

XM SATELLITE RADIO HOLDINGS INC

Form 425

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Filed by Sirius Satellite Radio Inc.
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Subject Company: XM Satellite Radio Holdings Inc.
Commission File No.: 0-27441

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements about the benefits of the business combination transaction involving Sirius Satellite Radio Inc. and XM Satellite Radio Holdings Inc., including potential synergies and cost savings and the timing thereof, future financial and operating results, the combined company's plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as anticipate, believe, plan, estimate, expect, intend, should, may, or words of similar meaning. Such forward-looking statements are based upon the current beliefs and expectations of SIRIUS and XM's management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of SIRIUS and XM. Actual results may differ materially from the results anticipated in these forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statement: general business and economic conditions; the performance of financial markets and interest rates; the ability to obtain governmental approvals of the transaction on a timely basis; the failure of SIRIUS and XM stockholders to approve the transaction; the failure to realize synergies and cost-savings from the transaction or delay in realization thereof; the businesses of SIRIUS and XM may not be combined successfully, or such combination may take longer, be more difficult, time-consuming or costly to accomplish than expected; and operating costs and business disruption following the merger, including adverse effects on employee retention and on our business relationships with third parties, including manufacturers of radios, retailers, automakers and programming providers. Additional factors that could cause SIRIUS and XM's results to differ materially from those described in the forward-looking statements can be found in SIRIUS and XM's Annual Reports on Form 10-K for the year ended December 31, 2006, and Quarterly Reports on Form 10-Q for the quarter ended March 31, 2007, which are filed with the Securities and Exchange Commission (the SEC) and available at the SEC's Internet site (<http://www.sec.gov>). The information set forth herein speaks only as of the date hereof, and SIRIUS and XM disclaim any intention or obligation to update any forward looking statements as a result of developments occurring after the date of this communication.

Important Additional Information Will be Filed with the SEC

This communication is being made in respect of the proposed business combination involving SIRIUS and XM. In connection with the proposed transaction, SIRIUS plans to file with the SEC a Registration Statement on Form S-4 containing a Joint Proxy Statement/Prospectus and each of SIRIUS and XM plans to file with the SEC other documents regarding the proposed transaction. The definitive Joint Proxy Statement/Prospectus will be mailed to stockholders of SIRIUS and XM. **INVESTORS AND SECURITY HOLDERS OF SIRIUS AND XM ARE URGED TO READ THE JOINT PROXY**

STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders will be able to obtain free copies of the Registration Statement and the Joint Proxy Statement/Prospectus (when available) and other documents filed with the SEC by SIRIUS and XM through the web site maintained by the SEC at www.sec.gov. Free copies of the Registration Statement and the Joint Proxy Statement/Prospectus (when available) and other documents filed with the SEC can also be obtained by directing a request to Sirius Satellite Radio Inc., 1221 Avenue of the Americas, 36th Floor, New York, NY 10020, Attention: Investor Relations or by directing a request to XM Satellite Radio Holdings Inc., 1500 Eckington Place, N.E. Washington, DC 20002, Attention: Investor Relations.

SIRIUS, XM and their respective directors and executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding SIRIUS directors and executive officers is available in its Annual Report on Form 10-K for the year ended December 31, 2006, which was filed with the SEC on March 1, 2007, and its proxy statement for its 2007 annual meeting of stockholders, which was filed with the SEC on April 23, 2007, and information regarding XM's directors and executive officers is available in XM's Annual Report on Form 10-K, for the year ended December 31, 2006, which was filed with the SEC on March 1, 2007 and its proxy statement for its 2007 annual meeting of stockholders, which was filed with the SEC on April 17, 2007. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the Joint Proxy Statement/Prospectus and other relevant materials to be filed with the SEC when they become available.

SIRIUS has created a website, available at www.SIRIUSmerger.com, with information about the merger. The website includes the information being filed herewith.

CONTACT US AT 1-800-451-7233. WHAT PEOPLE ARE SAYING ABOUT SIRIUS AND XM. SIRIUS AND XM MERGER. MORE CHOICES, BETTER PRICING, SAME RADIOS. HEAR FROM MEL KARMAZIN, CEO OF SIRIUS RADIO. IN THE NEWS WHAT'S IN IT FOR YOU. Ad Unveiled June 13, 2001 Two CarPlay Mock ad You may have already heard the news that SIRIUS and XM are talking about combining into one company. And you may have wondered what that will mean for you. The answer is simple: View All **MORE CHOICES** Today fans of satellite radio must purchase two radios and two subscriptions to get the program offering of both SIRIUS and XM. If our merger is approved, the combined company will offer consumers the best of each service on your current radio at a price well below the cost of the two services. **BETTER PRICING** Once we merge, you will have better pricing choices. Subscribers who want their current subscription package will not have to pay any more after the merger. The new subscription packages are priced below our current offerings. And the best of both SIRIUS and XM will be available at a lower cost than the price of subscribing to both services separately. **SAME RADIOS** We guarantee no radio will become obsolete. Your current radio will continue to provide you with the programming you enjoy, whether you keep your current service or change to a new subscription plan. **GET MORE DETAILS** PRIVACY | CONTACT US | SIRIUS.com ©2001 SIRIUSmerger.com

SIRIUS XM SIRIUSmerger.com SATELLITE RADIO for the best choice, better pricing, same radios. **WHAT'S IN IT FOR YOU** race centers Both companies already offer their fans more than a hundred channels including 100% commercial free music channels and a variety of sports news talk entertainment traffic weather and data programming A combined company will be able to provide consumers even greater choice in audio entertainment Today you can get great music plus Major League Baseball PGA Golf NHL and Oprah on XM and the NFL. NASCAR and Martha Stewart on SIRIUS Together we want to give you the best of both companies programming sewer Pricing Once we merge you will have better pricing choices There will be new subscription packages priced below our current offerings The best of both SIRIUS and XM will be available for a lot less than the \$25.90 monthly cost of subscribing to both services separately And subscribers who want their current service after the merger will not have to pay any more than the \$12.95 per month they pay today same Radios We guarantee that no SIRIUS radio will become obsolete as a result of the merger The two companies have millions of radios in the market including many that are factory-installed in automobiles After the merger you will not need another radio to continue to receive the programming you now enjoy **Frequently Asked Questions** **PRIVACY** **CONTACT US** **SIRIUS.com** ©2007 SIRIUSmerger.com

CONTACT US: 1-800-4-A-XM (1-800-426-9263) WHAT PEOPLE ARE SAYING: "I like the new choices, better pricing, same radios."

FREQUENTLY ASKED QUESTIONS When will SIRIUS and XM merge? Why are SIRIUS and XM merging? How will this merger benefit me as a customer? What will the merged programming lineup look like? What if I don't want some of the content on either SIRIUS or XM's programming line-up post-merger? What should I expect in terms of subscription costs after the merger? Should I buy a radio today or wait for a dual-service radio? I want to buy a second radio should I wait for the new models? Which company's satellite services will the merged company use? How long will you operate both satellite systems? Who will run the new company?

1. When will SIRIUS and XM merge? On February 19, 2007, SIRIUS and XM announced we intend to merge. Together, we will create the nation's premier audio entertainment provider with an even stronger platform for future innovation and more pricing and programming choices. Before we can merge, we must obtain approval by both companies' shareholders and regulatory approvals including antitrust and FCC approvals. Subject to these approvals, the companies expect the transaction to be completed by the end of 2007.

