

For immediate release

XM Canada reports third quarter results and first ever positive cash flow quarter

Strong results reflect continued improvement in subscriber growth, retail market share, automotive customer growth, revenue, cost management and other key performance metrics

Toronto, July 10, 2008 – Canadian Satellite Radio Holdings Inc. (TSX: XSR) today announced its financial results for the third quarter ended May 31, 2008.

XM Canada also announced today that it achieved positive cash flow¹ for the first time during the third quarter ended May 31, 2008. This milestone was attained in only two and a half years.

Third Quarter 2008 Highlights

Three months ended May 31, 2008 versus three months ended May 31, 2007

- Generated positive cash flow of \$0.3 million during Q3 2008
- Total revenue increased 81 per cent to \$10.3 million
- Adjusted Operating Loss² improved \$2.7 million to \$7.1 million
- Pre-Marketing Adjusted Operating Loss² improved \$3.4 million to \$1.3 million
- Subscriber base reached 439,900, an increase of 58 per cent
- Self-paying subscribers increased 84 per cent to 280,400 as ARPU grew to \$11.99

“Our achievement of positive cash flow for the quarter, an important milestone that measures the financial health of the company, demonstrates our ability to effectively manage costs and working capital while growing our subscribers and revenue,” said Michael Moskowitz, President and Chief Executive Officer of XM Canada. “We have spent a great deal of time striking a fine balance between investing in our business to attract new subscribers and achieving profitability. Our strong financial results reflect our direction to achieve profitable and sustainable growth, a key factor in determining the long-term success in the satellite radio industry. Getting our business to cash flow breakeven has been a key focus of management and we believe that there will be no further requirement for third party funding going forward.”

¹ Calculated from the Interim Consolidated Statement of Cash Flows (Unaudited), positive cash flow is defined as change in cash during the period less sale (purchase) of short-term investments, net.

² See section 2.0 entitled “Operating Definitions” found in Management’s Discussion & Analysis for the quarter ended May 31, 2008 found at www.cdnsatrad.com and www.sedar.com.

Financial Performance

Three months ended May 31, 2008 versus three months ended May 31, 2007

For the three months ended May 31, 2007 and May 31, 2008, revenue was \$5.7 million and \$10.3 million, respectively. This 81 per cent increase, or \$4.6 million, is primarily attributable to XM Canada's increasing subscriber base.

Adjusted Operating Loss for the third quarter of 2007 was \$9.8 million compared to \$7.1 million for the third quarter of 2008, an improvement of \$2.7 million. Pre-Marketing Adjusted Operating Loss, which adds back total marketing expenses, improved by \$3.4 million from \$4.7 million in the third quarter of 2007 to \$1.3 million for the third quarter of 2008. Both Adjusted Operating Loss and Pre-Marketing Adjusted Operating Loss are expected to improve as XM Canada's subscriber base continues to grow and fixed and marketing costs are managed efficiently.

Average Monthly Subscription Revenue per Subscriber (ARPU) increased from \$11.70 in the third quarter of 2007 to \$11.99 for the third quarter of 2008. Much of this growth is attributable to an increasing proportion of our subscribers transitioning from our previous basic monthly subscription price of \$12.99 to the current price of \$14.99.

Cost per Gross Addition (CPGA) continues to decline year-over-year. CPGA was \$178 for the quarter ended May 31, 2007 compared to \$141 for the comparable period in 2008. XM Canada expects CPGA to decrease on an annualized basis as it increases gross additions through cost-efficient distribution channels.

Subscriber Acquisition Cost (SAC) was \$40 for the third quarter of 2007 and \$87 for the third quarter of 2008. This increase in SAC is primarily attributable to a shift in focus from general marketing activities towards targeted marketing strategies, including hardware promotions that were combined with prepayment of subsidies in connection with Father's Day gift giving.

