

Table of Contents

10 Q for Quarterly Period Ended March 31, 2008

**SIRIUS SATELLITE RADIO INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)  
(Unaudited)

	For the Three Months Ended March 31,	
	2008	2007
<b>Cash flows from operating activities:</b>		
Net loss	\$(104,118)	\$(144,745)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	26,906	26,786
Non-cash interest expense	1,004	754
Provision for doubtful accounts	2,560	2,088
Gain on disposal of assets	—	(4)
Stock-based compensation	22,262	24,260
Deferred income taxes	543	555
Changes in operating assets and liabilities:		
Accounts receivable	18,765	6,639
Inventory	4,193	(473)
Receivables from distributors	(9,988)	(7,569)
Prepaid expenses and other current assets	14,256	(9,173)
Other long-term assets	3,256	(23)
Accounts payable and accrued expenses	(116,741)	(47,811)
Accrued interest	(11,885)	(11,763)
Deferred revenue	14,712	21,731
Other long-term liabilities	(5,017)	7,702
Net cash used in operating activities	<u>(139,292)</u>	<u>(131,046)</u>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(39,225)	(12,458)
Sales of property and equipment	—	96
Purchases of restricted and other investments	(3,000)	(310)
Sale of investments	5,000	—
→ Merger related costs	X (10,018)	(2,901)
Sales of available-for-sale securities	8	10,850
Net cash used in investing activities	<u>(47,235)</u>	<u>(4,723)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long-term borrowings	(625)	—
Proceeds from exercise of stock options	840	1,510
Net cash provided by financing activities	<u>215</u>	<u>1,510</u>
Net decrease in cash and cash equivalents	(186,312)	(134,259)
Cash and cash equivalents at the beginning of period	438,820	393,421
Cash and cash equivalents at the end of period	<u>\$ 252,508</u>	<u>\$ 259,162</u>

See Notes to Unaudited Consolidated Financial Statements