2. Why are SIRIUS and XM merging? We realize consumers have many choices in audio entertainment satellite radio is only of these choices. We believe that this is the next logical step in the evolution of satellite radio. Together, our best-in-class combined management team and programming content will create an unprecedented choice for consumers while creating long-term value for shareholders of both companies. This merger of SIRIUS and XM is all about offering consumers more choice and value—a greater range of pricing and programming options, the best devices and technology from both platforms. Currently, SIRIUS and XM broadcast a wide range of commercial-free music, exclusive and non-exclusive sports coverage, news, talk, and entertainment programming. The combined entity will offer the best content from each company by eliminating some duplicative programming and it will be able to offer a wider range of programs to reflect the diversity and demands of our rapidly growing listener base.

3. How will this merger benefit me as a customer? Together, SIRIUS and XM will offer consumers even more programming choices, new value, and the best of both packages and it will accelerate the development of innovative products such as real-time traffic and rear-seat video. The merger will also enable the combined company to develop and introduce a wider range of lower cost easy-to-use and multi-functional devices through efficiencies in chipset and radio design and procurement.

4. What will the merged programming lineup look like? The merger of SIRIUS and XM is all about offering consumers more choice, content at lower prices, a greater range of programming, the best content on radio, and the best devices and technology from both platforms. The combined company will provide consumers with a broader selection of content, including a wide range of commercial-free music channels, exclusive and non-exclusive sports coverage, news, talk, and entertainment programming. Specifically, there will be new subscription packages priced below our current offerings. The best of both SIRIUS and XM will be available for a modest premium, over the cost of one service today. And subscribers who want their current service after the merger will not have to pay any more than the \$12.55 per month they pay today. Any plan you sign up for now will be honored by the merged company. As more decisions are made regarding new subscription packages, the programming lineup and the additional benefits to SIRIUS fans, we will communicate to all our subscribers. In fact, we have a site dedicated to the merger: <http://www.siriusxm.com>; and we will continue to update this site as these decisions are made.

5. What if I don't want some of the content on either SIRIUS or XM's programming line-up post-merger? We built Parental Controls to allow parents the option of protecting their children from any channels they deem inappropriate. These controls allow our subscribers to block explicit language channels.

6. What should I expect in terms of subscription costs after the merger? Once we merge, consumers will have even better pricing choices. There will be new subscription packages priced below our current offerings. The best of both SIRIUS and XM will be available for a lot less than the \$25 monthly cost of subscribing to both services separately. And subscribers who want their current service after the merger will not have to pay any more than the \$12.55 per month they pay today. Any plan you sign up for now will be honored by the merged company.

7. Should I buy a

radio today or wait for a dual-service radio? I want to buy a second radio : should I wait for the new models? There's never been a better time to be a SIRIUS or XM subscriber Any radios or other equipment that subscribers currently use will be fully supported by SIRIUS and XM for many years to come Furthermore following the merger existing radios will all be able to receive a mix of programming from both services 8. Which company's satellites will the merged company use? How long will you operate both satellite systems? Each of our satellites, systems will continue to operate for many years to come providing service to the millions of radios in use today 9. Who will run the new company? Mel Karmazin the current CEO of SIRIUS will be the chief executive officer of the combined company Gary Parsons the current XM Chairman, will be the chairman of the combined company The combined company will benefit from a highly experienced management team from both companies with extensive industry knowledge in radio media consumer electronics OEM engineering and technology Further management appointments and other critical business decisions will be announced prior to closing PRIVACY I CONTACT US I SIRIUS.com ©1007 SIRIUSmerger.com

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A combined comeany ill mean more programming oetions and better pricing A in-win for all our s ubs
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heard Pleas e join the growing number of eeoele who have voiced their s uee0rt for the merger by writing
to the FCC Us ing the form below. eleas e se nd a note to the FCC explaining your s UPe0rt for the
proeos ed merger. To do s o 1. Come lete the form below with your information 2. Write a pers onaliz ed
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of ha ,ing even more channels to choos e from after the merger 3. Click S end and your mes s age ill
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WHAT PEOPLE ARE SAYING ABOUT THE MERGER ...
NEWSROOM THE WALL STREET JOURNAL. The Wall Street Journal April 21 2007 What's the Frequency NAB? In the name of preventing some phantom monopoly from forming the NAB is effectively asking regulators at Justice and the Federal Communications Commission to help it keep the competition in check and thus derive conclusions of figuring out whether this is a viable alternative radio service. The New Yorker March 19 2007 Satellite Sisters Consumers then have a little to learn from a merged satellite company in the radio market and they may actually have a lot to gain. XM and Sirius which offer real diversity across three hundred channels are a gain for consumers choice. Los Angeles Times February 27 2007 XM and Sirius Merge The goal (of the approach the FCC has taken on media consolidation in general) should be to promote choice not in the niche occupied by XM and Sirius but in the general market of audio entertainment. That market is highly competitive particularly among national players. San Francisco Chronicle February 26 2007 A Monopoly No! In Washington the Justice Department is judged likely to bless the deal after surveying the larger landscape of audio choices. It's a sensible reading of broadcast reality if the Federal Communications Commission which laid down the no-merger threat a decade ago that may stop the deal. The panel shouldn't even if it risks going back on its guiding words issued at the dawn of the Internet age. USA Today February 23 2007 SIRIUS and XM Together Makes Sense for Listeners Satellite competes at a disadvantage with traditional radio. Broadcasters can offer programs free in part because they do not pay the government for use of the airwaves. Sirius and XM had to pay about \$90 million each for a tiny fraction of the space on the airwaves that broadcasters enjoy. The government insists on maintaining such an uneven playing field. The least it can do for satellite is unshackle it. Miami Herald February 22 2007 Money Not Outrage Fuels Anti-Merger Fight None of the NAB's holy wars against competitors has been as long or as brutal as the struggle to suppress satellite radio. No wonder. Nearly free of advertising and with a diverse selection of programming (XM and Sirius both offer more than 150 channels everything from 1950s rock and roll to electronic trance). Satellite is the perfect antidote to the ad-clogged broadcast stations with tiny playlists operated by the NAB's members. THE WALL STREET JOURNAL. Wall Street Journal February 21 2007 Making Radio Waves Beltway critics of the deal see a media monopolist around every corner scheming to limit the public's access to content. And it's true that the merger would create a lone satellite radio company. But a pure monopoly is one that exists in a market where there are no close substitutes. By contrast a combined Sirius-XM would have to compete not only with free broadcast radio but also with MP3 players online radio and even music channels offered by cable providers. More PRIVACY | CONTACT US | SIRIUS.COM ©2007 SIRIUSMERGER.COM

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WHAT PEOPLE ARE SAYING ABOUT THE MERGER ...

MORE ARTICLES

NOTICES THAT THE NAB HAS AN AGENDA Techdirt April 23 2007

WHY IS THE FREQUENCY NAB? The Wall Street Journal April 21 2007

DINOSAURS VS SATELLITE RADIO Reason Magazine Radle, Balko - April 19 2007

TERRESTRIAL RADIO LOOKS TO CHARGE SUBSCRIPTION FEES BUT STILL DOESN'T COMPETE WITH SATELLITE RADIO Techdirt April 19 2007

MORE ON XM-SIRIUS The Technology Liberation Front April 11 2007

A MERGER AND A PRAYER (subscription required) Forbes April 09 2007

THINKING SIRIUSLY About Satellite Radio Competition The Free State Foundation April 09 2007

TWO CAN PLAY MOCK SHOWING NAB FLIP-FLOPS Orbitcast April 07 2007

NAB SAYS HE DIDN'T FLIP-FLOP MDS SKY IS GREEN Anyway Down Is Up Techdirt April 06 2007

BUSTED Carmel Group has already defined Satellite Radio's competitors Orbitcast April 04 2007

HOW CAN NEW SATELLITE RADIO MERGER ANALYSIS BE INDEPENDENT WHEN THE NAB PAID FOR IT? Techdirt April 03 2007

BUSTED Mike Hubbard 800nsor of Alabama anti-merger resolution owns radio station (and more) Orbitcast -March 31, 2007