Three months ended May 31, 2008 versus three months ended February 29, 2008

For the three months ended February 29, 2008 and May 31, 2008, revenue was \$9.2 million and \$10.3 million, respectively. This 12 per cent increase is directly attributable to our growing subscriber base.

Adjusted Operating Loss for the three months ended February 29, 2008 and May 31, 2008 was \$9.0 million and \$7.1 million, respectively, an improvement of \$1.9 million. Pre-Marketing Adjusted Operating Loss, which adds back total marketing expenses, improved by \$0.3 million from \$1.6 million in the second quarter of 2008 to \$1.3 million in the third quarter of 2008.

ARPU was \$11.61 and \$11.99 for the three months ended February 29, 2008 and May 31, 2008, respectively. The quarter-over-quarter growth in ARPU is due to an increasing proportion of our subscribers transitioning from our previous basic monthly subscription price of \$12.99 to the price of \$14.99.

CPGA increased from \$136 for the three months ended February 29, 2008 to \$141 for the quarter ending May 31, 2008. SAC was \$63 and \$87 for the three months ended February 29,

2008 and May 31, 2008, respectively. This increase in SAC is due to the prepayment of subsidies in connection with gift giving in advance of Father's Day.

The non-GAAP measures above should be used in addition to, but not as a substitute for, the analysis provided in the interim consolidated statement of operations and deficit.

Quarterly Conference Call and Audio Webcast

CSR's management team will discuss its financial results for the third quarter ended May 31, 2008 on Thursday, July 10, 2008 at 2:30 p.m. EDT. To participate by conference call, please dial 416-644-3414 or 1-800-733-7571 (toll-free). A live audio webcast will be available at <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2113760>.

A slide presentation intended for simultaneous viewing will be available the afternoon of Thursday, July 10, 2008 at www.cdnsatrad.com.

An archive of the audio webcast will be available for 90 days following the original broadcast on CSR's website at: www.cdnsatrad.com.

About Canadian Satellite Radio Holdings Inc.

Canadian Satellite Radio Holdings Inc. (TSX: XSR) operates as XM Canada™ and is Canada's premium digital audio entertainment and information company with the best signal coverage across the country.

With 130 channels, XM Canada offers listeners the most unique Canadian and international programming including exclusive satellite radio coverage of EVERY NHL™ GAME, as well as PGA TOUR™ and Major League Baseball™, the deepest playlist, plus news, talk, sports, entertainment and children's content. Acura, Buick, Cadillac, Chevrolet, GMC, Harley Davidson, Honda, Hummer, Hyundai, Infiniti, Lexus, Nissan, Pontiac, Toyota, Saab, Saturn, Suzuki and Subaru offer XM radios in more than 150 different vehicles for model year 2008.

XM Satellite Radio Inc. is the number one satellite radio company in North America with more than 9 million subscribers. In Canada, XM is offered on TELUS Mobile Radio™ and Rogers™ Communications wireless and is also the exclusive music channel provider on Air Canada's flights and is available in select Avis Budget Group rental vehicles.

A free three-day trial of XM Radio Online is available at <http://listen.xmradio.ca>. Visit www.xmradio.ca for programming and subscription information.

To find out more about Canadian Satellite Radio Holdings Inc. (TSX: XSR), visit our website at www.cdnsatrad.com.

Forward-Looking Statements

Certain statements included above may be forward-looking in nature. Such statements can be identified by the use of forward-looking terminology such as "expects," "may," "will," "should," "intend," "plan," or "anticipates" or the negative thereof or comparable terminology, or by

discussions of strategy. Forward-looking statements include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance or other statements that are not statements of fact. Although CSR believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. CSR's forward-looking statements are expressly qualified in their entirety by this cautionary statement. CSR makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made, except as required by applicable law. Additional information identifying risks and uncertainties is contained in CSR's filings with the Canadian securities regulators, available at www.sedar.com.

