

1 Tina Wolfson, CSB No. 174806
twolfson@ahdootwolfson.com
2 Robert Ahdoot, CSB No. 172098
rahdoot@ahdootwolfson.com
3 Theodore W. Maya, CSB No. 223242
tmaya@ahdootwolfson.com
4 **AHDOOT & WOLFSON, PC**
2600 West Olive Avenue
5 Suite 500
Burbank, California 91505
6 Telephone: (310) 474-9111
Facsimile: (310) 474-8585
7

8 *Attorneys for Plaintiffs and the Putative Class*
9

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12

13 PHILIP ALVAREZ, RANDALL
14 BETTISON, MARC KELLEHER, and
DARLENE VAUGH, individually and
on behalf of all others similarly
15 situated,

16 Plaintiffs,

17 v.

18 SIRIUS XM RADIO INC.,

19 Defendant.
20
21

Case No. 2:18-cv-08605-JVS-SS

**SUPPLEMENTAL DECLARATION
OF CHRISTIAN TREGILLIS, CPA,
ABV, CFF, CLP IN SUPPORT OF
FINAL APPROVAL OF CLASS
ACTION SETTLEMENT AND
MOTION FOR ATTORNEYS'
FEES AND COSTS**

DECLARATION OF CHRISTIAN TREGILLIS

1
2
3 I, Christian Tregillis, declare under penalty of perjury, pursuant to U.S.C. §
4 1746 and based on my own personal knowledge, that the following statements are true
5 and accurate, and I could and would testify competently on the matters stated in this
6 declaration:

7
8 **I. SUMMARY OF CONCLUSIONS**

9 1. In response to the Court’s inquiries in its Tentative Order Regarding
10 Motion for Final Approval of Class Action Settlement and Motion for Attorney’s Fees
11 of the Court (the “Tentative Order”), and its preference for a more precise valuation
12 of the prospective benefits the Settlement offers to the Active Class Members, I
13 conclude as follows:

14 a. The frequency at which Class Members transfer their Lifetime
15 Subscriptions is at least once every 6.25 years (paragraphs 8 to 27 herein).

16 b. Absent the Settlement, in order to receive the programming Class
17 Members will receive as a result of the Settlement, Class Members would be required
18 to purchase, on average, at least 72 months (six years) of separate satellite radio
19 subscriptions after hitting the three-transfer maximum (upon the fourth transfer)
20 (paragraphs 43 to 49 below).

21 c. The value of the fees avoided on the additional extended service
22 provided by making the number of permitted transfers unlimited, as provided by the
23 Settlement, is at least \$360 per Class Member, on average (paragraphs 43 to 49
24 below).

25 d. The value of the Settlement attributable to the lower transfer fee
26 (\$35, down from \$75), is at least \$128 per Class Member, based on an additional 3.2
27 future transfers after the Settlement (paragraphs 28 to 42 below).

1 e. A conservative total value of the Settlement is \$408,944,000
2 (paragraphs 52 to 54 below).

3 **II. BACKGROUND AND TASK OVERVIEW**
4

5 2. On June 11, 2020, I issued a declaration in this matter in support of
6 Plaintiffs' Preliminary Approval of Class Action Settlement (the "June 2020
7 Declaration"; ECF 69-9), which is incorporated by reference herein. My
8 qualifications are substantially unchanged since the filing of the June 2020
9 Declaration.

10 3. On January 22, 2021, Class Counsel provided to me a copy of the
11 Tentative Order Regarding Motion for Final Approval of Class Action Settlement and
12 Motion for Attorney's Fees of the Court (the "Tentative Order").

13 4. The purpose of this declaration is to address the issues raised by the Court
14 in the Tentative Order, explain in greater detail the analysis described in the June 2020
15 Declaration, and provide a more accurate and precise estimate of the total value
16 received by the Settlement Class Members ("Class Members") as a result of the
17 proposed Settlement, which includes the elements described by the Court at pages 3-
18 4 of its Tentative Order, focusing on the value that the Settlement's reduced transfer
19 fees and continued radio subscription services made available to Active Class
20 Members.

21 5. As stated in the June 2020 Declaration:

22 a. As of April 2020, Sirius XM had sold a total of approximately
23 964,000 Lifetime Subscriptions: of these approximately 838,000 were Active Lifetime
24 Subscriptions ("Active Subscriptions") and 126,000 were Inactive Lifetime
25 Subscriptions ("Inactive Subscriptions").¹

26 _____
27 ¹ Settlement Agreement, pp. 2-3.

1 b. I estimated a conservative value to Class Members of *at least* \$100
2 per subscriber for both Inactive and Active Subscribers.²

3 6. The Court accepted my estimate of at least \$100 per subscriber for the
4 Inactive Subscribers,³ but concluded that the \$100 per subscriber estimate for the
5 Active Subscribers was not sufficiently supported:

6 . . . Class Members will receive two benefits. First, they will receive \$40 for
7 each transfer they make of their lifetime subscription to a new receiver because
8 the transfer fee is reduced from \$75 to \$35. Second, they will receive the value
9 of the satellite radio subscription that they no longer need to purchase to replace
10 their lifetime subscriptions after hitting the previous maximum of three
11 transfers. . . . Tregillis does not consider the frequency at which Settlement
12 Class Members transfer their lifetime subscriptions, meaning that we cannot
13 quantify the total value to the Settlement Class of the reduced transfer fee. Nor
14 does Tregillis address how frequently Settlement Class Members end up having
15 to purchase separate satellite radio subscriptions after hitting the three-transfer
16 maximum on their current lifetime subscriptions. As such, there is no way of
knowing whether Settlement Class Members would actually receive the benefit
of extended use of their subscriptions as Tregillis suggests. The Court therefore
cannot state with confidence what the value of the Settlement would be to
Settlement Class Members with active lifetime subscriptions.⁴

17 7. The Court thus identified two components of value received by Class
18 Members as a result of the Settlement: i) savings from lower transfer fees, and ii)
19 extended use value. Below I answer the Court’s questions and address and explain in
20 detail each of these value components. My analysis here is generally consistent with
21 the analysis in my June 2020 Declaration.

