intended to qualify as an Incentive Stock Option for purposes of Section 422 of the Internal Revenue Code of 1986, as amended. In the case of any stock split, stock dividend or like change in the Shares occurring after the date hereof, the number of Shares and the Exercise Price shall be adjusted as set forth in Section 4(b) of the Plan. Capitalized terms not otherwise defined herein have the meanings assigned to them in the Plan.

(b) Subject to Sections 1(c) and 2, the right and option to purchase the Shares shall vest and be exercisable as follows:

- (i) _____ (_____) Shares shall vest and become exercisable on _____, 2016;
- (ii) _____ (_____) Shares shall vest and become exercisable on _____, 2017;
- (iii) _____ (_____) Shares shall vest and become exercisable on _____, 2018; and
- (iv) _____ (_____) Shares shall vest and become exercisable on _____, 2019.

(c) If a Director is not nominated for re-election, stands for election but is not elected at the next Annual Meeting of the Stockholders or is replaced by the stockholders of the Company, then all unvested Options shall immediately vest and become exercisable as of the date that the Director is no longer a member of the Board of Directors of the Company.

(d) In the event of a Change of Control, this Option shall be governed by the terms of the Plan; provided that any transactions between the Company, Sirius XM and/or any of their respective subsidiaries, on the one hand, and Liberty Media Corporation, any Qualified Distribution Transferee (as defined in the Investment Agreement, dated as of February 17, 2009, between the Company and Liberty Radio LLC, as amended) and/or any of their respective subsidiaries, on the other hand, shall not constitute a Change of Control under the Plan.

2. Term. Subject to Section 2(b), this Option shall terminate on the earlier of (i) ten (10) years from the Grant Date or (ii) upon the date that is eighteen (18) months after the date that the Director is no longer a member of the Board of Directors of the Company.

3. Exercise. Subject to Section 1 of this Agreement and the terms of the Plan, this Option may be exercised, in whole or in part, by means of a written notice of exercise signed and delivered by the Director (or, in the case of exercise after death of the Director, by the executor, administrator, heir or legatee of the Director, as the case may be, or, in the case of exercise after a disability under circumstance in which it is reasonable to conclude that the Director does not have the ability to exercise this Option, by the person or persons who have been legally appointed to act in the name of the Director) to the Company at the address set forth herein for notices to the Company. Such notice shall (a) state the number of Shares to be purchased and the date of exercise, and (b) be accompanied by payment of the Exercise Price in cash or such other method of payment as may be permitted by Section 6(d) of the Plan, subject, in the case of a broker-assisted exercise, to applicable law.

4. Non-transferable. This Option may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution and shall not be subject to execution, attachment or similar process. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of any right or privilege conferred hereby shall be null and void.

5. No Rights of a Stockholder. The Director shall not have any rights as a stockholder of the Company with respect to any Shares until the Shares purchased upon exercise of this Option have been issued.

6. Professional Advice. The acceptance and exercise of this Option may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Director. Accordingly, the Director acknowledges that the Director has been advised to consult his or her personal legal and tax advisor in connection with this Agreement and this Option.

7. Agreement Subject to the Plan. The Option and this Agreement are subject to the terms and conditions set forth in the Plan and the Policy, which terms and conditions are incorporated herein by reference. A copy of the Plan and the Policy have been previously delivered to the Director. This Agreement, the Plan and the Policy constitute the entire understanding between the Company and the Director with respect to this Option. In the event of any conflict between the Agreement and either the Plan or the Policy, the Plan and the Policy shall govern and prevail.

8. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto. The parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the state and federal courts located in the Borough of Manhattan, State of New York, and expressly waive the right to a jury trial, for any actions, suits or proceedings arising out of or relating to this Agreement.

9. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three business days after being sent by certified mail, postage prepaid, return receipt requested or one business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

Company:	Sirius XM Holdings Inc. 1221 Avenue of the Americas 36 th Floor New York, New York 10020 Attention: General Counsel
Director:	Address on file at the office of the Company

Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

ACCEPTED & AGREED:

Director

**SIRIUS XM HOLDINGS INC.
2015 LONG-TERM STOCK INCENTIVE PLAN**

**STOCK OPTION AGREEMENT
2015 COMPENSATION AWARD**

This STOCK OPTION AGREEMENT (this “Agreement”), dated as of _____, 2015 (the “Date of Grant”), is between SIRIUS XM HOLDINGS INC., a Delaware corporation (the “Company”), and _____ (the “Employee”).

1. Grant of Option; Vesting. (a) Subject to the terms and conditions of this Agreement and the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “Plan”), the Company hereby grants to the Employee the right and option (this “Option”) to purchase up to _____ shares (the “Shares”) of common stock, par value \$0.001 per share, of the Company at a price per share of _____ (the “Exercise Price”). This Option is not intended to qualify as an Incentive Stock Option for purposes of Section 422 of the Internal Revenue Code of 1986, as amended. In the case of any stock split, stock dividend or like change in the Shares occurring after the date hereof, the number of Shares and the Exercise Price shall be adjusted as set forth in Section 4(b) of the Plan.

(b) Subject to the terms and conditions of this Agreement and/or the Plan, this Option shall vest and become exercisable with respect to approximately one-fourth (1/4) of the Shares granted to the Employee under this Agreement on each of the first (1st), second (2nd), third (3rd) and fourth (4th) anniversaries of the Date of Grant (or if such date is not a business day, then on the next succeeding business day); provided that no Shares shall vest on any anniversary (or on any succeeding business day) if the Employee is not employed by Sirius XM Radio Inc. (“Sirius XM”) on such date.

(c) In the event of a Change of Control, this Option shall be governed by the terms of the Plan; provided that any transactions between the Company, Sirius XM and/or any of their respective subsidiaries, on the one hand, and Liberty Media Corporation, any Qualified Distribution Transferee (as defined in the Investment Agreement, dated as of February 17, 2009, between the Company and Liberty Radio LLC, as amended) and/or any of their respective subsidiaries, on the other hand, shall not constitute a Change of Control under the Plan.

2. Term. (a) Subject to Sections 2(b) and 2(c), this Option shall terminate ten (10) years from the Date of Grant or earlier upon the expiration of (a) ninety (90) days following the termination of the Employee’s employment with Sirius XM for any reason other than death, or (b) one (1) year from the date of death of the Employee. Subject to the terms of the Plan, if the Employee's employment with Sirius XM is terminated by death, this Option shall be exercisable only by the person or persons to whom the Employee's rights under such Option shall pass by the Employee's will or by the laws of descent and distribution of the state or county of the Employee's domicile at the time of death.

(b) If the Employee's employment has been terminated by Sirius XM for Cause, this Option, including all vested Options, shall terminate on the date of termination of Employee's employment.

(c) If, within ninety (90) days following the termination of the Employee's employment by the Employee for any reason or by Sirius XM without Cause, the Employee breaches any employment agreement, non-competition agreement, or any other agreement or arrangement that the Employee has with Sirius XM, then the Option, including all vested Options, shall terminate immediately as of the date of the breach.

3. Non-transferable. This Option may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of any right or privilege conferred hereby shall be null and void.

4. Exercise. Subject to Sections 1 and 2 of this Agreement and the terms of the Plan, this Option may be exercised, in whole or in part, by means of a written notice of exercise signed and delivered by the Employee (or, in the case of exercise after death of the Employee, by the executor, administrator, heir or legatee of the Employee, as the case may be). Such notice shall (a) state the number of Shares to be purchased and the date of exercise, and (b) be accompanied by any payments that may be required by the Plan in order to complete such exercise.

5. Withholding. Prior to delivery of the Shares purchased upon exercise of this Option, the Company shall determine the amount of any United States federal, state and local income taxes, if any, which are required to be withheld under applicable law and shall, as a condition of exercise of this Option and delivery of certificates representing the Shares purchased upon exercise of this Option, collect from the Employee the amount of any such taxes in any manner permitted by the Plan.

6. No Rights of a Stockholder. The Employee shall not have any rights as a stockholder of the Company with respect to any Shares until the Shares purchased upon exercise of this Option have been issued.

7. Rights of the Employee. None of this Option, the execution of this Agreement nor the exercise of any portion of this Option shall confer upon the Employee any right to, or guarantee of, continued employment by Sirius XM, or in any way limit the right of Sirius XM to terminate the employment of the Employee at any time, subject to the terms of any written employment or similar written agreement between Sirius XM and the Employee.

8. Professional Advice. The acceptance and exercise of this Option may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Employee. Accordingly, the Employee acknowledges that the Employee has been advised to consult the Employee's personal legal and tax advisors in connection with this Agreement and this Option.

9. Agreement Subject to the Plan. This Option and this Agreement are subject to the terms and conditions set forth in the Plan, which terms and conditions are incorporated herein by reference. Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Plan. The Employee acknowledges that a copy of the Plan is posted on Sirius XM's intranet site and the Employee agrees to review it and comply with its terms. This Agreement and the Plan constitute the entire understanding between or among the Company, Sirius XM and the Employee with respect to this Option. In the event of any conflict between this Agreement and the Plan, the Plan shall govern and prevail.

10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto. **The parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the state and federal courts located in the Borough of Manhattan, State of New York, and expressly waive the right to a jury trial, for any actions, suits or proceedings arising out of or relating to this Agreement.**

11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three (3) business days after being sent by certified mail, postage prepaid, return receipt requested or one (1) business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

Company: Sirius XM Holdings Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: General Counsel

Employee: Address on file at the
office of Sirius XM

Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

ACCEPTED AND AGREED:

Employee

December 11, 2015
Joseph A. Verbrugge
Dear Joe:

This letter will confirm your continued employment with Sirius XM Radio Inc. (the “Company” or “Sirius XM”) on a full-time basis as Executive Vice President, Sales and Development. The Company anticipates that your services will be performed primarily at the Company’s office in Michigan. This letter also will serve as notice that the previous Employment Agreement, dated as of September 19, 2012, between the Company and you (the “Prior Agreement”) is terminated; provided that the terms of the Prior Agreement which survive termination shall continue in full force and effect.

Effective as of December 8, 2015, you shall be paid an annual base salary of \$500,000, less applicable withholdings, to be paid on a bi-weekly basis through the Company’s regular payroll system and subject to any increases that the Company may approve in its sole discretion. You will also receive a vacation allowance of 160 hours (20 working days) per calendar year, which shall accrue in accordance with Company policy.

On December 11, 2015 (the “First Trading Day”), the Company shall cause Sirius XM Holdings Inc. (“Holdings”) to grant the following to you:

(i) an option to purchase shares of the Company’s common stock, par value \$.001 per share (the “Common Stock”), at an exercise price equal to the closing price of the Common Stock on the Nasdaq Global Select Market on the First Trading Day, with the number of shares of Common Stock subject to such option being that necessary to cause the Black-Scholes-Merton value of such option on the First Trading Day to be equal to \$3,750,000 determined by using inputs consistent with those the Company uses for its financial reporting purposes. Such option shall be subject to the terms and conditions set forth in the Option Agreement attached to this Agreement as Exhibit A.

(ii) a number of restricted stock units (“RSUs”) equal to \$1,250,000, divided by the closing price of the Common Stock on the Nasdaq Global Select Market on the First Trading Day. Such restricted stock units shall be subject to the terms and conditions set forth in the Restricted Stock Unit Agreement attached to this Agreement as Exhibit B.

You will continue to be eligible to participate in any Company provided benefit programs, including our deferred compensation program, bonus plans, and other policies and fringe benefits which may generally be made available to full-time employees at your level.

You agree to comply in all respects with the terms of the Company's Employee Handbook, including its Code of Ethics and Information Security and Privacy Policies, and all other applicable policies, rules and procedures of the Company in effect from time to time. The Company reserves the right in its sole discretion to change or terminate any and all of its policies, including its benefit and bonus plans, and the specific duties of your position from time to time, including not providing any benefits or bonuses.

Your employment at the Company is for no specified period of time. It is an at-will employment relationship, and either you or the Company may terminate the relationship at any time, for any reason, with or without Cause (as defined below) and with or without notice.

If the Company terminates your employment without Cause (as defined below), and your employment is not terminated due to your death or Disability (as defined below), or if you terminate your employment for Good Reason (as defined below), then, in addition to your rights under any equity award agreements between you and the Company, you shall be entitled to receive the following as severance (the "Severance Amount") (in addition to any salary, benefits or other sums due to you through your termination date):

(i) your base salary for a period of twelve (12) months following your termination date, to be paid in the form of salary continuation (the "Severance Period");

(ii) an amount equal to the annual bonus that was paid to you for the calendar year preceding the calendar year of your termination date, to be paid on the date that annual bonuses are usually paid by the Company; and

(iii) continuation of group health insurance benefits during the Severance Period, provided pursuant to Section 4980B of the Internal Revenue Code of 1986 ("COBRA"), and comparable to the terms in effect for the Company's active employees, except that the benefits otherwise receivable by you pursuant to this paragraph will be applied against the maximum period of continuation coverage under COBRA; provided that (a) the Company will not provide for cash in lieu of such benefits; (b) you timely complete all required paperwork to continue such benefits pursuant to COBRA and continue to pay the employee's share of the COBRA premium during the Severance Period; and (c) such coverage, and the Company's agreement to pay for such coverage, shall terminate as of the date that you are eligible for comparable benefits from a new employer. You shall notify the Company within thirty (30) days after becoming eligible for coverage of any such comparable benefits.

The Company's obligations with respect to the Severance Amount shall be conditioned upon you executing, delivering, and not revoking during any applicable revocation period, a separation agreement, and waiver and release of claims against the Company ("Release"), in a form used by the Company on the date of termination and provided to you by the Company in connection with the payment of benefits. The signed release shall be provided to the Company within twenty-one (21) days of the date you receive the Release. The payments provided in the preceding paragraph shall commence no later than the next administratively practical payroll date following the effective date of the Release (as specified in the Release) ("Release Effective Date"); provided that if the maximum period in which you may revoke the Release ends in the

year following the year in which you incur a Separation from Service then the Release Effective Date shall be deemed to be the later of (1) the first business day in the year following the year in which you incur the Separation from Service or (2) the Release Effective Date (without regard to this proviso).

For purposes of this letter, “Cause” means the occurrence or existence of any of the following, as determined by the Company:

- (i) a breach by you of the terms of this letter provided that such breach remains uncured, as determined by the Company in its sole discretion, after thirty (30) days have elapsed following the date on which the Company gives you written notice of such breach;
- (ii) performance of your duties in a manner deemed by the Company, in its sole discretion, to be negligent;
- (iii) any act of insubordination, dishonesty, misappropriation, embezzlement, fraud, or other misconduct by you involving the Company or any of its affiliates;
- (iv) any conviction of, or any plea of *nolo contendere* or the equivalent by you to, any crime other than a traffic violation;
- (v) any action by you causing damage to or misappropriation of any property of the Company or any of its affiliates;
- (vi) your failure to comply with the policies, rules and procedures of the Company in effect from time to time, including its Code of Ethics and Information and Security Policies; or
- (vii) conduct by you that demonstrates unfitness to serve as an employee of the Company or any of its affiliates including any act, whether or not performed in the workplace, which subjects, or if publicly known, would likely subject the Company or any of its affiliates to contempt, ridicule or embarrassment, or would likely be detrimental or damaging to the Company’s or any of its affiliates’ reputation or their relationships with subscribers, customers, vendors or employees.

For purposes of this Agreement, “Good Reason” shall mean the continuance of any of the following events (without your prior written consent) for a period of thirty (30) days after delivery to the Company by you of a written notice within thirty (30) days of the occurrence of such event, during which such thirty (30)-day period of continuation the Company shall be afforded an opportunity to cure such event; provided that no resignation will be for Good Reason unless you actually resign from employment effective as of a date within seventy-five (75) days after occurrence of the event constituting Good Reason:

- (i) any material reduction in your duties, responsibilities or title level (Executive Vice President);

- (ii) you ceasing to report solely and directly to the Chief Executive Officer of the Company; or
- (iii) any reduction in your base salary.

For purposes of this letter, “Disability” means your incapacity due to physical or mental illness to perform the duties of your position for more than one hundred and eighty (180) days within any twelve (12) month period.

During your employment and for twelve (12) months following the termination of your employment by you or the Company for any reason (such period, the “Restricted Period”), you will not, directly or indirectly, enter into the employment of, render services to, acquire any interest whatsoever in (whether for your own account as an individual proprietor, or as a partner, associate, shareholder, officer, director, consultant, trustee or otherwise), or otherwise assist any person or entity (other than the Company) that is engaged, or proposes to engage, in any operations in North America involving the transmission, streaming or production of radio programming or that competes with any business of the Company, including, without limitation, telematics (any such person or entity, a “Competitor”); provided that nothing herein shall prevent the purchase or ownership by you by way of investment of up to four percent (4%) of the shares or equity interest of any corporation or other entity. For purposes of this letter, the term “radio” shall be defined broadly and shall include traditional radio, terrestrial radio, satellite radio, digital radio, internet broadcasts, internet streaming, internet radio and radio devices and methods, whether now existing or in the future developed. Should any provision of this paragraph be declared unenforceable by a court, then to the extent applicable this paragraph shall be deemed modified to restrict your competition with the Company to the maximum extent of time, scope and geography which the court shall find enforceable, and such paragraph shall be so enforced.

Without limiting the generality of the foregoing, you agree that during your employment you will not negotiate or enter into any discussions, or allow any other person or entity to discuss or negotiate on your behalf, with any Competitor concerning employment with or rendering services to such Competitor. You also agree that during your employment and for twelve (12) months following the termination of your employment for any reason, you shall not, directly or indirectly: (i) solicit, recruit, request, encourage, entice or otherwise induce or attempt to induce any employees to leave the employment of the Company; (ii) interfere with or disrupt the Company’s relationship with any of its employees, accounts, vendors, subscribers or partners, including engaging in any conduct that publicly identifies you as a customer of a Competitor; (iii) induce or attempt to induce any person or entity which is an advertiser, sponsor, vendor or partner with the Company to cease doing business with the Company, or reduce its business with the Company; or (iv) influence or attempt to influence any person or persons, firm, association, syndicate, partnership, company, corporation, or other entity that is a contracting party with the Company to terminate any written or oral agreement with the Company, or enter into any agreement with any such person or entity which would have an adverse effect on the Company.

You also agree that during your employment and thereafter, you shall not make any statements or comments that could be considered to shed an adverse light on the business reputation or personnel of the Company; provided that the foregoing limitation shall not apply to your compliance with law or legal process.

You shall not solicit, accept or receive, either directly or indirectly, any money, services or any other valuable consideration, including gifts, loans, favors, gratuities, other valuables, hospitality or reimbursement of travel expenses (other than your compensation paid directly through the Company's payroll department) in connection with or related to your participation, directly or indirectly, in any program material broadcast by the Company, or for playing, promoting, recommending, advocating or encouraging the playing of certain content or broadcasting any matter, including references to, or endorsement or identification of, any artist, music, product, service or content. You shall fully comply with all of the Company policies and applicable laws prohibiting such practices or conduct now and in the future. You shall also notify the Company's General Counsel immediately in writing upon receipt of any such payment or thing of value or any approaches or overtures made to you to violate this paragraph or to insert, use or otherwise mention, refer or endorse of any product, service, content or other matter in any programming by the Company.

Except as you have previously disclosed to the Company's General Counsel, you represent and warrant that neither you nor any member of your immediate family has any interest, either directly or indirectly, in any broadcasting company, record company, music or video publishing company (physical or electronic), internet or new technology interests, concert promotion company, professional singers or musicians. Should you or any such family member acquire any such interest (other than an interest acquired solely as a result of the purchase of up to four percent (4%) of the equity securities of a publicly traded corporation), such acquisitions shall be promptly reported in writing to the Company's General Counsel.

You acknowledge that in the course of your employment you will occupy a position of trust and confidence. You shall not, except as may be required to perform your duties or as required by applicable law, disclose to others or use, whether directly or indirectly, any Confidential Information. "Confidential Information" shall mean information about the Company's business and operations that is not publicly disclosed by the Company and that was learned by you in the course of your employment by the Company, including any proprietary knowledge, business plans, business strategies, budget information, product plans, patents, trade secrets, data, formulae, sketches, notebooks, blueprints, pricing and cost data, employee information and client and customer lists and all papers and records (including computer records) containing such Confidential Information. Confidential Information shall not include information that becomes public other than through disclosure, directly or indirectly, by you or information you are required to disclose by law or legal process (provided that you provide the Company immediately with prior written notice of the legally required disclosure and reasonably cooperate with the Company in seeking a protective order or other appropriate protection of such information if it chooses to do so). You acknowledge that such Confidential Information is specialized, unique in nature and of great value to the Company, and that such information gives the Company a competitive advantage. You agree to deliver or return to the Company, at the Company's request at any time or upon termination of your employment or as soon as possible thereafter, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company or prepared by you in the course of your employment by the Company.

The results and proceeds of your services (collectively, the "Work Product") shall be "works made for hire" for the Company under United States Copyright Law and shall be the

exclusive property of the Company. You shall promptly execute and deliver all documents necessary to transfer all right, title and interest in the Work Product to the Company. You hereby covenant to the Company that no Work Product will infringe upon or violate any intellectual property rights or any other rights whatsoever of any third parties. To the extent that any of the results and proceeds of your services may not, by operation of law, be “works made for hire,” you hereby assign to the Company ownership of these materials, and the Company shall have the right to obtain and hold in its own name or transfer to others, copyrights, and similar protection which may be available in such materials. Any preexisting works utilized by you in the performance of your duties shall remain your exclusive property.

With respect to any payment or benefits that would be considered deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), and payable upon or following a termination of employment, a termination of employment shall not be deemed to have occurred unless such termination also constitutes a “separation from service” within the meaning of Section 409A, and the regulations thereunder (a “Separation from Service”), and notwithstanding anything contained herein to the contrary, the date on which such Separation from Service takes place shall be your termination date. Notwithstanding any provisions of this letter to the contrary, if you are a “specified employee” (within the meaning of Section 409A and determined pursuant to policies adopted by the Company) at the time of your Separation from Service and if any portion of the payments or benefits to be received by you upon Separation from Service would be considered deferred compensation under Section 409A, amounts that would otherwise be payable pursuant to this letter during the six-month period immediately following your Separation from Service and benefits that would otherwise be provided pursuant to this letter during the six (6)-month period immediately following your Separation from Service will instead be paid or made available on the earlier of first (1st) the first business day of the seventh (7th) month following the date of your Separation from Service and (2) your death.

To the extent applicable, it is intended that the compensation arrangements under this letter be in full compliance with Section 409A (it being understood that certain compensation arrangements under this letter are intended not to be subject to Section 409A). This letter shall be construed, to the maximum extent permitted, in a manner to give effect to such intention. Notwithstanding anything in this letter to the contrary, distributions upon termination of your employment may only be made upon a Separation from Service. Neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all such taxes, interest or penalties, or liability for any damages related thereto. You acknowledge that you have been advised to obtain independent legal, tax or other counsel in connection with Section 409A. Each payment under this letter shall be regarded as a “separate payment” and not of a series of payments for purposes of Section 409A.

With respect to any amount of business expenses eligible for reimbursement pursuant to Company policy, such expenses will be reimbursed by the Company within thirty (30) days following the date on which the Company receives the applicable invoice from you in accordance with the Company's expense reimbursement policies, but in no event later than the last day of your taxable year following the taxable year in which you incur the related expenses. In no event will the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor will your right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

You acknowledge that a portion of the compensation being paid to you by the Company is paid expressly in consideration of the covenants contained herein. You also acknowledge that: (a) the restrictions contained in this letter are reasonable in order to protect the legitimate business interests of the Company; (b) a breach by you of any of the terms of this letter could result in immediate and irreparable harm to the Company that may not be adequately compensated by a monetary award; and (c) in the event of any such breach, in addition to all of the other remedies available to the Company at law or in equity, it would be reasonable for the Company to seek a restraining order, injunction, a decree of specific performance and/or other equitable relief to ensure compliance with the terms of this letter.

You also acknowledge that notwithstanding any other provisions in this letter to the contrary, any incentive-based compensation, or any other compensation paid to you pursuant to this letter or any other agreement or arrangement with the Company, which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made pursuant to such law, government regulation or stock exchange listing requirement (or any policy adopted by the Company pursuant to any such law, government regulation or stock exchange listing requirement).

You hereby represent and warrant to the Company that you are not now under any contractual or other obligations, including any non-compete obligations or non-solicitation provisions, that are inconsistent with or in conflict with this letter or that would prevent, limit, restrict, or impair your performance of your job duties or your obligations under this letter. In addition, you acknowledge and agree that you are a manager, and thereby meet the requirements of a "management employee" for purposes of New York's Broadcast Employees Freedom to Work Act.

This letter, and any documents incorporated herein by reference, constitutes the entire agreement between the parties regarding their employment relationship and supersedes any and all prior agreements, promises, representations, understandings and communications between the parties, including the Prior Agreement, but excluding any equity award agreements between you and the Company. Should any provision of this letter be declared invalid or unenforceable, such invalidity or unenforceability shall not affect the remaining provisions hereof.

This letter shall be governed by and construed in accordance with the laws of the State of New York. **The parties irrevocably and unconditionally waive any right whatsoever to a jury trial concerning any dispute between them, including any claims that arise out of or relate to this letter .**

If any term of this letter conflicts with any practice or policy of the Company, now or in the future, the terms of this letter will control. The terms of this letter may not be changed except by written agreement signed by you and either the Chief Executive Officer, the Executive Vice President and Chief Administrative Officer, or the General Counsel of the Company.

We ask that you confirm your acceptance of this offer of employment and your understanding and acceptance of the terms and conditions contained herein by signing the attached copy of this letter and returning it to me as soon as possible.

Sincerely,

/s/ Dara F. Altman

Dara F. Altman

Executive Vice President and
Chief Administrative Officer

I have read this letter and understand
and agree to its terms,
this 15th day of December, 2015:

/s/ Joseph A. Verbrugge

JOSEPH A. VERBRUGGE

THIS OPTION MAY NOT BE TRANSFERRED EXCEPT BY WILL OR UNDER
THE LAWS OF DESCENT AND DISTRIBUTION.

SIRIUS XM HOLDINGS INC. 2015 LONG-TERM STOCK INCENTIVE PLAN
STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT (this “Agreement”), dated December 11, 2015 (the “Date of Grant”), is between SIRIUS XM HOLDINGS INC., a Delaware corporation (the “Company”), and JOSEPH A. VERBRUGGE (the “Executive”).

1. Grant of Option; Vesting. (a) Subject to the terms and conditions of this Agreement, the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “Plan”), and the Employment Agreement, dated as of December 11, 2015, between Sirius XM Radio Inc. (“Sirius XM”) and the Executive (the “Employment Agreement”), the Company hereby grants to the Executive the right and option (this “Option”) to purchase _____ (_____) shares of common stock, par value \$0.001 per share, of the Company (the “Shares”), at a price per Share of \$_____ (the “Exercise Price”). This Option is not intended to qualify as an Incentive Stock Option for purposes of Section 422 of the Internal Revenue Code of 1986, as amended. In the case of any stock split, stock dividend or like change in the Shares occurring after the date hereof, the number of Shares and the Exercise Price shall be adjusted as set forth in Section 4(b) of the Plan.

(b) Subject to the terms and conditions of this Agreement and/or the Plan, this Option shall vest and become exercisable with respect to one-third (1/3) of the Shares granted to the Executive under this Agreement on each of the first (1st), second (2nd), and third (3rd) anniversaries of the Date of Grant (or if such date is not a business day, then on the next succeeding business day); provided that no Shares shall vest on any anniversary (or on any succeeding business day) if the Executive is not employed by Sirius XM on such date.

(c) If the Executive’s employment with Sirius XM terminates for any reason, this Option, to the extent not then vested, shall immediately terminate without consideration; provided that if the Executive’s employment with Sirius XM is terminated (x) due to death or “Disability” (as defined in the Employment Agreement); (y) by Sirius XM without “Cause” (as defined in the Employment Agreement); or (z) by the Executive for “Good Reason” (as defined in the Employment Agreement), the unvested portion of this Option, to the extent not previously cancelled or forfeited, shall immediately become vested and exercisable. The foregoing condition that the Executive be an employee of Sirius XM shall, in the event of the termination of the Executive’s employment with Sirius XM due to death or Disability, by Sirius XM without Cause or by the Executive for Good Reason, be waived by the Company provided that the Executive (or the Executive’s estate in the case of death) executes a release acceptable to the Company.

2. Term. This Option shall terminate on December 11, 2025 (the “Option Expiration Date”); provided that if:

(a) the Executive’s employment is terminated by Sirius XM without Cause or by the Executive for Good Reason, or if the Executive’s employment is terminated due to the Executive’s death or Disability, the Executive (or the Executive’s beneficiary, in the case of death) may exercise this Option in full until the first (1st) anniversary of such termination (at which time this Option shall be cancelled), but not later than the Option Expiration Date;

(b) the Executive’s employment is terminated by Sirius XM for Cause, this Option shall be cancelled upon the date of such termination; or

(c) the Executive voluntarily terminates the Executive’s employment with the Company without Good Reason, the Executive may exercise any vested portion of this Option until ninety (90) days following the date of such termination (at which time this Option shall be cancelled), but not later than the Option Expiration Date.

3. Exercise. Subject to Sections 1 and 2 of this Agreement and the terms of the Plan, this Option may be exercised, in whole or in part, in accordance with Section 6 of the Plan.

4. Change of Control. In the event of a Change of Control, this Option shall be governed by the terms of the Plan; provided that any transactions between the Company, Sirius XM and/or any of their respective subsidiaries, on the one hand, and Liberty Media Corporation, any Qualified Distribution Transferee (as defined in the Investment Agreement, dated as of February 17, 2009, between the Company and Liberty Radio LLC, as amended) and/or any of their respective subsidiaries, on the other hand, shall not constitute a Change of Control under the Plan.

5. Non-transferable. This Option may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of any right or privilege conferred hereby shall be null and void.

6. Withholding. Prior to delivery of the Shares purchased upon exercise of this Option, the Company shall determine the amount of any United States federal, state and local income taxes, if any, which are required to be withheld under applicable law and shall, as a condition of exercise of this Option and delivery of certificates representing the Shares purchased upon exercise of this Option, collect from the Executive the amount of any such tax in any manner permitted by the Plan.

7. No Rights of a Stockholder. The Executive shall not have any rights as a stockholder of the Company with respect to any Shares until the Shares purchased upon exercise of this Option have been issued.

8. Rights of the Executive. Neither this Option, the execution of this Agreement nor the exercise of any portion of this Option shall confer upon the Executive any right to, or guarantee

of, continued employment by Sirius XM, or in any way limit the right of Sirius XM to terminate the Executive's employment at any time, subject to the terms of the Employment Agreement or any other written employment or similar written agreement between or among Sirius XM, the Company and the Executive.

9. Professional Advice. The acceptance and exercise of this Option may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Executive. Accordingly, the Executive acknowledges that the Executive has been advised to consult the Executive's personal legal and tax advisors in connection with this Agreement and this Option.

10. Agreement Subject to the Plan. This Option and this Agreement are subject to the terms and conditions set forth in the Plan, which terms and conditions are incorporated herein by reference. Capitalized terms used herein but not defined shall have the meaning set forth in the Plan. The Executive acknowledges that a copy of the Plan is posted on Sirius XM's intranet site and the Executive agrees to review it and comply with its terms. This Agreement, the Employment Agreement and the Plan constitute the entire understanding between or among the Company, Sirius XM and the Executive with respect to this Option.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto. **The parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the state and federal courts located in the Borough of Manhattan, State of New York, and expressly waive the right to a jury trial, for any actions, suits or proceedings arising out of or relating to this Agreement.**

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three (3) business days after being sent by certified mail, postage prepaid, return receipt requested or one (1) business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice): Company: Sirius XM Holdings Inc., 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, Attention: General Counsel; and Executive: Address on file at the office of the Company. Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

13. Binding Effect. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

14. Amendment. The rights of the Executive hereunder may not be impaired by any amendment, alteration, suspension, discontinuance or termination of the Plan or this Agreement without the Executive's consent.

IN WITNESS WHEREOF, the undersigned have executed t his Agreement as of the date first above written.

SIRIUS XM HOLDINGS INC.

By: Exhibit A
Dara F. Altman
Executive Vice President and
Chief Administrative Officer

Exhibit A
JOSEPH A. VERBRUGGE

THE RSUs HAVE NOT BEEN REGISTERED UNDER STATE OR FEDERAL SECURITIES LAWS. THE RSUs MAY NOT BE TRANSFERRED EXCEPT BY WILL OR UNDER THE LAWS OF DESCENT AND DISTRIBUTION.

SIRIUS XM HOLDINGS INC.
2015 LONG-TERM STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

This RESTRICTED STOCK UNIT AGREEMENT (this “Agreement”), dated December 11, 2015 (the “Date of Grant”), is between SIRIUS XM HOLDINGS INC., a Delaware corporation (the “Company”), and JOSEPH A. VERBRUGGE (the “Executive”).

1. Grant of RSUs. Subject to the terms and conditions of this Agreement, the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “Plan”), and the Employment Agreement, dated as of December 11, 2015, between Sirius XM Radio Inc. (“Sirius XM”) and the Executive (the “Employment Agreement”), the Company hereby grants _____ (_____) restricted share units (“RSUs”) to the Executive. Each RSU represents the unfunded, unsecured right of the Executive to receive one share of common stock, par value \$.001 per share, of the Company (each, a “Share”) on the dates specified in this Agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan.

2. Dividends. If on any date while RSUs are outstanding the Company shall pay any dividend on the Shares (other than a dividend payable in Shares), the number of RSUs granted to the Executive shall, as of the record date for such dividend payment, be increased by a number of RSUs equal to: (a) the product of (x) the number of RSUs held by the Executive as of such record date, multiplied by (y) the per Share amount of any cash dividend (or, in the case of any dividend payable, in whole or in part, other than in cash, the per Share value of such dividend, as determined in good faith by the Company), divided by (b) the average closing price of a Share on the Nasdaq Global Select Market on the twenty (20) trading days preceding, but not including, such record date. In the case of any dividend declared on Shares that is payable in the form of Shares, the number of RSUs granted to the Executive shall be increased by a number equal to the product of (1) the aggregate number of RSUs held by the Executive on the record date for such dividend, multiplied by (2) the number of Shares (including any fraction thereof) payable as a dividend on a Share. In the case of any other change in the Shares occurring after the date hereof, the number of RSUs shall be adjusted as set forth in Section 4(b) of the Plan.

3. No Rights of a Stockholder. The Executive shall not have any rights as a stockholder of the Company until the Shares have been registered in the Company’s register of stockholders. For purposes of clarity, once an RSU vests and a Share is issued to the Executive pursuant to Section 4, such RSU is no longer considered an RSU for purposes of this Agreement.

