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October 1, 2004

Confidential

One Twelve, Inc. c/o Don Buchwald and Associates, Inc. 10 East 44th Street New York, New York 10017 Facsimile No.: (212) 867-2434

Dear Mr. Stern:

This letter agreement (this "Agreement") sets forth the principal terms of the agreement between One Twelve, Inc. ("you") and Sirius Satellite Radio Inc. ("Sirjus") with respect to the licensing to Sirius exclusively on radio of the Howard Stem ("Stem") radio show (the "Howard Stern Show" or the "show") and certain related matters.

Subject to the terms and conditions hereof, you and Sirius hereby agree as follows:

Signing Bonus:

payable in cash upon signing.

Notwithstanding the payment of the signing bonus, no services shall be required under this Agreement prior to January 1, 2006.

Annual Cash Compensation:

per year during the term of this Agreement as long as Stern continues on the air. Such amount shall be payable in twentysix equal bi-weekly installments per year.

Sirius shall, on an annual basis, guarantee such payments by depositing the necessary funds with an escrow agent acceptable to you or providing a letter of credit reasonably acceptable to you.

Bonus Stock Compensation:

Sirius will set aside shares of stock upon signing. On December 31, 2010, Sirius will deliver to you, at your option, either (i) such shares of stock, in the form of unrestricted shares of Sirius common stock which are saleable by you upon delivery, or (ii)

You will be entitled to receive such unrestricted stock on an accelerated basis if either: (a) Sirius acquires 1,000,000 HS-Generated Subscribers (as defined below) or (b) the total number of Sirius subscribers exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for the applicable year by more than 1,000,000 subscribers. If, on the date of acceleration, such stock is valued at less than (based on closing price of Sirius' stock for the trading day immediately preceding such date), Sirius will pay you the difference in cash within ten days of the date of acceleration; provided that if you sell such stock on the first trading day after delivery by Sirius, Sirius will pay you the difference between and your actual sale proceeds (without deduction for broker's fees or other expenses of such sale).

As used in this Agreement, a "HS-Generated Subscriber" shall mean any Sirius subscriber directly and trackably (e.g., through a promotion code or dedicated web site or 800 number) generated through any marketing or sales initiative you direct to Stern's fan base, other than any initiative which offers all applicable subscribers cash incentives, rebates or any consideration other than premiums of limited value (such as posters or DVDs of programming created by Stern). Sirius shall reasonably cooperate with you in the creation of marketing and sales programs and tracking mechanisms.

Performance Based Compensation: Performance Based Stock Compensation. You shall receive a performance based stock award of if this Agreement remains in effect and, on or before December 31, 2010, either (i) Sirius has acquired a total of 2,000,000 or more HS-Generated Subscribers or (ii) the total number of Sirius subscribers at the end of any calendar year exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for such year by more than 2,000,000 subscribers.

You shall receive a second performance based stock award of if this Agreement remains in effect and, on or before December 31, 2010, either (i) Sirius has acquired a total of 4,000,000 or more HS-Generated Subscribers or (ii) the total number of Sirius subscribers at the end of any calendar year exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for such year by more than 4,000,000 subscribers.

You shall receive a third performance based stock award of life this Agreement remains in effect and, on or before December 31, 2010, either (i) Sirius has acquired a total of 6,000,000 or more HS-Generated Subscribers or (ii) the total number of Sirius subscribers at the end of any calendar year exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for such year by more than 6,000,000 subscribers.

You shall receive a fourth performance based stock award of

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December 31, 2010, either (i) Sirius has acquired a total of 8,000,000 or more HS-Generated Subscribers or (ii) the total number of Sirius subscribers at the end of any calendar year exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for such year by more than 8,000,000 subscribers.

You shall receive a fifth performance based stock award of if this Agreement remains in effect and, on or before December 31, 2010, either (i) Sirius has acquired a total of 10,000,000 or more HS-Generated Subscribers or (ii) the total number of Sirius subscribers at the end of any calendar year exceeds the "Siri Internal Estimate" year-end subscriber target set forth on Exhibit A for such year by more than 10,000,000 subscribers.

Any performance based stock award shall be payable (a) thirty days after you achieve a HS-Generated Subscriber target set forth in clause (i) of any of the above paragraphs or (b) on the fifth business day of the following year if Sirius achieves an excess subscriber target set forth in clause (ii) of any of the above paragraphs, in each case in unrestricted shares of Sirius common stock which are saleable by you upon delivery. The number of shares shall be determined based on the average closing price of Sirius' stock for the twenty trading days preceding the applicable delivery date.