SATELLITE SISTERS The New Yorker James Surowiecki March 19 2007

IF TERRESTRIAL RADIO BROADCASTERS DON'T COMPETE WITH SATELLITE RADIO Techdirt March 01 2007

LET XM AND SIRIUS MERGE Los Angeles Times February 27 2007

A MONOPOLY Not San Francisco Chronicle February 26 2007

THEY CANNOT BE SIRIUS Satellite Radio The Economist February 24 2007

SIRIUS-XM TOUGH LUCK? Chicago Tribune February 23 2007

SIRIUS AND XM TOGETHER MAKES SENSE FOR LISTENERS USA Today February 23 2007

MONEY NOT OUTRAGE FUELS ANTI-MERGER FIGHT The Miami Herald February 22 2007

MAKING RADIO WITH NES Wall Street Journal February 21 2007

NEW DIVERSITY M Unleash June 13 2007

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WHAT PEOPLE ARE SAYING I think all of us would agree though that these two the merger of these two is not going to create a monopoly in any sense because there is a lot of competition out there with the broadcast and the Internet and wireless and iPod as others have mentioned. Rep. Cliff Stearns (FL). Ji 7 House Committee on Energy and Commerce's panel on, the Future of Radio. Indeed, if the National Association of Broadcasters and its terrestrial broadcaster allies are able to persuade the Department of Justice and the FCC to prevent the SiriusXM merger on the basis that satellite radio constitutes a discrete product market well then maybe I will become a believer in the Easter Bunny too Randy May. Thinking Siriously About Satellite Radio Competition April 9 2007 Stop throwing around the word monopoly. The competition they have is with radio stations charging zero dollars for the same or a similar product Rep Anthony Weiner (NY). 2.12.8 House Judiciary Committee antitrust task force Satellite radio is a critical medium for Hispanic Americans making available a wide range of listening choices that are not generally available on traditional broadcast radio For example ESPN Deportes Channel J Espanol and several Latin music channels Brent Wilkes EXIKutiw Director League of United Latin American Citizens Competitors that are threatened by the prospect of a thriving satellite radio company have launched a self-interested campaign aimed at killing the merger. by asserting that an XM-Sirius alliance would constitute a monopoly Despite their claims the merger of XM and Sirius would be beneficial to consumers and these groups support John Berthoud President National Taxpayers Union Satellite radio is critical to the programming needs of African Americans The medium offers dozens of channels that are targeted to the programming needs of African American entrepreneurs entertainers and consumers In fact Internet radio music download services and satellite radio have all played critical roles in democratizing the music and audio industry allowing consumers access to a virtual on-demand world Harry Alford President National Black Chamber of Commerce Consolidation of the terrestrial radio industry over the last decade has left much of rural America behind in recent years as locally owned stations are replaced by mega-corporate conglomerates which produce homogenized content and so-called local news and weather delivered from hundreds of miles away The emergence of satellite radio has offered listeners in rural areas a robust alternative with hundreds of specialized channels that cater to the programming needs of rural America. Niel Ritchie Executive Director League of Rural Voters For far too long the Latino market has fallen victim to traditional radio companies that target very narrow and highly profitable audiences Under this framework, Hispanics lose out on news sports music and diverse cultural programming that is widely available on alternative sources such as satellite HD and internet radio The satellite radio industry, by contrast, has been a launching pad for Hispanic programmers and an increasingly popular service for vast numbers of Latino consumers and other listeners who enjoy the richness of Hispanic culture arts and news Robert G. Posada President The Latino Coalition Because we believe that allowing Sirius and XM to combine operations will enable satellite radio to become a stronger and more effective service provider, NCL believes this merger will benefit consumers & #145; Linda Golodner President National Consumers League PRIVACY I CONTACT US I SIRIUS.com ©2007 SIRIUSmerger.com

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Entertainment 10 7S 72 ... "" 50 23.5 2S e ... 14. >... .. — =_MIInt... - ..,..... ... Satell it e
Radio is a Small Part of a Highly Competitive and Ever-Expanding Market for Audio Entertainment
GET MORE The audio entertainment market today is vibrant competitive and innovative
REGULATION and frequency indication is that it will be even more so in the future We believe that the
combination of SIRIUS and XM will be good for consumers as it will intensify this competition expand
the choices for consumers and reduce Sirius XM prices, ease prices Sirius XM advertising The
market for audio entertainment in the United States is robustly Audio Entertainment competitive and
rapidly evolving SIRIUS and XM must compete directly and Market. fact sheets intensely with a host of
other audio providers for consumer attention Congressional testimony Fed. Comm. Communications Sirius
XM press releases Commis. Hearings SIRIUS and XM Announce Merger SIRIUS Radio Guarantee
Press Release SIRIUS Radio Guarantee Sirius XM print advertising Even Better Together M What's
In It for Consumers? Ad Listen to the Numbers M Diverse Merger Support M Audio Entertainment
Market fact sheets Audio Competition Fact Sheet NAB-s Campaign Against Satellite Radio NABs
Opposition to Competition NAB What They Said Then Y8 What They are Saving Now Congressional
testimony House Judiciary Committee's Antitrust Task Force February 28 2007 House Energy and
Commerce Committee's Subcommittee on Telecommunications and the Internet March 7 2007 Senate
Judiciary Committee's Subcommittee on Antitrust Competition Policy and Consumer Rights March 20
2007 Senate Committee on Commerce Science and Transportation April 17 Federal Communications
Commission filings FCC Application for Merger SIRIUS SEC Form 8-K []!1J. 20071 PRIVACY I
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SPREAD THE WORD Thanks for taking the time to check out the SIRIUS merger website. By now you've probably read how the merger will mean more programming choices and lower prices for subscribers. You probably also know that the radio you have today is going to continue to work even after the merger is complete. Maybe you've even sent a letter to the FCC voicing your support of the merger. While we're glad you stopped by, our friends may not know about this site or the details of the merger. Whether or not they subscribe to satellite radio, we hope you'll use the form below to encourage them to visit our site, learn more about how the merger will be beneficial to consumers and maybe even write to the FCC. Just fill in the blanks below and we'll send them a quick email telling them about the site.
Name: _____, _____
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City: _____, State: _____, Zip: _____
E-mail address: _____
Enter too many e-mail addresses of up to 6 friends = _____
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[This is a non-interesting website. I just checked it out. Contact me at _____ if you want to talk to me. Send me a copy of Remember Me! (NOW) or download by Capitol Area Network, PRIVACY | CONTACT US | SIRIUS.com ©2007 SIRIUSmerger.com