4. Issuance of Shares subject to RSUs. (a) Subject to the terms of this Agreement and/or the Plan, the Company shall issue, or cause there to be transferred, to the Executive (or the Executive’s beneficiary in the case of death) on each of the first (1st), second (2nd), and third

(3rd) anniversaries of the Date of Grant (or if such date is not a business day, then on the next succeeding business day), a number of Shares equal to one-third (1/3) the number of RSUs granted to the Executive under this Agreement; provided that no Shares shall be issued to the Executive on any anniversary (or on any succeeding business day) if the Executive is not employed by Sirius XM on such date.

(b) If the Executive's employment with Sirius XM terminates for any reason, the RSUs shall immediately terminate without consideration; provided that if the Executive's employment with Sirius XM terminates due to death or "Disability" (as defined in the Employment Agreement), by Sirius XM without "Cause" (as defined in the Employment Agreement), or by the Executive for "Good Reason" (as defined in the Employment Agreement), the unvested portion of the RSUs, to the extent not previously settled, cancelled or forfeited, shall immediately become vested and the Company shall issue, or cause there to be transferred, to the Executive (or to the Executive's estate in the case of death) the amount of Shares equal to the number of RSUs granted to the Executive under this Agreement (to the extent not previously transferred, cancelled or forfeited), as adjusted pursuant to Section 2 above, if applicable. The foregoing condition that the Executive be an employee of Sirius XM shall, in the event of the termination of the Executive's employment with Sirius XM due to death or Disability, or by Sirius XM without Cause or by the Executive for Good Reason, be waived by the Company provided that the Executive (or the Executive's estate in the case of death) executes a release acceptable to the Company.

5. Change of Control. In the event of a Change of Control, the RSUs shall be governed by the terms of the Plan; provided that any transactions between the Company, Sirius XM and/or any of their respective subsidiaries, on the one hand, and Liberty Media Corporation, any Qualified Distribution Transferee (as defined in the Investment Agreement, dated as of February 17, 2009, between the Company and Liberty Radio LLC, as amended) and/or any of their respective subsidiaries, on the other hand, shall not constitute a Change of Control under the Plan.

6. Non-transferable. The RSUs may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of RSUs or of any right or privilege conferred hereby shall be null and void.

7. Withholding. Prior to delivery of the Shares pursuant to this Agreement, the Company shall determine the amount of any United States federal, state and local income taxes, if any, which are required to be withheld under applicable law and shall, as a condition of delivery of certificates representing the Shares pursuant to this Agreement, collect from the Executive the amount of any such tax to the extent not previously withheld in any manner permitted by the Plan.

8. Rights of the Executive. Neither this Agreement nor the RSUs shall confer upon the Executive any right to, or guarantee of, continued employment by Sirius XM, or in any way limit the right of Sirius XM to terminate the Executive's employment at any time, subject to the terms

of any written employment or similar written agreement between or among the Company, Sirius XM and the Executive.

9. Professional Advice. The acceptance of the RSUs may have consequences under federal and state tax and securities laws that may vary depending upon the individual circumstances of the Executive. Accordingly, the Executive acknowledges that the Executive has been advised to consult the Executive's personal legal and tax advisors in connection with this Agreement and the RSUs.

10. Agreement Subject to the Plan. This Agreement and the RSUs are subject to the terms and conditions set forth in the Plan, which terms and conditions are incorporated herein by reference. The Executive acknowledges that a copy of the Plan is posted on Sirius XM's intranet site and the Executive agrees to review it and comply with its terms. This Agreement, the Employment Agreement and the Plan constitute the entire understanding between or among the Company, Sirius XM and the Executive with respect to the RSUs.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto. **The parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the state and federal courts located in the Borough of Manhattan, State of New York, and expressly waive the right to a jury trial, for any actions, suits or proceedings arising out of or relating to this Agreement.**

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally or when telecopied (with confirmation of transmission received by the sender), three (3) business days after being sent by certified mail, postage prepaid, return receipt requested or one (1) business day after being delivered to a nationally recognized overnight courier with next day delivery specified to the parties at the following addresses (or at such other address for a party as shall be specified by like notice): Company: Sirius XM Holdings Inc., 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, Attention: General Counsel; and Executive: Address on file at the office of the Company. Notices sent by email or other electronic means not specifically authorized by this Agreement shall not be effective for any purpose of this Agreement.

13. Binding Effect. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

14. Amendment. The rights of the Executive hereunder may not be impaired by any amendment, alteration, suspension, discontinuance or termination of the Plan or this Agreement without the Executive's consent.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

SIRIUS XM HOLDINGS INC.

By: Exhibit B

Dara F. Altman
Executive Vice President and
Chief Administrative Officer

Exhibit B

JOSEPH A. VERBRUGGE

SIRIUS XM HOLDINGS INC.
SUBSIDIARIES

Sirius XM Radio Inc.

Satellite CD Radio LLC

Sirius XM Connected Vehicle Services Inc.

Sirius XM Connected Vehicle Services Holdings Inc.

SXM CVS Canada Inc.

XM E-mail Inc.

XM 1500 Eckington LLC

XM Investment LLC

XM Radio LLC

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Sirius XM Holdings Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-179600, No. 333-160386, No. 333-159206, No. 333-152574, No. 333-204302, and No. 333-205409) on Form S-8 of Sirius XM Holdings Inc. of our reports dated February 2, 2016, with respect to the consolidated balance sheets of Sirius XM Holdings Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, stockholders' (deficit) equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and the related financial statement schedule, and the effectiveness of internal control over financial reporting as of December 31, 2015, which reports appear in the December 31, 2015 annual report on Form 10-K of Sirius XM Holdings Inc.

/s/ KPMG LLP

New York, New York
February 2, 2016

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James E. Meyer, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2015 of Sirius XM Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ J AMES E. M EYER

James E. Meyer
Chief Executive Officer
(Principal Executive Officer)

February 2, 2016

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David J. Frear, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2015 of Sirius XM Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DAVID J. FREAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

February 2, 2016

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Annual Report of Sirius XM Holdings Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James E. Meyer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ J AMES E. M EYER

James E. Meyer
Chief Executive Officer
(Principal Executive Officer)

February 2, 2016

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Annual Report of Sirius XM Holdings Inc. (the “Company”) on Form 10-K for the fiscal year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David J. Frear, Senior Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ D AVID J. F REAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

February 2, 2016

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

SCHEDULE “B” TO APPENDIX “G-1”

**SCHEDULE 14A DEFINITIVE PROXY STATEMENT OF SIRI
IN CONNECTION WITH ITS ANNUAL MEETING OF STOCKHOLDERS HELD ON MAY 24, 2016**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

Sirius XM Holdings Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- ☐ Fee paid previously with preliminary materials.
- ☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



NOTICE OF 2016 ANNUAL MEETING OF STOCKHOLDERS

Time and Date:

9:00 a.m., New York City time, on Tuesday, May 24, 2016

Place:

The Auditorium
The AXA Equitable Center
787 Seventh Avenue
New York, New York 10019

Items of Business:

1. To elect the twelve director nominees listed herein;
2. To ratify the appointment of KPMG LLP as our independent registered public accountants for 2016; and
3. To transact any other business properly coming before the annual meeting and any adjournments or postponements thereof.

Who may Vote:

Stockholders of record at the close of business on Tuesday, March 29, 2016.

Important Notice Regarding the Date of Availability of Proxy Materials for the Stockholder Meeting to be Held on Tuesday, May 24, 2016:

We are pleased to be using the Securities and Exchange Commission's rules that allow companies to furnish proxy materials to their stockholders over the Internet. In accordance with these rules, we first sent stockholders of record at the close of business on or about April 8, 2016, a Notice of Internet Availability of Proxy Materials (Notice). The Notice contains instructions on how to access our proxy statement and annual report for the fiscal year ended December 31, 2015 over the Internet and how to vote.

Whether or not you expect to attend in person, we urge you to vote your shares over the Internet, by phone, or by signing, dating, and returning a proxy card at your earliest convenience.

Voting over the Internet or by telephone is fast and convenient, and your vote is immediately confirmed and tabulated. By using the Internet or telephone, you help us reduce postage, printing and proxy tabulation costs.

By Order of the Board of Directors,

A handwritten signature in black ink, reading 'Patrick L. Donnelly'.

PATRICK L. DONNELLY
Executive Vice President, General Counsel and Secretary

New York, New York
April 8, 2016

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1221 Avenue of the Americas
36th Floor
New York, New York 10020

PROXY STATEMENT

This proxy statement contains information related to the annual meeting of stockholders of Sirius XM Holdings Inc. to be held on Tuesday, May 24, 2016, beginning at 9:00 a.m., New York City time, in the Auditorium at The AXA Equitable Center, 787 Seventh Avenue, New York, New York 10019, and at any adjournments or postponements thereof. This proxy statement is first being distributed or made available, as the case may be, to stockholders on or about April 8, 2016.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the following matters outlined in the Notice of 2016 Annual Meeting of Stockholders, including:

- Item 1—the election of twelve director nominees to our board (Joan L. Amble, George W. Bodenheimer, Mark D. Carleton, Eddy W. Hartenstein, James P. Holden, Gregory B. Maffei, Evan D. Malone, James E. Meyer, James F. Mooney, Carl E. Vogel, Vanessa A. Wittman and David M. Zaslav);
- Item 2—the ratification of the appointment of KPMG LLP as our independent registered public accountants for 2016; and
- such other business that may properly be conducted at the annual meeting or any adjournments or postponements thereof.

At the annual meeting, management will also report on our performance and respond to appropriate questions from stockholders. On March 29, 2016 (the “Record Date”), 4,992,482,371 shares of our common stock were outstanding.

Is Sirius XM Holdings Inc. different from Sirius XM Radio Inc.?

In November 2013, we reorganized our corporate structure (the “Reorganization”). As a result of the Reorganization, Sirius XM Radio Inc. became a direct, wholly-owned subsidiary of Sirius XM Holdings Inc. The terms “Sirius XM,” “we,” “us,” “our,” and the “company” as used herein and unless otherwise stated or indicated by context, refer to Sirius XM Radio Inc. and its consolidated subsidiaries prior to the Reorganization and to Sirius XM Holdings Inc. and its consolidated subsidiaries after the Reorganization.

What are the voting rights of the holders of our common stock?

Each holder of our common stock is entitled to one vote per share of common stock on all matters to be acted upon at the annual meeting.

What vote is required to approve each item?

Assuming the presence of a quorum, the directors will be elected by the holders of a plurality of the voting power of our common stock present in person or represented by proxy and entitled to vote. This means that the twelve director nominees who receive the most votes cast by the holders of shares of our common stock will be elected. You may vote “For” or “Withhold” with respect to each nominee. Votes that are withheld will be excluded entirely from the vote with respect to the nominee from whom they are withheld. Votes that are withheld and broker non-votes (as described below) will not have any effect on the outcome of the election of the directors because directors are elected by plurality voting, but votes that are withheld and broker non-votes will be counted for the purpose of determining whether a quorum is present at the annual meeting.

The affirmative vote of the holders of a majority of the voting power of our common stock, present in person or represented by proxy, and entitled to vote on the matter is required for Item 2 (the ratification of the appointment of KPMG LLP as our independent registered public accountants for 2016). You may vote “For,” “Against” or “Abstain” with respect to Item 2. Abstentions will have the effect as a vote against this proposal, and there will be no broker non-votes with respect to this proposal, as brokers may vote shares with respect to this proposal in the absence of client instructions. Item 2 is not binding on our board of directors or the Company.

When will voting results be available?

We will announce preliminary voting results at the annual meeting. We will report final results in a Current Report on Form 8-K filed with the SEC shortly after the annual meeting.

Who can attend the annual meeting?

Subject to space availability, all stockholders or their duly appointed proxies may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Only persons who have proof of their stock ownership will be allowed to enter the meeting and only those with proof of stock ownership as of the Record Date will be allowed to vote at the meeting. Proof of ownership will be any statement from a bank or broker showing the ownership of our common stock. Registration and seating will begin at 8:30 a.m., New York City time.

What constitutes a quorum?

The presence, in person or by proxy, of the holders of a majority of the aggregate voting power of the issued and outstanding shares of our common stock entitled to vote at the annual meeting is necessary to constitute a quorum to transact business at the annual meeting. If a quorum is not present or represented at the annual meeting, the stockholders entitled to vote, present in person or represented by proxy, may adjourn the annual meeting from time to time without notice or other announcement until a quorum is present or represented. Abstentions and broker non-votes are counted as present for purposes of determining a quorum.

What is a broker non-vote?

A broker non-vote occurs if you hold shares in “street name” (that is, your shares are held on your behalf by a bank, broker or other nominee) and do not provide voting instructions to your broker on a proposal and your broker does not have the discretionary authority to vote on such proposal. A broker is entitled to vote shares held for a beneficial holder on routine matters, such as Item 2 (the ratification of the appointment of KPMG LLP as our independent registered public accountants for 2016), without instructions from the beneficial holder of those shares. On the other hand, absent instructions from the beneficial holders of such shares, a broker will not be entitled to vote shares held for a beneficial holder on non-routine items, such as Item 1 (the election of directors) . **It is therefore important that you provide instructions to your broker if your shares are held by a broker so that your vote with respect to Item 1 is counted.**

Broker non-votes will be counted for purposes of determining whether a quorum is present to hold the annual meeting.

What if I don't vote electronically or return my proxy card and don't attend the annual meeting?

If you are a holder of record (that is, your shares are registered in your own name with our transfer agent) and you don't vote your shares, your shares will not be voted.

If you are a beneficial owner (that is you hold your shares through your broker, bank or other nominee) and you do not provide voting instructions to your broker, bank or other nominee with respect to Item 1 (the election of directors), your shares will be considered "broker non-votes" and will not be counted in determining the outcome of the vote on that Item.

How do I vote?

Stockholders of record can vote as follows:

- *By Internet:* Stockholders may vote over the Internet at www.envisionreports.com/SIRI by following the instructions included on your Notice. You will need the 15-digit Control Number included on the Notice to obtain your records and to create an electronic voting instruction form.
- *By Telephone:* Stockholders may vote by telephone 1-800-652-VOTE (8683) by following the instructions included with your Notice. You will need the 15-digit Control Number included on the Notice in order to vote by telephone.
- *At the Meeting:* If you attend the annual meeting, you may vote in person by ballot, even if you have previously returned a proxy card or otherwise voted.

Only your latest executed vote will count.

If your shares are held in "street name," you may also submit voting instructions to your bank, broker or other nominee. In most instances, you will be able to do this over the Internet, by telephone or by mail. Please refer to information from your bank, broker or other nominee on how to submit voting instructions. The deadline for voting by telephone or electronically is 11:59 p.m., New York City time, on Monday, May 23, 2016. "Street name" stockholders who wish to vote in person at the meeting will need to obtain a proxy form from the institution that holds their shares and those institutions will likely require your instructions to be submitted before the deadline.

What is householding?

As permitted by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), only one copy of this proxy statement and annual report or Notice is being delivered to stockholders residing at the same address, unless the stockholders have notified us of their desire to receive multiple copies of our proxy statement. This is known as householding.

We will promptly deliver, upon oral or written request, a separate copy of this proxy statement and annual report to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies for this year's or future years' proxy materials should be directed to: Sirius XM Holdings Inc., Attention: Corporate Secretary, 1221 Avenue of the Americas, 36th Floor, New York, New York 10020. Requests can also be made by telephone by calling (212) 584-5100.

Stockholders of record residing at the same address and currently receiving multiple copies of this proxy statement may contact our Corporate Secretary (in writing or by phone at the contact information indicated above) to request that only a single copy of our proxy statement be mailed in the future.

How can I obtain a printed copy of the proxy materials?

To receive free of charge a separate copy of the Notice and, if applicable, this proxy statement and our annual report, stockholders may write or call us at the following:

Investor Relations
Sirius XM Holdings Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
(212) 584-5100

Can I change my vote or revoke my proxy?

Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your shares are voted at the annual meeting by:

- Notifying our Corporate Secretary in writing at Sirius XM Holdings Inc., 1221 Avenue of the Americas, 36th Floor, New York, New York 10020 that you are revoking your proxy;
- Executing and delivering a later-dated proxy card or submitting a later-dated vote by telephone or the Internet; or
- Attending the annual meeting, revoking your proxy and voting in person.

If you hold your shares in "street name," you may submit new voting instructions by contacting your bank, broker or other nominee. You may also change your vote or revoke your proxy in person at the annual meeting if you obtain a signed proxy from the record holder (broker, bank or other nominee) giving you the right to vote the shares.

Who will count the votes?

A representative of Computershare will tabulate the votes and act as inspector of elections.

What is a proxy?

A proxy is a person you appoint to vote on your behalf. We are soliciting your vote so that all shares of our common stock may be voted at the annual meeting.

Whom am I designating as my proxy?

You will be designating Patrick L. Donnelly, our Executive Vice President, General Counsel and Secretary, and Ruth A. Ziegler, our Senior Vice President and Deputy General Counsel, as your proxies. However, you may appoint a person (who need not be a stockholder) other than Patrick L. Donnelly and Ruth A. Ziegler to vote on your behalf at the meeting by completing another proper proxy.

How will my proxy vote my shares?

Your proxy will vote your shares according to your instructions. If you complete your proxy card but do not indicate how you would like your shares voted, your proxy will vote in accordance with the recommendation of our board of directors.

Who is soliciting my proxy, and who will pay for the costs of the solicitation?

Sirius XM is soliciting your proxy. The cost of soliciting proxies will be borne by Sirius XM, which has engaged MacKenzie Partners, Inc. to assist in the distribution and solicitation of proxies. We have agreed to pay MacKenzie \$10,000 and reimburse the firm for its reasonable out-of-pocket expenses. We will also reimburse brokerage firms, banks and other custodians for their reasonable out-of-pocket expenses for forwarding these proxy materials to you. Our directors, officers and

employees may solicit proxies on our behalf by telephone or in writing but will receive no additional compensation for their services.

When, and how, do I submit a proposal for next year's annual meeting of stockholders?

Under the SEC's rules and regulations, any stockholder desiring to submit a proposal to be included in our 2017 proxy statement must submit such proposal to us in writing at our principal executive offices located at: 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, to the attention of the Corporate Secretary, no later than the close of business on December 6, 2016.

Our By-laws provide for advance notice provisions. The By-laws require the timely notice of certain information to be provided by any stockholder who proposes director nominations or any other business for consideration at a stockholders' meeting. Failure to deliver a proposal in accordance with the procedures discussed above and in the By-laws may result in the proposal not being deemed timely received. To be timely, notice of a director nomination or any other business for consideration at a stockholders' meeting must be received by our Corporate Secretary at our principal executive offices not less than 70 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting. Therefore, to be presented at our 2017 Annual Meeting of Stockholders, such a proposal must be received by the Corporate Secretary on or after February 23, 2017 but no later than March 15, 2017. In the event that the date of the 2017 Annual Meeting is advanced by more than 20 days, or delayed by more than 70 days, from the anniversary date of the 2016 Annual Meeting of Stockholders, notice must be delivered no earlier than the 90th day prior to the 2017 Annual Meeting and not later than the close of business on the later of the 70th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of the 2017 Annual Meeting of Stockholders is first made. In addition, for the purposes of the application of Rule 14a-4(c) of the Exchange Act, the date for timely notice specified in this paragraph shall be the earlier of the date calculated above or the date specified in paragraph (c)(1) of Rule 14a-4 of the Exchange Act.

ITEM 1—ELECTION OF DIRECTORS

Twelve director nominees are standing for election at the annual meeting. The Nominating and Corporate Governance Committee of our board of directors has nominated the director nominees listed below after consideration of each individual's qualifications, contributions to the company and other reasons discussed in this proxy statement.

The Nominating and Corporate Governance Committee believes that a well-functioning board includes a diverse group of individuals who bring a variety of complementary skills, experiences and perspectives. Although our board of directors does not have a formal policy with regard to the consideration of diversity in identifying director candidates, diversity is one of the factors that the Nominating and Corporate Governance Committee may, pursuant to its charter, take into account in identifying director candidates. The Nominating and Corporate Governance Committee generally considers each nominee in the broad context of the overall composition of our board of directors with a view toward constituting a board that, as a group, possesses the appropriate mix of skills and experience to oversee our business. The experience, qualifications, attributes, or skills that led the Nominating and Corporate Governance Committee to conclude that our nominees should serve on the board of directors are generally described in the biographical information below.

Set forth below are the nominees proposed to be elected to serve until the 2017 annual meeting of stockholders or until their respective successors have been duly elected and qualified.

To be elected as a director, each nominee must receive a plurality of the votes cast by the holders of our common stock.

Should any nominee become unable or unwilling to accept election, the proxy holders may vote the proxies for the election, in his or her stead, of any other person our board of directors may nominate or designate. Each nominee has consented to serve as a director if elected.

Biographical information about this year's nominees:

<u>Name</u>	<u>Age</u>	<u>Position, Principal Occupation, Business Experience and Directorships</u>
Joan L. Amble	62	Ms. Amble has been a director since July 2008. From December 2006 until the closing of our merger with XM Satellite Radio Holdings Inc. ("XM") in July 2008, Ms. Amble served as a director of XM. From May 2011 to December 2011, Ms. Amble was the Executive Vice President, Finance, of the American Express Company and also served as its Executive Vice President and Corporate Comptroller from December 2003 until May 2011. Prior to joining American Express, Ms. Amble served as Chief Operating Officer and Chief Financial Officer of GE Capital Markets, a service business within GE Capital Services, Inc., overseeing securitizations, debt placement and syndication, as well as structured equity transactions. From 1994 to March 2003, Ms. Amble served as Vice President and Controller of GE Capital. Ms. Amble serves as a member of the board of directors of Booz Allen Hamilton Holding Corporation, Brown-Forman Corporation and Zurich Insurance Group. Ms. Amble also served as a director at Broadcom Limited during the last five years. <i>Key Attributes, Experience and Skills:</i> Ms. Amble has extensive experience in financial reporting, including experience with the rules and regulations of the SEC, based, in part, on her experience at Ernst & Young, the Financial Accounting Standards Board, the General Electric Company and American Express. Ms. Amble also has experience in the areas of financial controls; Sarbanes-Oxley Act compliance; operations; risk management; six sigma quality; and corporate governance.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
George W. Bodenheimer	57	Mr. Bodenheimer has been a director since September 2013. Mr. Bodenheimer retired in May 2014 as Executive Chairman of ESPN, Inc., a multimedia, multinational sports entertainment company. He was Executive Chairman of ESPN, Inc. from January 2012 until May 2014. He served as Co-Chairman of Disney Media Networks from April 2004 until January 2012 and as President of ABC Sports from March 2003 until January 2012. Mr. Bodenheimer was named President of ESPN in November 1998, a position he held until January 2012. Mr. Bodenheimer joined ESPN in 1981 and served in a variety of senior sales and marketing positions prior to his appointment as President. Mr. Bodenheimer serves as a member of the board of directors of Under Armour, Inc. <i>Key Attributes, Experience and Skills:</i> Mr. Bodenheimer has extensive experience in: marketing, promoting and producing sports and entertainment programming, including live major sporting events; identifying emerging sports properties; and assessing on-air and executive talent. Mr. Bodenheimer also has unique experience in evaluating and assessing the desirability of sports properties that are likely to be attractive to both the core demographics of our subscriber base and other segments of our existing and targeted customer base. The board of directors believes this experience is a significant asset to our company.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Mark D. Carleton	55	Mr. Carleton has been a director since December 2014. Mr. Carleton has been Chief Development Officer of Liberty Media Corporation ("Liberty Media") since January 2016 and Senior Vice President of Liberty Media (including its predecessor) from December 2003 to December 2015. Prior to joining Liberty Media, Mr. Carleton was a partner at KPMG LLP from 1993 to 2003, where he also served as a member of KPMG LLP's Board of Directors. Mr. Carleton previously served as a director of Sirius XM Radio Inc. from January 2013 to September 2013. Mr. Carleton currently serves as a director of Live Nation Entertainment, Inc., Barnes & Noble, Inc., Mobile Streams, Inc. and Air Methods Corporation. Mr. Carleton also served on the board of directors of Ideiasnet during the last five years. <i>Key Attributes, Experience and Skills:</i> Mr. Carleton has extensive experience in the media, telecommunications and entertainment industries; this experience is very valuable in assessing and evaluating opportunities and our plans from both a short- and long-term perspective. He also brings to the board, among his other skills and qualifications, financial and accounting expertise acquired as a partner at KPMG LLP. In addition, Mr. Carleton's service on other public company boards has provided him with a number of skills, including experience in the areas of leadership development and succession planning, risk assessment, and stockholder and government relations.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Eddy W. Hartenstein	65	Mr. Hartenstein has been a director since July 2008, has served as our lead independent director since April 2013 and served as the chairman of our board from November 2009 to April 2013. From May 2005 until the closing of the merger with XM in July 2008, Mr. Hartenstein served as a director of XM. Mr. Hartenstein was the non-executive Chairman of the Board of Tribune Publishing, a leading diversified media company that includes the Los Angeles Times, from August 2014 through January 2016. Mr. Hartenstein retired as the Publisher and Chief Executive Officer of the Los Angeles Times in August 2014, a position he held since August 2008. In addition, Mr. Hartenstein served as Co-President of the Tribune Company from October 2010 to May 2011 and as President and Chief Executive Officer from May 2011 until January 2013. In December 2008, the Tribune Company filed for Chapter 11 bankruptcy protection and, under his leadership, emerged in December 2012. Mr. Hartenstein was Vice Chairman and a member of the board of directors of The DIRECTV Group, Inc. (formerly Hughes Electronics Corporation), a television service provider, from December 2003 until his retirement in December 2004. He served as Chairman and Chief Executive Officer of DIRECTV, Inc. from late 2001 through 2004 and as President of DIRECTV, Inc. from its inception in 1990 to 2001. Previously, Mr. Hartenstein served in various capacities for Hughes Communications, Inc., a provider of satellite-based communications, Equatorial Communications Services Company, a provider of telephony and data distribution services, and NASA's Jet Propulsion Laboratory, the lead U.S. center for robotic exploration of the solar system. Mr. Hartenstein also serves as a member of the board of directors of Tribune Publishing, SanDisk Corporation, Broadcom Limited, ROVI Corporation and The City of Hope. <i>Key Attributes, Experience and Skills:</i> As the former Chief Executive Officer of DIRECTV, Inc., Mr. Hartenstein has extensive experience in building, managing, marketing and operating a satellite service. He brings direct and highly relevant expertise to the board in such areas as the construction and procurement of satellites, managing a large consumer subscriber base, consumer marketing, and the design and implementation of systems necessary to support a growing and dynamic consumer-oriented business.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
James P. Holden	64	Mr. Holden has been a director since August 2001. From October 1999 until November 2000, Mr. Holden was the President and Chief Executive Officer of DaimlerChrysler Corporation, one of the world's largest automakers. Prior to being appointed President in 1999, Mr. Holden held numerous senior positions within Chrysler Corporation during his 19-year career at that company. Mr. Holden is the Lead Director of Speedway MotorSports, Inc. and the Lead Director of Snap-On Incorporated. Mr. Holden also served as a director at Motors Liquidation Corporation and Meridian Automotive during the last five years. <i>Key Attributes, Experience and Skills:</i> Mr. Holden has spent his career in the automotive business, a key market for our services. Mr. Holden's perspective on, and knowledge of, the inner workings, business and product planning processes in the automotive industry are significant assets to the board.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Gregory B. Maffei	55	Mr. Maffei has been a director since March 2009 and has served as the chairman of our board since April 2013. He has served as a director and the President and Chief Executive Officer of Liberty Media Corporation (including its predecessor) since May 2007, Liberty Broadband Corporation since June 2014 and Liberty TripAdvisor Holdings Inc. since July 2013 and has served as Chairman of the Board of Liberty TripAdvisor Holdings, Inc. since June 2015. Mr. Maffei has served as the President and Chief Executive Officer of Liberty Interactive Corporation since February 2006 and as a director since November 2005. He also served as its CEO-Elect from November 2005 through February 2006. Prior thereto, Mr. Maffei served as President and Chief Financial Officer of Oracle Corporation, as Chairman, Chief Executive Officer and President of 360networks Corporation and the Chief Financial Officer of Microsoft Corporation. Mr. Maffei has served as (i) the Chairman of the Board of Starz since January 2013, (ii) the Chairman of the Board of TripAdvisor, Inc. since February 2013, (iii) the Chairman of the Board of Live Nation Entertainment, Inc. since March 2013 and a director since February 2011, (iv) a director of Charter Communications, Inc. since May 2013, and (v) a director of Zillow Group, Inc. since February 2015, having previously served as a director of its predecessor, Zillow Inc., from May 2005 to February 2015. Mr. Maffei served as a director of Barnes & Noble, Inc. from September 2011 to April 2014 and as a director of Electronics Arts, Inc. from June 2003 to July 2013. <i>Key Attributes, Experience and Skills:</i> Mr. Maffei brings to the board significant financial and operational experience based on his senior policy-making positions at Liberty Media, Liberty Interactive Corporation, Liberty TripAdvisor Holdings, Inc., Liberty Broadband Corporation, Oracle, 360networks and Microsoft. He also provides the board with executive leadership perspective on the operations and management of large public companies, including companies in the technology, media and telecommunications space. The board also benefits from his extensive public company board experience.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Evan D. Malone	45	Dr. Malone has been a director since May 2013. Dr. Malone has served as President of NextFab Studio, LLC, a high-tech workshop offering technical training, consulting, and product design and prototyping services, since June 2009 and has been an engineering consultant for over five years. Since January 2008, Dr. Malone has served as the owner and manager of a real estate property and management company, 1525 South Street LLC. During 2008, Dr. Malone also served as a post-doctoral research assistant at Cornell University and an engineering consultant with Rich Food Products, a food processing company. Dr. Malone has served as co-owner and director of Drive Passion PC Services, CC, an Internet café, telecommunications and document services company, in South Africa since 2007 and served as an applied physics technician for Fermi National Accelerator Laboratory, part of the national laboratory system of the Office of Science, U.S. Department of Energy, from 1999 until 2001. He also is a founding member of Jet Wine Bar, LLC, a wine bar, and Rex 1516, a restaurant, both in Philadelphia. Dr. Malone has served as a director of Liberty Media Corporation since September 2011. Dr. Malone has served as a director of Liberty Interactive Corporation since August 2008. <i>Key Attributes, Experience and Skills:</i> Dr. Malone brings an applied science and engineering perspective to the board. Dr. Malone's unique perspectives assist the board in adapting to technological changes facing the audio entertainment industry. His entrepreneurial experience also provides the board valuable insights in evaluating opportunities in existing, new and emerging technologies.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
James E. Meyer	61	Mr. Meyer has served as our Chief Executive Officer since December 2012 and has been a director since January 2013. Previously, Mr. Meyer was our President, Operations and Sales. Prior to joining us in May 2004, Mr. Meyer was the President of Aegis Ventures, a general management consulting company. Before Aegis, he held a number of senior management positions in consumer electronics over a 25 year period, including as the Senior Executive Vice President of Digital Media Solutions of Thomson, a worldwide leader in consumer electronics. Prior to joining Thomson, Mr. Meyer held several senior management positions at General Electric and RCA. Mr. Meyer serves on the board of ROVI Corporation. <i>Key Attributes, Experience and Skills:</i> As our Chief Executive Officer, Mr. Meyer is responsible for setting and executing our goals and strategies related to our business. Mr. Meyer provides the board not only with a knowledge of our day-to-day operations, but also with the essential experience, insight and expertise that can be provided only by a person who is intimately involved in running our business. His ability as a director to share his views during the board's deliberations is of significant benefit to the other members of the board of directors.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
James F. Mooney	61	Mr. Mooney has been a director since July 2003. Mr. Mooney is the Chief Executive Officer of Four Horsemen Consulting Group. Mr. Mooney was a director and chairman of the board of directors of Virgin Media Inc., a U.K. entertainment and communications business, from March 2003 until June 2013. From December 2004 to December 2007, Mr. Mooney was the chairman of the board of directors of RCN Corporation, a provider of bundled telephone, cable and high speed internet services. From April 2001 to September 2002, Mr. Mooney was the Executive Vice President and Chief Operating Officer of Nextel Communications Inc., a provider of wireless communications services. From January 2000 to January 2001, Mr. Mooney was the Chief Executive Officer and Chief Operating Officer of Tradeout Inc., an asset management firm owned jointly by General Electric Capital, Ebay Inc. and Benchmark Capital. From March 1999 to January 2000, Mr. Mooney was the Chief Financial Officer/Chief Operating Officer at Baan Company, a business management software provider. From 1980 until 1999, Mr. Mooney held a number of positions with IBM Corporation, including Chief Financial Officer of the Americas. Mr. Mooney is the Chairman of the Archdiocese of New York for Central Westchester, a member of the board of St. Thomas Aquinas College and a member of the Board of Advisors for the University of Notre Dame. Mr. Mooney was previously a member of the board of directors of Sidera Networks, LLC, a provider of high capacity communications services to carrier and enterprise customers. <i>Key Attributes, Experience and Skills:</i> Mr. Mooney has had a varied career in industries ranging from computer products to telecommunications, including relevant experience in subscriber-based businesses. His diverse experience is useful in our business planning process, and in analyzing subscriber trends, marketing opportunities, personnel, financing alternatives, and our long-term business plans.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Carl E. Vogel	58	Mr. Vogel has been a director since April 2011. Mr. Vogel is a private investor and an industry advisor for Kohlberg Kravis Roberts & Co. LP. Mr. Vogel is also a member of the board of directors of Dish Network Corporation, a satellite television provider, and a senior advisor to its Chairman. He served as President of Dish Network Corporation from September 2006 until February 2008 and served as its Vice Chairman from June 2005 until March 2009. From October 2007 until March 2009, Mr. Vogel served as the Vice Chairman of the board of directors of, and as a Senior Advisor to, EchoStar Communications Corporation. From 2001 until 2005, Mr. Vogel served as the President and Chief Executive Officer of Charter Communications Inc., a cable television and broadband services provider. Prior to joining Charter, Mr. Vogel worked as an executive officer in various capacities for companies affiliated with Liberty Media. Mr. Vogel is a member of the board of directors and corporate governance committee of Shaw Communications, Inc., a diversified communications company providing broadband cable and direct-to-home satellite services in Canada, a member of the board of directors and audit committee of Universal Electronics, Inc., a provider of wireless control technology for connected homes, and is a member of the board of directors, audit committee, corporate governance and nominating committee and executive committee of Ascent Media Corporation. He is also a member of the board of directors, chairman of the audit committee, and a member of the compensation committee of AMC Networks, Inc., a provider of cable television programming. Mr. Vogel served on the board of directors of NextWave Wireless Inc., a wireless technology company that developed, produced and marketed mobile multimedia and consumer electronics solutions, during the past five years. <i>Key Attributes, Experience and Skills:</i> Mr. Vogel brings executive level leadership experience in the communications industry as a result of his high level executive roles at Dish Network Corporation, Charter Communications Inc. and Liberty Media. Mr. Vogel also has extensive experience in reviewing financial statements as a result of his background as a certified public accountant and his role as a chief executive and senior finance executive of public companies.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
Vanessa A. Wittman	48	Ms. Wittman has been a director since April 2011. Ms. Wittman is the Chief Financial Officer of Dropbox, a cloud based storage and collaboration company. From March 2012 to February 2015, Ms. Wittman was the Senior Vice President and Chief Financial Officer of Motorola Mobility, a subsidiary of Google. From September 2008 to March 2012, she served as Executive Vice President and Chief Financial Officer of Marsh & McLennan Companies, Inc., a professional services company providing advice and solutions in the areas of risk, strategy, and human capital. Prior to joining Marsh & McLennan, Ms. Wittman was Chief Financial Officer and Executive Vice President of Adelphia Communications Corp., a cable television company, from 2003 to 2007. Prior to Adelphia, Ms. Wittman served as Chief Financial Officer of 360networks, a wholesale provider of telecommunications services. She also has held positions with Microsoft, Metricom Inc. and Morgan Stanley & Co. Incorporated. Ms. Wittman also serves on the board of directors of Ulta Salon, Beauty & Fragrance, Inc., a beauty products retailer. During the last five years, Ms. Wittman served as a director of kgb, an independent provider of directory assistance and enhanced information services, and Infospace, an internet search services company. <i>Key Attributes, Experience and Skills:</i> Ms. Wittman has been the chief financial officer of various public and private companies and has held senior positions in multi-national companies during her career. She also has been a director at several companies, including serving as audit committee chair for a public company.