Advertising Revenue. Once Sirius has acquired two million additional subscribers (i.e., in excess of the number of Sirius subscribers on the date the deal is announced), you will receive in cash, on an annual basis during the term of this Agreement, a percentage of Sirius' gross advertising revenue, less only agency and other third party sales commissions (not to exceed from) from the Channels (as defined below). Such percentage shall be based on the amount of annual advertising revenue as follows:

Annual Advertising Revenue

HS Percentage





Such percentages shall be applied incrementally (i.e., you shall receive for the first of net revenue, of the next etc.).

<u>Subscription Revenue.</u> Once Sirlus has acquired two million additional subscribers (i.e., in excess of the number of Sirlus subscribers on the date the deal is announced), you will receive in cash, on an annual basis during the term of this Agreement, a percentage of the subscription revenue recognized by Sirius from any

40

HS-Generated Subscribers beyond the first 1,000,000. Such percentage shall be based on the number of such subscribers as follows:

Number of HS-Generated Subscribers

HS Percentage





Premium Channel Revenue. You shall receive, in cash, on an annual basis during the term of this Agreement, a percentage of the subscription revenue recognized by Sirius from the Premium Channel (as defined below); provided that such revenue sharing shall not begin until Strius has recouped the costs of producing and marketing the Premium Channel. Such percentage shall be based on the amount of revenue (after recoupment) as follows:

Annual Revenue (after recoupment)

HS Percentage





Such percentages shall be applied incrementally (i.e., you shall of the first of net revenue each year, receive of the next , etc.).

Revenue Sharing Payments:

All Advertising Revenue, Subscription Revenue and Premium Channel Revenue payments shall be made on or before January 31 of each year with respect to the preceding calendar year. Sirius shall adjust such payments (and provide you documentation supporting such adjustments) as necessary within fourteen days of completion of its audited financial statements for the applicable calendar year.

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Statements; Audit Rights:

On a quarterly basis, Sirius shall provide you with certified statements of the quarterly and year-to date Advertising Revenue, Subscription Revenue, Premium Channel Revenue and HS-Generated Subscribers, along with reasonable supporting documentation.

You shall have the right, not more than once in any twelve month period, to conduct, at your expense, an audit of Sirius' books and records relating to such calculations. In the event any such audit reveals an underpayment by Sirius of more than five percent for audited period, Sirius shall pay you the costs of such audit.

You and Stern shall treat as confidential all information included in the quarterly statements provided to you and/or provided in connection with such audits, and shall not disclose any such information to any party other than your respective representatives and advisors who need to know such information and who are obligated to maintain the confidentiality of such information; provided that the foregoing restrictions shall not apply to any information which is publicly available (other than through disclosure by or through you) or is disclosed pursuant to court order.

Consulting Fee:

Sirius shall pay to Don Buchwald as a consultant, or to an entity created by Don Buchwald to provide his services ("Buchwald"), a consulting fee equal to of all compensation (whether in the form of cash or stock) paid to you under this Agreement. Such payments shall be made concurrently with payment of each corresponding amount to you hereunder. Sirius shall, on an annual basis, guarantee its payments to Buchwald to the same extent and in the same manner as the payments guaranteed to you under Annual Cash Compensation above.

HS on Sirius:

<u>The HS Show.</u> Sirius will create the HS Channel, dedicated to the Howard Stern Show and other programming developed by Stern. You will produce the Howard Stern Show exclusively for airing live on Sirius from 6:00 a.m., 10:00 a.m., eastern time, Monday-Thursday. In addition, you will produce a "best of" show from each week's Monday-Thursday material to air that Friday in the same time slot.

Sirius may elect to also broadcast each day's show (including each Friday's "best-of" show) on a one, two and/or three hour delay on different channels in order to achieve a 6:00 a.m. start time in multiple time zones. Each day's show (including each Friday's "best-of" show) may be repeated once per time zone immediately following the initial broadcast and additional times during mutually agreed promotional periods (e.g., launch, special weekends). In addition, you and Sirius will discuss afternoon drive time opportunities.

The remainder of the programming on the HS Channel will be mutually agreed by you and Sirius, but no content will be broadcast on the HS Channel without your approval.

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Other Best-Of Material. In addition to the Monday-Thursday shows created under this Agreement, you will make available, at your discretion and subject to necessary clearances, your archive of prior material (including radio and pay per view specials) for purposes of creating specials and promotions for the HS Channel and to fill in for the Howard Stern Show when Stern is on vacation or otherwise not broadcasting new shows.

<u>Production Expenses</u>. Sirius shall fund an annual budget, not to exceed to cover the cast compensation and ordinary production expenses consistent with way the Howard Stern Show is produced today (other than studio construction and operating costs which are addressed below under "HS Studios"). Any significant expenditures outside the ordinary course are subject to Sirius' prior reasonable approval.