22 _____
23 ² June 2020 Declaration, ECF 69-9, ¶¶ 18, 35; Tentative Order, p. 3, citing the
June 2020 Declaration, ¶ 35.

24 ³ “As a consequence, while the Court agrees that the value of the Settlement is
25 worth at least \$12.6 million – reflecting the conservative \$100 value for each of the
26 126,000 Settlement Class Members with an inactive Lifetime Subscription – the Court
cannot estimate with confidence the value of the overall Settlement beyond that
figure.” Tentative Order, pp. 3-4.

27 ⁴ Tentative Order, p. 4.

1 **III. FREQUENCY AT WHICH SETTLEMENT CLASS MEMBERS**
2 **TRANSFER THEIR LIFETIME SUBSCRIPTIONS**

3 8. Although the June 2020 Declaration’s analysis did not explicitly state the
4 frequency at which Class Members transfer their Lifetime Subscriptions, I did
5 consider and rely on this information to form my conclusion that the value of the
6 Settlement exceeds \$100 per Class Member, based on the value of adding at least two
7 years to the expected life of a Lifetime Subscription.

8 9. The frequency at which Class Members transfer their Lifetime
9 Subscriptions (“Transfer Frequency”) is an important part of the calculation of both
10 value components referenced above: (i) cost savings from lower transfer fees (referred
11 to below as “Value Component A”), and (ii) value of the additional subscription
12 programming provided as a result of the change to permit unlimited transfers of the
13 Lifetime Subscriptions, beyond the three-transfer limit (i.e., extended use value)
14 (referred to below as “Value Component B”).

15 10. The Transfer Frequency, in years, is divided into the expected years of
16 future subscription life, to calculate the number of expected future transfers. Expected
17 future transfers is then multiplied by the savings per transfer ($\$75 - \$35 = \$40$) to
18 calculate the total benefit from the lower transfer fee: Value Component A.

19 11. Also, the Transfer Frequency provides the basis for an estimate of the
20 time at which a Lifetime Subscriber will, on average, lose the benefit of the Lifetime
21 Subscription absent the Settlement because he or she passed the three-transfer limit
22 and hit the fourth (not permitted) transfer, which policy has been enforced by Sirius
23 XM prior to the Settlement (i.e., the subscriber either loses the programming outright
24 at the fourth transfer or pays for another subscription): Value Component B.

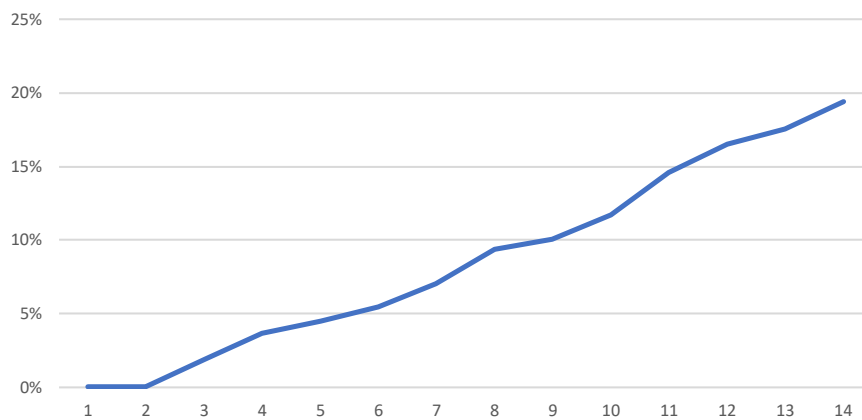
25 12. To begin, data cited in the June 2020 Declaration (i.e., ECF 69-9 ¶¶ 14,
26 29 & Table 1 (8:14-21)) demonstrate that Class Members have made and continue to
27 make transfers, and have done so at a rate that has steadily caused them to exceed the

1 three-transfer limit, rendering them Inactive Subscribers when they reached the fourth
 2 transfer (the nature of this data is more particularly described in paragraphs 16 to 18
 3 below). These data also provide the basis to estimate the future frequency of transfer.

4 13. While not explicitly stated in the June 2020 Declaration, the transfer
 5 frequency is implicit in Table 1 therein (ECF 69-9, 8:14-21). Table 1 of the June 2020
 6 Declaration summarizes data provided by Sirius XM regarding the status of
 7 subscribers becoming inactive, depending on the month in which the subscription was
 8 purchased (ECF 69-9, ¶ 29). These data show a high number of Lifetime Subscribers
 9 going inactive, in a consistent manner over time for all Class Members, with
 10 subscribers from earlier years becoming inactive after more transfers. The transfer
 11 rate and frequency can be calculated from these data.

12 14. Below is Table 1 from the June 2020 Declaration, for reference.

13 **Table 1. Lifetime Subscription Percent Inactive, by Year**



14
 15
 16
 17
 18
 19
 20
 21
 22
 23 15. For additional illustration, the data that formed Table 1 are restated
 24 below in Table 1A.