Name	Age	Position, Principal Occupation, Business Experience and Directorships
David M. Zaslav	56	Mr. Zaslav has been a director since May 2013. Mr. Zaslav has been the President and Chief Executive Officer of Discovery Communications, Inc., one of the largest nonfiction media companies in the world, since January 2007 and a director since September 2008. Mr. Zaslav served as President, Cable & Domestic Television and New Media Distribution of NBC Universal, Inc., a media and entertainment company, from May 2006 to December 2006. Mr. Zaslav served as Executive Vice President of NBC and President of NBC Cable, a division of NBC, from October 1999 to May 2006. Mr. Zaslav also serves on the boards of Lions Gate Entertainment, the National Cable & Telecommunications Association, The Cable Center, Center for Communication, Skills For America's Future, Grupo Televisa, Partnership for New York City and USC Shoah Foundation. He is also a member of the Board of trustees for the Paley Center for Media and the Mt. Sinai Medical Center. <i>Key Attributes, Experience and Skills:</i> Mr. Zaslav, as the Chief Executive Officer of Discovery Communications and through his prior work in television, has developed a deep understanding of the media and entertainment industry. This experience, together with his general management expertise, positions him as a valued presence on our board of directors to assist us in evaluating programming and marketing opportunities and further understanding our diverse and growing subscriber base, including trends in the audio entertainment industry.

The board of directors recommends a vote “FOR” the election of each of the nominees named above.

What are the responsibilities of the board of directors?

The business and affairs of our company are managed under the direction of our board of directors. Our board, among other things, oversees senior management selection, monitors overall corporate performance and ensures the integrity of our financial controls. Our board of directors also oversees our strategic and business planning processes.

How are nominees for the board of directors selected?

Our Nominating and Corporate Governance Committee reviews possible candidates to be directors and is responsible for overseeing matters of corporate governance, including the evaluation of performance and practices of the board of directors, the board's committees, management succession plans and executive resources. The Nominating and Corporate Governance Committee considers suggestions from many sources, including stockholders, for potential director nominees. Such suggestions, together with appropriate biographical and other information required pursuant to our By-laws, should be submitted to our Corporate Secretary, Sirius XM Holdings Inc., 1221 Avenue of the Americas, 36th Floor, New York, New York 10020. Candidates who are suggested by our stockholders are evaluated by the Nominating and Corporate Governance Committee in the same manner as are other potential candidates to be directors.

In its assessment of each potential candidate, including those recommended by stockholders, the Nominating and Corporate Governance Committee takes into account all factors it considers appropriate, which may include (a) ensuring that the board of directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry

knowledge and experience, financial expertise (including expertise that could qualify a director as a “financial expert,” as that term is defined by the rules of the SEC), local or community ties, and (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with our business and related industries, independence of thought and ability to work collegially. The Nominating and Corporate Governance Committee also may consider the extent to which a candidate would fill a present need on the board of directors. After conducting an initial evaluation of a candidate, the Nominating and Corporate Governance Committee will interview that candidate if it believes the candidate might be qualified to be a director and may ask the candidate to meet with other directors and management. If the Nominating and Corporate Governance Committee believes a candidate would be a valuable addition to the board of directors, it will recommend to the board that candidate’s nomination as a director.

What is the board’s leadership structure?

Gregory B. Maffei is the Chairman of our board of directors. The Chairman of our board organizes the work of the board and ensures that the board has access to sufficient information to enable the board to carry out its functions, including monitoring our performance and the performance of management. The Chairman, among other things, presides over meetings of the board of directors, establishes the agenda for each meeting of the board in consultation with our Chief Executive Officer, oversees the distribution of information to directors, and performs other duties or assignments as agreed with either the board of directors or our Chief Executive Officer. The board of directors has determined that it is currently in our best interests to separate the Chairman of the board position and the Chief Executive Officer position because it allows the Chief Executive Officer to focus on our day-to-day business, including risk management, while allowing the Chairman of the board to lead the directors and assist the board in its fundamental role of providing advice to, and oversight of, management. Further, the board recognizes that the Chief Executive Officer position requires a significant dedication of time, effort, and energy. Our *Corporate Governance Guidelines* (the “*Guidelines*”) do not establish this approach as a policy, but as a matter that is considered from time-to-time.

Does the board have a lead independent director?

Liberty Media beneficially owns, directly and indirectly, over 50% of our outstanding common stock. In light of that control relationship, the board of directors believes it is appropriate, and a matter of good corporate governance, to designate a director to serve as the lead independent director. The board has designated Eddy W. Hartenstein, the former Chairman of our board of directors, to serve as the lead independent director. The lead independent director coordinates the activities of the other independent directors and performs such other duties and responsibilities as the board of directors determines.

Are all of the directors required to be independent?

Liberty Media beneficially owns, directly and indirectly, over 50% of our outstanding common stock entitled to vote for the election of directors. As a result, we are considered a “controlled company” and are accordingly exempt from certain corporate governance requirements of The NASDAQ Global Select Market (“NASDAQ”) Rules including, among other items, the requirement that our board of directors be comprised of a majority of independent directors and that we have a compensation committee comprised of independent directors and that director nominations are recommended by the independent members of the board of directors or a nominating committee composed of independent directors. We rely on these exemptions available to a controlled company with respect to the independence requirement of our compensation committee and our nominating committee.

The controlled company exemption does not extend to the audit committee independence requirements. Accordingly, our audit committee will continue to be comprised solely of directors meeting the independence standards under the applicable NASDAQ listing standards, Section 10A(m)(3) of the Exchange Act and our *Guidelines*. References to Liberty Media in this

proxy statement include Liberty Media Corporation and its predecessors, unless the context otherwise requires.

How does the board determine which directors are considered independent?

Our board reviews the independence of our directors annually. The provisions of our *Guidelines* regarding director independence meet, and in some areas exceed, the listing standards of NASDAQ. A copy of the *Guidelines* is available on our website at <http://investor.siriusxm.com>.

The Nominating and Corporate Governance Committee undertook a review of director independence in March 2016. As part of this review, the committee reviewed with our Corporate Secretary questionnaires submitted by directors. These questionnaires disclose transactions and relationships between each director or members of his or her immediate family, on one hand, and us, other directors, members of our senior management and our affiliates, on the other hand.

Based on this review, the Nominating and Corporate Governance Committee determined that all of our directors and nominees are independent under the standards set forth in our *Guidelines* and the applicable NASDAQ listing standards, with the exception of James E. Meyer, our Chief Executive Officer, Gregory B. Maffei and Mark D. Carleton, each of whom is an employee of Liberty Media, and Evan D. Malone, whose father is the Chairman of Liberty Media. With respect to George W. Bodenheimer, the board evaluated the ordinary course transactions during the last three fiscal years between us and ESPN, for which he served as an executive officer during the last three years, and found that the amounts paid by us to ESPN were not material.

The board has determined that a majority of the members of the Compensation Committee meet the independence standards under the applicable NASDAQ listing standards and our *Guidelines* and qualify as “non-employee directors” for purposes of Rule 16b-3 of the Exchange Act and as “outside directors” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended. The board has determined that a majority of the members of the Nominating and Corporate Governance Committee meet the independence requirements mandated by NASDAQ applicable to serving on the Nominating and Corporate Governance Committee and our *Guidelines*.

The board has also determined that all of the members of the Audit Committee are financially literate and meet the independence requirements mandated by the applicable NASDAQ listing standards, Section 10A(m)(3) of the Exchange Act and our *Guidelines*.

Our independent directors meet regularly in executive sessions.

What are the current standing committees of the board of directors and who are the members of these committees?

Our board of directors has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. From time to time the board may also form ad hoc committees.

Copies of the current charters for the Audit Committee and the Nominating and Corporate Governance Committee are available on our website at <http://investor.siriusxm.com>. The Compensation Committee has not adopted a charter.

The following table shows the current members and chair of each committee and the principal functions performed by each committee:

Committee	Functions
Audit	
Members:	Selects our independent registered public accounting firm
Joan L. Amble*	Reviews reports of our independent registered public accounting firm
Eddy W. Hartenstein	Reviews and approves the scope and cost of all services, including all non-audit services, provided by the firm selected to conduct the audit
Vanessa A. Wittman	- Monitors the effectiveness of the audit process - Reviews the adequacy of financial and operating controls - Monitors our corporate compliance program - Monitors our policies and procedures for enterprise risks
Compensation	
Members:	Reviews our executive compensation policies and strategies
George W. Bodenheimer	Oversees and evaluates our overall compensation structure and programs
Mark D. Carleton	
James P. Holden	
Carl E. Vogel*	
Nominating and Corporate Governance	
Members:	Develops and implements policies and practices relating to corporate governance
Gregory B. Maffei	Reviews and monitors implementation of our policies and procedures related to the selection of director candidates
James F. Mooney*	Assists in developing criteria for open positions as directors on the board of directors
Carl E. Vogel	Reviews background information on potential candidates for directors and makes recommendations to the board of directors
David M. Zaslav	Makes recommendations to the board of directors with respect to committee assignments

* Chair

How often did the board and its committees meet during 2015?

During 2015, there were six meetings of our board of directors, six Audit Committee meetings, four Compensation Committee meetings and two Nominating and Corporate Governance Committee meetings. Each director nominee attended 75% or more of the total number of meetings of the board and meetings held by committees on which he or she served.

Directors are also encouraged to attend the annual meeting of stockholders. Messrs. Carleton, Maffei, Meyer and Vogel attended our 2015 annual meeting of stockholders.

How can stockholders communicate with the board of directors?

Stockholders may communicate directly with our board of directors, or specified individual directors, according to the procedures described on our website at <http://investor.siriusxm.com> under "Corporate Governance—Contact our Board."

Our Corporate Secretary reviews all correspondence to our directors and forwards to the board a summary and/or copies of any such correspondence that, in the opinion of the Corporate Secretary, deals with the functions of the board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review all correspondence received by us that is addressed to members of our board.

In addition, the Audit Committee has established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by us, our board of directors and the Audit Committee regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters. These procedures are available upon written request to our Corporate Secretary.

Compensation Committee Interlocks and Insider Participation

Mr. Bodenheimer, Mr. Carleton, Mr. Holden, and Mr. Vogel served as members of the Compensation Committee during 2015. None of the members of the Compensation Committee is or has been an executive officer of our company, and no director who served on the Compensation Committee during 2015 had any relationships requiring disclosure by us under the SEC's rules requiring disclosure of certain relationships and related-party transactions. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, the executive officers of which served as a director of our company or as a member of the Compensation Committee during 2015.

Director Compensation Table for 2015

The following table provides compensation information for the year ended December 31, 2015 for each of our non-employee directors. Directors who are employees do not receive compensation for their services as directors.

Name	Fee Earned or Paid in Cash (\$)	Stock Awards ⁽²⁾ (\$)	Option Awards ⁽³⁾⁽⁴⁾ (\$)	All Other Compensation (\$)	Total (\$)
Joan L. Amble	130,000	24,999	75,010	—	230,009
Anthony J. Bates ⁽¹⁾	100,000	24,999	75,010	—	200,009
George W. Bodenheimer	100,000	24,999	75,010	—	200,009
Mark D. Carleton	100,000	24,999	75,010	—	200,009
Eddy W. Hartenstein	150,000	24,999	75,010	—	250,009
James P. Holden	100,000	24,999	75,010	—	200,009
Gregory B. Maffei	150,000	24,999	75,010	—	250,009
Evan D. Malone	100,000	24,999	75,010	—	200,009
James F. Mooney	110,000	24,999	75,010	—	210,009
Carl E. Vogel	120,000	24,999	75,010	—	220,009
Vanessa A. Wittman	100,000	24,999	75,010	—	200,009
David M. Zaslav	100,000	24,999	75,010	—	200,009

⁽¹⁾ In February 2016, Anthony J. Bates resigned from our board.

⁽²⁾ On May 20, 2015, non-employee directors, were each awarded 6,410 shares of common stock with a grant date value of \$24,999. At December 31, 2015, the aggregate number of unvested restricted stock units outstanding for Mr. Holden was 143,235 and for Mr. Mooney was 93,748.

⁽³⁾ The aggregate grant date fair values of stock option awards were computed in accordance with FASB ASC Topic 718 (excluding estimated forfeitures). The assumptions used in the valuation are discussed in Note 15 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2015. On May 20, 2015, non-employee directors, were each awarded 76,100 options at an exercise price of \$3.90 per share with a grant date fair value of \$75,010.

⁽⁴⁾ At December 31, 2015, the aggregate number of option awards outstanding for each non-employee director was as follows: Ms. Amble—1,293,718; Mr. Bates—166,274; Mr. Bodenheimer—166,274; Mr. Carleton—112,634; Mr. Hartenstein—1,635,955; Mr. Holden—483,865; Mr. Maffei—693,718; Mr. Malone—186,793; Mr. Mooney—311,170; Mr. Vogel—323,493; Ms. Wittman—323,493; and Mr. Zaslav—186,793.

As Chairman of the board of directors, in 2015, Mr. Maffei received an annual cash retainer of \$150,000. Mr. Hartenstein, our lead independent director, also received an annual cash retainer of \$150,000. The other non-employee members of our board of directors each received an annual cash retainer of \$100,000. Each director who served as chair of a committee of the board of directors in 2015 received an additional annual cash retainer as follows: the Audit Committee chairwoman received \$30,000; the Compensation Committee chairman received \$20,000; and the Nominating and Corporate Governance Committee chairman received \$10,000.

In addition, each member received an equity-based award with a grant date value equal to approximately \$75,000 in the form of options to purchase our common stock. The options were granted on the business day following the 2015 annual meeting of stockholders. All options to purchase our common stock awarded to our non-employee directors vest over a four-year period, with 25% vesting on each anniversary of the date of grant. Each member also received unrestricted shares of our common stock which immediately vested with a grant date value of approximately \$25,000 on the business day following the 2015 annual meeting of stockholders.

We also pay reasonable travel and accommodation expenses of directors in connection with their participation in meetings of the board and committees thereof.

STOCK OWNERSHIP

Who are the principal owners of our stock?

The following table sets forth information regarding beneficial ownership of our common stock as of February 29, 2016 by each person known by us to be the beneficial owner of more than 5% of our outstanding common stock. "Beneficial ownership" includes those shares a person has or shares the power to vote or transfer or has the right to acquire within 60 days of the measurement date. Based upon a Schedule 13D/A filed on November 3, 2014 by Liberty Media Corporation, the beneficial owner of the common stock listed below has sole investment and voting power with respect to these shares.

Name and Address of Beneficial Owner of Common Stock	Shares Beneficially Owned as of February 29, 2016	
	Number	Percent
Liberty Media Corporation ⁽¹⁾ 12300 Liberty Boulevard Englewood, CO 80112	3,162,173,996	62.86%

⁽¹⁾ The ownership percentage is based upon the information contained in a Schedule 13D/A filed on November 3, 2014 and a Form 4 filed on December 9, 2014 by Liberty Media Corporation and the actual number of shares outstanding, 5,030,502,004, as of February 29, 2016.

How much stock do our directors and executive officers own?

The following table shows the number of shares of common stock beneficially owned as of February 29, 2016 by each of our directors, each of our named executive officers and all of our directors and executive officers as a group.

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned ⁽¹⁾	Percent of Class
Joan L. Amble	1,134,076	*
George W. Bodenheimer	36,089	*
Mark D. Carleton ⁽²⁾	15,544	*
Eddy W. Hartenstein	1,476,313	*
James P. Holden	324,223	*
Gregory B. Maffei ⁽²⁾	534,076	*
Evan D. Malone ⁽²⁾	46,349	*
James F. Mooney ⁽³⁾	160,628	*
Carl E. Vogel	163,851	*
Vanessa A. Wittman	163,851	*
David M. Zaslav	46,349	*
James E. Meyer	13,463,846	*
David J. Frear ⁽⁴⁾	8,377,946	*
Dara F. Altman	1,929,021	*
James A. Cady	567,897	*
Joseph A. Verbrugge	396,285	*
All Executive Officers and Directors as a Group (20 persons)	44,830,435	0.9%

* Less than 1% of our outstanding shares of common stock.

⁽¹⁾ These amounts include shares of common stock, restricted shares of common stock, unexercised stock options and RSUs that the individuals hold or have the right to acquire within sixty days of February 29, 2016. Also included are the following numbers of shares of common stock acquired under and held in the Sirius XM Radio Inc. 401(k) Savings Plan as of February 29, 2016: Mr. Meyer—5,355 shares; Mr. Frear—85,046 shares; Ms. Altman—54,021 shares;

Mr. Cady—0 shares; Mr. Verbrugge—0 shares; and all other executive officers not shown above—101,793 shares.

⁽²⁾ Messrs. Carleton and Maffei are employees of Liberty Media, which beneficially owns 3,162,173,996 shares (or 62.86%) of our common stock as of February 29, 2016, and they disclaim beneficial ownership of the shares owned by Liberty Media and its affiliates. Dr. Malone is a member of the board of directors of Liberty Media and also disclaims beneficial ownership of the shares owned by Liberty Media and its affiliates.

⁽³⁾ Includes 9,100 shares held as custodian for Mr. Mooney's child.

⁽⁴⁾ Includes 1,900 shares held by Mr. Frear's spouse.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of reports filed pursuant to Section 16(a) of the Exchange Act and written representations furnished to us during our most recent fiscal year, we know of no director, executive officer or beneficial owner of more than 10% of our common stock who failed to file on a timely basis reports of beneficial ownership of our common stock as required by Section 16(a) of the Exchange Act.

GOVERNANCE OF THE COMPANY

How does the board of directors oversee our risk management process?

The board executes its oversight responsibility for risk management directly and through its committees, as follows:

- The Audit Committee has primary responsibility for monitoring our internal audit, corporate, financial and risk management processes and overseeing our system of internal controls and financial reporting. The Audit Committee discusses specific risk areas throughout the year, including those that may arise from time to time and the measures taken by management to monitor and limit risks.
- The Audit Committee receives regular reports throughout the year on matters related to risk management. At each regularly scheduled meeting, the Audit Committee receives reports from our (i) external auditor on the status of audit activities and findings and (ii) executive in charge of internal audit (who reports directly to the Audit Committee) on the status of the internal audit plan, audit results and any corrective action taken in response to internal audit findings.
- We have a Compliance Officer who is in charge of our compliance with FCC related laws and regulations and training and monitoring compliance with those laws and regulations. Our Executive Vice President, General Counsel and Secretary reports to the Audit Committee throughout the year on information received via calls to our compliance hotline and any changes or developments in compliance matters. Each quarter, our Chief Financial Officer reports to the board of directors on our performance and discusses how actual performance compares to our business plan and budget. Our executive officers report regularly to the board about the risks and exposures related to our business.
- The other committees of the board of directors oversee risks associated with their respective areas of responsibility. For example, the Compensation Committee assesses risks associated with our compensation policies and programs for executives.
- The committees report to the board of directors at every regular board meeting on the topics discussed and actions taken at the most recent committee meeting. Our board of directors discusses the risks and exposures, if any, involved in the matters or recommendations of the committees, as necessary.
- Our board of directors also considers specific risk topics throughout the year, including risks associated with our business plan, litigation, operational efficiency, government regulation, physical facilities, information technology infrastructure, cybersecurity and capital structure,

among many others. The board is informed about and regularly discusses our risk profile, including legal, regulatory and operational risks to our business.

What are our policies and procedures for related party transactions?

We have adopted a written policy and written procedures for the review, approval and monitoring of transactions involving the Company or its subsidiaries and “related persons.” For the purposes of the policy, “related persons” include executive officers, directors or their immediate family members, or stockholders owning more than five percent of our common stock.

Our related person transaction policy requires:

- that any transaction in which the Company is a participant, a related person has a material direct or indirect interest and which exceeds \$120,000 (such transaction referred to as a “related person” transaction) and any material amendment or modification to a related person transaction, be reviewed and approved or ratified by a committee of the board composed solely of independent directors who are disinterested or by the disinterested members of the board; and
- that any employment relationship or transaction involving an executive officer and the Company must be approved by the Compensation Committee or recommended by the Compensation Committee to the board for its approval.

In connection with the review and approval or ratification of a related person transaction, management must:

- disclose to the committee or disinterested directors, as applicable, the material terms of the related person transaction, including the approximate dollar value of the amount involved in the transaction, and all the material facts as to the related person’s direct or indirect interest in, or relationship to, the related person transaction;
- advise the committee or disinterested directors, as applicable, as to whether the related person transaction complies with the terms of our agreements governing our material outstanding indebtedness that limit or restrict our ability to enter into a related person transaction;
- advise the committee or disinterested directors, as applicable, as to whether the related person transaction will be required to be disclosed in our SEC filings. To the extent required to be disclosed, management must ensure that the related person transaction is disclosed in accordance with SEC rules; and
- advise the committee or disinterested directors, as applicable, as to whether the related person transaction constitutes a “personal loan” for purposes of Section 402 of the Sarbanes-Oxley Act of 2002.

In addition, the related person transaction policy provides that the Compensation Committee, in connection with any approval or ratification of a related person transaction involving a non-employee director or director nominee, should consider whether such transaction would compromise the director or director nominee’s status as an “independent,” “outside,” or “non-employee” director, as applicable, under the rules and regulations of the SEC, NASDAQ and the Internal Revenue Code.

Since the beginning of fiscal 2015, there were no related party transactions that are required to be disclosed pursuant to the SEC rules and regulations.

What is the relationship between Sirius XM and Liberty Media Corporation?

In February and March 2009, we entered into several transactions to borrow up to \$530 million from Liberty Media Corporation and its affiliates. All of these loans were repaid in cash in 2009.

As part of the transactions with Liberty Media, in February 2009, we entered into an investment agreement (the “Investment Agreement”) with Liberty Radio, LLC, an indirect wholly-owned subsidiary of Liberty Media. Pursuant to the Investment Agreement, we issued to Liberty Radio, LLC 12,500,000 shares of convertible preferred stock in partial consideration for the loan

investments. The preferred stock was convertible into approximately 40% of our outstanding shares of common stock (after giving effect to such conversion).

In September 2012, Liberty Radio, LLC converted 6,249,900 shares of its preferred stock into 1,293,467,684 shares of our common stock. In January 2013, the Federal Communications Commission granted Liberty Media approval to acquire *de jure* control of us and Liberty Radio, LLC converted its remaining preferred stock into 1,293,509,076 shares of our common stock. As a result of these conversions of preferred stock and additional purchases of our common stock, Liberty Media then beneficially owned, directly and indirectly, over 50% of our outstanding common stock.

Three individuals who are affiliated with Liberty Media, either as executives or members of the board of directors of Liberty Media, are members of our board of directors. Gregory B. Maffei, the President and Chief Executive Officer of Liberty Media, is the Chairman of our board of directors.

As a result, Liberty Media has the ability to control our affairs, policies and operations, such as the appointment of management, future issuances of our common stock or other securities, the payment of dividends, if any, on our common stock, the incurrence of debt by us, amendments to our certificate of incorporation and by-laws and the entering into of extraordinary transactions, and their interests may not in all cases be aligned with the interests of other stockholders. In addition, Liberty Media can determine the outcome of all matters requiring general stockholder approval and has the ability to cause or prevent a change of control of our Company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our Company. The concentration of ownership could deprive stockholders of an opportunity to receive a premium for their common stock as part of a sale of our Company and might ultimately affect the market price of our common stock.

Does Sirius XM have corporate governance guidelines and a code of ethics?

Our board of directors adopted the *Guidelines* which set forth a flexible framework within which the board, assisted by its committees, directs our affairs. The *Guidelines* cover, among other things, the composition and functions of our board of directors, director independence, management succession and review, committee assignments and selection of new members of our board of directors.

Our board of directors has also adopted a *Code of Ethics*, which is applicable to all our directors and employees, including our chief executive officer, principal financial officer and principal accounting officer.

Our *Guidelines* and the *Code of Ethics* are available on our website at <http://investor.siriusxm.com> under “Corporate Governance” and in print to any stockholder who provides a written request for either document to our Corporate Secretary. If we amend or waive any provision of the *Code of Ethics* with respect to our directors, chief executive officer, principal financial officer or principal accounting officer, we will post the amendment or waiver at this location on our website.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

This Compensation Discussion and Analysis, or “CD&A,” describes and analyzes our executive compensation program for our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers named in our Summary Compensation Table. We refer to these five officers throughout this CD&A and the accompanying tables as our “named executive officers.”

Executive Summary

The Compensation Committee is responsible for developing and maintaining a compensation program for our named executive officers. Our executive compensation program plays a key role in our operating and financial success. The Compensation Committee has strived to design this compensation program with great care, focusing first and foremost on the incentives that the program promotes. The Compensation Committee believes that our ability to recruit, incentivize and retain top executive talent is essential to our long-term success, particularly in light of the challenging competitive and technological environments in which we operate. Accordingly, the Compensation Committee believes it has successfully balanced the sometimes competing obligations to make decisions which meet the needs of our company against a one size fits all approach.

<i>What our Executive Compensation Program Primarily Consists of and What it Aims to Achieve:</i>	• Consists primarily of three elements: (1) base salary ; (2) performance-based annual bonus ; and (3) long-term equity compensation. • Provides a mix of fixed compensation and short- and long-term incentives. • Serves as an effective means of attracting, retaining, rewarding, and motivating a talented, entrepreneurial and creative team of executives with the skills and experience necessary to achieve our business goals and enhance stockholder value.
<i>Steps We Took to Better Align Executive Compensation with Stockholder Interests:</i>	In connection with extending the terms of our executive agreements, we have (among other things): • eliminated golden parachute excise tax gross ups; and • added clawback provisions to our executive employment agreements

At our annual meeting in 2014 we held an advisory “say on pay” vote on the compensation of our named executive officers. Our stockholders overwhelmingly approved the compensation of our named executive officers, with over 84% of our common stock casting votes in favor of our say-on-pay resolution. The Compensation Committee considered the strong support our stockholders expressed for our pay for performance compensation philosophy and has not made any changes to the core elements of our compensation programs since that vote. We intend to conduct such advisory vote every three years. The next such vote will be held at our 2017 annual meeting of stockholders.

Fiscal Year 2015 Business Highlights

We believe that our compensation program for the named executive officers was instrumental in helping us deliver strong financial performance, strengthen our business and create value for our stockholders in 2015. In the face of intense competition for our services, our financial results exceeded our public guidance and our internal budget and business plan. Further, we believe that

we remain well positioned to capitalize on opportunities and successfully address future challenges. The following description highlights our financial and operating results for 2015:



Added approximately 2.3 million net new subscribers, resulting in a total of approximately 29.6 million subscribers, an increase of over 8% as compared to 2014;

Entered into a new twelve-year agreement with Howard Stern under which Mr. Stern will continue to produce and host his show on Sirius XM for the next five years and license us the exclusive use of his entire audio and video library for twelve years;

Renewed our agreements with the National Football League, the National Hockey League, and the PGA Tour, ensuring that our subscribers continue to have access to comprehensive coverage of these major sports; and

Entered into agreements with Toyota and Nissan to provide connected vehicle services for their vehicles, and with Audi, Jaguar, Land Rover and Subaru to provide support for their new vehicle safety and security services.

⁽¹⁾ In this CD&A, we use certain financial performance measures that are not calculated and presented in accordance with generally accepted accounting principles in the United States of America ("Non-GAAP"). These Non-GAAP financial measures include adjusted EBITDA and free cash flow. We use these Non-GAAP financial measures and other performance metrics to manage our business, set operational goals and, in certain cases, as a basis for determining compensation for our employees. Please refer to the glossary contained in our annual report for the fiscal year ended December 31, 2015 which accompanies this proxy statement for a discussion of such Non-GAAP financial measures, reconciliations to the most directly comparable GAAP measure and a discussion of these other performance metrics.

Primary Objectives of our Compensation Programs

Program Objectives

We strive to attract, motivate, reward and retain highly qualified executives with the skills and experience necessary to provide leadership for our success in dynamic and competitive markets and enhance stockholder value by providing compensation that is largely “at risk” and competitive with the various markets and industries in which we compete for talent. We also endeavor to develop executive compensation programs that are consistent with, explicitly linked to, and support our strategic objectives—growing our business while enhancing stockholder value.

We achieve these objectives through three primary compensation elements:

- a base salary;
- a performance-based discretionary annual bonus that constitutes the short-term incentive element of our program; and
- equity-based awards that constitute the long-term incentive element of our program.

The value of equity-based compensation represents a significant portion of our executives’ compensation.

Competitive Compensation Levels	• The Compensation Committee believes that a program comprised principally of the above-described three elements is consistent with programs adopted by companies with which we compete for executive talent. • The program is structured to meet the requirements of the intensely competitive and rapidly changing environment in which we operate, while ensuring that we maintain continuity in our senior management. • The program ensures executive officers are compensated in a manner that advances both the short- and long-term interests of our stockholders while not encouraging excessive risk-taking.
Compensation Mix	• A significant proportion of the compensation for our named executive officers is "at risk"—namely, the annual bonus and equity-based awards. • We believe this pay mix motivates the named executive officers to achieve goals and objectives that support our business plan and align our executives’ interests with those of our stockholders. • Compensation in the form of, or based on the value of, our common stock incentivizes executives to enhance stockholder value.



In making decisions with respect to any single element of a named executive officer's compensation, the Compensation Committee considers the officer's level of responsibility, experience and contributions, internal pay equity and the compensation that may be awarded to the officer, including salary, annual bonus, long-term incentives, perquisites and other benefits. In addition, the Compensation Committee considers the other benefits to which the officer is entitled under the officer's employment agreement, including compensation payable upon termination of employment. (Each named executive officer is employed pursuant to agreements described under "Potential Payments upon Termination or Change in Control—Employment Agreements" below.)

How We Determine Executive Compensation

Processes and Compensation Decisions

The Compensation Committee does not attempt to set compensation levels for each named executive officer within a particular range related to levels provided by peers. The Compensation Committee attempts to monitor "best practices" and emerging trends in executive compensation, relies on the general business and industry knowledge and experience of its members and occasionally uses general market comparisons as one of many factors in making compensation decisions. Other factors considered when making individual executive compensation decisions include individual contribution and performance, reporting structure, historical compensation, internal pay equity, complexity and importance of roles and responsibilities, expected future contributions, leadership and growth potential, retention considerations and our performance. The Compensation Committee also believes that it is in our stockholders' interests, and consistent with industry practice, to enter into arrangements with our named executive officers in order to provide management stability and ensure that we have access to their services while striving to achieve our strategic objectives. Further, any compensation or equity awards provided to the named executive officers are subject to clawback as may be required pursuant to any law or regulation.

In determining compensation element levels, including the size of equity-based awards, if any, for each named executive officer (other than the Chief Executive Officer), the Compensation Committee also consults with and considers the recommendations and input of our Chief Executive Officer.

Each Element of Our Executive Compensation Program and How it Works

Our practices with respect to the key compensation elements identified above, as well as other elements of compensation, are described below, followed by a discussion of the specific factors considered in determining the levels of these compensation elements for the named executive officers for 2015.

Base Salary

Base salaries for the named executive officers are determined consistent with the terms of their employment agreements. The minimum amount of base salaries set forth in the employment agreements and any increases over these amounts are determined by the Compensation Committee based on a variety of factors, including:

	• The nature and responsibility of the executive's position and, to the extent available and deemed relevant, salary trends for persons in similar positions at comparable companies
Factors Affecting Base Salary Considerations	• The expertise, demonstrated leadership and management ability, and past performance of the individual executive
	• The executive's salary history and total compensation, including other cash bonus and stock-based awards
	• The competitiveness of the market for the executive's services

The Compensation Committee also considers the recommendations of our Chief Executive Officer (except as to his own compensation). In setting base salaries, the Compensation Committee also believes that the amount of base salary should be a relatively smaller portion of each named executive officer's overall compensation package, thereby aligning the interests of our executives more closely with those of our stockholders.

Annual Incentives

	• Annual bonuses take into consideration all factors relevant to the company's and an executive's performance, including numerous financial and operational metrics, without being limited by a purely formulaic approach.
Annual Incentives – Annual Cash Bonus Awards	• The Compensation Committee has awarded annual bonuses in cash, but may award bonuses in cash, restricted stock, RSUs, stock options or a combination thereof.
	• None of our named executive officers are entitled to a guaranteed or minimum bonus.
	• Annual bonuses approved by the Compensation Committee for 2015 were intended to achieve two principal objectives: (1) link compensation with corporate performance; and (2) reward our named executive officers based on individual performance and contributions to our success.

To guide the Compensation Committee in determining annual bonus amounts for the named executive officers, in 2015 the Compensation Committee adopted a bonus plan that measures our performance using various criteria, such as increases in subscribers, revenue, adjusted EBITDA and free cash flow. This plan is used by the Compensation Committee as one set of factors, along with other financial and operational metrics that the Compensation Committee deems relevant, in evaluating and benchmarking bonus amounts for the named executive officers. A more detailed description of the methodologies used by the Compensation Committee to determine the bonus

amounts, and the amount of the bonus awards to our named executive officers, is discussed below under the heading “Fiscal Year 2015 Pay Results—Payment of Performance-Based Discretionary Annual Bonuses for 2015” and are reflected in the Summary Compensation Table.