HS Studios:

Sirius will provide you with studio, production and performance space (collectively, the "Studio"), built to your specifications, in its Rockefeller Center facilities. Sirius will pay for construction and ordinary course operation of the Studio, but any construction and operating costs necessary for television broadcasts from the Studio shall be paid by the television producer. Any extraordinary construction expenses shall be mutually approved by you and Sirius.

You and your staff shall have dedicated full-time access to the Studio, which shall not be used for any other purpose.

Second Channel:

Upon your request and upon mutual agreement on a channel concept, Sirius shall make available a second channel (the "Second Channel") for inclusion in its standard programming package at no additional charge to the subscriber to air additional programming produced by Stem. The content on the Second Channel will be mutually agreed by you and Sirius, but no content will be broadcast on the Second Channel without your approval.

Premium Channel:

Upon your request and upon mutual agreement on a channel concept and appropriate pricing, Strius shall create an additional channel to be offered as a premium channel for an additional fee (the "Premium Channel") to air additional programming produced by Stern. The content on the Premium Channel will be mutually agreed by you and Strius, but no content will be broadcast on the Premium Channel without your approval. The HS Channel, Second Channel and Premium Channel may be referred to collectively as the "Channels", and each of them may be referred to individually as a "Channel".

HS Development Company:

You will develop additional on air talent and shows at your discretion to air exclusively on the Channels. Sirius will fund the development effort within agreed upon parameters and you will share in present

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and future advertising revenue as provided above from shows produced by your development company.

HS Production Company:

Sirius will provide Howard Stern Productions, Inc. with per year, payable on or before March 31 of each such year commencing in 2006, to be used in its discretion to fund HS-related marketing, production and promotional concepts.

Creative Freedom:

You may produce the show and other material on the Channels in a manner consistent with the full flexibility provided to subscription media services by law.

Intellectual Property:

You shall own all rights in the show and all other programming you produce in connection with this Agreement (collectively, the "HS Programs"), including show names, as well as recordings of all such HS Programs. In consideration of the payments provided to you hereunder, you hereby grant to Sirius an exclusive license to distribute the HS Programs (including show names) by satellite radio in accordance with and during the term of this Agreement.

Audio Distribution:

The HS Programs shall be the only audio programs regularly produced by you, Stern and/or your affiliated companies during the term of this Agreement. You and Stern agree not to license, authorize or permit the distribution of the HS Programs during the term of this Agreement by terrestrial radio, internet streaming, downloads, cell phones/PDAs, CDs or any other audio medium (including any other satellite radio service).

Upon mutual agreement, the show can be streamed to Sirius subscribers via the internet and/or provided to non-subscribers for limited promotional periods.

TV Distribution:

You shall own all TV rights and to the show, but Sirius must approve any simulcast or broadcast of any particular program within three hours after the initial east coast broadcast of such program on Sirius. You shall have the right to incorporate in your TV broadcasts any Sirius name and/or logo placed in or around the Studio by Sirius which appears in the background during the filming of such show.

Name and Likeness:

Subject to your approval in each instance, Sirius shall have the right to use Stem's name, image and likeness promote Sirius, the Channels, the show and the other programming developed hereunder.

Indemnification:

Sirius shall indemnify you, Stern, Buchwald and Don Buchwald and Associates, Inc. from and against all claims, including government fines and penalties and reasonable attorneys fees, arising directly or indirectly from or related to the broadcast of the show on Sirius.

One Twelve, Inc.

8

Travel:

Sirlus shall provide a private plane, deluxe accommodations, meals and limo service for Stern and Don Buchwald whenever Stern travels on Sirius-related business. In addition, Sirius shall provide Stern with full-time limo service in the New York area.

Medical Benefits:

Sirius shall provide Stern and the staff of the show with medical benefits, either through inclusion on Sirius' medical plan or by reimbursing the costs of a comparable medical plan.

Production Schedule: The show shall be produced weekdays other than (i) days on which Stem is ill or unable to perform; (ii) Stern's vacation days, (iii) national, state or widely observed religious holidays and (iv) days when production is precluded as a result of force majeure or another reason beyond your control.

Corporate Governance: Upon your request, Sirius shall (i) nominate an individual designated by you, and reasonably acceptable to Sirius, for election to Sirius' board of directors at Sirius' next annual meeting, (ii) grant your representative the right to observe Board proceedings or (iii) provide another mutually agreeable method for you to remain informed about Sirius' business and prospects.

XM Merger:

In the event Sirius merges with XM Satellite Radio, Sirius shall pay you a fee of the subscribers of the surviving company.

Show Start Date:

January 1, 2006.

If you and Stem are released from your terrestrial radio agreements prior to such date, you and Sirius shall mutually pursue an earlier start date.

If Sirius is provided the opportunity to simulcast the existing Howard Stern Show, you and Sirius shall discuss in good faith appropriate terms for the period through December 31, 2005.