Table 1A. Summarized Data From June 2020 Declaration Table 1

Year of Sign-Up as Lifetime Subscriber	Years Prior to 2019	Inactive	Additional Inactive
2016	3	0.41%	0.41%
2015	4	1.38%	0.97%
2014	5	2.89%	1.51%
2013	6	4.86%	1.97%
2012	7	7.14%	2.28%
2011	8	9.59%	2.46%
2010	9	12.09%	2.49%
2009	10	14.50%	2.42%
2008	11	16.75%	2.25%
2007	12	18.76%	2.01%
2006	13	20.49%	1.73%
2005	14	21.90%	1.42%

16. The data depicted above, which also were reflected in Table 1 of the June 2020 Declaration, is derived from data provided to me by Class Counsel, which I am informed and believe was obtained from Sirius XM prior to the Settlement negotiations. The information contained in this data set is a month-by-month accounting (spanning over a decade) of Lifetime Subscriptions sold and the number of subscriptions that were, as of 2019, active or inactive.

17. I am informed and believe that this dataset is subject to the Stipulated Protective Order entered by the Court on April 25, 2017 (Docket No. 56, in the civil action entitled *Wright v. Sirius XM Radio Inc.*, Case No. 8:16-cv-01688-JVS-LCG (C.D. Cal.)), and cannot be disclosed publicly. As stated in the June 2020 Declaration, I executed “Exhibit A – Acknowledgement and Agreement to Be Bound” of the Protective Order (ECF 69-9, ¶ 9) and thus agreed not to disclose the actual data set I used to derive the results set forth in Table 1.

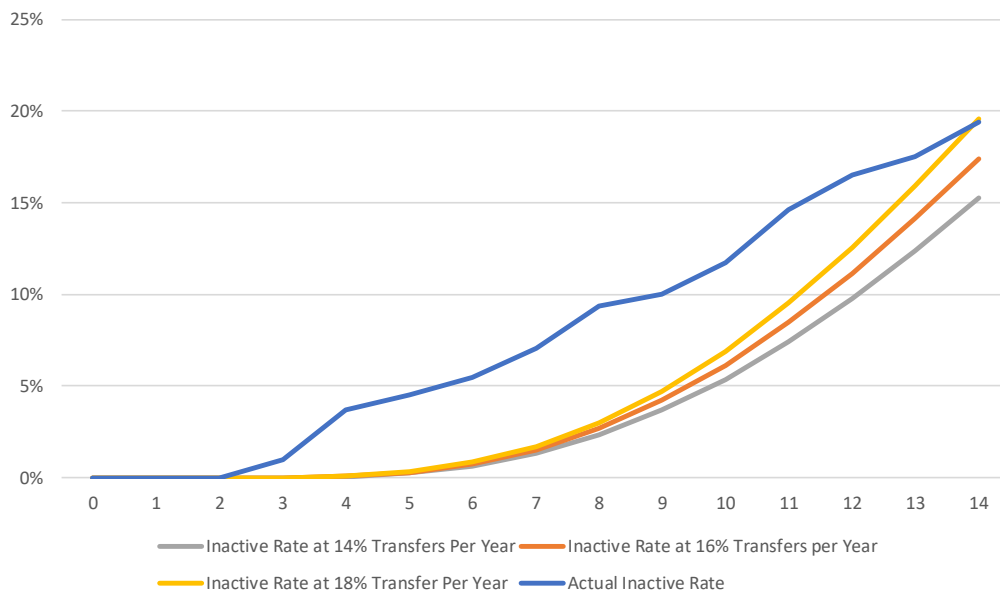
18. To create Table 1A above, as well as the graph in Table 1 in the June 2020 Declaration (a graphical representation of the same data), I simply grouped by year the monthly data provided by Sirius XM (e.g., 2005 is the total of January through December of 2005), which show how many subscribers reached their fourth transfer

1 and became inactive, thereby showing the historical transfer rate (percent each year
 2 making transfers) and frequency (how often a subscriber makes a transfer).

3 19. As explained in the June 2020 Declaration (ECF 69-9, ¶¶ 30-33), the data
 4 show an average of 1.6% of subscribers becoming inactive every year from years 3
 5 through 14 (approximately 15,000 per year). I noted the graph in Table 1 and the
 6 1.6% inactive rate per year as justification and support for my conclusion that the
 7 additional life promised by the Settlement was at least two years (ECF 69-9, ¶¶33-34).
 8 This was because of the high transfer rate, which results in a high rate at which
 9 Lifetime Subscriptions have become inactive.

10 20. Here, with the benefit of the Inactive Subscriber data provided by Sirius
 11 XM, it is possible to estimate the average future transfer rate, based on past transfers
 12 and percentages of subscribers going inactive. Below I show this graphically, in Table
 13 1B.

14 **Table 1B. Actual Inactive Rate and Implied Inactive Rate of 14%, 16%, 18% Transfers per Year**



25 21. As can be seen above, I have compared the actual inactive rates (the blue
 26 line, taken from Table 1 and based on Sirius XM data) with the inactive rates that
 27 would be seen if the transfer frequency was 14% per year, 16% per year, or 18% per
 28

1 year (gray, orange, and gold lines, respectively). In other words, the gold line
2 represents how many of the subscribers go inactive, by age of subscription, if 18% of
3 subscribers had a transfer each year, with each subscriber having an equal chance of
4 making a transfer. As can be seen by comparing the blue line to the gold line, the
5 actual transfer rates have been greater than 18% per year for subscribers from 3 to 13
6 years into their subscriptions, in years before 2019. The 14-years-in subscribers
7 (started in 2005) have had a transfer rate, on average, of just under 18% (blue line
8 slightly above gold line).