Long-term Incentive Compensation

The Compensation Committee determines the level of long-term incentive compensation in conjunction with total compensation provided to named executive officers and the objectives of the above-described compensation program.

Why Long-Term Incentives Are a Key Aspect of Our Executive Compensation Program

Long-term incentive awards have historically represented a significant portion of our named executive officers’ compensation, thus ensuring that our executives, through their equity-based compensation, have a continuing stake in our success, aligning their interests with that of our stockholders and supporting the goal of retention through vesting requirements and forfeiture provisions. The Compensation Committee grants long-term incentive awards to directly align compensation for our named executive officers over a multi-year period with the interests of our stockholders by motivating and rewarding actions that enhance long-term stockholder value, while also ensuring the continued retention of our named executive officers.

Consistent with the past few years, in 2015 the Compensation Committee determined that long-term incentive compensation for our named executive officers would consist of both stock options and RSUs. A summary of the terms applicable to grants of stock options and RSUs is set forth below.

Stock Options

Stock options have an exercise price equal to the fair market value of our common stock on the date of grant, and therefore reward the executives only if the price of our stock increases after the date of grant

Generally vest over a period of three or four years in equal annual installments

Generally vest subject to the executive’s continued employment, incentivizing executives to remain with the Company and sustain increases in stockholder value over extended periods of time

Restricted Stock Units

The Compensation Committee believes that the use of RSUs, as a form of equity-based compensation, provides predictable retention value and alignment of executive interests with stockholder interests, particularly in volatile equity markets

Vest on varying schedules

Generally vest subject to the executive’s continued employment, incentivizing executives to remain with the Company and sustain increases in stockholder value over extended periods of time

The specific number of options and RSUs granted is determined either as part of an employment agreement or by the Compensation Committee with the assistance of our Chief Executive Officer (other than in the case of any equity awards to himself) and by using their

informed judgment, taking into account the executive's role and responsibilities and our overall performance and the performance of our common stock, and is not based on any specific quantitative or qualitative factors.

Fiscal Year 2015 Pay Results

2015 Base Salary Decisions

We have entered into employment agreements with each of our named executive officers. During 2015, the Compensation Committee approved increases to each of our named executive officers' base salaries. Such increases were approved in connection with the extension of three executive's employment agreements and two executives' promotions in 2015.

Mr. Meyer	Increased from \$1,550,000 to \$1,800,000 in August 2015
Mr. Frear	Increased from \$850,000 to \$1,200,000 in July 2015
Ms. Altman	Increased from \$500,000 to \$600,000 in June 2015
Mr. Cady	Increased from \$400,000 to \$600,000 in June 2015
Mr. Verbrugge	Increased from \$355,000 to \$500,000 in December 2015

Payment of Performance-Based Discretionary Annual Bonuses for 2015

In 2015, the Compensation Committee again adopted, under the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan, a bonus program designed to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code (the "NEO Bonus Plan"). Pursuant to the NEO Bonus Plan, a bonus pool was established for our Chief Executive Officer and the other named executive officers, other than our Chief Financial Officer, consisting of 2.75% of our EBITDA for 2015. The maximum bonus that a named executive officer could receive under the NEO Bonus Plan was limited to a percentage of the bonus pool (which percentages were not changed during the performance year) and could not exceed the cash equivalent of 75 million shares of our common stock (based on the closing price of our common stock as of the last trading day of 2015). In addition, no amounts could be paid under the NEO Bonus Plan unless a threshold amount of EBITDA was achieved for 2015.

In 2016, the Compensation Committee met to consider bonuses for our named executive officers with respect to 2015 and whether to award bonuses for other employees. The Compensation Committee carefully reviewed our performance against key metrics in our budget and bonus plan, including the generation of EBITDA, as required by the NEO Bonus Plan, and our efforts to increase subscribers, revenue, adjusted EBITDA and free cash flow.

Following its review of our 2015 performance, the Compensation Committee:

- approved a cash bonus pool to be divided among our employees, other than the named executive officers;
- reviewed the NEO Bonus Plan pool and exercised negative discretion, approving the individual bonus amounts awarded to each of the named executive officers under the NEO Bonus Plan; and
- reviewed and approved the payment to our Chief Financial Officer whose bonus, pursuant to Section 162(m) of the Internal Revenue Code, is not included in the NEO Bonus Plan.

The actual amount of the bonus paid to each named executive officer was based on a combination of factors, including our 2015 corporate performance, their individual contributions and performance in their functional areas of responsibility and, with respect to all named executive officers other than himself, recommendations made by Mr. Meyer. Various specific factors taken into consideration in determining the bonus amounts for the named executive officers are set forth

below. The annual bonus for Mr. Meyer is discussed below under the heading “2015 Compensation Snapshot: Compensation of our Chief Executive Officer.”

Mr. Frear was awarded a bonus for his contributions during the year, including:

- his regular on-going contributions as our Chief Financial Officer and his role in managing our fixed and variable costs;
- overseeing our investor relations efforts;
- managing our stock buyback program which increased during the year from \$6 billion to \$8 billion;
- supervising our satellite procurement efforts;
- overseeing our investment in Sirius XM Canada; and
- his efforts in the continued development of our information technology systems.

Ms. Altman was awarded a bonus for her contributions during the year, including:

- her regular on-going contributions as our Chief Administrative Officer;
- her role in managing our human resources function, including our employee development, diversity and inclusion initiatives;
- managing our facilities and security operations; and
- supervising the evaluation and management of our real estate holdings.

Mr. Cady was awarded a bonus for his contributions during the year, including:

- overseeing the development of our transmission and radio technology;
- managing our engineering and streaming operations;
- expanding our relationships with automakers in the connected vehicle services area; and
- his role in the continued integration of our connected vehicle services business.

Mr. Verbrugge was awarded a bonus for his contributions during the year, including:

- driving subscriber growth in our automotive remarketing sales channel;
- expanding our relationships with franchise and independent auto dealers;
- developing new business opportunities with auto insurers, lenders and service providers;
- leading our aftermarket product development, distribution and retail sales; and
- overseeing our commercial, aviation, marine and fleet businesses.

Based on the foregoing, the Compensation Committee approved the specific annual bonus amounts set forth in the Summary Compensation Table under the “Bonus” column for each of the above named executive officers.

Long-Term Equity Grants for 2015

Our historical practice has generally been to grant equity incentive awards in connection with an executive’s decision to enter into a new employment agreement with us or extend his/her existing employment agreement. We make such grants in order to incentivize our top-performing executives to continue providing service to the Company. Further, the long-term nature of the awards serves as a retention tool. The number of stock options granted was equal to the total value of the executive’s individual grant divided by the grant date fair value calculated under the Black-Scholes-Merton model. The number of RSUs granted was equal to the total value of the executive’s individual grant divided by the per share closing price of our common stock reported on NASDAQ on the grant date of the executive’s award.

During 2015, our long-term equity grants consisted of stock options and RSUs. The specific value of the options and RSUs granted was determined by the Compensation Committee (and, other than with respect to the grants made to Mr. Meyer, with the assistance of our Chief Executive Officer). The grant date fair value of the awards is identified in the Summary Compensation Table

under the “Stock Awards” and the “Option Awards” columns, and in the “Grants of Plan-Based Awards in 2015” table. The specific grants made to each executive are described in more detail below.

In August 2015, we entered into a new employment agreement with Mr. Meyer to continue to serve as our Chief Executive Officer. In connection with his new agreement, we granted Mr. Meyer stock options and RSUs in an amount equal to \$10,000,000 and \$10,000,000, respectively. The vesting of the stock options and RSUs is generally subject to Mr. Meyer’s continued employment through the applicable vesting period and is described under “Outstanding Equity Awards at Fiscal Year-End 2015.”

In July 2015, we entered into a new employment agreement with Mr. Frear to continue to serve as our Chief Financial Officer. In connection with his new agreement, we granted Mr. Frear stock options in an amount equal to \$11,102,218. The vesting of the stock options is generally subject to Mr. Frear’s continued employment through the applicable vesting period and is described under “Outstanding Equity Awards at Fiscal Year-End 2015.”

In June 2015, we entered into a new employment agreement with Ms. Altman to continue to serve as our Chief Administrative Officer. In connection with her new agreement, we granted Ms. Altman stock options and RSUs in an amount equal to \$4,125,000 and \$1,375,000, respectively. The vesting of the stock options and RSUs is generally subject to Ms. Altman’s continued employment through the applicable vesting period and is described under “Outstanding Equity Awards at Fiscal Year-End 2015.”

In June 2015, we entered into a new employment agreement with Mr. Cady upon his appointment as our Executive Vice President, Operations, Products and Connected Vehicle. In connection with his new agreement, we granted Mr. Cady stock options and RSUs in an amount equal to \$1,500,000 and \$500,000, respectively. The vesting of the stock options and RSUs is generally subject to Mr. Cady’s continued employment through the applicable vesting period and is described under “Outstanding Equity Awards at Fiscal Year-End 2015.”

In December 2015, we entered into a new employment agreement with Mr. Verbrugge upon his appointment as our Executive Vice President, Sales and Development. In connection with his new agreement, we granted Mr. Verbrugge stock options and RSUs in an amount equal to \$3,750,000 and \$1,250,000, respectively. In connection with our long-term incentive program, in August 2015, we also granted Mr. Verbrugge stock options and RSUs in an amount equal to \$937,514 and \$312,502, respectively. The vesting of the stock options and RSUs is generally subject to Mr. Verbrugge’s continued employment through the applicable vesting period and is described under “Outstanding Equity Awards at Fiscal Year-End 2015.”

2015 Compensation Snapshot: Compensation of Our Chief Executive Officer

The material terms of Mr. Meyer’s employment agreement are described below under “Potential Payments or Benefits Upon Termination or Change in Control—Employment Agreements—James E. Meyer.”

The terms of Mr. Meyer’s employment were established by negotiations between Mr. Meyer and the Chairman of our board of directors in consultation with the Compensation Committee. The Compensation Committee believes that Mr. Meyer’s qualifications and experience are well suited to our needs, and that his compensation, including the base salary and equity components, is, taken as a whole, appropriate under the circumstances.

In February 2016, Mr. Meyer was awarded a cash bonus of \$7.5 million in recognition of his notable performance and contribution to our corporate performance in 2015, including:

✓	<i>Increasing our net subscribers by approximately 2.3 million, resulting in a total of approximately 29.6 million subscribers, an increase of over 8% as compared to 2014</i>
✓	<i>Achieving adjusted EBITDA growth of 13% to \$1.7 billion</i>
✓	<i>Increasing our 2015 revenue by 9% to \$4.6 billion and increasing free cash flow by 14% to \$1.3 billion</i>
✓	<i>Overseeing \$2 billion of stock repurchases through our buyback program</i>
✓	<i>Continuing to establish Sirius XM as a leading provider of telematics services by entering into agreements with Toyota, Nissan, Audi, Jaguar, Land Rover and Subaru to provide connected vehicles services and/or support for their new vehicle safety and security services</i>
✓	<i>Managing our significant investments in research and development</i>
✓	<i>Continuing to expand our ability to identify and acquire subscribers in certified pre-owned and used vehicles and managing our investment in infrastructure in this area</i>
✓	<i>Entering into a long-term agreement with Howard Stern, renewing our agreements with the National Football League, the National Hockey League, and the PGA Tour, and adding other compelling content to our services while managing programming expenses</i>
✓	<i>Continuing to improve our customer care experience, including through further enhancements to our Internet-based self-care functionality and chat services</i>
✓	<i>Fostering a corporate culture based on quality, creativity, diversity, integrity and innovation</i>
✓	<i>Maintaining Sirius XM as one of the largest subscription-based media companies in the United States</i>

Other Benefits Provided to Named Executive Officers

Retirement and Other Employee Benefits

We maintain broad-based benefits for all employees, including health and dental insurance, life and disability insurance and a 401(k) savings plan, including a matching component for that plan. Our named executive officers are eligible to participate in all of our employee benefit plans on the same basis as other employees.

Our 401(k) savings plan allows eligible employees to voluntarily contribute from 1% to 50% of their pre-tax eligible earnings, subject to certain defined limits. We match 50% of an employee's voluntary contributions per pay period on the first 6% of an employee's pre-tax salary up to a maximum of 3% of eligible compensation. Employer matching contributions under the plan vest at a rate of 33.33% for each year of employment and are fully vested after three years of employment for all current and future contributions.

Deferred Compensation Plan

In 2015, the Compensation Committee approved and adopted the Sirius XM Holdings Inc. Deferred Compensation Plan (the "Deferred Compensation Plan") to provide a tax-efficient method for participants to defer certain portions of their compensation. Participation in the Deferred Compensation Plan is available to certain of our senior officers, including our named executive officers, and members of our board of directors, and we believe this enhances our ability to attract and retain senior management.

Eligible employees may defer a portion of their annual base salary and/or annual bonus, as applicable, each plan year. Our named executive officers are eligible to participate on the same terms as other eligible employees. Although our Compensation Committee deemed the Deferred

Compensation Plan to be an important benefit to participants, it is not included in any quantitative valuation with respect to the three main components of our executive compensation packages, because participation in the Deferred Compensation Plan, and to what extent, is at each participant's discretion and there is no matching contribution from us at this time.

Pursuant to the Deferred Compensation Plan, eligible employees may elect to defer up to (i) 50% of his or her cash-paid base salary; and (ii) 75% of his or her annual cash bonus. We may elect to make additional contributions beyond amounts deferred by participants, but we are under no obligation to do so. At the time of making a deferral election, participants designate the time and form of the distribution of deferrals to be made for the year to which that election relates. Distributions may occur earlier upon a change in control or a termination of employment, subject to certain conditions provided for under the Deferred Compensation Plan and Section 409A of the Internal Revenue Code. Participants have the opportunity to designate the investment funds to which the deferred amounts are to be credited. All investment gains and losses in a participant's account under the Deferred Compensation Plan are entirely based upon the investment selections made by the participant. We have established a grantor (or "rabbi") trust to facilitate payment of our obligations under the Deferred Compensation Plan.

The contributions, earnings and account balances for the named executive officers in the Deferred Compensation Plan are described in the "Non-Qualified Deferred Compensation" table.

Perquisites and Other Benefits for Named Executive Officers

The Compensation Committee supports providing other benefits to named executive officers that are almost identical to those offered to our other full time employees and are provided to similarly situated executives at companies with which we compete for executive talent.

In limited circumstances, a named executive officer may receive certain tailored benefits. For example, in 2015, Mr. Cady, due to his principal residence being in the State of Oregon, was reimbursed for the reasonable costs of coach class airfare from his home to our various offices, along with reasonable hotel and meal expenses. The costs of these benefits for Mr. Cady constituted less than 10% of his compensation in 2015.

Payments to Named Executive Officers Upon Termination or Change in Control

The employment agreements with our named executive officers provide for severance payments upon an involuntary termination of employment without "cause" or for "good reason" (as each term is defined in their employment agreement). These arrangements vary among executives due to individual negotiations. The material terms of these arrangements are described under "Potential Payments or Benefits Upon Termination or Change in Control—Employment Agreements." None of the employment agreements for the named executive officers provide for any special payments solely due to a change in control. Under the terms of both the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan and the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (collectively, the "Plans"), if the employment of any of our named executive officers is terminated by us without cause, or by the executive for good reason, within two years following a change in control, then in accordance with the Plans, their equity awards are subject to accelerated vesting.

We believe that these severance arrangements mitigate some of the risk that exists for executives working in our highly competitive industry. These arrangements are intended to attract and retain qualified executives who could have other job alternatives that may appear to them, in the absence of these arrangements, to be less risky, and such arrangements allow the executives to focus exclusively on our interests.

Fiscal Year 2016 Compensation Considerations

The Compensation Committee plans to review our executive compensation program in 2016 with a view to ensuring that it continues to provide the correct incentives and is properly sized given the scope and complexity of our business and the competition we face.

The Compensation Committee has again adopted a bonus program which is intended to comply with Section 162(m) of the Internal Revenue Code for our Chief Executive Officer and the other three most highly compensated executive officers (except for our Chief Financial Officer). That bonus program is designed to promote the achievement of our key financial goals for 2016.

The Compensation Committee does not believe that any risks that may arise from our compensation policies and practices are reasonably likely to have a material adverse effect on our Company. The Compensation Committee considered various factors that have the effect of mitigating compensation-related risks and have reviewed our compensation policies and practices for our employees, including the elements of our executive compensation programs, to determine whether any portion of such compensation encourages excessive risk taking.

Policy with Respect to Section 162(m) of the Internal Revenue Code

As described above, in 2016 the Compensation Committee again adopted a bonus plan which is intended to comply with Section 162(m) of the Internal Revenue Code for our Chief Executive Officer and the other three most highly compensated executive officers, except for our Chief Financial Officer. The Compensation Committee anticipates that this plan will result in tax deductibility for any compensation we pay to such executive officers that exceeds \$1 million with respect to 2016. However, the Compensation Committee may from time to time approve compensation that is not deductible under Section 162(m) of the Internal Revenue Code if it determines that it is in our best interest to do so.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussion, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Compensation Committee
C ARL E. V OGEL , *Chairman*
G EORGE W. B ODENHEIMER
M ARK D. C ARLETON
J AMES P. H OLDEN

Summary Compensation Table

The following table provides information concerning total compensation earned or paid to our Chief Executive Officer, our Chief Financial Officer and our three other most highly compensated executive officers who served in such capacities as of December 31, 2015 for services rendered to us during each of the past three fiscal years. These five officers are referred to herein as the “named executive officers.”

Name and Principal Position	Year	Salary \$	Bonus \$	Stock Awards ⁽¹⁾ \$	Option Awards ⁽¹⁾ \$	All Other Compensation ⁽²⁾ \$	Total \$
James E. Meyer	2015	1,650,000	7,500,000	10,000,000	10,000,000	7,950	29,157,950
Chief Executive Officer	2014	1,550,000	6,000,000	—	—	7,800	7,557,800
	2013	1,468,590	4,720,000	3,249,998	13,568,656	58,063	23,065,307
David J. Frear	2015	1,026,346	1,950,000	—	11,102,218	7,950	14,086,514
Senior Executive Vice President and	2014	850,000	1,600,000	—	—	7,800	2,457,800
Chief Financial Officer	2013	850,000	1,450,000	—	—	7,650	2,307,650
Dara F. Altman	2015	554,231	1,200,000	1,375,000	4,125,000	7,950	7,262,181
Executive Vice President and	2014	500,000	1,050,000	—	—	7,800	1,557,800
Chief Administrative Officer	2013	500,000	975,000	—	—	7,650	1,482,650
James A. Cady	2015	503,846	1,200,000	500,000	1,500,000	7,950	3,711,796
Executive Vice President, Operations,	2014	366,667	450,000	125,023	1,375,021	7,800	2,324,511
Products and Connected Vehicle	2013	—	—	—	—	—	—
Joseph A. Verbrugge	2015	365,596	575,000	1,562,502	4,687,514	7,950	7,198,562
Executive Vice President,	2014	355,000	425,000	250,047	750,021	7,800	1,787,868
Sales and Development	2013	353,750	360,000	225,047	675,030	7,650	1,621,477

⁽¹⁾ The aggregate grant date fair value of stock option and RSU awards were computed in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) Topic 718. The assumptions used in the valuation of the stock options are discussed in Note 15 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

⁽²⁾ For each named executive officer, the amount in the “All Other Compensation” column for 2015 reflects matching contributions by us under our 401(k) savings plan.

Grants of Plan-Based Awards in 2015

The following table provides information with respect to equity grants made during fiscal year 2015 to the named executive officers.

Name	Grant Date	All Other Stock Awards Number of Shares Of Stock or Units (#) ⁽¹⁾	All Other Option Awards: Number of Securities Underlying Options (#) ⁽¹⁾	Exercise or Base Price of Option Awards (\$/Sh) ⁽²⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽³⁾
James E. Meyer	8/11/2015	—	13,279,313	3.90	10,000,000
	8/11/2015	2,564,103	—	—	10,000,000
David J. Frear	7/29/2015	—	14,250,000	3.95	11,102,218
Dara F. Altman	6/19/2015	—	5,100,962	3.87	4,125,000
	6/19/2015	355,297	—	—	1,375,000
James A. Cady	7/29/2015	—	1,862,623	3.95	1,500,000
	7/29/2015	126,582	—	—	500,000
Joseph A. Verbrugge	8/5/2015	—	958,900	3.92	937,514
	8/5/2015	79,720	—	—	312,502
	12/11/2015	—	4,095,724	4.01	3,750,000
	12/11/2015	311,721	—	—	1,250,000

- ⁽¹⁾ Grants were made under the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan. The stock option and RSU awards granted to Mr. Meyer on August 11, 2015 were in connection with his employment agreement dated August 11, 2015. The stock option awards granted to Mr. Frear on July 29, 2015 were in connection with his employment agreement dated July 3, 2015. The stock option and RSU awards granted to Ms. Altman on June 19, 2015 were in connection with her employment agreement dated June 19, 2015. The stock option and RSU awards granted to Mr. Cady on July 29, 2015 were in connection with his employment agreement dated June 29, 2015. The stock option and RSU awards granted to Mr. Verbrugge on August 5, 2015 were in connection with our long-term incentive program, and the stock option and RSU awards granted to Mr. Verbrugge on December 11, 2015 were in connection with his employment agreement dated December 11, 2015.
- ⁽²⁾ The exercise price of the options granted to each the named executive officers is equal to the closing price of our common stock reported on NASDAQ on the dates of grant.
- ⁽³⁾ The aggregate grant date fair value of stock option and RSU awards were computed in accordance with FASB ASC Topic 718. The assumptions used in the valuation of the stock options are discussed in Note 15 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Outstanding Equity Awards at Fiscal Year-End 2015

The following table provides information with respect to the status at December 31, 2015 of all unvested RSUs and exercisable and unexercisable stock options awarded to each of the named executive officers.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units that have not Vested #	Market Value of Shares or Units of Stock that have not Vested ⁽¹⁾ \$
James E. Meyer ⁽²⁾	1,350,000	—	5.4900	2/2/2016	—	—
	512,000	—	3.6500	2/1/2017	—	—
	707,000	—	2.8200	1/23/2018	—	—
	830,500	—	0.6235	8/31/2019	—	—
	10,128,894	—	3.3000	5/02/2023	—	—
	—	13,279,313	3.9000	8/11/2025	—	—
	—	—	—	—	2,564,103	10,435,899
David J. Frear ⁽³⁾	307,000	—	3.6500	2/1/2017	—	—
	483,000	—	2.8200	1/23/2018	—	—
	1,500,000	—	3.0500	2/12/2018	—	—
	6,000,000	—	2.1300	7/21/2021	—	—
	—	14,250,000	3.9500	7/2/2025	—	—
Dara F. Altman ⁽⁴⁾	1,875,000	—	1.6400	8/23/2021	—	—
	—	5,100,962	3.8700	6/19/2025	—	—
	—	—	—	—	355,297	1,446,059
James A. Cady ⁽⁵⁾	235,797	707,389	3.5500	2/3/2024	—	—
	89,565	268,695	3.3699	8/5/2024	—	—
	—	1,862,623	3.9500	7/29/2025	—	—
	—	—	—	—	154,407	628,436
Joseph A. Verbrugge ⁽⁶⁾	—	187,500	2.4800	8/14/2022	—	—
	217,160	217,160	3.6100	8/19/2023	—	—
	179,125	537,375	3.3699	8/5/2024	—	—
	—	958,900	3.9200	8/5/2025	—	—
	—	4,095,724	4.0100	12/11/2025	—	—
	—	—	—	—	478,261	1,946,522

- ⁽¹⁾ Amounts under “Market Value of Shares or Units of Stock that have not Vested” were calculated based on the closing price on NASDAQ of our common stock on December 31, 2015 of \$4.07. The RSUs are valued at (a) the closing price of the stock at December 31, 2015 multiplied by (b) the number of RSUs that have not vested.
- ⁽²⁾ Outstanding equity awards for Mr. Meyer vest as follows: options granted at an exercise price of \$5.49 vested in four equal annual instalments from the date of grant on February 2, 2006; options granted at an exercise price of \$3.65 vested in four equal annual instalments from the date of grant on February 1, 2007; options granted at an exercise price of \$2.82 vested in four equal annual instalments from the date of grant on January 23, 2008; options granted at an exercise price of \$0.6235 vested in four equal annual instalments from the date of grant on August 31, 2009; options granted at an exercise price of \$3.30 vested on October 30, 2015; and options granted at an exercise price of \$3.90 vest on April 30, 2018. The RSUs granted to Mr. Meyer vest on April 30, 2018.
- ⁽³⁾ Outstanding equity awards for Mr. Frear vest as follows: options granted at an exercise price of \$3.65 vested in four equal annual instalments from the date of grant on February 1, 2007; options granted at an exercise price of \$2.82 vested in four equal annual instalments from the date of grant on January 23, 2008; options granted at an exercise price of \$3.05 vested in three equal annual instalments from the date of grant on February 12, 2008; options granted at an exercise price of \$2.13 vested in four equal annual instalments from the date of grant on July 21, 2011; and options granted at an exercise price of \$3.95 vest in three equal instalments on July 2, 2016, July 2, 2017 and May 30, 2018.
- ⁽⁴⁾ Outstanding equity awards for Ms. Altman vest as follows: options granted at an exercise price of \$1.64 vested in four equal annual instalments from the date of grant on August 23, 2011; and options granted at an exercise price of \$3.87 vest in three equal annual instalments from the date of grant on June 19, 2015. The RSUs granted to Ms. Altman vest in three equal annual instalments from the date of grant on June 19, 2015.
- ⁽⁵⁾ Outstanding equity awards for Mr. Cady vest as follows: options granted at an exercise price of \$3.55 vest in four equal annual instalments from the date of grant on February 3, 2014; options granted at an exercise price of \$3.3699 vest in four equal annual instalments from the date of grant on August 5, 2014; and options granted at an exercise price of \$3.95 vest in three equal annual instalments from the date of grant on July 29, 2015. The RSUs granted to Mr. Cady vest as follows: 42,194 RSUs vest on July 29, 2016; 9,275 RSUs vest on August 5, 2016; 42,194 RSUs vest on July 31, 2017; 9,275 RSUs vest on August 7, 2017; 42,194 RSUs vest on July 30, 2018; and 9,275 RSUs vest on August 6, 2018.
- ⁽⁶⁾ Outstanding equity awards for Mr. Verbrugge vest as follows: options granted at an exercise price of \$2.48 vest in four equal instalments from the date of grant on August 14, 2012; options granted at an exercise price of \$3.61 vest in four equal annual instalments from the date of grant on August 19, 2013; options granted at an exercise price of \$3.3699 vest in four equal annual instalments from the date of grant on August 5, 2014; options granted at an exercise price of \$3.92 vest in four equal annual instalments from the date of grant on August 5, 2015; and options granted at an exercise price of \$4.01 vest in three equal annual instalments from the date of grant on December 11, 2015. The RSUs granted to Mr. Verbrugge vest as follows: 38,480 RSUs vest on August 5, 2016; 15,585 RSUs vest on August 19, 2016; 103,907 RSUs vest on December 12, 2016; 38,480 RSUs vest on August 7, 2017; 15,585 RSUs vest on August 21, 2017; 103,907 RSUs vest on December 11, 2017; 38,480 RSUs vest on August 6, 2018; 103,907 RSUs vest on December 11, 2018; and 19,930 RSUs vest on August 5, 2019.

All equity awards vest subject to the named executive officer's continued employment through the applicable vesting date and are subject to earlier vesting upon certain qualifying terminations of employment. See “Potential Payments or Benefits Upon Termination or Change in Control.”

Option Exercises and Stock Vested in 2015

The following table provides information with respect to option exercises and restricted stock and RSUs that vested during 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$) ⁽¹⁾	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽²⁾
James E. Meyer	6,296,246	21,752,271	984,848	4,067,422
David J. Frear	2,000,000	3,780,000	—	—
Dara F. Altman	2,816,400	6,537,719	—	—
James A. Cady	—	—	9,275	36,636
Joseph A. Verbrugge	1,045,350	1,986,884	34,135	134,599

⁽¹⁾ Value realized on exercise is the amount equal to the difference between (a) the price on NASDAQ of the stock acquired upon exercise on the exercise date less (b) the exercise price, multiplied by the number of options exercised.

⁽²⁾ Value realized on vesting is the amount equal to (a) the closing price on NASDAQ on the day prior to the vesting dated multiplied by (b) the number of shares vesting.

Non-Qualified Deferred Compensation

The following table provides information with respect to the nonqualified deferred compensation plan for 2015.

Name	Executive Contributions ⁽¹⁾ \$	Employer Contributions \$	Aggregate Earnings \$	Aggregate Withdrawals/ Distributions \$	Aggregate Balance at Last Year-End \$
James E. Meyer	1,509,041	—	—	—	1,509,041
David J. Frear	613,048	—	—	—	613,048
Dara F. Altman	—	—	—	—	—
James A. Cady	—	—	—	—	—
Joseph A. Verbrugge	180,771	—	—	—	180,771

⁽¹⁾ Employee contributions included in this column are also included in the Summary Compensation Table in the column labelled “Bonus” for 2015.

Participation in the Deferred Compensation Plan is available to certain of our senior officers, including our named executive officers. Eligible employees may defer a portion of their annual base salary and/or annual bonus, as applicable, each plan year. Our named executive officers are eligible to participate on the same terms as other eligible employees. Eligible employees may elect to defer up to (i) 50% of his or her cash-paid base salary; and (ii) 75% of his or her annual cash bonus. We may elect to make additional contributions beyond amounts deferred by participants, but we are under no obligation to do so. At the time of making a deferral election, participants designate the time and form of the distribution of deferrals to be made for the year to which that election relates. Distributions may occur earlier upon a change in control or a termination of employment, subject to certain conditions provided for under the Deferred Compensation Plan and Section 409A of the Internal Revenue Code. Participants have the opportunity to designate the investment funds to which the deferred amounts are to be credited. All investment gains and losses in a participant’s account under the Deferred Compensation Plan are entirely based upon the investment selections made by the participant. We have established a grantor (or “rabbi”) trust to facilitate payment of our obligations under the Deferred Compensation Plan.

Potential Payments or Benefits Upon Termination or Change in Control

Employment Agreements

We have entered into employment agreements with each of our named executive officers that contain provisions regarding payments or benefits upon a termination of employment. We do not have any provisions in any of our employment agreements for the named executive officers that provide for any payments solely in the event of a change in control.

None of the employment agreements with our named executive officers provides for a so-called “golden parachute” excise tax gross up. Each of the employment agreements with our executive officers includes a compensation clawback provision, pursuant to which any incentive-based or other compensation paid to an executive officer by us or any of our affiliates is subject to deductions and clawback as required by applicable law, regulation or stock exchange listing requirement.

James E. Meyer

In August 2015, we entered into a new employment agreement with Mr. Meyer to continue to serve as our Chief Executive Officer through April 30, 2018. The employment agreement provides for an increase in Mr. Meyer’s base salary from \$1,550,000 to \$1,800,000, subject to increases approved by the Compensation Committee, and obligates us to offer Mr. Meyer a three-year consulting agreement upon the expiration of his employment agreement on April 30, 2018. Mr. Meyer is also entitled to participate in any bonus plans generally offered to our executive officers, with an annual target bonus opportunity of 250% of his annual base salary.

If Mr. Meyer’s employment is terminated by us without “cause” or he terminates his employment for “good reason” (each as described in his employment agreement), then, subject to his execution of a release of claims and his compliance with certain restrictive covenants, we are obligated to (i) continue his health benefits for eighteen months and his life insurance benefits for one year, (ii) pay him a lump sum equal to his annual base salary plus the amount of \$6,600,000, as consideration for a loss of three-year consulting agreement, and (iii) pay him a lump sum equal to the greater of (x) a bonus equal to 60% of his then annual base salary or (y) the prior year’s bonus actually paid to him. We are also obligated to pay Mr. Meyer any earned but unpaid bonus for the year prior to the year of his termination, and a prorated bonus for the year in which his employment is terminated. Further, Mr. Meyer’s equity awards are subject to accelerated vesting.

David J. Frear

In July 2015, we entered into a new employment agreement with David J. Frear to continue to serve as our Senior Executive Vice President and Chief Financial Officer through May 31, 2018. The employment agreement provides for an annual base salary of \$1,200,000, subject to increases approved by the Compensation Committee. Mr. Frear is also entitled to participate in any bonus plans generally offered to our executive officers.

If Mr. Frear’s employment is terminated by us without “cause” or he terminates his employment for “good reason” (each as described in his employment agreement), subject to his execution of a release of claims, we are obligated to pay him a lump sum equal to his annual salary as of the date of the termination and the cash value of the bonus last paid or payable to him in respect of the preceding calendar year and to continue his health and life insurance benefits for one year. Further, Mr. Frear’s equity awards are subject to accelerated vesting.

Dara F. Altman

In June 2015, we entered into a new employment agreement with Dara F. Altman to continue to serve as our Executive Vice President and Chief Administrative Officer through June 18, 2018. The agreement provides for an annual base salary of \$600,000, subject to increases approved by the Compensation Committee. Ms. Altman is also entitled to participate in any bonus plans generally offered to our executive officers.

If Ms. Altman's employment is terminated by us without "cause" or she terminates her employment for "good reason" (each as described in her employment agreement), subject to an execution of a release of claims, we are obligated to pay her a lump sum payment equal to her then annual base salary and the cash value of the bonus last paid or payable to her in respect of the preceding calendar year and to continue her health insurance benefits for eighteen months and her life insurance benefits for one year. Further, Ms. Altman's equity awards are subject to accelerated vesting.

James A. Cady

In June 2015, we entered into an employment agreement with James A. Cady to serve as our Executive Vice President, Operations, Products and Connected Vehicle, with an annual base salary of \$600,000, subject to increases approved by the Compensation Committee. Mr. Cady is also entitled to participate in any bonus plans generally offered to our executive officers, with an annual target bonus opportunity of 150% of his annual base salary.

In February 2016, we entered into an amendment to Mr. Cady's employment agreement. This amendment: increased his entitlement to severance from six months to twelve months of base salary; and extended our obligation to provide health benefits after termination from six months to twelve months. In addition, this amendment required us to pay him an amount equal to the bonus last paid to him in respect of the calendar year immediately preceding the calendar year in which a qualifying termination occurs. In consideration for this amendment, Mr. Cady extended the length of time that he is subject to the restrictive covenants in his employment agreement from six months to twelve months.

As a result, in the event Mr. Cady's employment is terminated by us without "cause" or he terminates his employment for "good reason" (each as described in his employment agreement), subject to his execution of a release of claims, we are obligated to pay him for one year his annual base salary and an amount equal to the bonus last paid to him in respect of the calendar year immediately preceding the calendar year in which the termination occurs, and to continue his health insurance benefits for one year. Further, Mr. Cady's equity awards are subject to accelerated vesting.