CONTACT US | SIRIUSMERGER.COM | SATELLITE RADIO | CHOICES, BETTER PRICING, SAME RADIO. TELL US WHAT YOU THINK. Can't live without our satellite radio? Love the programming? Looking forward to more content? Better pricing options? So tell us more. We want to hear from you about how long you've been a subscriber, the programs you love and why you're excited about the merger. Use the space below to tell us your views. We'll use your input to show key government decision makers in Washington DC how subscribers like you think a combined company will deliver more programming choices and better pricing options. Email Last Name | City, State, ZIP Code | Tell us | I
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PRIVACY POLICY Effective as of May 30, 2007 About SIRIUSMERGER.COM SIRIUSMERGER.COM (Website) is a project of SIRIUS Satellite Radio (SIRIUS or *le*). This initiative seeks to inform consumers about the benefits of a merger between SIRIUS Satellite Radio and XM SIRIUS is committed to protecting the privacy of our supporters who use our Website. This Privacy Policy describes our treatment of information that we may collect when you (1) access our Website (2) use our Website to generate and/or send an email or printed letter to Congress (3) sign on to our petition and/or (4) join our e-network. Our Website is a general audience website and SIRIUS does not knowingly collect personal information from children under 13 years of age through our Website. SIRIUS reserves the right to revise this Privacy Policy. If we make revisions that change the way we collect or use your personal information, those changes will be posted in this Privacy Policy and the effective date will be noted at the beginning of this Policy. Therefore, you should review the Privacy Policy periodically so that you are up to date on our most current policies and practices. If SIRIUS materially changes its practices regarding collection or use of your personal information, your personal information will continue to be governed by the Policy under which it was collected unless you have been provided notice of, and have not objected to, the change. Our Website may provide links to other websites including [sirius.com](http://www.sirius.com). Such websites are not governed by this Privacy Policy. If you choose to visit one of these linked websites, you should review the privacy policy posted on that website to understand how that website collects and uses your personal information. Information We Collect and Use When you access our Website, We do not collect personal information about you when you only access our Website. When you generate and/or send an email or printed letter to the Federal Communications Commission (FCC) and/or Congress, We ask you to provide your name, email address, physical address, IP code, fax number (optional) and telephone number (optional) for the purpose of identifying your congressional district and confirming that you are a constituent of the recipient of your letter to Congress. The information you provide will appear on the email or printed letter you generate using our Website and will be disclosed to the FCC and/or congressional offices to which you addressed your email or letter. Many congressional offices have enough staff resources to respond only to constituents and providing them with information about you will help identify you as such congressional offices may, in turn, disclose your personal information to others. Communications to the FCC become a part of the public record. In addition, if you affirmatively check a box that says "remember me" when you join our e-network, sign our petition, or send an email or letter to the FCC and/or Congress, our Website will place a cookie on your computer to store your personal information and that information (if needed) will automatically appear in any future sessions. If you wish to prevent this cookie from being set to your hard drive, do not check the "remember me" box. You can also set your web browser settings to refuse cookies. When you sign on to our petition, We ask you to provide your name, email address, city, state and zip code, which we will use for the purpose of sending you updates on initiative. We will do our best to respect both your time and attention. If you check a box that says "remember me" when signing up to our mailing list, a cookie will be placed on your computer as described above. If you decide to join our e-network, We will collect your name, zip code and email address in order to send you updates on the merger by email. We will do our best to respect both your time and attention. Again, if you check a box that says "remember me" when signing up to our mailing list, a cookie will be placed on your computer as described above. Information Sharing and Disclosure We will not disclose your personal information (specifically, your name, email address, physical address, mailing address, telephone number, fax number, and story) to any third party without your explicit permission and consent except as follows: (1) Your personal information may be shared with the FCC and/or congressional offices to which you have addressed your correspondence, who in turn may share such information with others; (2) We may disclose your personal information as required by law or in good faith compliance with any court order, warrant or other judicial, administrative or legislative authorization or requirement; (3) We may transfer your personal information to

a third party if SIRIUS sells all or part of its business or makes a sale or transfer of assets or is otherwise involved in a merger or business transfer. and (4) Your information also will be available to our Website vendor for the purpose of assisting us with the campaign and administering and operating this website. The Website vendor will not share your personal information with anyone else and will not have independent rights to your personal information. Security We realize that you may be concerned about providing personal and demographic information to us. For this reason, the Website vendor for SIRIUS Merger.com uses reasonable administrative, technical, operational and physical measures to safeguard personal information in its possession against loss, theft, unauthorized use, disclosure or modification. Correcting and Updating Your Personal Information You may return to our Website at any time to correct or update your personal information. This function can be accessed by means of a link at the page with the sign-up form. You may also cancel your subscription and opt out of future communications from SIRIUS Merger.com at any time by sending a message to SIRIUSMergerJist@capwiz.mailmanager.net with the word "cancel" in the subject line. PRIVACY | CONTACT US | SIRIUS.com <liD01 SIRIUSmerger.com

The following is a transcript of an audio broadcast of Mel Karmazin, chief executive officer of SIRIUS, which was posted to SIRIUSmerger.com.

If you're listening to this, you probably already know that SIRIUS and XM are talking about combining into one company. But you may be wondering what that will mean for your SIRIUS subscription.

The answer is easy: More choices, better pricing, and you don't have to buy a new radio.

This is what we like to call a win-win. As a SIRIUS listener, you're already getting the best radio on radio. If we merge, you'll have even more programming choices and you won't pay a penny more for the service you're already receiving. It's hard to imagine having so much to listen to, but that's the goal here - your happiness.

And one more thing...I GUARANTEE that NO SIRIUS radio will become obsolete after a merger with XM. We'll keep coming out with new radios like we always have, but the radio you have today will ALWAYS work.

I'm very excited about what a combined company will mean for SIRIUS listeners - new and better content, more subscription options, and even faster development of cutting edge radio technology. But I also know you may still have questions. That's why I encourage you to take a tour of Sirius-merger-dot-com to get more information.

For the last five years, SIRIUS has changed the way you're able to listen to music, sports, news, and entertainment, but we know there are lots of other sources of audio entertainment out there. That's why we'll continue to provide and expand the unparalleled music selections, insights and perspectives that you have come to expect.

Thanks for listening and for visiting the site.

In addition, the [What People Are Saying](#) page of the website also contains links to the following letters on the website:

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NATIONAL OFFICERS

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Yolanda Santos Adams

Wisconsin

League of United Latin American Citizens

May 11, 2007

Ms. Marlene Dortch, Secretary

Federal Communications Commission

Office of the Secretary

445 12th Street, SW

Washington, DC 20554

Re: Consolidated Application for Authority to Transfer Control of XM Radio and Sirius Satellite Radio Inc., MB
Docket No. 07-57

Dear Ms. Dortch:

I am writing on behalf of League of United Latin American Citizens, the oldest and largest Hispanic membership organization in the country, to urge you to approve the proposed merger between XM and Sirius Satellite Radio. Satellite radio is a critical medium for Hispanic Americans, making available a wide range of listening choices that are not generally available on traditional broadcast. For example, ESPN Deportes, CNN Español, and several Latin music channels.

In most cases, LULAC would support the maintenance of strong competition between two providers in a relevant market. But here there are considerable benefits from the proposed merger that we believe outweigh any countervailing concerns.

In order for our communications companies to compete in a global economy, our facilities-based communications platforms will need to accommodate ever robust of programming. We believe that the merger, by eliminating

duplicate program will give the combined company a new and otherwise unavailable opportunity to increase its programming capabilities.

This is obviously important to LULAC, and this is likely to provide both Hispanic programmers and consumers with opportunities and choices. More programming means that the ever diverse American consuming public can look to Satellite radio news and entertainment. More programming means more jobs from the on-talk production crews. And more programming means that the ever creative and entrepreneurial American spirit has yet one more potential outlet and distribution channel.

(continued)

2000 L Street, NW, Suite 610 Washington, DC 20036 (202) 833-6130 FAX (202) 833-6135 www.LULAC

Ms. Marlene Dortch

May 11, 2007

Page 2

Further, both Sirius and XM have made clear that the merger will result in consumers being able to get more programming choices at a lower price (measured on a per channel basis).

Finally, the audio marketplace is clearly not confined to satellite radio. Any serious study of consumer spending shows that the relevant market consists of existing broadcast stations and the ever exploding downloadable music industry. This brisk competition requires financially healthy satellite radio industry to adequately compete.

Thus, for consumers, the merger means more choices at lower prices. For program the merger will provide new opportunities. And for the industry itself, the merger will reaffirm the health of a critical, facilities-based competitor in the ever intense audio marketplace.

Sincerely,

Brent Wilkes

Executive Director

Cc: Chairman Kevin J. Martin

Commissioner Michael J. Copps

Commissioner Jonathan S. Adelstein

Commissioner Deborah Taylor Tate

Commissioner Robert M. McDowell

May 17, 2007

The Honorable Kevin J. Martin
Chairman, Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
Dear Chairman Martin:

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I write to urge your support of the merger of XM and Sirius Satellite Radio. This development is likely to expand radio programming available to consumers dramatically without impacting prices.