9 22. The data show that all vintages of Lifetime Subscribers exhibit an
10 average transfer frequency of more than 16% (blue line always above orange line). In
11 other words, it is clear that the Lifetime Subscribers have had more transfers each year
12 than the number of subscribers x 16%, given that the orange line represents how many
13 subscribers reach their fourth transfer each year based on a 16% transfer frequency,
14 and the blue line is always higher than the orange line.

15 23. As a result, a 16%-per-year transfer rate (meaning 16% of subscribers
16 make a transfer in that year, on average) is a conservative estimate. One reason that
17 the blue line is higher than the gold, orange, and gray lines is that it is possible for
18 subscribers to transfer their subscription more than once a year. This graph and model
19 conservatively assume that this never occurs, by using a 16% transfer rate.

20 24. A transfer rate of 16% of all Lifetime Subscribers effectuating a transfer
21 each year equates to an expected transfer of once every 6.25-years ($1 / 16\% = 6.25$).⁵

22 25. The conclusion that the transfer rate is once every 6.25 years is further
23 supported by the fact that it is consistent with publicly available and widely accepted
24 industry data regarding the rate at which car owners change automobiles. (I am
25

26 ⁵ This is the same math that shows that a 50% chance of a transfer is once every
27 two years, or a 33% change of a transfer is the same as an expectation of a transfer
every three years, *etc.*

1 informed by Class Counsel and believe that almost all Lifetime Subscriptions are used
2 in automobiles.)

3 26. A frequently cited 2017 study by IHS Automotive found that car owners
4 trade or replace their vehicles every 6.5 years.⁶ The slightly faster turnover of Class
5 Members (compared to drivers on average generally) is not surprising, given that the
6 average income for Sirius XM subscribers is higher than the average population, as
7 explained in the June 2020 Declaration (ECF 69-9, ¶ 32).

8 27. As a result, the transfer rate (16% per year) and frequency (once every
9 6.25 years per each subscriber) are well supported by the data provided by Sirius XM,
10 consistent with market data and industry research, and a reasonable input into the
11 model that estimates the prospective value provided to Class Members as a result of
12 the Settlement. In other words, it is reasonable for a Class Member and Sirius XM to
13 expect a Class Member to make a transfer every 6.25 years.

14 **IV. VALUE COMPONENT A: VALUE OF THE LOWER TRANSFER FEE**

15
16 28. As the Court noted in the Tentative Order, I did not attempt to quantify
17 the prospective benefit to the Class of the reduced transfer fee, measured as \$40 per
18 transfer (\$75 original transfer fee - \$35 new transfer fee = \$40 saved fee per transfer).

19 29. I chose not to do so at the request of Class Counsel, whom I understand
20 believed that the value provided in the June 2020 Declaration (*i.e.*, at least \$100 per
21 Class Member) was conservative and sufficient for the purposes of the motions before
22 the Court.

23
24 ⁶ See, for example, cite by Forbes here:
25 [https://www.forbes.com/sites/jimgorzelay/2017/01/04/passing-the-test-of-time-](https://www.forbes.com/sites/jimgorzelay/2017/01/04/passing-the-test-of-time-cars-owners-keep-for-a-decade-or-longer/)
26 [cars-owners-keep-for-a-decade-or-longer/](https://www.forbes.com/sites/jimgorzelay/2017/01/04/passing-the-test-of-time-cars-owners-keep-for-a-decade-or-longer/). The entire suite of IHS (a publicly traded
27 market research firm) studies regarding the automotive industry is available here:
28 <https://ihsmarkit.com/research-analysis/automotive.html>. Both sites visited January
24, 2021.

1 30. In any event, the prospective benefit to the Class Members (cost savings)
2 from the reduced transfer fee can be estimated based on the transfer frequency
3 (described above) and a person’s driving life expectancy (the length of time until, or
4 age at which, a person would be expected to stop driving, whether by choice or due to
5 death).

6 31. As set forth in the June 2020 Declaration (ECF 69-9, ¶ 31), according to
7 a U.S. Department of Transportation (“USDOT”) study, it was estimated that 88% of
8 U.S. males remain driving and on the road between the ages of 70 and 74.⁷

9 32. Updated data released by USDOT since the June 2020 Declaration (in
10 November 2020, using 2019 data), shows that as of that time 91% of the U.S.
11 population ages 70-74 remain driving and on the road (both genders). This percentage
12 declines to 86.5% for ages 75-79, 77.3% for ages 80-84, and finally to 60.1% for ages
13 85 and over.⁸

24 ⁷ June 2020 Declaration, para. 31, citing
25 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1447231/> (last Retrieved Jan. 28,
26 2021).

27 ⁸ <https://www.fhwa.dot.gov/policyinformation/statistics/2019/xls/dl20.xls> (last
Retrieved Jan. 24, 2021).