Joseph A. Verbrugge

In December 2015, we entered into a new employment agreement with Joseph A. Verbrugge to serve as our Executive Vice President, Sales and Development, with an annual base salary of \$500,000, subject to increases approved by the Compensation Committee. Mr. Verbrugge is also entitled to participate in any bonus plans generally offered to our executive officers.

In the event Mr. Verbrugge's employment is terminated by us without "cause" or he terminates his employment for "good reason" (each as described in his employment agreement), subject to his execution of a release of claims, we are obligated to pay him for one year his annual base salary and an amount equal to the bonus last paid to him in respect of the calendar year immediately preceding the calendar year in which the termination occurs and to continue his health insurance benefits for one year. Further, Mr. Verbrugge's equity awards are subject to accelerated vesting.

2003 Long-Term Stock Incentive Plan

Messrs. Meyer and Frear also have outstanding options as of December 31, 2015 that were granted under our 2003 Long-Term Stock Incentive Plan. Under the 2003 Long-Term Stock Incentive Plan, the outstanding equity awards granted to these named executive officers are subject to potential accelerated vesting upon a change of control. All of the outstanding options granted under the 2003 plan were vested as of December 31, 2015, and, therefore, are not included in the table of potential payments and benefits below.

2009 Sirius XM Radio Inc. Long-Term Stock Incentive Plan and 2015 Sirius XM Holdings Inc. Long-Term Stock Incentive Plan

All of our named executive officers had outstanding equity awards as of December 31, 2015 that were granted under the 2009 Sirius XM Radio Inc. Long-Term Stock Incentive Plan and the

2015 Sirius XM Holdings Inc. Long-Term Stock Incentive Plan. Under the terms of these Plans, the outstanding unvested equity awards granted to the named executive officers are subject to potential accelerated vesting upon termination without “cause” by the company or termination by the executive for “good reason” during a two year period following a “change of control” (each as defined in the Plans), to the extent outstanding awards granted under these Plans are either assumed, converted or replaced by the resulting entity in the event of a change of control.

Potential Payments and Benefits

The following table describes the potential payments and benefits under the named executive officers’ agreements and our stock incentive plans to which they would have been entitled if a termination of employment or change in control had occurred as of December 31, 2015:

Name	Triggering Event	Severance Payment ⁽¹⁾ (\$)	Accelerated Equity Vesting ⁽²⁾ (\$)	Continuation of Insurance Benefits ⁽³⁾ (\$)	Total (\$)
James E. Meyer ⁽⁴⁾	Termination due to death or disability	6,600,000	12,693,382	—	19,293,382
	Termination without cause or for good reason	14,400,000	12,693,382	28,072	27,121,454
	Termination without cause or for good reason following a change in control	14,400,000	12,693,382	28,072	27,121,454
David J. Frear	Termination due to death or disability	—	1,710,000	—	1,710,000
	Termination without cause or for good reason	2,800,000	1,710,000	27,395	4,537,395
	Termination without cause or for good reason following a change in control	2,800,000	1,710,000	27,395	4,537,395
Dara F. Altman	Termination due to death or disability	—	2,466,251	—	2,466,251
	Termination without cause or for good reason	1,650,000	2,466,251	40,612	4,156,863
	Termination without cause or for good reason following a change in control	1,650,000	2,466,251	40,612	4,156,863
James A. Cady ⁽⁵⁾	Termination due to death or disability	—	738,704	—	738,704
	Termination without cause or for good reason	300,000	738,704	9,104	1,047,808
	Termination without cause or for good reason following change-in-control	300,000	1,407,907	9,104	1,717,011
Joseph A. Verbrugge	Termination due to death or disability	—	1,514,448	—	1,514,448
	Termination without cause or for good reason	925,000	1,514,448	26,568	2,466,016
	Termination without cause or for good reason following a change in control	925,000	3,110,336	26,568	4,061,904

⁽¹⁾ Any severance payments dues to Messrs. Meyer and Frear and Ms. Altman are required to be paid in a lump sum. The employment agreements with Messrs. Cady and Verbrugge require us to pay any severance in the form of salary continuation and to pay any amounts due on account of their bonus on the date that bonuses are customarily paid to other employees.

⁽²⁾ Amounts were calculated based on the closing price on NASDAQ of our common stock on December 31, 2015 of \$4.07. The accelerated vesting of options is valued at (a) the difference between the closing price and the exercise price of the options multiplied by (b) the number of shares of common stock underlying the options. The accelerated vesting of RSUs is valued at the closing price multiplied by the number of shares of RSUs.

⁽³⁾ Assumes that health benefits would be continued under COBRA for eighteen months for Mr. Meyer and Ms. Altman, twelve months for Messrs. Frear and Verbrugge and six months for Mr. Cady.

⁽⁴⁾ Mr. Meyer is also eligible to receive a prorated bonus for the year in which his employment is terminated. Payment is based on actual performance for such year and payable at such time as

the bonuses for such year are paid to other senior executives of the Company. This potential payment is not determinable and is not reflected in the table above.

⁽⁵⁾ The amounts do not give effect to the February 2016 amendment to Mr. Cady's employment agreement which is described under "Potential Payments or Benefits Upon Termination or Change in Control—Employment Agreements—James A. Cady."

ITEM 2—RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

The Audit Committee is directly responsible for the appointment, compensation (including approval of the audit fee), retention and oversight of the independent registered public accounting firm that audits our financial statements and our internal control over financial reporting. In addition, the Audit Committee assists the board of directors in its oversight of:

- The integrity of our financial statements and our accounting and financial reporting processes and systems of internal control over financial reporting;
- Our compliance with legal and regulatory requirements;
- Our independent auditors' qualifications, independence and performance;
- The performance of our internal audit function; and
- Our assessment of risks and risk management guidelines and policies.

The Audit Committee is composed solely of independent directors meeting the requirements of applicable SEC and NASDAQ rules. Each member is financially literate for audit committee purposes under the NASDAQ rules. The key responsibilities of the Audit Committee are set forth in its charter, which was adopted by us and approved by the board of directors and is posted under "Corporate Governance" in the Investor Relations section of our website at www.siriusxm.com.

The Audit Committee has selected KPMG LLP ("KPMG") as our independent registered public accountants for 2016. KPMG has served as our independent registered public accountants since 2008. The Audit Committee regularly reviews KPMG's independence and performance in deciding whether to retain KPMG or engage another firm as our independent registered public accountants. In the course of these reviews, the Audit Committee considers, among other things:

- KPMG's historical and recent performance on our audit;
- KPMG's capability and expertise in handling the breadth and complexity of our operations;
- KPMG's known legal risks and any significant legal or regulatory proceedings in which it is involved;
- data on audit quality and performance, including recent Public Company Accounting Oversight Board reports on KPMG and its peer firms;
- the appropriateness of KPMG's fees for audit and non-audit services, on both an absolute basis and as compared to its peer firms;
- KPMG's independence; and
- KPMG's tenure as our independent registered public accountants, including the benefits of having an independent registered public accountant that is familiar with us, and the controls and processes that help ensure KPMG's independence.

In accordance with SEC rules and KPMG policies, audit partners are subject to rotation requirements to limit the number of consecutive years an individual partner may provide service to us. For lead and concurring audit partners, the maximum number of consecutive years of service in that capacity is five years. The process for selection of our lead audit partner pursuant to this rotation policy involves a meeting between the Chair of the Audit Committee and the candidate for the role, as well as discussion by the full Audit Committee and with management.

The Audit Committee and the board of directors believe that the continued retention of KPMG as our independent registered public accounting firm is in the best interest of our stockholders, and we are asking stockholders to ratify the selection of KPMG as our independent registered public accounting firm for 2016. Although ratification is not required by our By-laws, applicable law or otherwise, the board of directors is submitting the selection of KPMG to stockholders for ratification because we value our stockholders' views on our independent registered public accounting firm and as a matter of good corporate practice. In the event that our stockholders do not ratify the selection, it will be considered a recommendation to the board of directors and the Audit Committee to consider the selection of a different firm. Even if the selection is ratified, the Audit Committee

may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders. Representatives of KPMG are expected to be present at the annual meeting to answer questions. They also will have the opportunity to make a statement if they desire to do so.

The board of directors recommends a vote “FOR” the ratification of KPMG LLP as our independent registered public accountants for 2016.

Principal Accountant Fees and Services

The following table sets forth the fees billed to us by KPMG as of and for the years ended December 31, 2015 and 2014:

	For the Years Ended December 31,	
	2015	2014
Audit fees ⁽¹⁾	\$ 1,972,700	\$ 1,914,308
Audit-related fees ⁽²⁾	189,750	89,000
Tax fees ⁽³⁾	—	1,435
All other fees ⁽⁴⁾	—	—
	<u>\$ 2,162,450</u>	<u>\$ 2,004,743</u>

⁽¹⁾ Audit fees consists of fees for services related to the financial statement audit, quarterly reviews, audit of internal control over financial reporting, accounting consultations with KPMG’s National Office, comfort letters, audit services that are normally provided by independent auditors in connection with regulatory filings or engagements, and statutory audits. The amount also includes reimbursement for direct out-of-pocket travel and other sundry expenses.

⁽²⁾ Audit-related fees related to audits of employee benefit plans, internal control compliance, and other attestation services required by contract.

⁽³⁾ Tax services consist of services relating to state and local tax compliance services.

⁽⁴⁾ All other services are fees for any products or service not included in the first three categories.

Pre-Approval Policy for Services of Independent Auditor

It is the Audit Committee’s responsibility to review and consider, and ultimately pre-approve, all audit and permitted non-audit services to be performed by our independent registered public accounting firm. In accordance with its charter, the Audit Committee’s pre-approval policies with respect to audit and permitted non-audit services to be provided by our independent registered public accounting firm are as follows:

- The independent registered public accounting firm is not permitted to perform consulting, legal, book-keeping, valuation, internal audit, management functions, or other prohibited services, under any circumstances;
- The engagement of our independent registered public accounting firm, including related fees, with respect to the annual audits and quarterly reviews of our consolidated financial statements is specifically approved by the Audit Committee on an annual basis;
- The Audit Committee reviews and pre-approves a detailed list of other audit and audit-related services annually or more frequently, if required. Such services generally include services performed under the audit and attestation standards established by regulatory authorities or standard setting bodies and include services related to SEC filings, employee benefit plan audits and subsidiary audits;
- The Audit Committee reviews and pre-approves a detailed list of permitted non-audit services annually or more frequently, if required; and

- The Audit Committee pre-approves each proposed engagement to provide services not previously included in the approved list of audit and non-audit services and for fees in excess of amounts previously pre-approved.

The Audit Committee has delegated to the chair of the Audit Committee the authority to approve permitted services by the independent registered public accounting firm so long as he or she reports decisions to the Audit Committee at its next meeting.

All of the services covered under the captions “Audit Fees”, “Audit-Related Fees” and “Tax Fees” were pre-approved by the Audit Committee.

Who is the Audit Committee’s financial expert?

Our board of directors has determined that Joan L. Amble, the chairwoman of the Audit Committee and an independent director, is qualified as an “audit committee financial expert” within the meaning of SEC regulations and that she is “financially sophisticated” within the meaning of the NASDAQ listing standards.

REPORT OF THE AUDIT COMMITTEE

As described more fully in its charter, the purpose of the Audit Committee is to assist our board of directors in its general oversight of our financial reporting, internal control and audit functions. Management is responsible for the preparation, presentation and integrity of our consolidated financial statements; accounting and financial reporting principles; and internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. KPMG, our independent registered public accounting firm, is responsible for performing an independent audit of our consolidated financial statements and the effectiveness of internal control over financial reporting in accordance with auditing standards of the Public Company Accounting Oversight Board (United States) (the “PCAOB”).

In this context, the Audit Committee has met and held discussions with management and the independent registered public accounting firm regarding the fair and complete presentation of our results and the assessment of our internal control over financial reporting. The Audit Committee has discussed significant accounting policies applied by us in our financial statements, as well as, when applicable, alternative accounting treatments. Management has represented to the Audit Committee that our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and KPMG.

The Audit Committee also reviewed and discussed our compliance with Section 404 of the Sarbanes-Oxley Act of 2002. In this regard, the Audit Committee reviewed and discussed, with management and our independent registered public accounting firm, management’s annual report on the effectiveness of internal control over financial reporting as of December 31, 2015 and KPMG’s related attestation report.

The Audit Committee has discussed with KPMG the matters that are required to be discussed under PCAOB standards. The Audit Committee discussed with KPMG matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees, as adopted by the PCAOB, and Rule 2-07, Communication with Audit Committees, of Regulation S-X. The Audit Committee has concluded that KPMG’s provision of audit and non-audit services to us and our affiliates is compatible with KPMG’s independence.

At each regularly scheduled meeting, the Audit Committee met and held discussions with management, our internal auditors and KPMG. Prior to their issuance, the Audit Committee reviewed and discussed our quarterly and annual consolidated financial statements (including the presentation of non-GAAP financial information) and disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (including significant accounting policies and judgments) with management, our internal auditors and KPMG. The Audit Committee also reviewed our policies and practices with respect to financial risk assessment, as well as

processes and practices with respect to enterprise risk assessment and management, including discussions of individual risk areas, as well as an annual summary of the overall process.

The Audit Committee discussed with KPMG the overall scope and plans for their audit and approved the terms of their engagement letter. The Audit Committee has also discussed with our Senior Vice President, Internal Audit, the overall scope of and plans for our internal audits. The Audit Committee met with KPMG and with our internal auditors, in each case, with and without other members of management present, to discuss the results of their respective examinations, the evaluations of our internal controls and the overall quality and integrity of our financial reporting. Additionally, the Audit Committee reviewed the performance, responsibilities, budget and staffing of our internal audit department. The Audit Committee also has established, and overseen compliance with, procedures for our receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and our employees' confidential and anonymous submissions of concerns regarding questionable accounting or auditing matters.

The Audit Committee discussed with KPMG their independence from the Company and our management, including the matters, if any, in the written disclosures delivered pursuant to the applicable requirements of the PCAOB. The Audit Committee also reviewed our hiring policies and practices with respect to current and former employees of the independent registered public accounting firm. The Audit Committee preapproved, in accordance with its preapproval policy described above, all services provided by the independent registered public accounting firm and considered whether the provision of such services to us is compatible with maintaining their independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the board of directors, and the board approved, that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 filed with the SEC.

This report is provided by the following independent directors, who comprise the Audit Committee:

J OAN L. A MBLE , Chairwoman
E DDY W. H ARTENSTEIN
V ANESSA A. W ITTMAN

OTHER MATTERS

Our board of directors does not intend to present, or have any reason to believe others will present, any other items of business. If other matters are properly brought before the annual meeting, the persons named in the accompanying proxy will vote the shares represented by it in accordance with the recommendation of our board of directors.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 24, 2016

This proxy statement and our annual report for the fiscal year ended December 31, 2015 are available for you to view online at <http://www.envisionreports.com/SIRI>.

By Order of the Board of Directors,



Patrick L. Donnelly
*Executive Vice President,
General Counsel and Secretary*

New York, New York
April 8, 2016

We make available, free of charge on our website, all of our filings that are made electronically with the SEC, including Forms 10-K, 10-Q and 8-K. To access these filings, go to our website, www.siriusxm.com, and click on "Reports & Filings" and then on "SEC Filings" under the "Investor Relations" heading. Copies of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including financial statements and schedules thereto, are also available without charge to stockholders upon written request addressed to:

Investor Relations
Sirius XM Holdings Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020



HOLDINGS INC.

IMPORTANT ANNUAL MEETING INFORMATION

Admission Ticket

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Eastern Time, on May 23, 2016.

Vote by Internet

- Go to www.envisionreports.com/SIR
- Or scan the QR code with your smartphone
- Follow the steps outlined on the secure website

Vote by telephone

- Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
- Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

X

Annual Meeting Proxy Card

▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼

A Proposals — Sirius XM's Directors recommend a vote FOR each director nominee and FOR Proposal 2.

1. Election of Directors:	For	Withhold		For	Withhold		For	Withhold	
01 - Joan L. Amble	☐	☐	02 - George W. Bodenheimer	☐	☐	03 - Mark D. Carleton	☐	☐	
04 - Eddy W. Hartenstein	☐	☐	05 - James P. Holden	☐	☐	06 - Gregory B. Maffei	☐	☐	
07 - Evan D. Malone	☐	☐	08 - James E. Meyer	☐	☐	09 - James F. Mooney	☐	☐	
10 - Carl E. Vogel	☐	☐	11 - Vanessa A. Wittman	☐	☐	12 - David M. Zaslav	☐	☐	

2. Ratification of the appointment of KPMG LLP as our independent registered public accountants for 2016.
- | For | Against | Abstain |
|--------------------------|--------------------------|--------------------------|
| ☐ | ☐ | ☐ |

IF NO BOXES ARE MARKED AND THE PROXY IS SIGNED, THIS PROXY WILL BE VOTED IN THE MANNER DESCRIBED ON THE REVERSE SIDE. Please indicate if you plan on attending this meeting.

Yes No
☐ ☐

B Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below

The signature should correspond exactly with stockholder's name as printed to the left. In case of joint tenancies, co-executors, or co-trustees, both should sign. Persons signing as Attorney, Executor, Administrator, Trustee or Guardian should give their full title.

Date (mm/dd/yyyy) — Please print date below.

Signature 1 — Please keep signature within the box.

Signature 2 — Please keep signature within the box.

/ /

IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.



1 U P X

029WUC



SIRIUS XM HOLDINGS INC.
ADMISSION TICKET
2016 ANNUAL MEETING OF STOCKHOLDERS
TUESDAY, MAY 24, 2016
9:00 A.M. EASTERN TIME
TO BE HELD AT
THE AXA EQUITABLE CENTER
THE AUDITORIUM
787 SEVENTH AVENUE
NEW YORK, NEW YORK
THIS TICKET MUST BE PRESENTED TO ENTER THE MEETING

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders.
The Proxy Statement and 2015 Annual Report are available at: <http://www.envisionreports.com/SIRI>

▼ IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



Proxy — Sirius XM Holdings Inc.

Proxy Solicited on behalf of the Board of Directors of Sirius XM Holdings Inc.

The undersigned hereby appoints Patrick L. Donnelly and Ruth A. Ziegler, and each of them, proxies, with full power of substitution, for and on behalf of the undersigned to represent the undersigned and vote, as directed and permitted herein, the undersigned's shares of Sirius XM Holdings Inc. common stock (including any shares of common stock which the undersigned has the right to direct the proxies to vote under the Sirius XM Radio Inc. 401(k) Savings Plan) at the Annual Meeting of Stockholders of Sirius XM Holdings Inc. to be held on Tuesday, May 24, 2016, at 9:00 A.M., Eastern time, in the Auditorium at The AXA Equitable Center, 787 Seventh Avenue, New York, New York 10019 and at any adjournments or postponements thereof upon all matters set forth on the reverse side hereof and, in their judgment and discretion, upon such other business as may properly come before the meeting.

This proxy when properly executed will be voted in the manner directed on the reverse side hereof by the undersigned.
If this proxy is executed but no direction is given, this proxy will be voted FOR all nominees listed herein under Proposal 1 and FOR Proposal 2.

(Continued and to be dated and signed on the reverse side)

C Non-Voting Items

Change of Address — Please print new address below.

Comments — Please print your comments below.

 **IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A - C ON BOTH SIDES OF THIS CARD.**



SCHEDULE “C” TO APPENDIX “G-1”

**FORM 10-Q QUARTERLY REPORT OF SIRI
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016**

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 001-34295

SIRIUS XM HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

38-3916511

(I.R.S. Employer Identification No.)

1290 Avenue of the Americas, 11th Floor

New York, New York

(Address of principal executive offices)

10104

(Zip Code)

Registrant's telephone number, including area code: (212) 584-5100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

(Class)

(Outstanding as of July 22, 2016)

COMMON STOCK, \$0.001 PAR VALUE

4,877,889,221

SHARES

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
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SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
<i>(in thousands, except per share data)</i>				
Revenue:				
Subscriber revenue	\$ 1,033,284	\$ 940,077	\$ 2,042,966	\$ 1,851,547
Advertising revenue	33,521	28,839	65,062	55,712
Equipment revenue	27,858	29,263	54,979	54,104
Other revenue	140,903	125,031	273,569	242,837
Total revenue	1,235,566	1,123,210	2,436,576	2,204,200
Operating expenses:				
Cost of services:				
Revenue share and royalties	264,385	331,517	516,129	544,495
Programming and content	83,645	69,370	168,745	140,516
Customer service and billing	93,712	91,932	190,579	184,029
Satellite and transmission	34,847	21,714	58,385	43,018
Cost of equipment	9,728	10,930	19,507	19,775
Subscriber acquisition costs	128,956	136,504	261,405	258,764
Sales and marketing	91,358	86,493	180,084	165,237
Engineering, design and development	18,893	16,088	38,334	31,048
General and administrative	81,178	72,137	158,683	151,960
Depreciation and amortization	66,708	67,096	134,335	132,123
Total operating expenses	873,410	903,781	1,726,186	1,670,965
Income from operations	362,156	219,429	710,390	533,235
Other income (expense):				
Interest expense	(83,396)	(75,380)	(161,796)	(145,288)
Other income	2,515	4,221	13,363	4,944
Total other expense	(80,881)	(71,159)	(148,433)	(140,344)
Income before income taxes	281,275	148,270	561,957	392,891
Income tax expense	(108,260)	(45,421)	(217,603)	(184,350)
Net income	\$ 173,015	\$ 102,849	\$ 344,354	\$ 208,541
Foreign currency translation adjustment, net of tax	(15)	(9)	434	(9)
Total comprehensive income	\$ 173,000	\$ 102,840	\$ 344,788	\$ 208,532
Net income per common share:				
Basic	\$ 0.04	\$ 0.02	\$ 0.07	\$ 0.04
Diluted	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.04
Weighted average common shares outstanding:				
Basic	4,938,820	5,443,590	5,002,070	5,506,818
Diluted	4,988,247	5,507,601	5,049,571	5,570,445

See accompanying notes to the unaudited consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

	June 30, 2016	December 31, 2015
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	\$ 476,453	\$ 111,838
Receivables, net	225,380	234,782
Inventory, net	26,276	22,295
Related party current assets	4,912	5,941
Prepaid expenses and other current assets	200,356	187,033
Total current assets	933,377	561,889
Property and equipment, net	1,373,874	1,415,401
Intangible assets, net	2,568,648	2,593,346
Goodwill	2,205,107	2,205,107
Related party long-term assets	4,900	—
Deferred tax assets	910,510	1,115,731
Other long-term assets	143,429	155,188
Total assets	\$ 8,139,845	\$ 8,046,662
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 617,848	\$ 625,313
Accrued interest	97,103	91,655
Current portion of deferred revenue	1,815,426	1,771,915
Current maturities of long-term debt	5,611	4,764
Related party current liabilities	2,840	2,840
Total current liabilities	2,538,828	2,496,487
Deferred revenue	163,386	157,609
Long-term debt	6,096,808	5,443,614
Related party long-term liabilities	9,375	10,795
Deferred tax liabilities	6,681	6,681
Other long-term liabilities	99,886	97,967
Total liabilities	8,914,964	8,213,153
Commitments and contingencies (Note 13)		
Stockholders' (deficit) equity:		
Common stock, par value \$0.001; 9,000,000 shares authorized; 4,893,341 and 5,153,451 shares issued; 4,888,341 and 5,147,647 outstanding at June 30, 2016 and December 31, 2015, respectively	4,893	5,153
Accumulated other comprehensive loss, net of tax	(68)	(502)
Additional paid-in capital	3,826,370	4,783,795
Treasury stock, at cost; 5,000 and 5,804 shares of common stock at June 30, 2016 and December 31, 2015, respectively	(19,458)	(23,727)
Accumulated deficit	(4,586,856)	(4,931,210)
Total stockholders' (deficit) equity	(775,119)	(166,491)
Total liabilities and stockholders' (deficit) equity	\$ 8,139,845	\$ 8,046,662

See accompanying notes to the unaudited consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT) EQUITY
(UNAUDITED)

<i>(in thousands)</i>	Common Stock		Accumulated Other Comprehensive (Loss) Income	Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount			Shares	Amount		
Balance at December 31, 2015	5,153,451	\$ 5,153	\$ (502)	\$ 4,783,795	5,804	\$ (23,727)	\$(4,931,210)	\$ (166,491)
Comprehensive income, net of tax	—	—	434	—	—	—	344,354	344,788
Share-based payment expense	—	—	—	43,331	—	—	—	43,331
Exercise of options and vesting of restricted stock units	2,145	2	—	(2)	—	—	—	—
Minimum withholding taxes on net share settlement of stock-based compensation	—	—	—	(5,384)	—	—	—	(5,384)
Common stock repurchased	—	—	—	—	261,451	(991,363)	—	(991,363)
Common stock retired	(262,255)	(262)	—	(995,370)	(262,255)	995,632	—	—
Balance at June 30, 2016	<u>4,893,341</u>	<u>\$ 4,893</u>	<u>\$ (68)</u>	<u>\$ 3,826,370</u>	<u>5,000</u>	<u>\$ (19,458)</u>	<u>\$(4,586,856)</u>	<u>\$ (775,119)</u>

See accompanying notes to the unaudited consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	For the Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 344,354	\$ 208,541
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	134,335	132,123
Non-cash interest expense, net of amortization of premium	4,230	3,868
Provision for doubtful accounts	25,707	21,919
Amortization of deferred income related to equity method investment	(1,388)	(1,388)
Gain on unconsolidated entity investments, net	(8,451)	—
Dividend received from unconsolidated entity investment	7,160	7,677
Loss on disposal of assets	12,912	—
Share-based payment expense	47,870	38,941
Deferred income taxes	205,221	177,739
Other non-cash purchase price adjustments	—	(1,394)
Changes in operating assets and liabilities:		
Receivables	(16,305)	(41,665)
Inventory	(3,981)	(5,202)
Related party, net	(2,191)	(4,117)
Prepaid expenses and other current assets	(14,052)	(44,821)
Other long-term assets	15,081	(62,663)
Accounts payable and accrued expenses	(12,869)	199,532
Accrued interest	5,448	16,803
Deferred revenue	49,288	66,179
Other long-term liabilities	1,919	269
Net cash provided by operating activities	794,288	712,341
Cash flows from investing activities:		
Additions to property and equipment	(67,172)	(61,229)
Purchases of restricted and other investments	(3,953)	(3,966)
Net cash used in investing activities	(71,125)	(65,195)
Cash flows from financing activities:		
Taxes paid in lieu of shares issued for stock-based compensation	(5,379)	(15,420)
Proceeds from long-term borrowings and revolving credit facility, net of costs	1,387,294	1,259,346
Repayment of long-term borrowings and revolving credit facility	(744,831)	(660,549)
Common stock repurchased and retired	(995,632)	(1,084,194)
Net cash used in financing activities	(358,548)	(500,817)
Net increase in cash and cash equivalents	364,615	146,329
Cash and cash equivalents at beginning of period	111,838	147,724
Cash and cash equivalents at end of period	\$ 476,453	\$ 294,053

See accompanying notes to the unaudited consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued
(UNAUDITED)

<i>(in thousands)</i>	For the Six Months Ended June 30,	
	2016	2015
Supplemental Disclosure of Cash and Non-Cash Flow Information		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 148,398	\$ 118,265
Non-cash investing and financing activities:		
Capital lease obligations incurred to acquire assets	\$ 6,647	\$ 7,487
Treasury stock not yet settled	\$ 19,458	\$ 35,795

See accompanying notes to the unaudited consolidated financial statements.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Dollars and shares in thousands, except per share amounts)

(1) Business & Basis of Presentation

Business

We transmit music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through our two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over our Internet radio service, including through applications for mobile devices. We are also a leader in providing connected vehicle services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

We have agreements with every major automaker ("OEMs") to offer satellite radio in their vehicles. We also acquire subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to our services. Additionally, we distribute our satellite radios through retailers online and at locations nationwide and through our website. Satellite radio services are also offered to customers of certain rental car companies.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly plan. We offer discounts for prepaid, longer term subscription plans, as well as a multiple subscription discount. We also derive revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as our weather, traffic and data services.

In certain cases, a subscription to our radio services is included in the sale or lease price of new or previously owned vehicles. The length of these subscriptions varies but is typically three to twelve months. We receive payments for these subscriptions from certain automakers. We also reimburse various automakers for certain costs associated with satellite radios installed in new vehicles.

Liberty Media Corporation ("Liberty Media") beneficially owns, directly and indirectly, over 50% of the outstanding shares of our common stock. As a result, we are a "controlled company" for the purposes of the NASDAQ corporate governance requirements. Liberty Media owns interests in a range of media, communications and entertainment businesses.

Recent Development

On May 12, 2016, our subsidiary, Sirius XM Radio Inc. ("Sirius XM"), entered into an arrangement agreement (the "Arrangement Agreement") with Sirius XM Canada Holdings Inc. ("Sirius XM Canada"), an entity in which Sirius XM currently holds an approximate 37% economic interest and 25% voting interest. Pursuant to the Arrangement Agreement, Sirius XM and certain Canadian shareholders will form a new company to acquire shares of Sirius XM Canada not already owned by them pursuant to a plan of arrangement (the "Transaction"). In connection with the Transaction, Sirius XM Canada's shareholders will be entitled to elect to receive, for each share of Sirius XM Canada held, C \$4.50 (U.S. \$3.50 as of May 12, 2016) in (i) cash, (ii) shares of our common stock, (iii) a security exchangeable for shares of our common stock, or (iv) a combination thereof; provided that no more than 50% of the total consideration in the Transaction (or up to 35,000 shares) will be issued in our common stock and exchangeable shares. All of the obligations of Sirius XM under the Arrangement Agreement are guaranteed by us.

Following the Transaction, Sirius XM is expected to hold a 70% economic interest and 33% voting interest in Sirius XM Canada, with the remainder of the voting power and economic interest held by Slight Communications and Obelysk Media, two of Sirius XM Canada's current Canadian shareholders. Sirius XM expects to contribute to Sirius XM Canada approximately U.S. \$275,000 in connection with the Transaction (assuming that all shareholders elect to receive cash in connection with the Transaction), which amount is expected to be used to pay the cash consideration to Sirius XM Canada's shareholders and will be decreased proportionately if shareholders elect to receive consideration in shares of our common stock or securities exchangeable for our common stock.

The Transaction is subject to the approval of two-thirds of the shareholders of Sirius XM Canada, as well as a majority of the minority shareholders of Sirius XM Canada. The Transaction is also subject to receipt of court and Canadian Radio-

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Television and Telecommunications Commission approval. Pending receipt of all necessary approvals, the Transaction is expected to close no later than end of the fourth quarter of 2016.

Basis of Presentation

This Quarterly Report on Form 10-Q presents information for Sirius XM Holdings Inc. ("Holdings"). Holdings has no operations independent of its wholly-owned subsidiary Sirius XM.

The accompanying unaudited consolidated financial statements of Holdings and its subsidiaries have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), the instructions to Form 10-Q and Article 10 of Regulation S-X of the United States Securities and Exchange Commission ("SEC") for interim financial reporting. Certain information and footnote disclosures normally included in the financial statements presented in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Certain numbers in our prior period consolidated financial statements have been reclassified to conform to our current period presentation. All significant intercompany transactions have been eliminated in consolidation. In the opinion of our management, all normal recurring adjustments necessary for a fair presentation of our unaudited consolidated financial statements as of June 30, 2016 and for the three and six months ended June 30, 2016 and 2015 have been made.

Interim results are not necessarily indicative of the results that may be expected for a full year. This Quarterly Report on Form 10-Q should be read together with our Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on February 2, 2016.

Public companies are required to disclose certain information about their reportable operating segments. Operating segments are defined as significant components of an enterprise for which separate financial information is available and is evaluated on a regular basis by the chief operating decision makers in deciding how to allocate resources to an individual segment and in assessing performance of the segment. We have determined that we have one reportable segment as our chief operating decision maker, our Chief Executive Officer, assesses performance and allocates resources based on the consolidated results of operations of our business.

We have evaluated events subsequent to the balance sheet date and prior to the filing of this Quarterly Report on Form 10-Q for the three and six months ended June 30, 2016 and have determined no events have occurred that would require adjustment to our unaudited consolidated financial statements. For a discussion of subsequent events that do not require adjustment to our unaudited consolidated financial statements refer to Note 15.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Estimates, by their nature, are based on judgment and available information. Actual results could differ materially from those estimates. Significant estimates inherent in the preparation of the accompanying unaudited consolidated financial statements include asset impairment, depreciable lives of our satellites, share-based payment expense, and income taxes.

(2) Summary of Significant Accounting Policies

Fair Value Measurements

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are based on unadjusted quoted prices in active markets for identical instruments. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. As of June 30, 2016 and December 31, 2015, the carrying amounts of cash and cash equivalents, receivables, and accounts payable approximated fair value due to the short-term nature of these instruments.

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Our assets and liabilities measured at fair value were as follows:

	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total Fair Value	Level 1	Level 2	Level 3	Total Fair Value
Assets:								
Sirius XM Canada Holdings Inc. ("Sirius XM Canada") - investment (a)	\$ 166,808	—	—	\$ 166,808	\$ 141,850	—	—	\$ 141,850
Liabilities:								
Debt (b)	—	\$ 6,264,195	—	\$ 6,264,195	—	\$ 5,649,173	—	\$ 5,649,173

(a) This amount approximates fair value. The carrying value of our investment in Sirius XM Canada was \$4,590 and \$0 as of June 30, 2016 and December 31, 2015, respectively.

(b) The fair value for non-publicly traded instruments is based upon estimates from a market maker and brokerage firm. Refer to Note 10 for information related to the carrying value of our debt as of June 30, 2016 and December 31, 2015.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The areas for simplification in this ASU involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeiture calculations, and classification on the statement of cash flows. The amendments in this ASU are effective for fiscal years beginning after December 15, 2016 and interim periods within those fiscal years, and early adoption is permitted. An entity that elects early adoption must adopt all of the amendments in the same period. We plan to early adopt this ASU in the third quarter of 2016, and we expect to recognize approximately \$300 million of additional tax-effected net operating losses related to excess share-based compensation deductions that were previously not recorded in our financial statements. This will increase our Deferred tax assets and decrease our Accumulated deficit in our consolidated financial statements upon adoption of this ASU.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a company to recognize lease assets and liabilities arising from operating leases in the statement of financial position. This ASU does not significantly change the previous lease guidance for how a lessee should recognize the recognition, measurement, and presentation of expenses and cash flows arising from a lease. Additionally, the criteria for classifying a finance lease versus an operating lease are substantially the same as the previous guidance. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. We plan to adopt this ASU on January 1, 2019. We plan to use a modified retrospective approach to adopt this ASU. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, the FASB issued ASU 2015-14 which amended the effective date of this ASU to fiscal years beginning after December 15, 2017, and early adoption is permitted only for fiscal years beginning after December 15, 2016. We plan to adopt this ASU on January 1, 2018. In 2016, the FASB issued additional guidance which clarified principal versus agent considerations, identification of performance obligations and the implementation guidance for licensing. In addition, the FASB issued guidance regarding practical expedients related to disclosures of remaining performance obligations, as well as other amendments to guidance on transition, collectibility, non-cash consideration and the presentation of sales and other similar taxes. Companies may use either a full retrospective or a modified retrospective approach to adopt this ASU. We are currently evaluating the impact of the adoption of this ASU on our consolidated financial statements.