Because satellite radio relies so heavily on attracting new subscribers, it only stands to reason that the proposed merger would not raise subscription costs. Indeed, by their very actions, so-called traditional service providers seem to agree. Competitors that are threatened by the prospect of a thriving satellite radio company have launched a self-interested campaign aimed at killing the merger, by asserting that an XM-Sirius alliance would constitute a monopoly. Despite their claims, the merger of XM and Sirius would be beneficial to consumers and deserves support.

For example, at present, a consumer interested in hearing both National Football League games and Major League Baseball games must subscribe to both services and purchase two receivers. If the two services merge, these products would be available on one receiver. Furthermore, merging would allow the two companies to significantly reduce infrastructure costs, thereby improving chances of turning a profit in the future while keeping service fees stable.

Critics claim that such an arrangement would essentially create a monopoly. This argument is disingenuous, however, because any honest definition of the market in which satellite radio competes must include AM radio, FM radio, high-definition radio, and even products like mp3 players. To label this merger anti-competitive ignores the wealth of consumer options that can and do vie for the ear of the listening public.

If merger opponents were forced to tell the truth, they would acknowledge that the FCC could even enhance competition in the satellite radio sector, not through a regulatory crackdown but by removing current barriers to entry. This goal could be achieved by simply making additional spectrum available for the use of some newly-formed competitor.

The audio entertainment market is highly competitive today and would remain so after an XM-Sirius merger. I hope you and the Commission will recognize this fact and vote for the proposal.

Sincerely,

John Berthoud
President

108 North Alfred Street * Alexandria, Virginia 22314 * Phone: (703) 683-5700 * Fax: (703) 683-5722 * Web:
www.ntu.org

National Black Chamber of Commerce
1350 Connecticut Avenue NW Suite 405, Washington DC 20036
202-466-6888 202-466-4918fax www.nationalbcc.org info@nationalbcc.org

Ms. Marlene Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington DC 20554

April 19, 2007

Re: Ex Parte Presentation; MB Docket No. 07-57

Dear Ms. Dortch,

On behalf of the National Black Chamber of Commerce which represents 95,000 Black owned businesses, I write today to urge that the Commission approve the acquisition of XM Satellite Radio by Sirius.

Satellite radio is critical to the programming needs of African Americans. The medium offers dozens of channels that are targeted to the programming needs of African American entrepreneurs, entertainers, and consumers. In fact, Internet radio, music download services, and satellite radio have all played critical roles in democratizing the music and audio industry allowing consumers access to a virtual on-demand world.

Further, XM and Sirius have committed to offering both opportunities for programmers and more choice for consumers at a lower per-unit cost. More channel capacity for new programmers, and more choices for consumers are clearly matters that meet the FCC's public interest test. Additionally, with both XM and Sirius struggling financially, the merger ensures that the satellite radio platform survives.

Given the potential consumer and business benefits, I urge you to approve the XM-Sirius merger without delay. I thank you for your consideration.

Sincerely,

Harry Alford

Cc: Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell

April 13,2007

Ms. Marlene Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington DC 20554

Re: , MB Docket No. 07-57

Dear Ms. Dortch,

The League of Rural Voters urges the Commission to approve the proposed merger between XM Radio and Sirius. The combined entity will offer listeners more programming options at lower prices than those currently available from the two companies separately.

Consolidation of the terrestrial radio industry over the last decade has left much of rural America behind in recent years, as locally-owned stations are replaced with the mega-corporate conglomerates which produce homogenized content and so-called local news and weather delivered from offices hundreds of miles away. The emergence of satellite radio has offered listeners in rural areas a robust alternative with hundreds of specialized channels that cater to the programming needs of rural America.

It is in the best interest of rural listeners that satellite radio continues to be a viable option. We note that news reports indicate financial hardships for both Sirius and XM if they attempt to survive as separate entities. We believe this deal will allow the companies to offer services more efficiently, cutting costs while creating additional channel space for even more programming including channels dedicated to public safety and homeland security. And most important, XM and Sirius contend, if allowed to merge, that they will offer more channels for a lower price than the current cost of both services combined.

Given the persistent digital divide that plagues much of rural America, many of the latest alternatives to terrestrial radio have yet to reach the heartland. Therefore the survival of satellite radio as a competitive alternative is critical. We hope you will look favorably on the XM-Sirius merger.

Sincerely

Niel Ritchie

League of Rural Voters

cc: Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell

No. of Copies rec d _____
List ABODE

League of Rural Voters
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www.leagueofruralvoters.org

April 16, 2007

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

Re: MB Docket No. 07-57

Dear Ms. Dortch,

On behalf of The Latino Coalition, a national issue-advocacy organization based in Washington, D.C., I urge you to approve the XM Satellite Radio merger with Sirius an acquisition which is critical to the health of the satellite radio industry and to the larger cause of strong, facilities-based competition in the communications marketplace.

Today satellite radio faces increasing competition from downloadable music, Internet-based radio, traditional broadcast radio and an increasingly converged and globalized communications industry. Clearly, this friendly acquisition is being motivated by financial concerns that result from this competition and it will help the newly formed company better compete in this international marketplace. In addition, this merger will provide more diverse programming and bring lower prices to the growing and highly diverse Hispanic audience.

For far too long, the Latino market has fallen victim to traditional radio companies that target very narrow and highly profitable audiences. Under this framework, Hispanics lose out on news, sports, music and diverse cultural programming that is widely available on alternative sources such as satellite, HD and internet radio. The satellite radio industry, by contrast, has been a launching pad for Hispanic programmers and an increasingly popular service for vast numbers of Latino consumers and other listeners who enjoy the richness of Hispanic culture, arts and news.

In our judgment, the acquisition will strengthen an industry that has been reporting losses in recent months. It appears clear that consumers will benefit as the combined programming will provide a greater number of channels for far less than such would cost consumers today in their totality. For programmers, the elimination of duplicate programming and expanded channel capacity will provide new opportunities for Hispanics and other entrepreneurial programmers as well.

As a strong advocate for the diverse needs of the Latino community, we are always supportive of measures that will bring variety and expanded options to our community. In our judgment, the XM-Sirius merger will accomplish just that by bringing more programming opportunities for Hispanic Americans and millions of other listeners. With expanded choices and better prices, satellite radio will be an even more attractive option for consumers and this ultimately benefits our growing community in every part and section of the country.

Thank you in advance for your consideration.

Respectfully,

Robert G. de Posada

**707 Fifth Street, S.E. · Washington, DC 20003 · 202-546-0008 Tel · 202-546-0807 Fax ·
www.TheLatinoCoalition.com**

President

Cc: Chairman Kevin J. Martin
Commissioner Michael J. Copps
Commissioner Jonathan S. Adelstein
Commissioner Deborah Taylor Tate
Commissioner Robert M. McDowell
**707 Fifth Street, S.E. · Washington, DC 20003 · 202-546-0008 Tel · 202-546-0807 Fax ·
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NATIONAL CONSUMERS LEAGUE

1701 K Street, NW, Suite 1200, Washington DC 20006
PHONE (202) 835-3323 **FAX** (202) 835-0747 www.nclnet.org
May 3, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Dear Ms. Dortch:

On behalf of the National Consumers League, we are writing concerning the proposed merger of XM Radio Holdings Inc. and Sirius Satellite Radio Inc. NCL is the country's oldest consumer organization. We have been in existence for over 100 years defending and expanding rights of consumers. We regularly express opinions on important regulatory and legislative matters affecting consumers.