**DISTRIBUTION OF LICENSED DRIVERS - 2019
BY SEX AND PERCENTAGE IN EACH AGE GROUP AND RELATION TO POPULATION**

November 2020

TABLE DL-20

AGE	MALE DRIVERS			FEMALE DRIVERS			TOTAL DRIVERS		
	NUMBER	PERCENT OF TOTAL DRIVERS	DRIVERS AS PERCENT OF AGE GROUP (1)	NUMBER	PERCENT OF TOTAL DRIVERS	DRIVERS AS PERCENT OF AGE GROUP (1)	NUMBER	PERCENT OF TOTAL DRIVERS	DRIVERS AS PERCENT OF AGE GROUP (1)
UNDER 16	21,359	0.0	0.5	22,449	0.0	0.5	43,808	0.0	0.5
16	534,189	0.5	25.2	554,213	0.5	27.2	1,088,402	0.5	26.2
17	975,376	0.9	46.2	981,456	0.8	48.4	1,956,832	0.9	47.2
18	1,330,599	1.2	61.3	1,290,590	1.1	61.9	2,621,189	1.1	61.6
19	1,569,435	1.4	70.9	1,502,527	1.3	71.0	3,071,962	1.3	70.9
(19 AND UNDER)	4,430,958	3.9	34.4	4,351,235	3.8	35.2	8,782,193	3.8	34.8
20	1,660,551	1.5	76.1	1,593,791	1.4	76.4	3,254,342	1.4	76.2
21	1,709,205	1.5	78.1	1,650,692	1.4	78.9	3,359,897	1.5	78.5
22	1,779,990	1.6	81.1	1,727,559	1.5	82.1	3,507,549	1.5	81.6
23	1,830,239	1.6	82.4	1,793,267	1.6	84.6	3,623,506	1.6	83.5
24	1,881,861	1.7	82.6	1,850,844	1.6	85.4	3,732,704	1.6	84.0
(20-24)	8,861,846	7.8	80.1	8,616,153	7.4	81.5	17,477,998	7.6	80.8
25-29	10,071,946	8.9	83.9	10,044,709	8.7	87.3	20,116,655	8.8	85.6
30-34	10,042,390	8.9	88.4	10,139,924	8.8	91.5	20,182,314	8.8	90.0
35-39	9,808,873	8.7	90.1	9,933,766	8.6	91.5	19,742,639	8.6	90.8
40-44	9,045,387	8.0	91.3	9,201,260	8.0	91.9	18,246,647	8.0	91.6
45-49	9,396,532	8.3	93.2	9,522,379	8.2	92.3	18,918,911	8.3	92.7
50-54	9,526,272	8.4	94.4	9,647,355	8.3	92.8	19,173,627	8.4	93.6
55-59	10,110,144	8.9	95.0	10,387,240	9.0	92.5	20,497,384	9.0	93.7
60-64	9,420,961	8.3	95.6	9,822,307	8.5	91.7	19,243,268	8.4	93.5
65-69	7,887,504	7.0	96.2	8,354,380	7.2	90.3	16,241,884	7.1	93.1
70-74	6,187,316	5.5	95.2	6,576,052	5.7	87.3	12,763,368	5.6	91.0
75-79	4,003,260	3.5	92.7	4,342,350	3.8	81.4	8,345,610	3.6	86.5
80-84	2,312,296	2.0	86.3	2,568,184	2.2	70.6	4,880,480	2.1	77.3
85 AND OVER	1,895,123	1.7	78.5	2,171,618	1.9	49.9	4,066,741	1.8	60.1
TOTAL	113,000,808	100.0	85.0	115,678,912	100.0	83.2	228,679,719	100.0	84.1

(1) These percentages are computed using population estimates from the Census Bureau. For computation purposes, Under 16 age group data is compared to 14 and 15-year-old population estimates; the other age brackets coincide with those from the Census Bureau.

33. As can be seen above, the probability that an American goes from driving to not driving between the ages of 55 and 75 is very low. The licensed driver percentage falls from 93.7% for the 55-59 age group to 86.5% for the 75-79 age group. In other words, the probability that a person who is driving at the age of 55 continues to drive at the age of 75 is 92.3% (86.5% / 93.7%).⁹

34. As stated in the June 2020 Declaration, the average age of a Sirius XM subscriber is 44 years old (per a study referenced by Sirius XM show host Brian Katrek) (ECF 69-9, ¶ 32). This average age is made up of a mix of individuals who have had a subscription for varying amounts of time, such that the average age at which a subscriber *first gets a subscription* is younger than age 44. In other words, if

⁹ In fact, this is the probability of going from driving to non-driving from age 57 to 77. This probability is higher than from 55 to 75, given the accelerating drop-off in later ages.

1 the snapshot-in-time average age of subscribers is 44, the average age at which they
2 first became subscribers is younger than 44 years of age.

3 35. Also, it is reasonable to expect that subscribers signing up for a *Lifetime*
4 Subscription are not people close to the age at which they will stop driving (*i.e.*, they
5 are younger), given that a lifetime subscription is more valuable for young people than
6 those with fewer years of expected use. In other words, the younger the Lifetime
7 Subscriber, the greater the value. As a result, it is extremely likely that the average
8 age at which a subscriber started a Lifetime Subscription is less than 44 years old.
9 Nevertheless, to be conservative, I have used 44 years as the average age of inception
10 of a Lifetime Subscription for Class Members.

11 36. The data provided by Sirius XM show that the average time from sign-
12 up as a Lifetime Subscriber to June 2020 was 11.33 years (e.g., subscribers who signed
13 up in December 2015 signed up 4.5 years prior to June 2020, whereas subscribers who
14 signed up in June 2010 signed up 10.0 years prior to June 2020). As a result, I
15 conservatively estimate the average age of the Class as of June 2020 was 55.33 years
16 (44 years old + 11.33 years = 55.33 years old).

17 37. It is also necessary to consider the probability of death, since the driving
18 incidence figures above are based on people who remain alive. Social Security
19 Administration data show the probability of death each year, by age.¹⁰ Below is such
20 data for a 55-year-old:

21
22
23
24
25
26 _____
27 ¹⁰ U.S. Social Security Administration 2020 dataset, based on 2017 study.
28 <https://www.ssa.gov/oact/STATS/table4c6.html> (Last Retrieved Jan. 28, 2020).