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(3) Earnings per Share

Basic net income per common share is calculated by dividing the income available to common stockholders by the weighted average common shares outstanding during each reporting period. Diluted net income per common share adjusts the weighted average number of common shares outstanding for the potential dilution that could occur if common stock equivalents (stock options and restricted stock units) were exercised or converted into common stock, calculated using the treasury stock method. We had no participating securities during the three and six months ended June 30, 2016 and 2015.

Common stock equivalents of 232,784 and 113,067 for the three months ended June 30, 2016 and 2015, respectively, and 238,391 and 114,443 for the six months ended June 30, 2016 and 2015, respectively, were excluded from the calculation of diluted net income per common share as the effect would have been anti-dilutive.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Numerator:				
Net income available to common stockholders for basic and diluted net income per common share	\$ 173,015	\$ 102,849	\$ 344,354	\$ 208,541
Denominator:				
Weighted average common shares outstanding for basic net income per common share	4,938,820	5,443,590	5,002,070	5,506,818
Weighted average impact of dilutive equity instruments	49,427	64,011	47,501	63,627
Weighted average shares for diluted net income per common share	4,988,247	5,507,601	5,049,571	5,570,445
Net income per common share:				
Basic	\$ 0.04	\$ 0.02	\$ 0.07	\$ 0.04
Diluted	\$ 0.03	\$ 0.02	\$ 0.07	\$ 0.04

(4) Receivables, net

Receivables, net, includes customer accounts receivable, receivables from distributors and other receivables.

Customer accounts receivable, net, includes receivables from our subscribers and advertising customers and is stated at amounts due, net of an allowance for doubtful accounts. Our allowance for doubtful accounts is based upon our assessment of various factors. We consider historical experience, the age of the receivable balances, current economic conditions and other factors that may affect the counterparty's ability to pay. Bad debt expense is included in Customer service and billing expense in our unaudited consolidated statements of comprehensive income.

Receivables from distributors primarily include billed and unbilled amounts due from OEMs for services included in the sale or lease price of vehicles, as well as billed amounts due from wholesale distributors of our satellite radios. Other receivables primarily include amounts due from manufacturers of our radios, modules and chipsets where we are entitled to subsidies and royalties based on the number of units produced. We have not established an allowance for doubtful accounts for our receivables from distributors or other receivables as we have historically not experienced any significant collection issues with OEMs or other third parties.

Receivables, net, consists of the following:

	June 30, 2016	December 31, 2015
Gross customer accounts receivable	\$ 102,266	\$ 98,740
Allowance for doubtful accounts	(6,974)	(6,118)
Customer accounts receivable, net	\$ 95,292	\$ 92,622
Receivables from distributors	106,484	120,012
Other receivables	23,604	22,148
Total receivables, net	\$ 225,380	\$ 234,782

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(5) Inventory, net

Inventory consists of finished goods, refurbished goods, chipsets and other raw material components used in manufacturing radios. Inventory is stated at the lower of cost or market. We record an estimated allowance for inventory that is considered slow moving or obsolete or whose carrying value is in excess of net realizable value. The provision related to products purchased for resale in our direct to consumer distribution channel and components held for resale by us is reported as a component of Cost of equipment in our unaudited consolidated statements of comprehensive income. The provision related to inventory consumed in our OEM and retail distribution channel is reported as a component of Subscriber acquisition costs in our unaudited consolidated statements of comprehensive income.

Inventory, net, consists of the following:

	June 30, 2016	December 31, 2015
Raw materials	\$ 12,971	\$ 11,085
Finished goods	23,401	21,159
Allowance for obsolescence	(10,096)	(9,949)
Total inventory, net	<u>\$ 26,276</u>	<u>\$ 22,295</u>

(6) Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable intangible assets acquired in business combinations. Our annual impairment assessment of our single reporting unit is performed as of the fourth quarter of each year, and an assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. If the carrying value of goodwill exceeds its fair value, an impairment loss is recognized.

As of June 30, 2016, there were no indicators of impairment, and no impairment loss was recorded for goodwill during the three and six months ended June 30, 2016 and 2015. As of June 30, 2016, the cumulative balance of goodwill impairments recorded since the July 2008 merger (the "Merger") between our wholly owned subsidiary, Vernon Merger Corporation, and XM Satellite Radio Holdings Inc. ("XM"), was \$4,766,190, which was recognized during the year ended December 31, 2008.

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(7) Intangible Assets

Our intangible assets include the following:

		June 30, 2016			December 31, 2015		
	Weighted Average Useful Lives	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Indefinite life intangible assets:							
FCC licenses	Indefinite	\$ 2,083,654	\$ —	\$ 2,083,654	\$ 2,083,654	\$ —	\$ 2,083,654
Trademark	Indefinite	250,000	—	250,000	250,000	—	250,000
Definite life intangible assets:							
Subscriber relationships	9 years	380,000	(351,214)	28,786	380,000	(336,822)	43,178
OEM relationships	15 years	220,000	(39,111)	180,889	220,000	(31,778)	188,222
Licensing agreements	12 ycars	45,289	(28,819)	16,470	45,289	(26,977)	18,312
Proprietary software	8 years	27,215	(18,783)	8,432	27,215	(17,752)	9,463
Developed technology	10 years	2,000	(1,583)	417	2,000	(1,483)	517
Leasehold interests	7.4 years	—	—	—	132	(132)	—
Total intangible assets		\$ 3,008,158	\$ (439,510)	\$ 2,568,648	\$ 3,008,290	\$ (414,944)	\$ 2,593,346

Indefinite Life Intangible Assets

We have identified our FCC licenses and the XM trademark as indefinite life intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are used and the effects of obsolescence on their use.

We hold FCC licenses to operate our satellite digital audio radio service and provide ancillary services. The following table outlines the years in which each of our satellite licenses expires:

FCC satellite licenses	Expiration year
SIRIUS FM-1*	2017
SIRIUS FM-2*	2017
SIRIUS FM-3*	2017
SIRIUS FM-5	2025
SIRIUS FM-6	2022
XM-3	2021
XM-4	2022
XM-5	2018

* As of April 7, 2016, these satellites were no longer being used to transmit satellite radio. We plan to deorbit these satellites during 2016.

Prior to expiration of our FCC licenses, we are required to apply for a renewal of our FCC licenses. The renewal and extension of our licenses is reasonably certain at minimal cost, which is expensed as incurred. Each of the FCC licenses authorizes us to use the radio spectrum, which is a renewable, reusable resource that does not deplete or exhaust over time.

Our annual impairment assessment of our identifiable indefinite intangible assets is performed as of the fourth quarter of each year. An assessment is performed at other times if an event occurs or circumstances change that would more likely than not reduce the fair value of the asset below its carrying value. If the carrying value of the intangible assets exceeds its fair value, an impairment loss is recognized. As of June 30, 2016, there were no indicators of impairment, and no impairment loss was recorded for intangible assets with indefinite lives during the three and six months ended June 30, 2016 and 2015.

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Definite Life Intangible Assets

Amortization expense for all definite life intangible assets was \$12,258 and \$13,021 for the three months ended June 30, 2016 and 2015, respectively, and \$24,698 and \$26,244 for the six months ended June 30, 2016 and 2015, respectively. Expected amortization expense for the remaining period in 2016, each of the fiscal years 2017 through 2020 and for periods thereafter is as follows:

Years ending December 31,	Amount
2016 (remaining)	\$ 23,847
2017	34,882
2018	19,463
2019	19,026
2020	18,446
Thereafter	119,330
Total definite life intangible assets, net	<u>\$ 234,994</u>

(8) Property and Equipment

Property and equipment, net, consists of the following:

	June 30, 2016	December 31, 2015
Satellite system	\$ 2,388,000	\$ 2,388,000
Terrestrial repeater network	126,417	117,127
Leasehold improvements	50,608	49,407
Broadcast studio equipment	79,955	70,888
Capitalized software and hardware	495,519	466,464
Satellite telemetry, tracking and control facilities	75,925	75,440
Furniture, fixtures, equipment and other	79,817	81,871
Land	38,411	38,411
Building	60,624	60,487
Construction in progress	98,720	101,324
Total property and equipment	3,493,996	3,449,419
Accumulated depreciation and amortization	(2,120,122)	(2,034,018)
Property and equipment, net	<u>\$ 1,373,874</u>	<u>\$ 1,415,401</u>

Construction in progress consists of the following:

	June 30, 2016	December 31, 2015
Satellite system	\$ —	\$ 12,912
Terrestrial repeater network	1,037	25,578
Capitalized software	74,628	37,064
Other	23,055	25,770
Construction in progress	<u>\$ 98,720</u>	<u>\$ 101,324</u>

Depreciation expense on property and equipment was \$54,450 and \$54,075 for the three months ended June 30, 2016 and 2015, respectively, and \$109,637 and \$105,879 for the six months ended June 30, 2016 and 2015, respectively. We retired property and equipment of \$36,512 and \$8,239 during the six months ended June 30, 2016 and 2015, respectively. We recognized a loss on disposal of assets of \$12,912, which has been recorded in Satellite and transmission expense in our

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unaudited consolidated statements of comprehensive income during the three and six months ended June 30, 2016, which related to the disposal of certain obsolete spare parts for a future satellite.

Satellites

As of June 30, 2016, we owned a fleet of eight satellites, of which five were operating. The chart below provides certain information on our satellites as of June 30, 2016:

Satellite Description	Year Delivered	Estimated End of Depreciable Life
FM-1*	2000	2013
FM-2*	2000	2013
FM-3*	2000	2015
FM-5	2009	2024
FM-6	2013	2028
XM-3	2005	2020
XM-4	2006	2021
XM-5	2010	2025

* Satellite was fully depreciated as of June 30, 2016. As of April 7, 2016, these satellites were no longer being used to transmit satellite radio. We plan to deorbit these satellites during 2016.

(9) Related Party Transactions

In the normal course of business, we enter into transactions with related parties.

Liberty Media

Liberty Media has beneficially owned over 50% of our outstanding common stock since January 2013 and has two executives and one of its directors on our board of directors. Gregory B. Maffei, the President and Chief Executive Officer of Liberty Media, is the Chairman of our board of directors.

Sirius XM Canada

We hold an equity method investment in Sirius XM Canada. We own approximately 47,300 of Sirius XM Canada's Class A shares on a converted basis, representing an approximate 37% equity interest and an approximate 25% voting interest. We primarily provide programming and content services to Sirius XM Canada and are reimbursed from Sirius XM Canada for certain product development costs, production and distribution of chipset radios, as well as for information technology and streaming support costs. Refer to Note 1 Business & Basis of Presentation for information on the pending transaction with Sirius XM Canada.

We had the following related party balances associated with Sirius XM Canada:

	June 30, 2016	December 31, 2015
Related party current assets	\$ 4,912	\$ 5,941
Related party long-term assets	\$ 4,900	\$ —
Related party current liabilities	\$ 2,840	\$ 2,840
Related party long-term liabilities	\$ 9,375	\$ 10,795

Our related party current asset balances primarily consist of activation fees and programming and chipset costs for which we are reimbursed. Our related party long-term asset balance as of June 30, 2016 primarily included our investment balance in Sirius XM Canada. Our related party liabilities as of June 30, 2016 and December 31, 2015 included \$2,776 for the current portion of deferred revenue and \$9,252 and \$10,639, respectively, for the long-term portion of deferred revenue recorded as of the Merger date related to agreements with XM Canada, now Sirius XM Canada. These costs are being amortized on a straight line basis through 2020.

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We recorded the following revenue and other income associated with Sirius XM Canada in our unaudited consolidated statements of comprehensive income:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue ^(a)	\$ 10,667	\$ 12,979	\$ 20,578	\$ 26,496
Other income				
Share of net earnings ^(b)	\$ 2,177	\$ —	\$ 8,451	\$ —
Dividends ^(c)	\$ —	\$ 4,013	\$ 3,575	\$ 4,989

- (a) Under our agreements with Sirius XM Canada, we currently receive a percentage-based royalty of 10% and 15% for certain types of subscription revenue earned by Sirius XM Canada for Sirius and XM platforms, respectively; and additional royalties for premium services and royalties for activation fees and reimbursements for other charges. We record revenue from Sirius XM Canada as Other revenue in our unaudited consolidated statements of comprehensive income. The current license and services agreement entered into with Sirius Canada will expire in 2017. The current license agreement entered into with XM Canada will expire in 2020.
- (b) We recognize our proportionate share of earnings or losses of Sirius XM Canada as they occur as a component of Other income in our unaudited consolidated statements of comprehensive income on a one month lag.
- (c) Sirius XM Canada paid gross dividends to us of \$3,973 and \$4,013 during the three months ended June 30, 2016 and 2015, respectively, and \$7,548 and \$7,990 during the six months ended June 30, 2016 and 2015, respectively. These dividends were first recorded as a reduction to our investment balance in Sirius XM Canada to the extent a balance existed and then as Other income for the remaining portion.

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(10) Debt

Our debt as of June 30, 2016 and December 31, 2015 consisted of the following:

Issuer / Borrower	Issued	Debt	Maturity Date	Interest Payable	Principal Amount at June 30, 2016	Carrying value ^(a) at	
						June 30, 2016	December 31, 2015
Sirius XM (b)	May 2013	4.25% Senior Notes (the "4.25% Notes")	May 15, 2020	semi-annually on May 15 and November 15	\$ 500,000	\$ 496,671	\$ 496,282
Sirius XM (b)	September 2013	5.875% Senior Notes (the "5.875% Notes")	October 1, 2020	semi-annually on April 1 and October 1	650,000	645,207	644,720
Sirius XM (b)	August 2013	5.75% Senior Notes (the "5.75% Notes")	August 1, 2021	semi-annually on February 1 and August 1	600,000	596,048	595,720
Sirius XM (b)	May 2013	4.625% Senior Notes (the "4.625% Notes")	May 15, 2023	semi-annually on May 15 and November 15	500,000	495,854	495,602
Sirius XM (b)	May 2014	6.00% Senior Notes (the "6.00% Notes")	July 15, 2024	semi-annually on January 15 and July 15	1,500,000	1,485,866	1,485,196
Sirius XM (b)	March 2015	5.375% Senior Notes (the "5.375% Notes due 2025")	April 15, 2025	semi-annually on April 15 and October 15	1,000,000	989,887	989,446
Sirius XM (b)(c)	May 2016	5.375% Senior Notes (the "5.375% Notes due 2026")	July 15, 2026	semi-annually on January 15 and July 15	1,000,000	988,838	—
Sirius XM (b)(d)	August 2012	5.25% Senior Secured Notes (the "5.25% Notes")	August 15, 2022	semi-annually on February 15 and August 15	400,000	395,950	395,675
Sirius XM (e)	December 2012	Senior Secured Revolving Credit Facility (the "Credit Facility")	June 16, 2020	variable fee paid quarterly	1,750,000	—	340,000
Sirius XM	Various	Capital leases	Various	n/a	n/a	16,441	12,892
Total Debt						6,110,762	5,455,533
Less: total current maturities						5,611	4,764
Less: total deferred financing costs for Notes						8,343	7,155
Total long-term debt						\$ 6,096,808	\$ 5,443,614

(a) The carrying value of the obligations is net of any remaining unamortized original issue discount.

(b) Substantially all of our domestic wholly-owned subsidiaries have guaranteed these notes.

(c) In May 2016, Sirius XM issued \$1,000,000 aggregate principal amount of 5.375% Senior Notes due 2026, with an original issuance discount of \$11,250.

(d) The liens securing the 5.25% Notes are equal and ratable to the liens granted to secure the Credit Facility.

(e) In December 2012, Sirius XM entered into a five-year Credit Facility with a syndicate of financial institutions for \$1,250,000. In June 2015, Sirius XM entered into an amendment to increase the total borrowing capacity under the Credit Facility to \$1,750,000 and to extend the maturity to June 2020. Sirius XM's obligations under the Credit Facility are guaranteed by certain of its material domestic subsidiaries and are secured by a lien on substantially all of Sirius XM's assets and the assets of its material domestic subsidiaries. Interest on borrowings is payable on a monthly basis and accrues at a rate based on LIBOR plus an applicable rate. Sirius XM is also required to pay a variable fee on the average daily unused portion of the Credit Facility which is payable on a quarterly basis. The variable rate for the unused portion of the Credit Facility was 0.30% per annum as of June 30, 2016. As of June 30, 2016, \$1,750,000 was available for future borrowing under the Credit Facility. Sirius XM's outstanding borrowings under the Credit Facility are classified as Long-term debt within our unaudited consolidated balance sheets due to the long-term maturity of this debt.

Covenants and Restrictions

Under the Credit Facility, Sirius XM, our wholly-owned subsidiary, must comply with a debt maintenance covenant that it not exceed a total leverage ratio, calculated as consolidated total debt to consolidated operating cash flow, of 5.0 to 1.0. The Credit Facility generally requires compliance with certain covenants that restrict Sirius XM's ability to, among other things, (i) incur additional indebtedness, (ii) incur liens, (iii) pay dividends or make certain other restricted payments, investments or acquisitions, (iv) enter into certain transactions with affiliates, (v) merge or consolidate with another person, (vi) sell, assign,

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(Dollars and shares in thousands, except per share amounts)

lease or otherwise dispose of all or substantially all of Sirius XM's assets, and (vii) make voluntary prepayments of certain debt, in each case subject to exceptions.

The indentures governing Sirius XM's notes restrict Sirius XM's non-guarantor subsidiaries' ability to create, assume, incur or guarantee additional indebtedness without such non-guarantor subsidiary guaranteeing each such series of notes on a pari passu basis. The indentures governing the notes also contain covenants that, among other things, limit Sirius XM's ability and the ability of its subsidiaries to create certain liens; enter into sale/leaseback transactions; and merge or consolidate.

Under Sirius XM's debt agreements, the following generally constitute an event of default: (i) a default in the payment of interest; (ii) a default in the payment of principal; (iii) failure to comply with covenants; (iv) failure to pay other indebtedness after final maturity or acceleration of other indebtedness exceeding a specified amount; (v) certain events of bankruptcy; (vi) a judgment for payment of money exceeding a specified aggregate amount; and (vii) voidance of subsidiary guarantees, subject to grace periods where applicable. If an event of default occurs and is continuing, our debt could become immediately due and payable.

At June 30, 2016 and December 31, 2015, we were in compliance with our debt covenants.

(11) Stockholders' Equity

Common Stock, par value \$0.001 per share

We are authorized to issue up to 9,000,000 shares of common stock. There were 4,893,341 and 5,153,451 shares of common stock issued and 4,888,341 and 5,147,647 shares outstanding on June 30, 2016 and December 31, 2015, respectively.

As of June 30, 2016, common stock of 356,766 shares were reserved for issuance in connection with outstanding incentive stock based awards and common stock to be granted to members of our board of directors, employees and third parties.

Stock Repurchase Program

Since December 2012, our board of directors has approved for repurchase an aggregate of \$8,000,000 of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise. As of June 30, 2016, our cumulative repurchases since December 2012 under our stock repurchase program totaled 2,044,947 shares for \$7,292,503, and \$707,497 remained available under our stock repurchase program.

The following table summarizes our total share repurchase activity for the six months ended:

Share Repurchase Type	June 30, 2016		June 30, 2015	
	Shares	Amount	Shares	Amount
Open Market ^(a)	261,451	\$ 991,363	288,156	\$ 1,093,955

(a) As of June 30, 2016, \$19,458 of common stock repurchases had not settled, nor been retired, and were recorded as Treasury stock within our unaudited consolidated balance sheets and unaudited consolidated statements of stockholders' (deficit) equity.

Preferred Stock, par value \$0.001 per share

We are authorized to issue up to 50,000 shares of undesignated preferred stock with a liquidation preference of \$0.001 per share. There were no shares of preferred stock issued or outstanding as of June 30, 2016 and December 31, 2015.

(12) Benefit Plans

We recognized share-based payment expense of \$24,177 and \$19,524 for the three months ended June 30, 2016 and 2015, respectively, and \$47,870 and \$38,941 for the six months ended June 30, 2016 and 2015, respectively.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
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2015 Long-Term Stock Incentive Plan

In May 2015, our stockholders approved the Sirius XM Holdings Inc. 2015 Long-Term Stock Incentive Plan (the “2015 Plan”). Employees, consultants and members of our board of directors are eligible to receive awards under the 2015 Plan. The 2015 Plan provides for the grant of stock options, restricted stock awards, restricted stock units and other stock-based awards that the compensation committee of our board of directors deem appropriate. Vesting and other terms of stock-based awards are set forth in the agreements with the individuals receiving the awards. Stock-based awards granted under the 2015 Plan are generally subject to a vesting requirement. Stock options generally expire ten years from the date of grant. Each restricted stock unit entitles the holder to receive one share of common stock upon vesting. As of June 30, 2016, 230,845 shares of common stock were available for future grants under the 2015 Plan.

Other Plans

We maintain four other share-based benefit plans — the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan, the XM 2007 Stock Incentive Plan, the Amended and Restated Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan and the XM 1998 Shares Award Plan. No further awards may be made under these plans.

The following table summarizes the weighted-average assumptions used to compute the fair value of options granted to employees and members of our board of directors:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Risk-free interest rate	1.2%	1.3%	1.2%	1.3%
Expected life of options — years	3.79	3.83	3.78	3.83
Expected stock price volatility	24%	26%	24%	26%
Expected dividend yield	0%	0%	0%	0%

There were no options granted to third parties during the three and six months ended June 30, 2016 and 2015. Since we have not historically paid dividends on our common stock, the dividend yield used in the Black-Scholes-Merton option value was zero for all periods.

The following table summarizes stock option activity under our share-based plans for the six months ended June 30, 2016:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding as of December 31, 2015	338,481	\$ 3.29		
Granted	16,007	\$ 3.87		
Exercised	(6,694)	\$ 1.97		
Forfeited, cancelled or expired	(8,446)	\$ 4.43		
Outstanding as of June 30, 2016	339,348	\$ 3.32	7.26	\$ 216,996
Exercisable as of June 30, 2016	113,974	\$ 2.47	5.37	\$ 168,234

The weighted average grant date fair value per share of options granted during the six months ended June 30, 2016 was \$0.78. The total intrinsic value of stock options exercised during the six months ended June 30, 2016 and 2015 was \$12,942 and \$39,795, respectively. During the six months ended June 30, 2016, the number of net settled shares which were issued as a result of stock option exercises was 2,020.

We recognized share-based payment expense associated with stock options of \$18,987 and \$16,553 for the three months ended June 30, 2016 and 2015, respectively, and \$38,026 and \$33,244 for the six months ended June 30, 2016 and 2015, respectively.

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The following table summarizes the restricted stock unit and stock award activity under our share-based plans for the six months ended June 30, 2016 :

	Shares	Grant Date Fair Value Per Share
Nonvested as of December 31, 2015	16,088	\$ 3.73
Granted	1,814	\$ 3.91
Vested	(193)	\$ 3.91
Forfeited	(292)	\$ 3.67
Nonvested as of June 30, 2016	17,417	\$ 3.74

The total intrinsic value of restricted stock units and stock awards vesting during the six months ended June 30, 2016 and 2015 was \$765 and \$300 , respectively. During the six months ended June 30, 2016 , the number of net settled shares which were issued as a result of restricted stock units and stock awards vesting was 125 .

We recognized share-based payment expense associated with restricted stock units and stock awards of \$5,190 and \$2,971 during the three months ended June 30, 2016 and 2015 , respectively, and \$9,844 and \$5,697 for the six months ended June 30, 2016 and 2015 , respectively.

Total unrecognized compensation costs related to unvested share-based payment awards for stock options and restricted stock units granted to employees, members of our board of directors and third parties at June 30, 2016 and December 31, 2015 , net of estimated forfeitures, were \$211,320 and \$261,628 , respectively. The total unrecognized compensation costs at June 30, 2016 are expected to be recognized over a weighted-average period of 2.4 years.

401(k) Savings Plan

Sirius XM sponsors the Sirius XM Radio Inc. 401(k) Savings Plan (the “Sirius XM Plan”) for eligible employees. The Sirius XM Plan allows eligible employees to voluntarily contribute from 1% to 50% of their pre-tax eligible earnings, subject to certain defined limits. We match 50% of an employee’s voluntary contributions per pay period on the first 6% of an employee’s pre-tax salary up to a maximum of 3% of eligible compensation. We may also make additional discretionary matching, true-up matching and non-elective contributions to the Sirius XM Plan. Employer matching contributions under the Sirius XM Plan vest at a rate of 33.33% for each year of employment and are fully vested after three years of employment for all current and future contributions. Our cash employer matching contributions are not used to purchase shares of our common stock on the open market, unless the employee elects our common stock as their investment option for this contribution. We recognized \$1,526 and \$1,513 in expense during the three months ended June 30, 2016 and 2015 , respectively, and \$3,217 and \$4,540 in expense during six months ended June 30, 2016 and 2015 , respectively.

Sirius XM Holdings Inc. Deferred Compensation Plan

In 2015, we adopted the Sirius XM Holdings Inc. Deferred Compensation Plan (the “DCP”). The DCP allows members of our board of directors and certain eligible employees to defer all or a portion of their base salary, cash incentive compensation and/or board of directors’ compensation, as applicable, each plan year starting in 2016. Pursuant to the terms of the DCP, we may elect to make additional contributions beyond amounts deferred by participants, but we are under no obligation to do so. We have established a grantor (or “rabbi”) trust to facilitate the payment of our obligations under the DCP.

As of June 30, 2016 , the fair value of the investments in the trust was \$4,240 , which is included in Other long-term assets in our unaudited consolidated balance sheets and is classified as trading securities. Trading gains and losses associated with the trust are recorded in Other income within our unaudited consolidated statements of comprehensive income. The associated liability is recorded within Other long-term liabilities in our unaudited consolidated balance sheets, and any increase or decrease in the liability is recorded in General and administration expense within our unaudited consolidated statements of comprehensive income.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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(13) Commitments and Contingencies

The following table summarizes our expected contractual cash commitments as of June 30, 2016 :

	2016	2017	2018	2019	2020	Thereafter	Total
Debt obligations	\$ 2,886	\$ 5,485	\$ 4,477	\$ 3,169	\$ 1,150,424	\$ 5,000,000	\$ 6,166,441
Cash interest payments	143,500	348,922	341,027	340,928	328,730	1,058,688	2,561,795
Satellite and transmission	8,052	3,919	4,267	4,623	4,717	9,756	35,334
Programming and content	120,628	228,410	205,859	188,103	163,382	298,650	1,205,032
Marketing and distribution	12,093	14,963	12,584	10,141	4,645	4,600	59,026
Satellite incentive payments	5,749	13,296	14,302	10,652	7,918	35,609	87,526
Operating lease obligations	20,147	44,530	42,943	38,773	36,384	180,227	363,004
Other	76,542	22,494	7,814	1,213	384	40	108,487
Total ⁽¹⁾	\$ 389,597	\$ 682,019	\$ 633,273	\$ 597,602	\$ 1,696,584	\$ 6,587,570	\$ 10,586,645

- (1) The table does not include our reserve for uncertain tax positions, which at June 30, 2016 totaled \$5,072 , as the specific timing of any cash payments cannot be projected with reasonable certainty.

Debt obligations. Debt obligations include principal payments on outstanding debt and capital lease obligations.

Cash interest payments. Cash interest payments include interest due on outstanding debt and capital lease payments through maturity.

Satellite and transmission. We have entered into agreements with third parties to operate and maintain the off-site satellite telemetry, tracking and control facilities and certain components of our terrestrial repeater networks.

Programming and content. We have entered into various programming agreements. Under the terms of these agreements, our obligations include fixed payments, advertising commitments and revenue sharing arrangements. Our future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in our minimum contractual cash commitments.

Marketing and distribution. We have entered into various marketing, sponsorship and distribution agreements to promote our brand and are obligated to make payments to sponsors, retailers, automakers and radio manufacturers under these agreements. Certain programming and content agreements also require us to purchase advertising on properties owned or controlled by the licensors. We also reimburse automakers for certain engineering and development costs associated with the incorporation of satellite radios into new vehicles they manufacture.

Satellite incentive payments. Boeing Satellite Systems International, Inc., the manufacturer of certain of our in-orbit satellites, may be entitled to future in-orbit performance payments with respect to XM-3 and XM-4 meeting their fifteen -year design life. Boeing may also be entitled to additional incentive payments up to \$10,000 if our XM-4 satellite continues to operate above baseline specifications during the five years beyond the satellite's fifteen -year design life.

Space Systems/Loral, the manufacturer of certain of our in-orbit satellites, may be entitled to future in-orbit performance payments with respect to XM-5, FM-5 and FM-6 meeting their fifteen -year design life.

Operating lease obligations. We have entered into both cancelable and non-cancelable operating leases for office space, equipment and terrestrial repeaters. These leases provide for minimum lease payments, additional operating expense charges, leasehold improvements and rent escalations that have initial terms ranging from one to fifteen years , and certain leases have options to renew. The effect of the rent holidays and rent concessions are recognized on a straight-line basis over the lease term, including reasonably assured renewal periods.

Other. We have entered into various agreements with third parties for general operating purposes. In addition to the minimum contractual cash commitments described above, we have entered into agreements with other variable cost arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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substantial. We may enter into additional programming, distribution, marketing and other agreements that contain similar variable cost provisions. The cost of our stock acquired but not paid for as of June 30, 2016 is also included in this category.

We do not have any other significant off-balance sheet financing arrangements that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Legal Proceedings

In the ordinary course of business, we are a defendant or party to various claims and lawsuits, including those discussed below.

We record a liability when we believe that it is both probable that a liability will be incurred, and the amount of loss can be reasonably estimated. We evaluate developments in legal matters that could affect the amount of liability that has been previously accrued and make adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount of a loss or potential loss. We may be unable to reasonably estimate the reasonably possible loss or range of loss for a particular legal contingency for various reasons, including, among others, because: (i) the damages sought are indeterminate; (ii) the proceedings are in the relative early stages; (iii) there is uncertainty as to the outcome of pending proceedings (including motions and appeals); (iv) there is uncertainty as to the likelihood of settlement and the outcome of any negotiations with respect thereto; (v) there remain significant factual issues to be determined or resolved; (vi) the relevant law is unsettled; or (vii) the proceedings involve novel or untested legal theories. In such instances, there may be considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

Telephone Consumer Protection Act Suits . We are a defendant in several purported class action suits that allege that we, or call center vendors acting on our behalf, made calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the “TCPA”). The plaintiffs in these actions allege, among other things, that we called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff also alleges that we violated the TCPA’s call time restrictions and, in one of the other actions, the plaintiff also alleges that we violated the TCPA’s do not call restrictions. These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc., No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio Inc., No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio Inc. and Career Horizons, Inc., No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio Inc., No. 8:15-cv-01710-JSM-EAJ (M.D. Fla), and are described in Item 3., Legal Proceedings, in our Annual Report on Form 10-K for the year ended December 31, 2015.

On April 5, 2016, we entered into a memorandum of understanding to settle these purported class action suits. The settlement is expected to resolve the claims of consumers beginning in February 2008 relating to telemarketing calls to their mobile telephones. As part of this settlement, we will agree to pay \$35,000 in cash (from which notice, administration and other costs and attorneys’ fees will be paid), to offer participating class members the option of receiving three months of our Select service for no charge, and to enter into agreements to make modifications to the practices of certain call center vendors. The memorandum of understanding is subject to the execution of a definitive settlement agreement and court approval, neither of which can be assured.

Pre-1972 Sound Recording Matters . In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that we underpaid royalties for statutory licenses during the 2007-2012 period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that we improperly reduced our calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not “separately charged” as required by the regulations. SoundExchange is seeking compensatory damages of not less than \$50,000 and up to \$100,000 or more, payment of late fees and interest, and attorneys’ fees and costs.

In August 2014, the United States District Court for the District of Columbia granted our motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations.

SIRIUS XM HOLDINGS INC. AND SUBSIDIARIES
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This matter is titled *SoundExchange, Inc. v. Sirius XM Radio, Inc.*, No.13-cv-1290-RJL (D.D.C.), and *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTR. Information concerning the action is publicly available in filings under the docket numbers. The outcome of this matter is inherently unpredictable and subject to significant uncertainties, many of which are beyond our control. No provision was made for losses to the extent such are not probable and estimable. We believe we have substantial defenses to the claims asserted, and intend to defend this action vigorously.

Other Matters . In the ordinary course of business, we are a defendant in various other lawsuits and arbitration proceedings, including derivative actions; actions filed by subscribers, both on behalf of themselves and on a class action basis; former employees; parties to contracts or leases; and owners of patents, trademarks, copyrights or other intellectual property. None of these other matters, in our opinion, is likely to have a material adverse effect on our business, financial condition or results of operations.

(14) Income Taxes

We file a consolidated federal income tax return for all of our wholly-owned subsidiaries, including Sirius XM. Income tax expense for the three months ended June 30, 2016 and 2015 was \$108,260 and \$45,421 , respectively, and \$217,603 and \$184,350 for the six months ended June 30, 2016 and 2015 , respectively. Our effective tax rate for the three and six months ended June 30, 2016 was 38.5% and 38.7% , respectively. We estimate our annual effective tax rate for the year ending December 31, 2016 will be 38.0% . Our effective tax rate for the three and six months ended June 30, 2015 was 30.6% and 46.9% , respectively, primarily due to the effect of a tax law change in the District of Columbia during the three months ended March 31, 2015 and in New York City during the three months ended June 30, 2015. The tax law change in the District of Columbia will reduce our future taxes and thus we will use less of certain net operating losses in the future which resulted in a \$44,392 increase in our valuation allowance during the three months ended March 31, 2015. The tax law change in New York City will increase certain net operating losses to be utilized in the future which resulted in a \$16,945 increase in our deferred tax asset during the three months ended June 30, 2015.

As of June 30, 2016 and December 31, 2015 , we had a valuation allowance related to deferred tax assets of \$47,773 and \$49,095 , respectively, that were not likely to be realized due to certain net operating loss limitations and acquired net operating losses that we were not more likely than not going to utilize.

(15) Subsequent Events

Stock Repurchase Program

For the period from July 1, 2016 to July 22, 2016 , we repurchased 11,655 shares of our common stock on the open market for an aggregate purchase price of \$47,395 , including fees and commissions.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All amounts referenced in this Item 2 are in thousands, except per subscriber and per installation amounts, unless otherwise stated.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and with our Annual Report on Form 10-K for the year ended December 31, 2015 .