Sirius and XM offer an innovative digital audio service that provides a wide variety of programming to many sectors of our society. In so doing, these two companies face competition from a number of other formidable audio entertainment providers, including AM/FM radio, digital HD radio, Internet radio, iPods and other MP3 players, mobile phone music services, and others. As a result of this intense competition, the two satellite radio companies have achieved only limited market penetration to date. Although satellite radio has had proven appeal to many consumers, Arbitron reports that XM and Sirius *combined* account for only *3.4 percent* of all radio listening. Because we believe that allowing Sirius and XM to combine operations will enable satellite radio to become a stronger and more effective service provider, NCL believes that this merger will benefit consumers.

Important issues are at stake in this proceeding that will require careful consideration by the FCC and the Department of Justice. These regulatory authorities will need to ensure that this merger **will not** result in higher prices or a diminution in programming or services. If deemed necessary by regulators, NCL would support the imposition of targeted conditions on this merger in order to prevent these harms to consumers. Thank you for your consideration of NCL's comments on this important matter. We look forward to further discussions with the Commission as it reviews this proposed transaction.

Respectfully,

LINDA F. GOLODNER, President

In addition, the [Newsroom](#) and [More Articles](#) pages of the website also contain links to the following third-party news articles:

Wall Street Journal

What's the Frequency, NAB?

April 21, 2007; Page A8

Ever since satellite-radio companies XM and Sirius announced plans to merge back in February, the National Association of Broadcasters, which represents commercial AM and FM radio stations, has been urging federal regulators to quash the deal on antitrust grounds.

The NAB's argument is a remarkably weak one, and the government would be remiss if it became a party to the group's transparent agenda, which is to stop satellite radio from luring away any more of its listeners than it already has.

Which isn't much, otherwise the two satellite-radio companies wouldn't be merging.

In the name of preventing some phantom monopoly from forming, the NAB is effectively asking regulators at Justice and the Federal Communications Commission to help it keep the competition in check and thus deprive consumers of figuring out whether this is a viable alternative radio service.

Don't take our word for it, by the way. Last October, just months *before* XM and Sirius unveiled their plans to combine, NAB President David Rehr spoke openly about the make-up of the current marketplace for audio news and entertainment. "We still must address new competitors," he said in a speech to the National Press Club in Washington.

On the radio side, we have satellite radio, Internet radio, iPods, other MP3 players, cell phones, and many, many other things. How will we compete? Not much we can add to that.

Apparently that argument was fine so long as XM and Sirius were lost in space, losing money. Today, Mr. Rehr is saying that regulators should consider satellite radio a unique and separate market when assessing the competitive impact of the merger. In testimony before Congress, Mr. Rehr said XM and Sirius are seeking to form a monopoly that would undermine audio content competition, not enhance it. The NAB has also commissioned several analyses of the merger that employ sophisticated Herfindahl-Hirschman Index measures and the like to determine that XM/Sirius would dominate the market for satellite radio.

It's true that a XM/Sirius merger would leave us with one satellite-radio provider. But opposing the deal on those grounds is wide of the mark. Sometimes the best response to what a person is saying today is what that person has said in the past. And despite Mr. Rehr's efforts of late to take it all back, the reality is that he had it right the first time. Monopolies are harmful when they are the sole seller of a product or service with no close substitutes. And as Mr. Rehr acknowledged, substitutes competitors abound in the marketplace. XM and Sirius, whose subscribers currently represent less than 4% of total radio listeners, aren't merely competing for each other's customers; blocking the merger on that assumption makes little sense.

The real objective of XM and Sirius is to lure listeners from free radio, the Internet, MP3 players, music channels on cable television, cell phones and who-knows-what-other options coming down the pike.

XM and Sirius, which have a combined 14 million subscribers, continue to lose money. More than 220 million people tune into free radio each week. No one knows whether the public will ever really take to the pay model, but it is not the role of the government to help the NAB smother a fledgling competitor in the crib. This appears to be a merger of desperation more than anything, and blocking it could well result in no satellite-radio providers and thus fewer listening options for consumers. Consumers, not the government, should decide whether one satellite-radio provider is one too many.

This isn't the first time the NAB has tried to forestall competition from XM and Sirius. The group opposed granting them radio licenses and urged the FCC and Congress to ban satellite providers from offering local weather and traffic reports. This is more of the same.

Telecom policy should not be about picking winners and losers but about encouraging investment and innovation. For that to happen, what is most important is competition among technological platforms: cable, telephone, wireless and satellite (for now). Policy makers and regulators would do better to focus less on static models of market share within one platform and more on making sure rival platforms continue to exist. Consumers will happily take care of the rest.

Satellite Sisters
The New Yorker
March 19, 2007

Antitrust Regulations When the satellite-radio companies XM and Sirius announced, last month, that they were planning to merge, it looked like a futile attempt to flout antitrust regulations. The merger would benefit Sirius and XM which, despite signing high-profile figures like Howard Stern and Bob Dylan, have cumulatively lost close to seven billion dollars but it would confront radio listeners with a satellite-radio monopoly. Not surprisingly, then, when Sirius's C.E.O., Mel Karmazin, appeared before Congress to defend his plans, he was grilled by legislators convinced that regulators would block the merger. The deal, though, is far from dead. Thanks to an intellectual revolution that, over the past three decades, has transformed the way the government assesses mergers and monopolies, we may yet end up with only one satellite-radio provider in America. And, surprisingly, we may be all the better for it.

Antitrust law in the U.S. rests on two documents the 1890 Sherman Antitrust Act and the 1914 Clayton Act. Their underlying principles are clear (competition and lower prices are good, collusion and price-fixing bad), but the laws themselves are remarkably vague, and regulators have had much leeway in enforcing them. In the era after the Second World War, for instance, the government took an aggressive stand against mergers. In 1962, it blocked a deal between the third-largest shoe company in the country and the eighth-largest, even though the new company would have owned just five per cent of the shoe market. A few years later, it barred two California supermarkets from merging, despite the fact that together they controlled less than ten per cent of the market and had many competitors. Bigness, regulators seemed to assume, was always bad.

The idea that if mergers were bad for competition they were bad for the economy was intuitively appealing. But it wasn't always accurate, as a group of law professors and economists, usually called the Chicago School, set out to show in the nineteen-seventies. Much antitrust regulation, they argued, did not benefit the economy but just protected small businesses; it could even make consumers worse off. (Most obviously, economies of scale allow bigger companies to produce more for less, which can lead to lower prices.) This meant that regulators should scrutinize deals through a different lens: if a merger reduced competition but enhanced consumer welfare, it should be approved. Later economists have complicated these arguments there's now a post-Chicago School but the idea that mergers should be measured by their impact on consumer welfare remains central to antitrust law.

Even by these standards, though, the XM-Sirius deal looks sketchy, since monopolies created by merger are usually bad for consumers. So why does the deal have any chance at all? It comes down to the question of what market XM and Sirius are in. If it's just satellite radio, then they are competing only with each other and the deal would be sure to send prices soaring. But it makes more sense to see XM and Sirius as part of the bigger radio and digital audio markets and thus in competition with AM/FM, HD, and Internet

radio. In that case, even a merged company would have only a small percentage of radio listeners, and competition would limit its ability to raise prices.

Consumers, then, have little to fear from a merged satellite company in the radio market, and they may actually have a lot to gain. Dominated by chains like Clear Channel, AM/FM radio has become a catalogue of bland choices, pre-programmed playlists, and syndicated talk. A recent study by the Future of Music Coalition found that four companies received fifty per cent of all radio advertising revenue and had nearly fifty per cent of all listeners. Even among competitors, there is often tremendous overlap in music playlists; in this environment, XM and Sirius, which offer real diversity across three hundred channels, are a gain for consumer choice. And there's no reason to think that this diversity would ebb after a merger; no one wants to pay thirteen dollars a month to hear the same songs he could have got free from his local KISS-FM.