Table 2. Probability of Death of a 55-Year-Old and Life Expectancy

Age	Male			Female			Probability of Being Alive for a 55-Year-Old
	Death Probability	Number of Lives	Life Expectancy	Death Probability	Number of Lives	Life Expectancy	
55	0.78%	89,345	25.5	0.004813	93,755	28.81	100.00%
56	0.84%	88,651	24.7	0.005233	93,304	27.94	99.4%
57	0.92%	87,903	23.9	0.005647	92,816	27.09	98.7%
58	0.99%	87,098	23.12	0.006043	92,292	26.24	98.0%
59	1.07%	86,236	22.34	0.006441	91,734	25.39	97.2%
60	1.15%	85,316	21.58	0.006886	91,143	24.56	96.3%
61	1.24%	84,333	20.83	0.007391	90,515	23.72	95.5%
62	1.33%	83,286	20.08	0.007931	89,846	22.9	94.5%
63	1.42%	82,177	19.35	0.008508	89,134	22.07	93.5%
64	1.50%	81,013	18.62	0.009142	88,375	21.26	92.5%
65	1.60%	79,795	17.89	0.009874	87,568	20.45	91.3%
66	1.71%	78,518	17.18	0.010717	86,703	19.65	90.2%
67	1.84%	77,172	16.47	0.01166	85,774	18.86	88.9%
68	1.97%	75,755	15.77	0.012711	84,774	18.07	87.6%
69	2.12%	74,263	15.07	0.013894	83,696	17.3	86.1%
70	2.29%	72,691	14.39	0.015285	82,533	16.54	84.6%
71	2.49%	71,027	13.71	0.016878	81,272	15.79	83.0%
72	2.71%	69,261	13.05	0.018607	79,900	15.05	81.3%
73	2.96%	67,384	12.4	0.020466	78,413	14.32	79.4%
74	3.24%	65,390	11.76	0.022522	76,809	13.61	77.4%
75	3.57%	63,272	11.14	0.024929	75,079	12.92	75.3%
76	3.94%	61,015	10.53	0.027729	73,207	12.23	73.0%
77	4.35%	58,611	9.94	0.030855	71,177	11.57	70.6%
78	4.78%	56,065	9.37	0.034321	68,981	10.92	68.0%
79	5.26%	53,383	8.82	0.038211	66,613	10.29	65.2%
80	5.82%	50,573	8.28	0.042771	64,068	9.68	62.2%
81	6.46%	47,629	7.76	0.047992	61,328	9.09	59.1%
82	7.17%	44,553	7.26	0.053678	58,385	8.52	55.7%
83	7.95%	41,361	6.79	0.05981	55,251	7.98	52.2%
84	8.81%	38,074	6.33	0.066584	51,946	7.45	48.6%
85	9.79%	34,718	5.89	0.074258	48,487	6.95	44.8%

Source: U.S. Social Security Administration 2020 dataset, based on 2017 study.

38. Multiplying the probability of being alive by the probability of being a driver (if alive), it is possible to calculate the probability of being a driver, by year, at each age, if that driver is alive at age 55 (the assumed average age of Class Members).

Table 3. Expected Age to Stop Driving if Driving at Age 55

A	B	C	D = C / 93.7%	E = C x D	F = Change in D	G = A x F
Age	Probability of Being Alive for a 55-Year-Old	Probability of Driving if Alive	Driving Probability if Driving at Age 55	Probability of Driving for a 55-Year-Old Driver	Percentage of 55-Year-Old Drivers Who Stop Driving at Each Age	Weighted Average Calculation
55	100.00%	93.70%	100.00%	100.00%	0.63%	0.35
56	99.4%	93.70%	100.00%	99.37%	0.68%	0.38
57	98.7%	93.70%	100.00%	98.69%	0.73%	0.42
58	98.0%	93.70%	100.00%	97.96%	0.78%	0.45
59	97.2%	93.70%	100.00%	97.18%	1.04%	0.61
60	96.3%	93.50%	99.79%	96.14%	0.88%	0.53
61	95.5%	93.50%	99.79%	95.26%	0.94%	0.58
62	94.5%	93.50%	99.79%	94.31%	1.00%	0.62
63	93.5%	93.50%	99.79%	93.31%	1.06%	0.67
64	92.5%	93.50%	99.79%	92.26%	1.50%	0.96
65	91.3%	93.10%	99.36%	90.75%	1.17%	0.76
66	90.2%	93.10%	99.36%	89.58%	1.25%	0.82
67	88.9%	93.10%	99.36%	88.33%	1.33%	0.89
68	87.6%	93.10%	99.36%	87.00%	1.41%	0.96
69	86.1%	93.10%	99.36%	85.59%	3.40%	2.34
70	84.6%	91.00%	97.12%	82.20%	1.57%	1.10
71	83.0%	91.00%	97.12%	80.63%	1.68%	1.19
72	81.3%	91.00%	97.12%	78.94%	1.80%	1.30
73	79.4%	91.00%	97.12%	77.14%	1.93%	1.41
74	77.4%	91.00%	97.12%	75.21%	5.68%	4.20
75	75.3%	86.50%	92.32%	69.53%	2.11%	1.58
76	73.0%	86.50%	92.32%	67.42%	2.26%	1.72
77	70.6%	86.50%	92.32%	65.16%	2.42%	1.86
78	68.0%	86.50%	92.32%	62.74%	2.58%	2.01
79	65.2%	86.50%	92.32%	60.16%	8.84%	6.98
80	62.2%	77.30%	82.50%	51.32%	2.59%	2.07
81	59.1%	77.30%	82.50%	48.73%	2.74%	2.22
82	55.7%	77.30%	82.50%	45.99%	2.88%	2.36
83	52.2%	77.30%	82.50%	43.10%	3.00%	2.49
84	48.6%	77.30%	82.50%	40.10%	11.34%	9.52
85	44.8%	60.10%	64.14%	28.77%	28.77%	24.45
Weighted Average Age Expected to Stop Driving if Alive and Driving at Age 55						77.83

Source: Life expectancy data per U.S. Social Security Administration 2020 dataset, based on 2017 study. Driving data per Department of Transportation (report DL20).