Special Note Regarding Forward-Looking Statements

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward-looking statements made in this Quarterly Report on Form 10-Q and in other reports and documents published by us from time to time. Any statements about our beliefs, plans, objectives, expectations, assumptions, future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intend," "plan," "projection" and "outlook." Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Quarterly Report on Form 10-Q and in other reports and documents published by us from time to time, particularly the risk factors described under "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2015 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein and in Part II, Item 7, of our Annual Report on Form 10-K for the year ended December 31, 2015 .

Among the significant factors that could cause our actual results to differ materially from those expressed in the forward-looking statements are:

- we face substantial competition and that competition is likely to increase over time;
- our ability to attract and retain subscribers in the future is uncertain;
- consumer protection laws and their enforcement could damage our business;
- the unfavorable outcome of pending or future litigation;
- the market for music rights is changing and is subject to significant uncertainties;
- our business depends in large part upon the auto industry;
- general economic conditions can affect our business;
- if we fail to protect the security of personal information about our customers, we could be subject to costly government enforcement actions and private litigation and our reputation could suffer;
- other existing or future government laws and regulations could harm our business;
- failure of our satellites would significantly damage our business;
- interruption or failure of our information technology and communications systems could negatively impact our results and our brand;
- we may not realize the benefits of acquisitions or other strategic initiatives;
- rapid technological and industry changes could adversely impact our services;
- failure of third parties to perform could adversely affect our business;
- our service may experience harmful interference from new and existing wireless operations;
- failure to comply with FCC requirements could damage our business;
- we may from time to time modify our business plan, and these changes could adversely affect us and our financial condition;
- we have a significant amount of indebtedness, and our revolving credit facility contains certain covenants that restrict our current and future operations;

- our studios, terrestrial repeater networks, satellite uplink facilities or other ground facilities could be damaged by natural catastrophes or terrorist activities;
- our principal stockholder has significant influence, including over actions requiring stockholder approval, and its interests may differ from the interests of other holders of our common stock;
- we are a “controlled company” within the meaning of the NASDAQ listing rules and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements; and
- our business may be impaired by third-party intellectual property rights.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any of these forward-looking statements. In addition, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which the statement is made, to reflect the occurrence of unanticipated events or otherwise, except as required by law. New factors emerge from time to time, and it is not possible for us to predict which will arise or to assess with any precision the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Executive Summary

We transmit music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through our two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over our Internet radio service, including through applications for mobile devices. We are also a leader in providing connected vehicle services. Our connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

We have agreements with every major automaker (“OEMs”) to offer satellite radio in their vehicles. We also acquire subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to our services. Additionally, we distribute our satellite radios through retailers online and at locations nationwide and through our website. Satellite radio services are also offered to customers of certain rental car companies.

As of June 30, 2016, we had approximately 30.6 million subscribers of which approximately 25.1 million were self-pay subscribers and approximately 5.5 million were paid promotional subscribers. Our subscriber totals include subscribers under our regular pricing plans; discounted pricing plans; subscribers that have prepaid, including payments either made or due from automakers for subscriptions included in the sale or lease price of a vehicle; subscribers to our Internet services who do not also have satellite radio subscriptions; and certain subscribers to our weather, traffic, and data services who do not also have satellite radio subscriptions. Subscribers and subscription related revenues and expenses associated with our connected vehicle services and the Sirius XM Canada service are not included in our subscriber count or subscriber-based operating metrics.

Our primary source of revenue is subscription fees, with most of our customers subscribing on an annual, semi-annual, quarterly or monthly plan. We offer discounts for prepaid, longer term subscription plans, as well as a multiple subscription discount. We also derive revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as our weather, traffic and data services.

In certain cases, a subscription to our radio services is included in the sale or lease price of new vehicles or previously owned vehicles. The length of these subscriptions varies but is typically three to twelve months. We receive payments for these subscriptions from certain automakers. We also reimburse various automakers for certain costs associated with satellite radios installed in new vehicles.

Liberty Media beneficially owns, directly and indirectly, over 50% of the outstanding shares of our common stock. As a result, we are a “controlled company” for the purposes of the NASDAQ corporate governance requirements. Liberty Media owns interests in a range of media, communications and entertainment businesses.

Recent Development

On May 12, 2016, our subsidiary, Sirius XM Radio Inc. ("Sirius XM"), entered into an arrangement agreement (the "Arrangement Agreement") with Sirius XM Canada Holdings Inc. ("Sirius XM Canada"), an entity in which Sirius XM currently holds an approximate 37% economic interest and 25% voting interest. Pursuant to the Arrangement Agreement, Sirius XM and certain Canadian shareholders will form a new company to acquire shares of Sirius XM Canada not already owned by them pursuant to a plan of arrangement (the "Transaction"). In connection with the Transaction, Sirius XM Canada's shareholders will be entitled to elect to receive, for each share of Sirius XM Canada held, C \$4.50 (U.S. \$3.50 as of May 12, 2016) in (i) cash, (ii) shares of our common stock, (iii) a security exchangeable for shares of our common stock, or (iv) a combination thereof; provided that no more than 50% of the total consideration in the Transaction (or up to 35,000 shares) will be issued in our common stock and exchangeable shares. All of the obligations of Sirius XM under the Arrangement Agreement are guaranteed by us.

Following the Transaction, Sirius XM is expected to hold a 70% economic interest and 33% voting interest in Sirius XM Canada, with the remainder of the voting power and economic interest held by Slight Communications and Obelisk Media, two of Sirius XM Canada's current Canadian shareholders. Sirius XM expects to contribute to Sirius XM Canada approximately U.S. \$275,000 in connection with the Transaction (assuming that all shareholders elect to receive cash in connection with the Transaction), which amount is expected to be used to pay the cash consideration to Sirius XM Canada's shareholders and will be decreased proportionately if shareholders elect to receive consideration in shares of our common stock or securities exchangeable for our common stock.

The Transaction is subject to the approval of two-thirds of the shareholders of Sirius XM Canada, as well as a majority of the minority shareholders of Sirius XM Canada. The Transaction is also subject to receipt of court and Canadian Radio-Television and Telecommunications Commission approval. Pending receipt of all necessary approvals, the Transaction is expected to close no later than end of the fourth quarter of 2016.

Results of Operations

Set forth below are our results of operations for the three and six months ended June 30, 2016 compared with the three and six months ended June 30, 2015 .

	Unaudited				2016 vs 2015 Change			
	For the Three Months Ended June 30,		For the Six Months Ended June 30,		Three Months		Six Months	
	2016	2015	2016	2015	Amount	%	Amount	%
Revenue:								
Subscriber revenue	\$ 1,033,284	\$ 940,077	\$ 2,042,966	\$ 1,851,547	\$ 93,207	10 %	\$ 191,419	10 %
Advertising revenue	33,521	28,839	65,062	55,712	4,682	16 %	9,350	17 %
Equipment revenue	27,858	29,263	54,979	54,104	(1,405)	(5)%	875	2 %
Other revenue	140,903	125,031	273,569	242,837	15,872	13 %	30,732	13 %
Total revenue	1,235,566	1,123,210	2,436,576	2,204,200	112,356	10 %	232,376	11 %
Operating expenses:								
Cost of services:								
Revenue share and royalties	264,385	331,517	516,129	544,495	(67,132)	(20)%	(28,366)	(5)%
Programming and content	83,645	69,370	168,745	140,516	14,275	21 %	28,229	20 %
Customer service and billing	93,712	91,932	190,579	184,029	1,780	2 %	6,550	4 %
Satellite and transmission	34,847	21,714	58,385	43,018	13,133	60 %	15,367	36 %
Cost of equipment	9,728	10,930	19,507	19,775	(1,202)	(11)%	(268)	(1)%
Subscriber acquisition costs	128,956	136,504	261,405	258,764	(7,548)	(6)%	2,641	1 %
Sales and marketing	91,358	86,493	180,084	165,237	4,865	6 %	14,847	9 %
Engineering, design and development	18,893	16,088	38,334	31,048	2,805	17 %	7,286	23 %
General and administrative	81,178	72,137	158,683	151,960	9,041	13 %	6,723	4 %
Depreciation and amortization	66,708	67,096	134,335	132,123	(388)	(1)%	2,212	2 %
Total operating expenses	873,410	903,781	1,726,186	1,670,965	(30,371)	(3)%	55,221	3 %
Income from operations	362,156	219,429	710,390	533,235	142,727	65 %	177,155	33 %
Other income (expense):								
Interest expense	(83,396)	(75,380)	(161,796)	(145,288)	(8,016)	(11)%	(16,508)	(11)%
Other income	2,515	4,221	13,363	4,944	(1,706)	(40)%	8,419	170 %
Total other expense	(80,881)	(71,159)	(148,433)	(140,344)	(9,722)	(14)%	(8,089)	(6)%
Income before income taxes	281,275	148,270	561,957	392,891	133,005	90 %	169,066	43 %
Income tax expense	(108,260)	(45,421)	(217,603)	(184,350)	(62,839)	(138)%	(33,253)	(18)%
Net income	\$ 173,015	\$ 102,849	\$ 344,354	\$ 208,541	\$ 70,166	68 %	\$ 135,813	65 %

Total Revenue

Subscriber Revenue includes subscription, activation and other fees.

For the three months ended June 30, 2016 and 2015 , subscriber revenue was \$1,033,284 and \$940,077 , respectively, an increase of 10% , or \$93,207 . For the six months ended June 30, 2016 and 2015 , subscriber revenue was \$2,042,966 and \$1,851,547 , respectively, an increase of 10% , or \$191,419 . The increase was primarily attributable to an increase in the

daily weighted average number of subscribers and increases in certain of our self-pay subscription rates, partially offset by subscription discounts and limited channel plans offered in customer acquisition and retention programs.

We expect subscriber revenues to increase based on the growth of our subscriber base, the effects of increases in certain of our subscription rates and the sale of additional services to subscribers.

Advertising Revenue includes the sale of advertising on certain non-music channels.

For the three months ended June 30, 2016 and 2015, advertising revenue was \$33,521 and \$28,839, respectively, an increase of 16%, or \$4,682. For the six months ended June 30, 2016 and 2015, advertising revenue was \$65,062 and \$55,712, respectively, an increase of 17%, or \$9,350. The increase was primarily due to a greater number of advertising spots sold and transmitted as well as increased rates per spot.

We expect our advertising revenue to continue to grow as more advertisers are attracted to our national platform and growing subscriber base and as we launch additional non-music channels.

Equipment Revenue includes revenue and royalties from the sale of satellite radios, components and accessories.

For the three months ended June 30, 2016 and 2015, equipment revenue was \$27,858 and \$29,263, respectively, a decrease of 5%, or \$1,405. For the six months ended June 30, 2016 and 2015, equipment revenue was \$54,979 and \$54,104, respectively, an increase of 2%, or \$875. The decrease for the three month period was driven by lower sales to distributors, partially offset by higher OEM royalties. The increase for the six month period was driven by higher royalties from an increase in OEM production and a higher royalty rate, partially offset by lower sales to distributors.

We expect equipment revenue to fluctuate based on OEM production for which we receive royalty payments for our technology and, to a lesser extent, on the volume of equipment sales in our aftermarket and direct to consumer business.

Other Revenue includes amounts earned from subscribers for the U.S. Music Royalty Fee, revenue from our connected vehicle business, our Canadian affiliate and ancillary revenues.

For the three months ended June 30, 2016 and 2015, other revenue was \$140,903 and \$125,031, respectively, an increase of 13%, or \$15,872. For the six months ended June 30, 2016 and 2015, other revenue was \$273,569 and \$242,837, respectively, an increase of 13%, or \$30,732. The increase was driven by revenues from the U.S. Music Royalty Fee due to higher subscriber volumes on the rate which was increased in the first quarter of 2015 as well as an increase in subscribers.

We expect other revenue to increase as our growing subscriber base drives higher U.S. Music Royalty Fees.

Operating Expenses

Revenue Share and Royalties include distribution and content provider revenue share, royalties for transmitting content and web streaming, and advertising revenue share.

For the three months ended June 30, 2016 and 2015, revenue share and royalties were \$264,385 and \$331,517, respectively, a decrease of 20%, or \$67,132, and decreased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015, revenue share and royalties were \$516,129 and \$544,495, respectively, a decrease of 5%, or \$28,366, and decreased as a percentage of total revenue. The decrease was due to the pre-1972 settlement charge recorded in the second quarter of 2015 partially offset by greater revenues subject to royalty and revenue sharing arrangements, the addition of certain royalty payments for our use of pre-1972 recordings in accordance with the terms of the July 2015 agreement with the major record companies, and a 5% increase in the statutory royalty rate applicable to our use of post-1972 recordings.

We expect our revenue share and royalty costs to increase as our revenues grow and as the statutory royalty rate applicable to post-1972 sound recordings increases. For the remainder of 2016 and in 2017, we expect to recognize \$20,234 and \$43,442, respectively, in expense related to the settlement relating to the use of pre-1972 sound recordings. As determined by the Copyright Royalty Board, we have paid or will pay royalties for the use of certain post-1972 sound recordings on our satellite radio service of 10.0%, 10.5% and 11% in 2015, 2016 and 2017, respectively.

Programming and Content includes costs to acquire, create, promote and produce content. We have entered into various agreements with third parties for music and non-music programming that require us to pay license fees and other amounts.

For the three months ended June 30, 2016 and 2015, programming and content expenses were \$83,645 and \$69,370, respectively, an increase of 21%, or \$14,275, and increased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015, programming and content expenses were \$168,745 and \$140,516, respectively, an increase of 20%, or \$28,229, and increased as a percentage of total revenue. The increase was primarily due to renewed programming licenses as well as increased personnel related costs.

We expect our programming and content expenses to increase as we offer additional programming, and renew or replace expiring agreements.

Customer Service and Billing includes costs associated with the operation and management of internal and third party customer service centers, and our subscriber management systems as well as billing and collection costs, bad debt expense, and transaction fees.

For the three months ended June 30, 2016 and 2015, customer service and billing expenses were \$93,712 and \$91,932, respectively, an increase of 2%, or \$1,780, but decreased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015, customer services and billing expenses were \$190,579 and \$184,029, respectively, an increase of 4%, or \$6,550, but decreased as a percentage of total revenue. The increases were primarily due to costs associated with a higher subscriber base driving greater call center costs, transaction fees, and bad debt expense.

We expect our customer service and billing expenses to increase as our subscriber base grows.

Satellite and Transmission consists of costs associated with the operation and maintenance of our terrestrial repeater networks; satellites; satellite telemetry, tracking and control systems; satellite uplink facilities; studios; and delivery of our Internet streaming and connected vehicle services.

For the three months ended June 30, 2016 and 2015, satellite and transmission expenses were \$34,847 and \$21,714, respectively, an increase of 60%, or \$13,133, and increased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015, satellite and transmission expenses were \$58,385 and \$43,018, respectively, an increase of 36%, or \$15,367, and increased as a percentage of revenue. The increases were primarily due to the loss on disposal of certain obsolete satellite parts of \$12,912, recorded in the three months ended June 30, 2016, and costs associated with our connected vehicle business.

We expect satellite and transmission expenses to increase as a result of connected vehicle service costs; partially offset by decreases in Internet streaming costs.

Cost of Equipment includes costs from the sale of satellite radios, components and accessories and provisions for inventory allowance attributable to products purchased for resale in our direct to consumer distribution channels.

For the three months ended June 30, 2016 and 2015, cost of equipment was \$9,728 and \$10,930, respectively, a decrease of 11%, or \$1,202, and decreased as a percentage of equipment revenue. For the six months ended June 30, 2016 and 2015, cost of equipment was \$19,507 and \$19,775, respectively, a decrease of 1%, or \$268, and decreased as a percentage of equipment revenue. The decrease was primarily due to lower sales to distributors.

We expect cost of equipment to fluctuate with changes in sales and inventory valuations.

Subscriber Acquisition Costs include hardware subsidies paid to radio manufacturers, distributors and automakers; subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to automakers and retailers; product warranty obligations; freight; and provisions for inventory allowances attributable to inventory consumed in our OEM and retail distribution channels. The majority of subscriber acquisition costs are incurred and expensed in advance of, or concurrent with, acquiring a subscriber. Subscriber acquisition costs do not include advertising costs, marketing, loyalty payments to distributors and dealers of satellite radios or revenue share payments to automakers and retailers of satellite radios.

For the three months ended June 30, 2016 and 2015, subscriber acquisition costs were \$128,956 and \$136,504, respectively, a decrease of 6%, or \$7,548, and decreased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015, subscriber acquisition costs were \$261,405 and \$258,764, respectively, an increase of 1%, or

\$2,641 , but decreased as a percentage of total revenue. The decrease for the three month period was driven by lower satellite radio installations in new vehicles and a slight improvement in subsidy rates. The increase for the six month period was driven by costs related to a larger number of satellite radio installations in new vehicles.

We expect subscriber acquisition costs to fluctuate with OEM installations and aftermarket volume; however, the cost of subsidized radio components is expected to decline. We intend to continue to offer subsidies, commissions and other incentives to acquire subscribers.

Sales and Marketing includes costs for marketing, advertising, media and production, including promotional events and sponsorships; cooperative marketing; and personnel. Marketing costs include expenses related to direct mail, outbound telemarketing and email communications.

For the three months ended June 30, 2016 and 2015 , sales and marketing expenses were \$91,358 and \$86,493 , respectively, an increase of 6% , or \$4,865 , but decreased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015 , sales and marketing expenses were \$180,084 and \$165,237 , respectively, an increase of 9% , or \$14,847 , and remained flat as a percentage of total revenue. The increases were primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials as well as higher personnel costs.

We anticipate that sales and marketing expenses will increase as we expand programs to retain our existing subscribers, win back former subscribers and attract new subscribers.

Engineering, Design and Development consists primarily of compensation and related costs to develop chipsets and new products and services, including streaming and connected vehicle services, research and development for broadcast information systems and costs associated with the incorporation of our radios into new vehicles manufactured by automakers.

For the three months ended June 30, 2016 and 2015 , engineering, design and development expenses were \$18,893 and \$16,088 , respectively, an increase of 17% , or \$2,805 , but remained flat as a percentage of total revenue. For the six months ended June 30, 2016 and 2015 , engineering, design and development expenses were \$38,334 and \$31,048 , respectively, an increase of 23% , or \$7,286 , and increased as a percentage of total revenue. The increases were driven primarily by higher personnel related costs.

We expect engineering, design and development expenses to increase in future periods as we continue to develop our infrastructure, products and services.

General and Administrative primarily consists of compensation and related costs for personnel and facilities, and include costs related to our finance, legal, human resources and information technologies departments.

For the three months ended June 30, 2016 and 2015 , general and administrative expenses were \$81,178 and \$72,137 , respectively, an increase of 13% , or \$9,041 , but remained flat as a percentage of total revenue. For the six months ended June 30, 2016 and 2015 , general and administrative expenses were \$158,683 and \$151,960 , respectively, an increase of 4% , or \$6,723 , but decreased as a percentage of total revenue. The increase was primarily driven by higher consulting costs, partially offset by lower personnel-related costs.

We expect our general and administrative expenses to increase in future periods as a result of, among other things, enhanced information technology, on-going legal costs and personnel costs to support the growth of our business.

Depreciation and Amortization represents the recognition in earnings of the cost of assets used in operations, including our satellite constellations, property, equipment and intangible assets, over their estimated service lives.

For the three months ended June 30, 2016 and 2015 , depreciation and amortization expense was \$66,708 and \$67,096 , respectively, a decrease of 1% , or \$388 , and decreased as a percentage of total revenue. For the six months ended June 30, 2016 and 2015 , depreciation and amortization expense was \$134,335 and \$132,123 , respectively, an increase of 2% , or \$2,212 , but decreased as a percentage of total revenue. The decrease for the three month period was driven by certain satellites and software reaching the end of their estimated lives, partially offset by additional software and terrestrial repeater assets placed in service. The increase for the six month period was driven by additional software and terrestrial repeater assets placed in service, partially offset by certain satellites reaching the end of their estimated lives.

Other Income (Expense)

Interest Expense includes interest on outstanding debt.

For the three months ended June 30, 2016 and 2015, interest expense was \$83,396 and \$75,380, respectively, an increase of 11%, or \$8,016. For the six months ended June 30, 2016 and 2015, interest expense was \$161,796 and \$145,288, respectively, an increase of 11%, or \$16,508. The increase was primarily due to higher average debt during the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015.

We expect interest expense to increase in future periods to the extent our total debt outstanding increases.

Other Income primarily includes realized gains and losses, interest income, and our share of the income or loss of Sirius XM Canada.

For the three months ended June 30, 2016 and 2015, interest and investment income was \$2,515 and \$4,221, respectively. For the six months ended June 30, 2016 and 2015, interest and investment income was \$13,363 and \$4,944, respectively. The income for the three and six months ended June 30, 2016 was driven by our share of Sirius XM Canada's net income and by the dividends received from Sirius XM Canada in excess of our investment. The income for the three and six months ended June 30, 2015 was driven by the dividends received from Sirius XM Canada in excess of our investment.

Income Taxes

Income Tax Expense includes the change in our deferred tax assets, foreign withholding taxes and current federal and state tax expenses.

For the three months ended June 30, 2016 and 2015, income tax expense was \$108,260 and \$45,421, respectively. For the six months ended June 30, 2016 and 2015, income tax expense was \$217,603 and \$184,350, respectively. Our effective tax rate for the three and six months ended June 30, 2016 was 38.5% and 38.7%, respectively. We estimate our annual effective tax rate for the year ending December 31, 2016 will be 38.0%. Our effective tax rate for the three and six months ended June 30, 2015 was 30.6% and 46.9%, respectively, primarily due to the effect of a tax law change in the District of Columbia during the three months ended March 31, 2015 and in New York City during the three months ended June 30, 2015. The tax law change in the District of Columbia will reduce our future taxes and thus we will use less of certain net operating losses in the future which resulted in a \$44,392 increase in our valuation allowance during the three months ended March 31, 2015. The tax law change in New York City will increase certain net operating losses to be utilized in the future which resulted in a \$16,945 increase in our deferred tax asset during the three months ended June 30, 2015.

Key Financial and Operating Performance Metrics

In this section, we present certain financial performance measures that are not calculated and presented in accordance with generally accepted accounting principles in the United States ("Non-GAAP"), which include free cash flow and adjusted EBITDA. We also present certain operating performance measures, which include average monthly revenue per subscriber, or ARPU; customer service and billing expenses, per average subscriber; and subscriber acquisition cost, or SAC, per installation. To the extent applicable, these measures exclude the impact of share-based payment expense and certain purchase price accounting adjustments related to the merger of Sirius and XM (the "Merger"). Additionally, when applicable, our adjusted EBITDA and free cash flow metrics exclude the effect of significant items that do not relate to the on-going performance of our business. We use these Non-GAAP financial and operating performance measures to manage our business, to set operational goals and as a basis for determining performance-based compensation for our employees. See accompanying glossary on pages 35 through 37 for more details and for the reconciliation to the most directly comparable GAAP measure (where applicable).

We believe these Non-GAAP financial and operating performance measures provide useful information to investors regarding our financial condition and results of operations. We believe investors find these Non-GAAP financial and operating performance measures useful in evaluating our core trends because they provide a direct view of our underlying contractual costs. We believe investors use our current adjusted EBITDA to estimate our current enterprise value and to make investment decisions. We believe free cash flow provides useful supplemental information to investors regarding our cash available for future subscriber acquisition and capital expenditures, to repurchase or retire debt, to acquire other companies and to evaluate

our ability to return capital to stockholders. By providing these Non-GAAP financial and operating performance measures, together with the reconciliations to the most directly comparable GAAP measure (where applicable), we believe we are enhancing investors' understanding of our business and our results of operations.

Our Non-GAAP financial measures should be viewed in addition to, and not as an alternative for or superior to, our reported results prepared in accordance with GAAP. In addition, our Non-GAAP financial measures may not be comparable to similarly-titled measures by other companies. Please refer to the glossary (pages 35 through 37) for a further discussion of such Non-GAAP financial and operating performance measures and reconciliations to the most directly comparable GAAP measure (where applicable). The following table contains our Non-GAAP financial and operating performance measures which are based on our adjusted results of operations for the three and six months ended June 30, 2016 and 2015. Subscribers and subscription related revenues and expenses associated with our connected vehicle services are not included in our subscriber count or subscriber-based operating metrics:

	Unaudited		Unaudited	
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Self-pay subscribers	25,143	23,436	25,143	23,436
Paid promotional subscribers	5,503	4,999	5,503	4,999
Ending subscribers ^(a)	30,646	28,434	30,646	28,434
Self-pay subscribers	507	519	855	913
Paid promotional subscribers	80	173	197	210
Net additions	587	692	1,052	1,123
Daily weighted average number of subscribers	30,329	28,031	30,044	27,720
Average self-pay monthly churn	1.8%	1.6%	1.8%	1.7%
New vehicle consumer conversion rate	40%	41%	39%	41%
ARPU	\$ 12.78	\$ 12.42	\$ 12.72	\$ 12.34
SAC, per installation	\$ 32	\$ 32	\$ 33	\$ 33
Customer service and billing expenses, per average subscriber	\$ 0.97	\$ 0.99	\$ 0.99	\$ 1.00
Adjusted EBITDA	\$ 467,766	\$ 414,962	\$ 909,133	\$ 814,189
Free cash flow	\$ 394,946	\$ 370,914	\$ 723,163	\$ 647,146
Diluted weighted average common shares outstanding (GAAP)	4,988,247	5,507,601	5,049,571	5,570,445

(a) Amounts may not sum as a result of rounding.

Subscribers. At June 30, 2016, we had 30.6 million subscribers, an increase of 2.2 million subscribers, or 8%, from the 28.4 million subscribers as of June 30, 2015. The increase in total subscribers was primarily due to growth in our self-pay subscriber base, which increased 1.7 million. The increase in self-pay subscribers is primarily from original and subsequent owner trial conversions, partially offset by deactivations. Our increase in paid promotional subscribers of 504 thousand subscribers resulted from the shipment of additional vehicles by OEMs offering paid trials.

For the three months ended June 30, 2016 and 2015, net additions were 587 thousand and 692 thousand, respectively, a decrease of 15% primarily due to a period over period decrease in paid promotional subscriber net additions. For the six months ended June 30, 2016 and 2015, net additions were 1,052 thousand and 1,123 thousand, respectively, a decrease of 6% primarily due to a period over period decrease in self-pay subscriber net additions.

Average Self-pay Monthly Churn is derived by dividing the monthly average of self-pay deactivations for the period by the average number of self-pay subscribers for the period. (See accompanying glossary on pages 35 through 37 for more details.)

For the three months ended June 30, 2016 and 2015, our average self-pay monthly churn rate was 1.8% and 1.6%, respectively. For the six months ended June 30, 2016 and 2015, our average self-pay monthly churn rate was 1.8% and 1.7%. The increase was due to vehicle related and voluntary churn.

New Vehicle Consumer Conversion Rate is the percentage of owners and lessees of new vehicles that receive our service and convert to become self-paying subscribers after an initial promotional period. The metric excludes rental and fleet vehicles. (See accompanying glossary on pages 35 through 37 for more details).

For the three months ended June 30, 2016 and 2015, our new vehicle consumer conversion rate was 40% and 41%, respectively. For the six months ended June 30, 2016 and 2015, our new vehicle consumer conversion rate was 39% and 41%, respectively. The decrease in the new vehicle consumer conversion rate was primarily due to an increased vehicle penetration rate as well as lower conversion of first-time buyers and lessees of satellite enabled cars.

ARPU is derived from total earned subscriber revenue (excluding revenue derived from our connected vehicle services business), net advertising revenue and other subscription-related revenue, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. (See the accompanying glossary on pages 35 through 37 for more details.)

For the three months ended June 30, 2016 and 2015, ARPU was \$12.78 and \$12.42, respectively. For the six months ended June 30, 2016 and 2015, ARPU was \$12.72 and \$12.34, respectively. The increase was driven primarily by increases in certain of our subscription rates, partially offset by growth in subscription discounts offered through customer acquisition and retention programs.

SAC, Per Installation, is derived from subscriber acquisition costs and margins from the sale of radios, components and accessories, divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. (See the accompanying glossary on pages 35 through 37 for more details.)

For the three months ended June 30, 2016 and 2015, SAC, per installation, was \$32. For the six months ended June 30, 2016 and 2015, SAC, per installation, was \$33. SAC, per installation, improved primarily due to improved OEM chipset subsidy rates.

Customer Service and Billing Expenses, Per Average Subscriber, is derived from total customer service and billing expenses, excluding connected vehicle customer service and billing expenses and share-based payment expense, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. (See the accompanying glossary on pages 35 through 37 for more details.)

For the three months ended June 30, 2016 and 2015, customer service and billing expenses, per average subscriber, was \$0.97 and \$0.99, respectively. For the six months ended June 30, 2016 and 2015, customer service and billing expenses, per average subscriber, was \$0.99 and \$1.00, respectively. Efficiencies achieved from customer service process enhancements were offset by increased bad debt expense per subscriber.

Adjusted EBITDA. EBITDA is defined as net income before interest expense, income tax expense and depreciation and amortization. Adjusted EBITDA excludes the impact of other income, other non-cash charges, such as certain purchase price accounting adjustments, share-based payment expense, and loss on disposal of assets and settlements related to the historical use of pre-1972 sound recordings. (See the accompanying glossary on pages 35 through 37 for a reconciliation to GAAP and for more details.)

For the three months ended June 30, 2016 and 2015, adjusted EBITDA was \$467,766 and \$414,962, respectively, an increase of 13%, or \$52,804. For the six months ended June 30, 2016 and 2015, adjusted EBITDA was \$909,133 and \$814,189, respectively, an increase of 12%, or \$94,944. The increase was due to growth in revenues primarily as a result of the increase in our subscriber base and certain of our subscription rates, partially offset by higher costs associated with the growth in our revenues and subscriber base.

Free Cash Flow includes cash provided by operations, net of additions to property and equipment, and restricted and other investment activity. (See the accompanying glossary on pages 35 through 37 for a reconciliation to GAAP and for more details.)

For the three months ended June 30, 2016 and 2015, free cash flow was \$394,946 and \$370,914, respectively, an increase of \$24,032, or 6%. For the six months ended June 30, 2016 and 2015, free cash flow was \$723,163 and \$647,146, respectively, an increase of \$76,017 or 12%. The increase was primarily driven by higher net cash provided by operating activities resulting from higher collections from subscribers.

Liquidity and Capital Resources

Cash Flows for the six months ended June 30, 2016 compared with the six months ended June 30, 2015

As of June 30, 2016 and December 31, 2015, we had \$476,453 and \$111,838, respectively, of cash and cash equivalents. The following table presents a summary of our cash flow activity for the periods set forth below:

	Unaudited		
	For the Six Months Ended June 30,		
	2016	2015	2016 vs 2015
Net cash provided by operating activities	\$ 794,288	\$ 712,341	\$ 81,947
Net cash used in investing activities	(71,125)	(65,195)	(5,930)
Net cash used in financing activities	(358,548)	(500,817)	142,269
Net increase in cash and cash equivalents	364,615	146,329	218,286
Cash and cash equivalents at beginning of period	111,838	147,724	(35,886)
Cash and cash equivalents at end of period	\$ 476,453	\$ 294,053	\$ 182,400

Cash Flows Provided by Operating Activities

Cash flows provided by operating activities increased by \$81,947 to \$794,288 for the six months ended June 30, 2016 from \$712,341 for the six months ended June 30, 2015.

Our largest source of cash provided by operating activities is generated by subscription and subscription-related revenues. We also generate cash from the sale of advertising on certain non-music channels and the sale of satellite radios, components and accessories. Our primary uses of cash from operating activities include revenue share and royalty payments to distributors, programming and content providers, and payments to radio manufacturers, distributors and automakers. In addition, uses of cash from operating activities include payments to vendors to service, maintain and acquire subscribers, general corporate expenditures, and compensation and related costs.

Cash Flows Used in Investing Activities

Cash flows used in investing activities are primarily additional spending to improve our terrestrial repeater network and for capitalized software. In 2015, our cash flows used in investing activities also included an increase to our letters of credit issued for the benefit of lessors of certain of our office space.

Cash Flows Used in Financing Activities

Cash flows used in financing activities consists of the issuance and repayment of long-term debt, cash used in our stock option program and the purchase of common stock under our share repurchase program. Proceeds from long-term debt, related party debt and equity issuances have been used to fund our operations, construct and launch new satellites and invest in other infrastructure improvements.

Cash flows provided by financing activities in the six months ended June 30, 2016 were due to the issuance of \$1,000,000 aggregate principal amount of 5.375% Senior Notes due 2026 and borrowings made under the Credit Facility. Cash flows used in financing activities in the six months ended June 30, 2016 were primarily due to the purchase and retirement of shares of our common stock under our repurchase program for \$995,632 and repayments made under the Credit Facility. Cash flows provided by financing activities in the six months ended June 30, 2015 were due to the issuance of \$1,000,000 aggregate principal amount of 5.375% Senior Notes due 2025 and borrowings made under the Credit Facility. Cash flows used in financing activities in the six months ended June 30, 2015 were primarily due to the purchase and retirement of shares of our common stock under our repurchase program for \$1,084,194 and repayments made under the Credit Facility.

Future Liquidity and Capital Resource Requirements

Based upon our current business plans, we expect to fund operating expenses, capital expenditures, working capital requirements, legal settlements, interest payments, taxes and scheduled maturities of our debt with existing cash, cash flow from operations and borrowings under our Credit Facility. As of June 30, 2016, \$1,750,000 was available for future borrowing under our Credit Facility. We believe that we have sufficient cash and cash equivalents as well as debt capacity to cover our estimated short-term and long-term funding needs, as well as fund stock repurchases and any strategic opportunities.

Our ability to meet our debt and other obligations depends on our future operating performance and on economic, financial, competitive and other factors. We continually review our operations for opportunities to adjust the timing of expenditures to ensure that sufficient resources are maintained.

We regularly evaluate our business plans and strategy. These evaluations often result in changes to our business plans and strategy, some of which may be material and significantly change our cash requirements. These changes in our business plans or strategy may include: the acquisition of unique or compelling programming; the development and introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and acquisitions, including acquisitions that are not directly related to our satellite radio business.

Stock Repurchase Program

Since December 2012, our board of directors has approved for repurchase an aggregate of \$8,000,000 of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise.

As of June 30, 2016, our cumulative repurchases since December 2012 under our stock repurchase program totaled 2,044,947 shares for \$7,292,503, and \$707,497 remained available under our stock repurchase program. We expect to fund future repurchases through a combination of cash on hand, cash generated by operations and future borrowings.