The National Association of Broadcasters, which represents commercial radio stations, has lobbied hard against the deal, arguing that XM and Sirius compete only with each other. But the very fact that broadcasters are fighting the merger demonstrates that they view Sirius and XM as a threat. Similarly, for fifteen years AM/FM stations have done everything they could to cripple satellite radio, lobbying the F.C.C. to stop its roll-out in the nineteen-nineties and persistently trying to limit the types of programming XM and Sirius can carry. Just last month, a bill was introduced in Congress for the third time in as many years that would bar satellite stations from providing local traffic and weather. Broadcasters understand that a merger between Sirius and XM would help extend satellite radio's reach, making it a more formidable competitor. Many consumers have hesitated to subscribe to satellite because they didn't know which company would survive. And desirable content is split between the companies: if you want major-league baseball and Bob Edwards, you need XM, but if you want N.F.L. games and Howard Stern, you need Sirius. Allowing Sirius and XM to merge would eliminate this problem in one stroke. And that would significantly increase the competitive pressure on traditional radio stations, perhaps forcing them to abandon their cookie-cutter model. Paradoxically, by reducing choice you could stimulate more diversity. Sometimes, it seems, you can have fewer competitors but more competition. t

Illustration: CHRISTOPH NIEMANN

Let XM and Sirius Merge

Los Angeles Times

February 27, 2007

The FCC shouldn't stop the nation's two providers of satellite radio from joining forces, because they would be only one of many in the audio entertainment business.

Federal regulators are notoriously slow to act, yet it took Federal Communications Commission Chairman Kevin Martin less than half a day to erect a daunting roadblock to the proposed merger of the country's two satellite radio services, XM and Sirius. Within hours of the companies' announcement of their intention to combine operations, Martin issued a statement saying that XM and Sirius would need to demonstrate that consumers would clearly be better off with both more choice and affordable prices.

Although that's not the same as saying a merger is unthinkable—the magic word that former FCC Chairman Reed Hundt used to pre-empt a rumored deal between AT&T and SBC Communications in 1997—Martin's two-pronged test sets a nearly unsurmountable bar. It's hard to argue that more choice results when the only two suppliers of a product combine, or that the merged entity will be deterred from hiking the fees paid by its subscribers (14 million at last count). In addition, when the FCC issued two licenses for a national satellite radio service in 1997, it said that they could not be owned by a single company. Similarly, when the two satellite TV services attempted to merge in 2002, they ran into withering resistance from both the Justice Department and the FCC.

That said, Martin's statement is inconsistent with the approach the FCC has taken on media consolidation in general. The goal should be to promote choice not in the niche occupied by XM and Sirius, but in the general market of audio entertainment. As Martin and other Republicans on the FCC have often noted, technology is enabling consumers to get radio programming and on-demand audio services in a variety of new ways. That makes the overall market hotly competitive, particularly among national players.

Consider a few statistics. Half of the new cars sold in the U.S. this year will have stereo systems designed to work seamlessly with an iPod, and 60% will have inputs that work with any brand of portable music player. In addition to songs, those devices can play podcasts—a recorded program that emulates over-the-air radio—from more than 44,000 sources. Of the roughly 12,500 over-the-air stations pumping out conventional radio broadcasts, about 1,200 also broadcast in digital—frequently, with more than one channel in different formats. Meanwhile, a growing number of cellular phone and municipal wireless networks are enabling mobile devices to tap into the expanding ranks of online music services. As of late December, there were nearly 80 citywide or regional wireless networks in operation, with an additional 150 planned.

Meanwhile, both Sirius and XM are bleeding money at prodigious rates as they try to amass the number of subscribers needed to overcome their debt and depreciation costs. According to their most recent financial statements, Sirius spent almost twice as much to operate and promote its service as it collected from subscribers and advertisers, while

XM spent about 25% more on operations than it collected. Allowing them to merge could save them billions of dollars in marketing and maintenance expenses while preserving satellite radio as one of many alternatives available to consumers.

Anticipating resistance from the FCC, the companies said they would let people subscribe to channels on a more à la carte basis — a favorite cause of Martin's, at least where cable and satellite TV are concerned — and broaden their programming. They also said the combination would lead to less expensive receivers and more advanced services, such as delivering improved traffic and weather reports. The FCC should look at these concessions, declare victory and approve the merger.

A Monopoly Not
San Francisco Chronicle
February 26, 2007

TEN YEARS AGO, federal regulators sold a pair of satellite radio licenses and sternly warned that a competition-chilling merger wouldn't be tolerated.

How quaint that worry seems now. The two operators XM and Sirius are losing billions of dollars and want to huddle together to stop the bleeding. Meanwhile, HD radio, iPods, Internet broadcasts and other trends have rushed past regulators and redrawn the landscape. There are 90 million people wearing dangling iPod ear-buds, 65 million who listen to free Internet radio and about 14 million satellite-radio subscribers.

It's hard to see a stifling monopoly in the making when the two satellite networks are gasping for air. Consumers, who need defending when choices narrow dramatically, don't need any help on this shift.

In Washington, the Justice Department is judged likely to bless the deal after surveying the larger landscape of audio choices. It's a sensible reading of broadcast reality.

It's the Federal Communications Commission, which laid down the no-merger threat a decade ago, that may stop the deal. The panel shouldn't, even if it risks going back on its guiding words, issued at the dawn of the Internet age.

A merged satellite market will create a semblance of a monopoly, but only over one slender source of information. If the merged network raises prices or cuts options, unhappy subscribers can turn elsewhere for their entertainment fix.

This infant industry was touted as a major breakthrough way back when. How far away that era seems now when cheaper, handier and more varied choices now abound.

SIRIUS and XM Together Makes Sense for Listeners

USA Today

February 23, 2007

Remember the baseball, hot dogs, apple pie and Chevrolet car ad from the 1980s? Turns out it was prescient. While the food is still sold separately, baseball now comes free with many Chevys, at least for a three-month introductory offer.

That's because General Motors has a deal to build XM Satellite radios into Chevys and its other cars. And XM has a deal with Major League Baseball.

Satellite competitor Sirius is frozen out of both. But it has the NFL and NBA contracts, which means that if there's a Ford in your future, football and basketball aren't far behind. Not a sports fan? Oprah is on XM; Martha Stewart is on Sirius.

As Stewart might say, that is not a good thing. It makes little sense that sports fans must decide between every single pro football game and no baseball games, or vice versa. Nor does it make much sense that people's listening preferences should enter into their car-buying decisions.

That's one reason the proposed XM-Sirius combination, announced this week, may be the rare merger that is good for consumers.

Before the federal government approves the deal, of course, it should be thoroughly vetted. The salient question for regulators is whether satellite radio is a market unto itself, in which case a merger would create a monopoly, or whether it is part of larger universe that includes broadcast radio and an array of existing and emerging technologies. If it's the latter—and a strong case can be made that it is—the merged entity would represent a more potent competitor to entrenched broadcast interests, one that would offer its customers a more enticing and complete product.

Satellite clearly competes with ground-based radio. If it didn't, the National Association of Broadcasters wouldn't be trying to restrict the traffic and weather channels offered on the satellite services, nor would it be so concerned about an XM-Sirius merger.

Satellite competes at a disadvantage with traditional radio. Broadcasters can offer programs free in part because they don't pay the government for use of the airwaves. Sirius and XM had to pay about \$90 million each for a tiny fraction of the space on the airwaves that broadcasters enjoy. If the government insists on maintaining such an uneven playing field, the least it can do for satellite is unshackle it.

Satellite listeners would end up paying more than the \$12.95 a month they currently pay, as well they might expect if they get more content. But the merged company might offer à la carte pricing options and would face natural constraints. The more it charged, the

more listeners would opt for free broadcast radio, MP-3 devices or new car-based Internet options being developed. The case against the proposed deal would be stronger if XM, with 7.6 million subscribers, and Sirius, with 6 million, were strong and profitable companies. Both, in fact, have been big money losers, hemorrhaging \$6 billion collectively in less than a decade.