39. The calculations above assume that every person who is alive and driving at age 85 (28.77% of those who were driving at age 55) stops in that year. Again, this is conservative, since the data show that some people keep driving after age 85, but I conservatively assume none drive past age 85, for purposes of my calculation.

40. If the average Class Member is 55.33 years old (which, as explained above, is conservative), it is even more conservative to expect an additional 20 years of driving, adjusting for the probability of living and driving (77.83 years – 55.33 years = 22.50 years).

1 41. If a driver were to continue driving to age 75, the driver would have, on
 2 average, 31 years from the start of the Lifetime Subscription (75 - 44)¹¹, which
 3 conservatively equates to at least 5 different vehicles (31 years / 6.25 years per
 4 transfer¹² = 4.96 transfers if the subscription started with a new car at age 44, which,
 5 again, is conservative, since not all Class Members likely started their Lifetime
 6 Subscriptions on a car's day of purchase). In other words, it is reasonable to expect
 7 that Class Members during their lifetime would, on average, be forced off of their
 8 lifetime subscriptions by virtue of reaching the fourth transfer.

9 42. To calculate the expected future value in costs saved from the reduction
 10 of the transfer fee from \$75 to \$45 to Class Members, with the above-described
 11 conservative 20 years of expected future driving, as of June 2020,¹³ using 6.25 years
 12 as the time between transfers, I find that there is an expectation of 3.2 more transfers
 13 in the future, after age 55 (20 more years / 6.25 years per transfer = 3.2 more expected
 14 transfers). Given this expectation of 3.2 future transfers, this factor alone is worth
 15 \$128 (3.2 x \$40 = \$128), which is greater than \$100 per subscriber.

16 **V. VALUE COMPONENT B: VALUE OF THE UNLIMITED TRANSFERS**
 17 **(EXTENDED USE VALUE)**

18 43. In the June 2020 Declaration, to calculate the additional expected value
 19 in subscription use due to the number of transfers being unlimited, as opposed to a
 20 limit of three transfers of the Lifetime Subscription, I first calculated the number of
 21

22 ¹¹ <https://www.ssa.gov/oact/STATS/table4c6.html> (last retrieved Jan. 28, 2021).

23 ¹² As discussed above in paragraphs 8 to 27, the rate of transfer of Lifetime
 Subscriptions is one every 6.25 years.

24 ¹³ Seven months have passed since June 2020. However, given that I rounded
 25 down from 77.83 as the expected age to stop driving (including adjusting for
 26 probability of death), 20 years of expected future driving remains a conservative
 assumption.

1 additional months needed to reach \$100 in value from the additional subscription life
2 provided by the Settlement.

3 44. As I previously opined, and as summarized in the Tentative Order,¹⁴ this
4 period of time was 9 months for the \$10.99 per month for the Mostly Music package
5 (which has since risen to \$12.99 per month¹⁵), or 1.67 years (20 months) if using Sirius
6 XM's lowest promotional price for monthly service in a car: \$5.00 per month. I note
7 that, as of February 1, 2021, this rate is only available for one year, after which time
8 the subscription cost shifts to the normal monthly price of \$16.99.¹⁶ Nevertheless, for
9 purposes of this analysis I conservatively use the promotional price of \$5 per month,
10 overlooking the required price increase after 12 months.

11 45. I then opined in the June 2020 Declaration (¶¶ 30, 33) that, given the pace
12 of subscribers going inactive (1.6%, or 15,000 subscribers per year, as seen in Table
13 1), subscribers would continue to drop off rapidly if limited to three transfers (or a
14 total of four devices), which resulted in large numbers of subscribers becoming
15 inactive. The Table 1 data are the same data that allow for the calculation of a transfer
16 frequency of one transfer every 6.25 years, as I explained above. As a result, the
17 expected age at which a Class Member would hit the fourth transfer, and become
18 inactive, is 69 years ($44 + (4 \times 6.25) = 69$). Thus, I conservatively estimate that the
19 extension of life to subscriptions afforded by the elimination of the three-transfer limit
20 is, on average, six years per subscriber ($75 \text{ years} - 69 \text{ years} = 6 \text{ years}$).

21 46. Looking at the total of 6 years of savings at \$60 per year (\$5 per month
22 at the lowest promotional price x 12 months) = \$360 (6 years x \$60 per year). Thus,
23

24 _____
14 Tentative Order, p. 3, citing June 2020 Declaration (ECF 69-9, ¶ 27).

25 15 <https://www.siriusxm.com/packages/mostly-music> (last retrieved Feb. 1,
26 2021).

27 16 www.siriusxm.com/packages?intcmp=FullNav_NA_www:Home
28 ComparePackages (last retrieved Feb. 1, 2021).

1 the value to each Lifetime Subscriber who received unlimited transfers is
2 conservatively estimated to be \$360.

3 47. Adding the additional 3.2 transfers at \$40 savings per transfer (\$128) to
4 the 6 years of added subscription value (\$360), the total value is \$488 per subscriber.