Debt Covenants

The indentures governing Sirius XM's senior notes, and the agreement governing the Credit Facility include restrictive covenants. As of June 30, 2016, we were in compliance with such covenants. For a discussion of our "Debt Covenants," refer to Note 10 to our unaudited consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We do not have any significant off-balance sheet arrangements other than those disclosed in Note 13 to our unaudited consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q that are reasonably likely to have a material effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Contractual Cash Commitments

For a discussion of our "Contractual Cash Commitments," refer to Note 13 to our unaudited consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

Related Party Transactions

For a discussion of "Related Party Transactions," refer to Note 9 to our unaudited consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Policies and Estimates

For a discussion of our "Critical Accounting Policies and Estimates," refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to our critical accounting policies and estimates since December 31, 2015.

Glossary

Adjusted EBITDA - EBITDA is defined as net income before interest expense, income tax expense and depreciation and amortization. We adjust EBITDA to exclude the impact of other income as well as certain other charges discussed below. Adjusted EBITDA is one of the primary Non-GAAP financial measures we use to (i) evaluate the performance of our on-going core operating results period over period, (ii) base our internal budgets and (iii) compensate management. Adjusted EBITDA is a Non-GAAP financial measure that excludes (if applicable): (i) certain adjustments as a result of the purchase price accounting for the Merger, (ii) share-based payment expense and (iii) other significant operating expense (income) that do not relate to the on-going performance of our business. We believe adjusted EBITDA is a useful measure of the underlying trend of our operating performance, which provides useful information about our business apart from the costs associated with our capital structure and purchase price accounting. We believe investors find this Non-GAAP financial measure useful when analyzing our results and comparing our operating performance to the performance of other communications, entertainment and media companies. We believe investors use current adjusted EBITDA to estimate our current enterprise value and to make investment decisions. Because of large capital investments in our satellite radio system our results of operations reflect significant charges for depreciation expense. We believe the exclusion of share-based payment expense is useful as it is not directly related to the operational conditions of our business. We also believe the exclusion of settlements related only to the historical use of pre-1972 sound recordings and loss on disposal of assets is useful as it does not represent an expense incurred as part of our normal operations for the period.

Adjusted EBITDA has certain limitations in that it does not take into account the impact to our statements of comprehensive income of certain expenses, including share-based payment expense and certain purchase price accounting for the Merger. We endeavor to compensate for the limitations of the Non-GAAP measure presented by also providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the Non-GAAP measure. Investors that wish to compare and evaluate our operating results after giving effect for these costs, should refer to net income as disclosed in our unaudited consolidated statements of comprehensive income. Since adjusted EBITDA is a Non-GAAP financial performance measure, our calculation of adjusted EBITDA may be susceptible to varying calculations; may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. The reconciliation of net income to the adjusted EBITDA is calculated as follows:

	Unaudited		Unaudited	
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Net income:	\$ 173,015	\$ 102,849	\$ 344,354	\$ 208,541
Add back items excluded from Adjusted EBITDA:				
Purchase price accounting adjustments:				
Revenues	1,813	1,813	3,626	3,626
Operating expenses	—	(558)	—	(1,394)
Pre-1972 sounds recordings legal settlements	—	107,658	—	107,658
Loss on disposal of assets	12,912	—	12,912	—
Share-based payment expense	24,177	19,524	47,870	38,941
Depreciation and amortization	66,708	67,096	134,335	132,123
Interest expense	83,396	75,380	161,796	145,288
Other income	(2,515)	(4,221)	(13,363)	(4,944)
Income tax expense	108,260	45,421	217,603	184,350
Adjusted EBITDA	\$ 467,766	\$ 414,962	\$ 909,133	\$ 814,189

ARPU - is derived from total earned subscriber revenue, advertising revenue and other subscription-related revenue, excluding revenue associated with our connected vehicle business, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. Other subscription-related revenue includes the U.S. Music Royalty Fee. ARPU is calculated as follows:

	Unaudited		Unaudited	
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Subscriber revenue, excluding connected vehicle	\$ 1,011,422	\$ 915,311	\$ 1,996,406	\$ 1,803,692
Add: advertising revenue	33,521	28,839	65,062	55,712
Add: other subscription-related revenue	117,522	100,300	231,593	192,954
	<u>\$ 1,162,465</u>	<u>\$ 1,044,450</u>	<u>\$ 2,293,061</u>	<u>\$ 2,052,358</u>
Daily weighted average number of subscribers	<u>30,329</u>	<u>28,031</u>	<u>30,044</u>	<u>27,720</u>
ARPU	<u>\$ 12.78</u>	<u>\$ 12.42</u>	<u>\$ 12.72</u>	<u>\$ 12.34</u>

Average self-pay monthly churn - is defined as the monthly average of self-pay deactivations for the period divided by the average number of self-pay subscribers for the period.

Customer service and billing expenses, per average subscriber - is derived from total customer service and billing expenses, excluding connected vehicle customer service and billing expenses and share-based payment expense, divided by the number of months in the period, divided by the daily weighted average number of subscribers for the period. We believe the exclusion of share-based payment expense in our calculation of customer service and billing expenses, per average subscriber, is useful as share-based payment expense is not directly related to the operational conditions that give rise to variations in the components of our customer service and billing expenses. Customer service and billing expenses, per average subscriber, is calculated as follows:

	Unaudited		Unaudited	
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Customer service and billing expenses, excluding connected vehicle	\$ 89,210	\$ 84,203	\$ 180,381	\$ 168,264
Less: share-based payment expense	(819)	(676)	(1,625)	(1,371)
	<u>\$ 88,391</u>	<u>\$ 83,527</u>	<u>\$ 178,756</u>	<u>\$ 166,893</u>
Daily weighted average number of subscribers	<u>30,329</u>	<u>28,031</u>	<u>30,044</u>	<u>27,720</u>
Customer service and billing expenses, per average subscriber	<u>\$ 0.97</u>	<u>\$ 0.99</u>	<u>\$ 0.99</u>	<u>\$ 1.00</u>

Free cash flow - is derived from cash flow provided by operating activities, net of additions to property and equipment, restricted and other investment activity and the return of capital from investment in unconsolidated entity. Free cash flow is a metric that our management and board of directors use to evaluate the cash generated by our operations, net of capital expenditures and other investment activity and significant items that do not relate to the ongoing performance of our business. In a capital intensive business, with significant investments in satellites, we look at our operating cash flow, net of these investing cash outflows, to determine cash available for future subscriber acquisition and capital expenditures, to repurchase or retire debt, to acquire other companies and to evaluate our ability to return capital to stockholders. We believe free cash flow is an indicator of the long-term financial stability of our business. Free cash flow, which is reconciled to "Net cash provided by operating activities," is a Non-GAAP financial measure. This measure can be calculated by deducting amounts under the captions "Additions to property and equipment" and deducting or adding Restricted and other investment activity from "Net cash provided by operating activities" from the unaudited consolidated statements of cash flows, adjusted for any significant legal settlements. Free cash flow should be used in conjunction with other GAAP financial performance measures and may not be comparable to free cash flow measures presented by other companies. Free cash flow should be viewed as a supplemental measure rather than an alternative measure of cash flows from operating activities, as determined in accordance with GAAP. Free cash flow is limited and does not represent remaining cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt maturities. We believe free cash flow provides useful supplemental information to investors regarding our current cash flow, along with other GAAP measures (such as cash flows from operating and investing activities), to determine our financial condition, and to compare our operating performance to other communications, entertainment and media companies. Free cash flow is calculated as follows:

	Unaudited		Unaudited	
	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2016	2015	2016	2015
Cash Flow information				
Net cash provided by operating activities	\$ 432,102	\$ 402,312	\$ 794,288	\$ 712,341
Net cash used in investing activities	\$ (37,156)	\$ (31,398)	\$ (71,125)	\$ (65,195)
Net cash used in financing activities	\$ (20,445)	\$ (558,904)	\$ (358,548)	\$ (500,817)
Free Cash Flow				
Net cash provided by operating activities	\$ 432,102	\$ 402,312	\$ 794,288	\$ 712,341
Additions to property and equipment	(37,001)	(31,398)	(67,172)	(61,229)
Purchases of restricted and other investments	(155)	—	(3,953)	(3,966)
Free cash flow	\$ 394,946	\$ 370,914	\$ 723,163	\$ 647,146

New vehicle consumer conversion rate - is defined as the percentage of owners and lessees of new vehicles that receive our satellite radio service and convert to become self-paying subscribers after the initial promotion period. At the time satellite radio enabled vehicles are sold or leased, the owners or lessees generally receive trial subscriptions ranging from three to twelve months. We measure conversion rate three months after the period in which the trial service ends. The metric excludes rental and fleet vehicles.

Subscriber acquisition cost, per installation - or SAC, per installation, is derived from subscriber acquisition costs and margins from the sale of radios and accessories, divided by the number of satellite radio installations in new vehicles and shipments of aftermarket radios for the period. SAC, per installation, is calculated as follows:

	Unaudited		Unaudited	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Subscriber acquisition costs	\$ 128,956	\$ 136,504	\$ 261,405	\$ 258,764
Less: margin from direct sales of radios and accessories	(18,130)	(18,333)	(35,472)	(34,329)
	\$ 110,826	\$ 118,171	\$ 225,933	\$ 224,435
Installations	3,476	3,655	6,906	6,876
SAC, per installation	\$ 32	\$ 32	\$ 33	\$ 33

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

As of June 30, 2016, we did not hold or issue any free-standing derivatives. We hold investments in money market funds and certificates of deposit. These securities are consistent with the objectives contained within our investment policy. The basic objectives of our investment policy are the preservation of capital, maintaining sufficient liquidity to meet operating requirements and maximizing yield.

Our debt includes fixed rate instruments and the fair market value of our debt is sensitive to changes in interest rates. Sirius XM's borrowings under the Credit Facility carry a variable interest rate based on LIBOR plus an applicable rate based on its debt to operating cash flow ratio. We currently do not use interest rate derivative instruments to manage our exposure to interest rate fluctuations.

ITEM 4. CONTROLS AND PROCEDURES

Controls and Procedures

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act of 1934, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. The design of any disclosure controls and procedures is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives.

As of June 30, 2016, an evaluation was performed under the supervision and with the participation of our management, including James E. Meyer, our Chief Executive Officer, and David J. Frear, our Senior Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as that term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on that evaluation, our management, including our Chief Executive Officer and our Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of June 30, 2016.

There has been no change in our internal control over financial reporting (as that term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the quarter ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, we are a defendant or party to various claims and lawsuits, including those discussed below.

Telephone Consumer Protection Act Suits . We are a defendant in several purported class action suits that allege that we, or call center vendors acting on our behalf, made calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the “TCPA”). The plaintiffs in these actions allege, among other things, that we called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, after the consumer revoked his or her prior consent. In one of the actions, the plaintiff also alleges that we violated the TCPA’s call time restrictions and, in one of the other actions the plaintiff, also alleges that we violated the TCPA’s do not call restrictions. These purported class action cases are titled Erik Knutson v. Sirius XM Radio Inc., No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio Inc., No. 4:13-cv-3 (E.D. Va.), Yefim Elikman v. Sirius XM Radio Inc. and Career Horizons, Inc., No. 1:15-cv-02093 (N.D. Ill.), and Anthony Parker v. Sirius XM Radio Inc., No. 8:15-cv-01710-JSM-EAJ (M.D. Fla), and are described in Item 3., Legal Proceedings, in our Annual Report on Form 10-K for the year ended December 31, 2015.

On April 5, 2016, we entered into a memorandum of understanding to settle these purported class action suits. The settlement is expected to resolve the claims of consumers beginning in February 2008 relating to telemarketing calls to their mobile telephones. As part of this settlement, we will agree to pay \$35 million in cash (from which notice, administration and other costs and attorneys’ fees will be paid), to offer participating class members the option of receiving three months of our Select service for no charge, and to enter into agreements to make modifications to the practices of certain call center vendors. The memorandum of understanding is subject to the execution of a definitive settlement agreement and court approval, neither of which can be assured.

Pre-1972 Sound Recording Matters . In August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that we underpaid royalties for statutory licenses during the 2007-2012 period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that we improperly reduced our calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not “separately charged” as required by the regulations. SoundExchange is seeking compensatory damages of not less than \$50 million and up to \$100 million or more, payment of late fees and interest, and attorneys’ fees and costs.

In August 2014, the United States District Court for the District of Columbia granted our motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations.

This matter is titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No.13-cv-1290-RJL (D.D.C.), and *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTR. Information concerning the action is publicly available in filings under the docket numbers. The outcome of this matter is inherently unpredictable and subject to significant uncertainties, many of which are beyond our control. No provision was made for losses to the extent such are not probable and estimable. We believe we have substantial defenses to the claims asserted, and intend to defend this action vigorously.

Other Matters . In the ordinary course of business, we are a defendant in various other lawsuits and arbitration proceedings, including derivative actions; actions filed by subscribers, both on behalf of themselves and on a class action basis; former employees; parties to contracts or leases; and owners of patents, trademarks, copyrights or other intellectual property. None of these other matters, in our opinion, is likely to have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors previously disclosed in response to Part I, Item 1A, of our Annual Report on Form 10-K for the year ended December 31, 2015 .

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Since December 2012, our board of directors has approved for repurchase an aggregate of \$8.0 billion of our common stock. Our board of directors did not establish an end date for this stock repurchase program. Shares of common stock may be purchased from time to time on the open market, pursuant to pre-set trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act, in privately negotiated transactions, including transactions with Liberty Media and its affiliates, or otherwise. As of June 30, 2016, our cumulative repurchases since December 2012 under our stock repurchase program totaled 2.0 billion shares for \$7.3 billion, and \$0.7 billion remained available under our stock repurchase program. The size and timing of these purchases will be based on a number of factors, including price and business and market conditions.

The following table provides information about our purchases of equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the quarter ended June 30, 2016:

Period	Total Number of Shares Purchased	Average Price Paid Per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
April 1, 2016 - April 30, 2016	35,500,000	\$ 3.92	35,500,000	\$ 971,252,653
May 1, 2016 - May 31, 2016	33,555,195	\$ 3.94	33,555,195	\$ 839,102,259
June 1, 2016 - June 30, 2016	33,430,225	\$ 3.94	33,430,225	\$ 707,496,703
Total	102,485,420	\$ 3.93	102,485,420	

(a) These amounts include fees and commissions associated with the shares repurchased.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See Exhibit Index attached hereto, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 26th day of July 2016 .

SIRIUS XM HOLDINGS INC.

By: /s/ DAVID J. FREAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit	Description
4.1	Indenture, dated as of May 23, 2016, among Sirius XM Radio Inc., the guarantors named therein and U.S. Bank National Association, as a trustee, relating to the 5.375% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on May 24, 2016 (File No. 001-34295)).
10.1*	Employment Agreement, dated May 24, 2016, between Sirius XM Radio Inc. and Scott A. Greenstein (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on May 26, 2016 (File No. 001-34295)).
31.1	Certificate of James E. Meyer, Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certificate of David J. Frear, Senior Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certificate of James E. Meyer, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certificate of David J. Frear, Senior Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
101.1	The following financial information from our Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Comprehensive Income (Unaudited) for the three and six months ended June 30, 2016 and 2015; (ii) Consolidated Balance Sheets as of June 30, 2016 (Unaudited) and December 31, 2015; (iii) Consolidated Statements of Stockholders' (Deficit) Equity for the six months ended June 30, 2016 (Unaudited); (iv) Consolidated Statements of Cash Flows (Unaudited) for the six months ended June 30, 2016 and 2015; and (v) Notes to Consolidated Financial Statements (Unaudited).

*This document has been identified as a management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, James E. Meyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Sirius XM Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ J AMES E. MEYER

James E. Meyer
Chief Executive Officer
(Principal Executive Officer)

July 26, 2016

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David J. Frear, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 of Sirius XM Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DAVID J. FREAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

July 26, 2016

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report of Sirius XM Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Meyer, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ J AMES E. MEYER

James E. Meyer
Chief Executive Officer
(Principal Executive Officer)

July 26, 2016

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY
ACT OF 2002**

In connection with the Quarterly Report of Sirius XM Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended June 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Frear, Senior Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ DAVID J. FREAR

David J. Frear
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

July 26, 2016

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**SCHEDULE “D”
TO APPENDIX “G-1”**

CORPORATE GOVERNANCE GUIDELINES

SIRIUS XM RADIO INC.
CORPORATE GOVERNANCE GUIDELINES

Composition of the Board of Directors

It is the policy of the Board of Directors that the Board at all times reflect the following characteristics.

Each Director shall at all times represent the interests of the stockholders of the Company.

Each Director shall at all times exhibit high standards of integrity, commitment and independence of thought and judgment.

Each Director shall dedicate sufficient time, energy and attention to ensure the diligent performance of his or her duties, including by attending stockholder meetings and meetings of the Board and Committees of which he or she is a member, and by reviewing in advance all meeting materials.

The Board shall meet the standards of independence from the Company and its management set forth under “Director Independence” below.

The Board shall encompass a range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to all of the Company’s operations and interests.

Functions of the Board of Directors

The responsibility of the Board of Directors is to supervise and direct the management of the Company in the interest and for the benefit of the Company’s stockholders. To that end, the Board of Directors shall, acting directly or through Committees, have the following duties:

- (1) overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- (2) reviewing and, where appropriate, approving the Company’s major financial objectives, plans and actions;
- (3) reviewing and, where appropriate, approving major changes in, and determinations of other major issues respecting, the appropriate auditing and accounting principles and practices to be used in the preparation of the Company’s financial statements;
- (4) assessing major risk factors relating to the Company and its performance, and reviewing measures to address and mitigate such risks;
- (5) regularly evaluating the performance and approving the compensation of the Chief Executive Officer and, with the advice of the Chief Executive Officer, regularly evaluating the performance of the Company’s executive officers; and
- (6) planning for succession with respect to the position of Chief Executive Officer and monitoring management’s succession planning for other key executives.

The Board of Directors has delegated to the Chief Executive Officer, working with the other executive officers of the Company, the authority and responsibility for managing the business of the Company in accordance with any specific plans, instructions or directions of the Board.

The Chief Executive Officer shall seek the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions to be undertaken by the Company, including those that would make a significant change in the financial structure or control of the Company, the acquisition or disposition of any significant business or the entry of the Company into a major new line of business.

Director Independence

It is the policy of the Board of Directors that a substantial majority of Directors be independent of the Company and of the Company’s management. For a Director to be deemed “independent,” the Board shall affirmatively determine that the Director has no material relationship with the Company or its affiliates or any member of the senior management of the Company or his or her affiliates. In making this determination, the Board shall apply the following standards:

- A Director who is, or has been within the last three years, an employee of the Company, or whose immediate family member is, or has been within the last three years an executive officer, of the Company may not be deemed independent. Employment as an interim Chairman or Chief Executive Officer will not disqualify a Director from being considered independent following that employment.
- A Director who has received, or who has an immediate family member who has received, during any twelve-month period within the last three years, more than \$25,000 in direct compensation from the Company, other than director and committee fees or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a Director for former service as an interim Chairman or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee of the Company will not be considered in determining independence under this test.
- (A) A Director who is, or whose immediate family member is, a current partner of a firm that is the Company's external auditor; (B) a Director who is a current employee of such a firm; (C) a Director who has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (D) a Director who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time may not be deemed independent.
- A Director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the time serves or served on that company's compensation committee may not be deemed independent.
- A Director who is a current employee or general partner, or whose immediate family member is a current executive officer or general partner, of an entity that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other entity's consolidated gross revenues, may not be deemed independent.
- Further to the provision above that applies to goods and services generally, a Director who is, or whose immediate family member is, an executive officer, general partner or significant equity holder (i.e., in excess of 10%) of an entity that is a paid provider of professional services to the Company, any of its affiliates, any executive officer or any affiliate of an executive officer, and which received payments with respect to such services in an amount which, in the preceding twelve months, exceeds \$60,000 (but does not exceed the greater of \$1 million or 2% of such other entity's consolidated gross revenues) may not be deemed independent.
- A Director who is, or whose immediate family member is, affiliated with or employed by a tax-exempt entity that received significant contributions (i.e., more than 2% of the annual contributions received by the entity or more than \$200,000 in a single fiscal year, whichever amount is lower) from the Company, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period may not be deemed independent, unless the contribution was approved in advance by the Board of Directors.

For purposes of these Guidelines, the terms:

- "affiliate" means any consolidated subsidiary of the Company and any other company or entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the board of directors or comparable governing body of such entity;
- "executive officer" means an "officer" within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934; and
- "immediate family" means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person's home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

The Board shall undertake an annual review of the independence of all non-employee Directors. In advance of the meeting at which this review occurs, each non-employee Director shall be asked to provide the Board with full information regarding the Director's business and other relationships with the Company and its affiliates and with senior management and their affiliates to enable the Board to evaluate the Director's independence.

Directors have an affirmative obligation to inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as "independent." This obligation includes all business relationships between, on the one hand Directors or members of their immediate family, and, on the other hand, the Company and its affiliates or members of senior

management and their affiliates, whether or not such business relationships are subject to the approval requirement set forth in the following provision.

Business Relationships with Directors

For the purpose of minimizing the risk of actual or perceived conflicts of interest (but without affecting any determination of Director independence pursuant to the preceding provisions), any monetary arrangement between a Director (including any member of a Director's immediate family) and the Company or any of its affiliates or members of senior management or their affiliates for goods or services shall be subject to approval by the Board of Directors as a whole. Such approval shall not be required where:

- (a) the Director's sole interest in the arrangement is by virtue of his or her status as a director, executive officer and/or holder of a less than 10% equity interest (other than a general partnership interest) in an entity with which the Company or any of its affiliates has concluded such an arrangement; and
- (b) the arrangement involves payments to or from the entity that constitute less than 2% of the entity's annual gross revenues; and
- (c) the Director is not personally involved in (i) the negotiation and execution of the arrangement, (ii) performance of the services or provision of the goods or (iii) the monetary arrangement.

**SCHEDULE “E”
TO APPENDIX “G-1”**

AUDIT COMMITTEE CHARTER

SIRIUS XM HOLDINGS INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Purpose

The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) is to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements.

Composition

The Committee shall consist of at least three Directors, and the Committee's composition will meet the requirements for audit committees of the NASDAQ:

- No member may have a relationship to the Company that may interfere with the exercise of his or her independence from management and the Company;
- Each member shall be “independent” as provided under the requirements of the NASDAQ and under 10A-3(b)(1) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”);
- No member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years;
- Each member shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement; and
- At least one member shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

It is also expected that at least one member of the Committee will be an “audit committee financial expert” as defined by SEC rules. This person may be the same person with the financial sophistication described above.

The determination of any member's qualification to serve on the Audit Committee, including assessments of independence, financial literacy and financial sophistication shall be made by the Board in keeping with the applicable requirements and definitions of the NASDAQ.

Responsibilities, including Structure and Processes

The Committees job is one of oversight, recognizing that the Company’s management is responsible for preparing the Company’s financial statements and for developing and maintaining systems of internal accounting and financial controls and that outside auditors are ultimately accountable to the Committee and the Board for their review of the financial statements and internal controls of the Company. The Committee also recognizes that the financial management and the

internal and outside auditors have more knowledge and information about the Company's financial statements than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company's financial statements or internal controls or any professional certification as to the outside auditor's work. To the fullest extent permissible under applicable law, each member of the Audit Committee is entitled to rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Audit Committee by any of the Company's officers, employees or committees, the independent accountants, the internal auditors or any other person as to matters the member reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

The following functions shall be the common recurring activities of the Committee in carrying out its oversight responsibilities, and the Committee may, as it deems appropriate, act as a whole, through subcommittees or through the Committee Chair. In discharging its oversight role, the Committee shall have full access to all books, records, facilities and personnel of the Company and the authority to retain outside counsel, auditors or other experts. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to any outside auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, (ii) compensation to any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

1. The Committee shall review and reassess the adequacy of this Charter on an annual basis and shall make recommendations to the Board, as conditions dictate, to update this Charter.
2. The Committee shall be directly responsible for the appointment, compensation, retention, oversight and termination of any outside auditor engaged (including the resolution of disagreements between management and such firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. Such outside auditor shall report directly to the Committee.
3. The Committee shall have the responsibility to evaluate the outside auditor annually.
4. The Committee shall have the authority and responsibility to approve all audit and permissible non-audit services performed by the outside auditor in accordance with Section 202 of the Sarbanes-Oxley Act of 2002.
5. The Committee shall review and approve the appointment or termination of the Company's Controller and any internal auditor.
6. The Committee, or Chair, shall meet regularly and separately with the Company's Chief Financial Officer, Controller, internal auditor and outside auditors.
7. The Committee shall review and discuss with management and the outside auditors the audited financial statements, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the

statement as to internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, to be included in the Company's Annual Report on Form 10-K, and the Committee shall, prior to the filing of the Form 10-K, discuss with the outside auditors the matters required to be discussed pursuant to the applicable auditing standards adopted by the Public Company Accounting Oversight Board (the "PCAOB").

8. The Committee shall review and discuss with management and the outside auditors the audited financial statements, including the disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's Quarterly Report on Form 10-Q, and the Committee shall, prior to the release of earnings or the filing of the Form 10-Q, discuss with the outside auditors the matters required to be discussed pursuant to the applicable auditing standards adopted by the PCAOB.
9. The Committee shall review any significant disagreement between management and the internal or outside auditors in connection with the preparation of the financial statements.
10. The Committee shall:
 - receive from the outside auditors, at least annually, a formal written statement delineating all relationships between the auditor and the Company consistent with the applicable requirements of the PCAOB regarding the outside auditor's independence;
 - review and discuss with the outside auditors any relationships or services that may impact the objectivity and independence of the outside auditor; and
 - if necessary, take, or recommend that the Board take, appropriate action to oversee the independence of the outside auditor.
11. Based on the applicable review and discussions, the Committee shall determine whether to recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.
12. The Committee shall prepare its report required by the rules of the SEC to be included in the Company's annual proxy statement.
13. The Committee shall discuss with management, the Company's Controller, internal auditors and the outside auditor the quality and adequacy of the Company's internal controls.
14. The Committee shall receive reports on legal compliance and litigation matters and review the significant reports as well as management's responses thereto.
15. The Committee shall maintain minutes or other record of its meeting and make regular reports on its meetings to the Board.

16. The Committee should report regularly to the Board regarding any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements and the qualification, performance, and independence of the Company's outside auditors.
17. The Committee shall establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

APPENDIX “G-2” – INFORMATION CONCERNING 2517835 ONTARIO INC.

The following information concerning 2517835 Ontario Inc. (the “**Purchaser**”) should be read in conjunction with the information appearing elsewhere in the Company Circular including in respect of the Company. Capitalized terms used but not otherwise defined in this Appendix “G-2” have the meaning ascribed to them in the Company Circular.

CORPORATE STRUCTURE

The Purchaser was incorporated under the OBCA on May 11, 2016 for the purposes of effecting the Arrangement. The Purchaser’s executive and registered office will be located at 200 Bay Street, Royal Bank Plaza, Suite 3800, South Tower, P.O. Box 84, Toronto, Ontario.

DESCRIPTION OF THE BUSINESS

From incorporation until the Effective Date, the Purchaser will not have any assets or liabilities, carry on any business or issue any shares in its capital stock, other than the issuance by the Purchaser of one common share of the Purchaser to the Guarantor upon its incorporation.

Immediately following the Effective Time, the Purchaser will amalgamate with the Company pursuant to the OBCA to form Amalco. See “Summary of the Arrangement Agreement – The Purchaser” in the Company Circular.

DIRECTORS AND EXECUTIVE OFFICERS

The sole director and executive officer of the Purchaser is Ava G. Yaskiel of Toronto, Ontario, a partner of the law firm Norton Rose Fulbright Canada LLP. Ms. Yaskiel has been the sole director of the Purchaser since its incorporation. Ms. Yaskiel will hold office until the next annual general meeting of shareholders or until her successors are elected or until the earlier of death, resignation or removal. It is not anticipated that Ms. Yaskiel will receive compensation for acting as the sole director and executive officer of the Purchaser.

Corporate Cease Trade Orders

Ms. Yaskiel is not, as at the date hereof, and was not within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Purchaser), that was subject to:

- (a) a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than thirty consecutive days, that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than thirty consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Neither Ms. Yaskiel nor the Guarantor:

- (a) is, as at the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Purchaser) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with

creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

Neither Ms. Yaskiel nor the Guarantor has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Penalties or Sanctions

As disclosed above, Ms. Yaskiel is a partner of the law firm Norton Rose Fulbright Canada LLP, which acts as legal counsel to the Guarantor in connection with the Arrangement.

MATERIAL CONTRACTS

The following is a list of the material contracts that the Purchaser has entered into since its incorporation:

- (a) Arrangement Agreement (see “Summary of Arrangement Agreement” in the Company Circular); and
- (b) Voting Support Agreements (see “The Arrangement – Voting Support Agreements”).

INTEREST OF EXPERTS

The auditor of the Purchaser is KPMG LLP, Chartered Professional Accountants. KPMG LLP is independent of the Purchaser within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

FINANCIAL STATEMENTS

The audited statement of financial position as at May 11, 2016 (date of incorporation) of the Purchaser is attached as Schedule “A” hereto.

SCHEDULES TO APPENDIX “G-2”

See attached.

SCHEDULE "A"
TO APPENDIX "G-2"

**AUDITED STATEMENT OF FINANCIAL POSITION AS AT
MAY 11, 2016 (DATE OF INCORPORATION) OF THE PURCHASER**



KPMG LLP
4100 Yonge Street
Suite 200
North York ON
M2P 2H3
Telephone (416) 228-7000
Fax (416) 228-7123
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the director and shareholder of 2517835 Ontario Inc.

We have audited the accompanying statement of financial position as at May 11, 2016 (date of incorporation), and notes, comprising other explanatory information.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this statement of financial position in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the statement of financial position that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this statement of financial position based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the statement of financial position is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial position. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statement of financial position, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the statement of financial position in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial position.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the statement of financial position presents fairly, in all material respects, the financial position of 2517835 Ontario Inc. as at May 11, 2016 in accordance with International Financial Reporting Standards.

KPMG LLP

July 29, 2016
Toronto, Canada



2517835 ONTARIO INC.
Statement of Financial Position
(In Canadian dollars)
As at May 11, 2016

Assets

Current assets

Receivable from parent company..... \$1

Total assets..... \$1

Shareholder's Equity

Share Capital (note 2) \$1

Total shareholder's equity..... \$1

Subsequent event (note 3)

See accompanying notes.

On behalf of the Board:

(Signed) Ava Yaskiel
Director



2517835 Ontario Inc.
NOTES TO FINANCIAL STATEMENT

1. INCORPORATION AND FINANCIAL PRESENTATION

2517835 Ontario Inc. (“Callco”) was incorporated pursuant to the Ontario Business Corporations Act on May 11, 2016. The address of the registered office is 200 Bay Street, Royal Bank Plaza, Suite 3800, P.O. Box 84, Toronto, ON, M5J 2Z4. Callco, a wholly-owned subsidiary of Sirius XM Radio Inc. (the “Parent Company”), has not carried on active business since incorporation. The financial statement has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), and is presented in Canadian dollars. The financial statement has been prepared as at the date of incorporation of May 11, 2016.

The financial statement was authorized for issue by the Director on July 29, 2016.

2. SHARE CAPITAL

a) Authorized

Callco is authorized to issue an unlimited number of voting common shares. The common shares are without nominal or par value.

b) Issued and Outstanding

Common shares

	Number of <u>Shares</u>	<u>Share Capital</u>
Balance, May 11, 2016	1	\$1

3. SUBSEQUENT EVENT

Pursuant to the Arrangement Agreement dated May 12, 2016 (the “Arrangement”), Callco, with the Parent Company as guarantor, will acquire all of the issued and outstanding Class A Subordinate Voting Shares, Class B Voting Shares and Class C Non-Voting Shares of Sirius XM Canada Holdings Inc. (“SXM Canada”) and subsequently, Slight Communications Inc. (“Slight”) and Obelysk Media Inc. (“Obelysk”) will together hold 67% of the voting interest and 30% of the equity of Callco, with the Parent Company holding the balance of voting interest and equity. Callco and SXM Canada will be amalgamated immediately following the effective date of approval to form an amalgamated Company (“Amalco”). The Arrangement is subject to Canadian regulatory, judicial and SXM Canada shareholder approval.



HOW TO CAST YOUR VOTE IN SUPPORT OF THE ARRANGEMENT RESOLUTION

Time is running short. Vote your proxy form today, or no later than 10:00 am (Toronto time) on August 26, 2016 or if the Company Meeting is adjourned or postponed, prior to 10:00 am (Toronto time) on the second Business Day before any adjourned or postponed Company Meeting. In order to ensure that your proxy is received in time for the Company Meeting to be held on August 30, 2016, we recommend that you vote FOR the Arrangement Resolution in any of the following ways as soon as possible.

VOTING METHOD	NON-REGISTERED SHAREHOLDERS If your Company Shares are held with a broker, bank or other intermediary	REGISTERED SHAREHOLDERS If your Company Shares are held in your name and represented by a physical certificate
INTERNET	Visit www.proxyvote.com and enter your 16 digit control number located on the enclosed voting instruction form.	Visit www.cstvotemyproxy.com and enter your 13 digit control number located on the enclosed form of proxy.
TELEPHONE	Canadian: Call 1-800-474-7493 U.S.: Call 1-800-454-8683 and provide your 16 digit control number located on the enclosed voting instruction form	Use any touch-tone phone, call toll free in Canada and United States: 1-888-489-5760
FACSIMILE	Canadian: Fax your voting instruction form to or toll free to 905-507-7793 or toll free to 1-866-623-5305 in order to ensure that your vote is received before the deadline. U.S.: N/A	You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and United States to: 1-866-781-3111 or scan and email to proxy@canstockta.com
MAIL	N/A	CST Trust Company P.O. Box 721 Agincourt, ON M1S 0A1
E-MAIL	N/A	Scan to: proxy@canstockta.com

If you have any questions or require any assistance in executing your proxy or voting instruction form, please call D.F. King at:

D.F. KING

North American Toll Free Number: 1-866-822-1238

Outside North America, Banks, Brokers and Collect Calls: 1-201-806-7301

Email: inquiries@dfking.com

North American Toll Free Facsimile: 1-888-509-5907

For up-to-date information and convenience in voting please visit the website: www.siriusxmcanadatransaction.ca.



**Any questions and requests for assistance may be directed to Sirius XM Canada Holdings Inc.
Information and Proxy Solicitation Agent:**

D.F. KING

North American Toll Free Phone:

1-866-822-1238

Banks, Brokers and collect calls: 1-201-806-7301

Toll Free Facsimile: 1-888-509-5907

Email: inquiries@dfking.com

Website: www.siriusxmcanadatransaction.ca