The most pressing question is not whether XM and Sirius would be too powerful if they merged; it is whether they can survive if they don't. And the best way to ensure survival is to let them combine. Baseball goes with Chevrolet, so why not also with football, basketball, Howard Stern and Martha Stewart?

Money, Not Outrage, Fuels Anti-Merger Fight

The Miami Herald

February 22, 2007

Watch out for winged pigs, rivers flowing upstream, Hillary Clinton kissing Rush Limbaugh and Britney Spears putting on underwear. Anything is possible now that the National Association of Broadcasters has discovered indecency on the airwaves.

Conveniently, it's somebody else's airwaves—those inhabited by the two satellite radio companies that compete with the NAB's broadcast clients. The NAB has been shocked, shocked, to learn that the potty-mouth Howard Stern is talking about sex, poop and body parts on satellite radio, and says that's a good enough reason for the government to block the merger of XM and Sirius.

In coming weeks, policymakers will have to weigh whether an industry that makes Howard Stern its poster child should be rewarded with a monopoly platform for offensive programming, said Dennis Wharton, the NAB's vice president, earlier this week. "We're hopeful that this anti-consumer proposal will be rejected."

DIFFERENT TIME

If you're wondering how many times the NAB labeled Stern's show offensive when it aired on broadcast radio, here's a clue: The answer lies somewhere between zero and zip, nothing and nada.

The only time NAB ever mentions broadcast shock jocks is when it complains about FCC fines for their behavior.

Back in 1991, when classical-music broadcaster Woody Tanger—who owned radio stations in Miami, Philadelphia and Detroit—urged his colleagues to denounce Stern, NAB president Eddie Fritts stonily replied that the group was not an "industry programming critic."

It's possible, I suppose, that the NAB recently underwent a taste-conscience transplant, and that explains the sudden antipathy to Stern. More likely, though, is that the group is just exhibiting some new creativity as it goes about its same old business of strangling consumer choice in entertainment.

From crippling a plan for low-power FM radio stations that would have created thousands of new ones to forcing cable-TV systems to load up with broadcast shopping and religious channels at the expense of more popular cable-only networks, the NAB has long used government regulation as a weapon to crush any potential competitors. None of the NAB's holy wars against competitors has been as long or as brutal as the struggle to suppress satellite radio. No wonder: Nearly free of advertising and with a diverse selection of programming (XM and Sirius both offer more than 150 channels, everything from 1950s rock and roll to electronica/trance), satellite is the perfect antidote to the ad-clogged broadcast stations with tiny playlists operated by the NAB's members.

CHUTZPAH

The NAB warred so ceaselessly against the initial proposal for satellite radio that it took 11 years for Sirius and XM to get on the air. The NAB's claim that the merger of the two companies is an "anti-consumer proposal" that will create "a monopoly platform," if anything, showed more chutzpah than its denunciation of Stern. There were originally four companies interested in building satellite radio networks, but two of them gave up as NAB objections turned the application process into the regulatory version of the Bataan death march.

The attacks didn't stop when XM and Sirius finally went on the air in 2001. Since then, the NAB lobbied to prevent satellite radio from delivering local traffic and weather reports, even to prohibit broadcasts of local Amber Alerts about missing children. It's trying to force XM and Sirius to remove the repeater towers that boost their signals into satellite dead spots. And it's demanded that the government outlaw free trials of satellite radio in new cars or on the Internet.

This attempt to stop the merger is just one more skirmish in the NAB's war on competition. If you're an anti-trust enforcer and you see that all the competitors are banding together to oppose a merger in the name of "public interest," it's pretty easy to figure out that the truth is exactly the opposite," says Tom Hazlett, who teaches law at George Mason University in Virginia.

What the NAB really hopes is that if the merger is blocked, Sirius and XM—which are both losing money—will go bankrupt. Then, to hear actual entertainment programming rather than ads, we'll have to listen to our iPods. Until the NAB figures out a way to get them banned, too.

Making Radio Waves

The Wall Street Journal

February 21, 2007

As the Federal Communications Commission ponders the merits of allowing satellite radio companies Sirius and XM to combine, let's hope the ghost of another proposed merger haunts the proceedings.

In 2002 the FCC blocked satellite television rivals EchoStar and DirecTV from joining forces on the grounds that allowing the merger would decrease competition and lead to higher prices. Michael Powell, the FCC chairman at the time, said the deal would create a satellite monopoly.

In the event, regulatory intervention, based on an overly narrow definition of the market, has only led to unfulfilled promise in satellite broadband. Five years later, the cable and phone companies are by and large eating satellite's lunch in attracting subscribers. Rupert Murdoch is in the process of selling his stake in DirecTV. And consumers who want one provider for television, Internet and phone service have fewer options than they might otherwise if the regulators had stayed out of the way.

Which brings us to the proposed merger of XM and Sirius. On news of the deal, FCC Chairman Kevin Martin remarked that the regulatory hurdles would be high. If so, the agency might want to write more up-to-date regulations. The current digital audio radio service rules date to the late 1980s, before high definition radio, iPods, Pandora.com, music file-sharing and other options existed. The media landscape has changed a bit since The Police split up. Beltway critics of the deal see a media monopolist around every corner, scheming to limit the public's access to content. And it's true that the merger would create a lone satellite radio company. But a pure monopoly is one that exists in a market where there are no close substitutes. By contrast, a combined Sirius-XM would have to compete not only with free broadcast radio but also with MP3 players, online radio and even music channels offered by cable providers.

Heaven only knows what the cellular companies will bring to the party. They're already gearing up to provide more video options, but there's nothing stopping Verizon or Cingular from coming up with a device that includes a couple of dozen radio stations to compete with satellite.

Which is why the real danger here isn't the creation of a monopoly, unless you define the market in a way that has no resemblance to the real world. The bigger concern is that regulators will repeat the satellite television mistake and in the process reduce consumer choice. The reason for this merger is not to exclude others from the market, says Adam Thierer, who follows telecom issues at the Progress & Freedom Foundation. It's to make sure they can compete in the broader market against the various players they face—serious competitors that have satellite radio providers scrambling for their lives.

The most vocal opponents will be traditional radio broadcasters, who will want the deal scotched outright, or at least conditioned on satellite operators being prohibited from offering local services — news, weather, traffic — that would compete with their own offerings. Legislation to this effect has been floating around for the last couple of Congresses, courtesy of Republican Representative Charles Pickering of Mississippi. We hope Mr. Martin will resist any push for industrial protectionism. If this deal, or subscription-based satellite radio in general, turns out to be a bust, the marketplace will let us know in due time.

WSJ Notices That The NAB Has An Agenda

Techdirt

April 23, 2007

**WSJ Notices That The NAB Has An Agenda
from the *nice-one* dept**

It's been pretty clear for some time that the National Association of Broadcasters' opposition to the merger of XM and Sirius isn't based on any concern for the public, as it would like you to believe, but rather is an attempt to get the government to bolster its struggling business because it **doesn't want to compete** in the marketplace. We've pointed out before that it's that behavior that **rankles us** in this case, rather than any real desire to see a merged XM-Sirius.

What the NAB is doing—the **astroturfing**, the **paid shills**, the **conflicts of interest**, the **not-so-independent** research, and most of all, the **utter hypocrisy**—is representative of so many other entrenched industries that will do **anything** and **everything** they can to avoid having to actually compete in the marketplace. With all that in mind, it's nice to see people starting to catch on that the NAB's self-serving agenda means it really shouldn't have any part in the debate about the XM-Sirius merger, as **The Wall Street Journal did** over the weekend. As an editorial in the paper put it:

No one knows whether the public will ever really take to the pay model, but it's not the role of the government to he