5 48. Taken as a whole, all of these factors reaffirm my conclusion that the
6 value of the Settlement is at least \$100 per subscriber and is, in fact, conservatively
7 and more precisely estimated to be at least \$488 per subscriber.¹⁷

8 49. Below I have summarized the mathematical steps used in and instructive
9 to this calculation.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

¹⁷ The value of the consideration provided to the Class as a result of the Settlement has been calculated based on the current price of transfers and programming as of today. It is also important that the new cost of transfer agreed to in Settlement will remain fixed in the future per the terms of the Settlement, at \$35. However, it is reasonable to expect prices in the future to rise absent the Settlement, such that the price of a transfer, from \$75 to a higher price, such as \$85. This example would represent a 13% increase ($\$10 / \$75 = 13\%$). However, the value of the discounted transfer would rise by more than the price increase of a transfer, since the discount would increase from \$40 to \$50 in this scenario, which is a 25% increase in the discount value ($\$10 / \$40 = 25\%$). In addition, it is reasonable to expect the price of service to increase in the future (e.g., an increase in the \$5-per-month discounted price to \$6 per month). As referenced, the cost of the Monthly Music package has increased from \$10.99 per month to \$12.99 in the past year. As a result, the expected present value of the Settlement is likely to be higher, reflecting price increases that will exceed inflation and current interest rates.

Table 4. Summary of Expected Value Calculation

			<u>Data Source and Notes</u>
Age at sign-up for lifetime subscription	44.0 years	A	Sirius public disclosures
Years from purchase of lifetime subscription to June 2020	11.3 years	B	Lifetime Subscriber data from Sirius XM
Average age of lifetime subscribers as of June 2020	55.3 years	C = A + B	
Life expectancy at age 55	27.2 years	D	Social Security Administration
Expected age at death for person age 55	82.2 years	E	Social Security Administration
Probability of person age 55 being alive at age 75	75.3%	F	Social Security Administration
Transfer frequency	6.25 years	G	Calculated from Lifetime Subscriber data from Sirius XM
Transfer likelihood each year	16.0%	H	Calculated from Lifetime Subscriber data from Sirius XM
Percentage of population driving at age 55-59	93.7%	I	IHS Markit
Percentage of population driving at age 70-74	91.0%	J	IHS Markit
Percentage of population driving at age 75-79	86.5%	K	IHS Markit
Percent of Drivers Age 55 also Driving at Age 75, if Alive	92.3%	L = K / I	
Probability of person age 55 still being alive and driving at 75	69.5%	M = F x L	
Conservative age at which 55-year-old expects to stop driving	75.0 years	N	- Note: This is conservative given that a 55-year-old driver has a 69.5% chance of being alive and continuing to drive through age 75 and the estimated date of stopping driving is 77.8 years.
Expected transfers between age 55 and 75	3.2	O = 20 / G	
Value of cost savings on each transfer	\$40	P	Settlement Agreement
Value from expected transfers in 19.7 years (through age 75)	\$128	Q = O x P	
Expected age at which lifetime subscribers will hit four transfers	69.0 years	R = A + (4 x G)	
Expected additional years of driving without four-transfer limit	6.0 years	S = N - R	
Value of service per month	\$5	T	SiriusXM website (conservative since this is a 12-month limited discounted rate)
Months of savings, considering probability of death, driving, and termination	72 months	U = S x 12	
Value of additional months of subscription	\$360	V = T x U	
Total value in savings	\$488	W = Q + V	
Conservative conclusion of value for active subscribers	\$100 at least	X	Conservative since \$100 is significantly lower than \$488

VI. CORROBORATION BY ACTUAL CHOICES BY INACTIVE SUBSCRIBERS

50. The “greater than \$100” value of being an Active Lifetime Subscriber is also corroborated by the fact that 72% of those Inactive Subscribers who submitted claims pursuant to the Settlement opted to reactivate and receive the benefits of being a Lifetime Subscriber under the terms of the Settlement.¹⁸

51. In other words, substantially more than half of those who had a choice chose the alternative they believed to be of greater value: reactivating Lifetime Subscriptions under the terms of the Settlement. If the value of being an active subscriber under the terms of the Settlement was not greater than \$100, more than half of the inactive subscribers would have chosen the \$100 cash option. This further supports the conclusion that the value of the Settlement is greater than \$100 per Class Member, for both active and inactive subscribers.

¹⁸ Supplemental Declaration of Cameron R. Azari, Esq., on Settlement Notice and Administration. (ECF 91, ¶ 14.)

1 **VII. TOTAL VALUATION AND CONCLUSIONS**

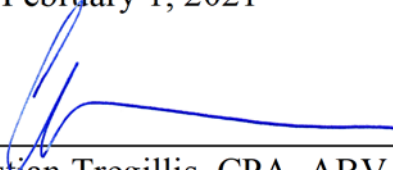
2 52. Based on all of the above, the Settlement value to Active Lifetime
3 Subscribers is conservatively \$488 per Class Member, for a total of \$408,944,000
4 (\$488 x 838,000).

5 53. Combined with the total valuation of \$12.6 million for the 126,000
6 Inactive Lifetime Subscribers, which the Court referenced in the Tentative Order, the
7 overall total value of the Settlement, conservatively, is \$421,544,000.

8 54. In other words, it is clear that the value of the Settlement well exceeds
9 the even-more-conservative \$96.4 million attested to in the June 2020 Declaration.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: February 1, 2021

Signed: 
Christian Tregillis, CPA, ABV, CFF, CLP