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CANADIAN SATELLITE RADIO HOLDINGS INC.
INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

	<u>May 31, 2008</u>	<u>August 31, 2007</u>
ASSETS		
Current assets		
Cash	\$ 4,365,105	\$ 9,524,931
Short term investments	16,733,319	5,281,000
Accounts receivable	6,158,506	4,904,803
Inventory	588,392	2,462,975
Prepaid expenses and other assets	3,415,863	2,401,315
Restricted investments	12,401,609	13,043,109
	<u>43,662,794</u>	37,618,133
Restricted investments	-	6,301,677
Deferred financing costs	-	4,456,280
Property and equipment	18,604,547	20,878,489
Contract rights, distribution rights and computer software	205,508,253	219,897,424
Total assets	<u>267,775,594</u>	289,152,003
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	21,059,969	19,822,541
Interest payable	4,375,606	590,315
Deferred revenue	16,468,603	10,445,788
	<u>41,904,178</u>	30,858,644
Long-term debt	115,881,970	107,434,473
Deferred revenue	3,991,077	3,626,134
Long-term obligations	2,220,811	376,316
Total liabilities	<u>163,998,036</u>	142,295,567
Shareholders' equity		
Share capital	314,200,952	312,948,883
Contributed surplus	38,513,275	30,129,704
Deficit	(248,936,669)	(196,222,151)
Total shareholders' equity	<u>103,777,558</u>	146,856,436
Total liabilities and shareholders' equity	<u>267,775,594</u>	289,152,003

CANADIAN SATELLITE RADIO HOLDINGS INC.
INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Revenue	10,335,948	5,710,886	27,677,502	14,411,140
Operating expenses				
Cost of revenue	7,951,244	6,288,948	22,463,250	19,208,952
General and administrative	3,720,545	3,632,199	11,722,325	12,571,509
Special charges	-	573,400	-	573,400
Stock-based compensation	763,397	720,032	2,605,844	2,407,573
Marketing	5,826,585	5,047,684	20,291,487	20,574,356
Amortization of intangible assets and property & equipment	5,569,361	5,606,096	16,713,036	16,810,627
	23,831,132	21,868,359	73,795,942	72,146,417
Loss before the undernoted	(13,495,184)	(16,157,473)	(46,118,440)	(57,735,277)
Interest revenue	285,738	434,731	1,181,142	1,936,112
Interest expense	4,273,146	3,819,342	12,340,982	11,641,210
Revaluation of derivative	503,600	-	503,600	-
Foreign exchange gain (loss)	(803,122)	6,273,883	5,067,362	3,186,357
Net loss and comprehensive loss for the period	(18,789,314)	(13,268,201)	(52,714,518)	(64,254,018)
Deficit - Beginning of period	(230,147,355)	(162,568,125)	(196,222,151)	(111,582,308)
Deficit - End of period	(248,936,669)	(175,836,326)	(248,936,669)	(175,836,326)
Basic and fully diluted loss per common share	(0.39)	(0.28)	(1.10)	(1.35)

CANADIAN SATELLITE RADIO HOLDINGS INC.
 RECONCILIATION OF LOSS BEFORE THE UNDERNOTED
 TO ADJUSTED OPERATING LOSS (UNAUDITED)

Adjusted Operating Loss is defined as Operating loss before the undernoted excluding amortization, stock-based compensation to employees, directors, officers and service providers, and non-cash costs paid by our parent company. We believe that Adjusted Operating Loss, as opposed to Operating loss or Net loss, provides a better measure of our core business operating results and improves comparability.

This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in statement of operations. We believe Adjusted Operating Loss is a useful measure of our operating performance and is a significant basis used by our management to measure the operating performance of our business. While amortization and stock-based compensation are considered operating costs under generally accepted accounting principles, these expenses primarily represent non-cash current period allocation of costs associated with long-lived assets acquired or constructed in prior periods and non-cash employee and service provider compensation. Costs paid by parent company are non-cash costs related to the licence application process and are not related to ongoing operations of the business. Adjusted Operating Loss is a calculation used as a basis for investors and analysts to evaluate and compare the periodic and future operating performances and value of similar companies in our industry, although our measure of Adjusted Operating Loss may not be comparable to similarly titled measures of other companies.