Term:

Five years from the show start date. Stern agrees to remain on the air for all five years.

Territory:

Worldwide.

Miscellaneous:

<u>Vacation</u>. Stern shall be entitled to ten weeks of vacation time per year.

<u>Insurance</u>. You, Stern, Buchwald and Don Buchwald and Associates, Inc. shall be added as insured parties under Sirius' general liability and errors and omissions insurance policies.

<u>No Conflict</u>. You represent and warrant to Sirius that neither your and/or Stern's execution of this Agreement today nor your and/or Stern's performance in accordance with the terms hereof from and

after January 1, 2006 shall violate or conflict with any agreement or obligation to which you or Stern is currently subject, including any agreement relating to the television or radio broadcast of the existing Howard Stern Show. You hereby indemnify Sirius from and against any liability arising from any breach of the foregoing representation and warranty.

<u>Notice and Cure.</u> You or Sirius, as applicable, shall provide the other party with written notice of any breach or claimed breach of this Agreement and shall provide the other party with a reasonable period under the circumstances (not to exceed fifteen days) to cure any such breach.

Confidentiality. Neither you nor Sirius shall disclose this Agreement or the terms hereof to any party other than our respective representatives and advisors who need to know such information and who are obligated to maintain the confidentiality of such information; provided that the foregoing restrictions shall not apply to disclosure by either party hereto of any information which is publicly available (other than through disclosure by or through such party) or is disclosed pursuant to applicable law, court order or the regulations of a national securities exchange. Notwithstanding the foregoing, it is understood that Stem may talk about the non-financial terms of this Agreement, as an entertainer, in a manner consistent with his past practices, at such time after the public becomes aware of the relationship between the parties.

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The parties contemplate entering into a more formal agreement incorporating the foregoing terms as well as other terms customary for agreements of this type, including, but not limited to, representations and warranties, death and disability, non-disparagement, confidentiality, default, termination rights and remedies. Until such time, if ever, as such agreement is fully negotiated, however, this Agreement shall be deemed final and binding on the parties hereto.

Very truly yours,

SIRIUS SATELLITE RADIO INC.

Joseph P. Clayton Chief Executive Officer

AGREED AND ACCEPTED:

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Howard Stern President

To induce Sirius to enter into the foregoing Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I hereby (i) confirm the foregoing Agreement, the grant of all rights granted therein and the authority and right of One Twelve, Inc. to enter into the foregoing Agreement with respect to me; (ii) agree to perform all services, obligations and undertakings required of me as specified in such Agreement; (iii) personally guarantee the performance by One Twelve, Inc. of all of its obligations under such Agreement; and (iv) agree that all payments to or on behalf of One Twelve, Inc. shall discharge any obligations of Sirius to me in connection with the rights granted in such Agreement

Howard Stern

AGREED TO AND ACCEPTED as to the paragraph headed "Consulting Fee"

Don Buchwald

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Sirius Satellite Radio Exhibit A - Subscriber Estimates

CONFIDENTIAL

End of Period Subscribers in Thousands	2004	2005	2006	2007	2008	2009	2010
SIRI INTERNAL ESTIMATES	1,084.0	2,256.0	3,707.0	5,291.0	7,192.0	9, 284.6	12,112.4
Bank of America	997.1	1,960.0	3,194.0	4,519.0	5,981.0	7,534,0	9,079.0
Bear Stearns Fulcrum	950.0 1,005.9	2,000.0 2,199.1	3,889.3	5,925.0			
JP Morgan	1,014.0	2,326.8	3,864.5	5,801.3	8,183.5	10,676.5	13,188.7
Janco	968.0	1,965.0	3,237.0	4,713.0	5,848.0	6,652.0	
Leda Mason	973.4	2,173.5	4,078.6				
Sanders Morris	1,005.0	2,176.0	3,849.0	5,906.0	8,220.0	10,542.0	12,672.0
SG Cowen	1,000.2	2,222.2	3,733.0	5,507.2	7,565.8	9,928.9	12,494.6
Stifel Nicolaus	974.0	2,016.0	3,147.0	4,642.0	6,408.0	8,278.0	9,919.0
Vintage	1,035.0	2,178.8	3,775.0	5,673.0	7,864:0	10,295.0	12,853.0
Wachovia	980.3	1,900.0	3,100.0	4,500.0	6,200.0	8,100.0	
William Blair	0.096	1,907.0	3,003.0	5,430.0	8,410.0	11,480.0	14,530.0
Average (Mean)	988.6	2085.4	3533.7	5261.6	7186.7	9276.3	12105.2
Annual Growth		52.6%	41.0%	32.8%	26.8%	22.5%	23.4%

HAS DK