Adjusted Operating Loss does not purport to represent operating loss or cash flow from operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

Pre-Marketing Adjusted Operating Loss is defined as Adjusted Operating Loss adding back total marketing expenses. We believe that Pre-Marketing Adjusted Operating Loss is a good measure of operating performance before investing to acquire new subscribers. This non-GAAP measure should be used in addition to, but not as a substitute for, the analysis provided in statement of operations. We believe Pre-Marketing Adjusted Operating Loss is a useful measure of our operating performance and is a significant basis used by our management to measure the operating performance of our business.

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	Three Months Ended	
	May 31, 2008	May 31, 2007
Reconciliation of loss before the undernoted to Adjusted Operating Loss		
Loss before the undernoted	(13,495)	(16,157)
Add back non-Adjusted Operating Loss items included in loss		
Amortization	5,569	5,606
Stock-based compensation	763	720
Costs paid by parent company	57	52
Adjusted Operating Loss	(7,106)	(9,779)
Add back total marketing	5,827	5,048
Pre-Marketing Adjusted Operating Loss	(1,279)	(4,731)

CANADIAN SATELLITE RADIO HOLDINGS INC.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Cash provided by (used in)				
Operating activities				
Net loss and comprehensive loss for the period	\$(18,789,314)	\$(13,268,201)	\$(52,714,518)	\$(64,254,018)
Add (deduct): Non-cash items				
Costs paid by parent company	57,004	51,822	167,017	151,833
Stock-based compensation expense	763,397	720,032	2,605,844	2,407,573
Amortization of intangible assets	4,799,680	4,820,642	14,398,513	14,464,695
Amortization of property and equipment	769,682	785,454	2,295,669	2,345,932
Accrued interest – debt	3,586,224	3,625,781	3,785,291	3,637,928
Accrued interest receivable	(198,807)	(275,032)	(407,240)	(1,000,624)
Interest accretion expense	298,864	172,500	762,763	517,500
Increase in long term obligations	1,829,145	8,814	1,847,352	26,142
Revaluation of derivative	503,600	-	503,600	-
Loss on disposal of property and equipment	33,003	-	239,671	-
Unrealized foreign exchange losses (gains)	798,086	(6,379,858)	(5,916,820)	(2,461,028)
Net change in non-cash working capital related to operations	5,158,818	2,472,975	10,388,715	9,479,580
Net cash used in operating activities	(390,618)	(7,265,701)	(22,044,143)	(34,684,487)
Investing activities				
Payment of interest from restricted investments	-	-	6,385,200	7,458,750
Sale(purchase) of short-term investments, net	(93,498)	-	(10,880,477)	(5,850,000)
Proceeds on sale of property and equipment	-	-	31,022	-
Purchase of property and equipment	(128,780)	(123,248)	(322,557)	(1,464,960)
Purchase of computer software	-	(176)	(4,513)	(78,191)
Net cash provided by (used in) investing activities	(222,278)	(123,424)	(4,791,325)	65,599
Financing activities				
Proceeds from XM credit facility	771,019	-	2,289,002	-
Proceeds from convertible notes	-	-	19,396,445	-
Net cash provided by financing activities	771,019	-	21,685,447	-
Foreign exchange gains (losses) on cash held in foreign currency	1,334	(742,834)	(9,805)	(272,348)
Change in cash during the period	159,457	(8,131,329)	(5,159,826)	(34,891,236)
Cash – Beginning of period	4,205,648	18,428,307	9,524,931	45,188,214
Cash – End of period	4,365,105	10,296,978	4,365,105	10,296,978
Supplemental cash flow disclosures				
Utilization of XM credit facility	2,361,133	-	6,127,149	-