

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Applications of XM Satellite Radio Holdings Inc.,)	MB Docket No. 07-57
Transferor, and Sirius Satellite Radio Inc., Transferee,)	
for Consent To Transfer Control)	
)	
2006 Quadrennial Regulatory Review – Review of)	MB Docket No. 06-121
the Commission’s Broadcast Ownership Rules and)	
Other Rules Adopted Pursuant to Section 202 of)	
the Telecommunications Act of 1996)	
)	
2002 Biennial Regulatory Review – Review of the)	MB Docket No. 02-277
Commission’s Broadcast Ownership Rules and)	
Other Rules Adopted Pursuant to Section 202 of)	
the Telecommunications Act of 1996)	
)	
Rules and Policies Concerning Multiple Ownership)	MM Docket No. 01-317
of Radio Broadcast Stations in Local Markets)	
)	
Definition of Radio Markets)	MM Docket No. 00-244
)	

COMMENTS OF THE MEDIA INSTITUTE

The Media Institute appreciates the opportunity to comment on one significant aspect of the proposed merger of XM Satellite Radio Holdings Inc. and Sirius Satellite Radio Inc.

The Media Institute takes no position on the merits of a proposed merger between XM Satellite Radio and Sirius Satellite Radio. However, we are concerned about the competitive impact that an XM-Sirius merger would have on broadcast radio in its current regulated state.

A combined XM-Sirius operation would be a powerful force in every market in terms of number of channels and breadth of programming. Moreover, it would operate as a virtually unregulated entity. Compare this to broadcast radio, where ownership is limited to eight stations

per owner in the country's largest markets, and fewer stations per owner in medium and small markets.

Broadcast radio will have to be extremely competitive if it is to survive against a merged XM-Sirius service. Economies of scale, the ability to attract advertisers, and the leeway to take programming risks will mark the difference between station survival and failure. However, the current regulatory regimen effectively prohibits a broadcast station owner from growing beyond a certain point in a given market. The current market cap is an artificial and arbitrary hindrance that will likely preclude station owners from achieving the operating efficiencies that will be necessary for them to compete – or at least to hold their own – against a satellite monolith.

We have commented previously on the need to relax broadcast radio regulations, even before the XM-Sirius merger was proposed.¹ This need will only become more acute if broadcasters hope to have any chance of competing against a merged XM-Sirius service.

Therefore, if the Commission does approve the XM-Sirius merger, the Institute urges the Commission to relax its restrictions on broadcast radio owners. Giving broadcasters more leeway to achieve greater economies of scale and to maintain profitability would be a reasonable and equitable accommodation in the face of increased competition from a merged XM-Sirius service. The public interest will be served best by a radio industry that is economically viable and able to compete, free from counterproductive regulation.

Respectfully submitted,

Patrick D. Maines, President

Richard T. Kaplar, Vice President

THE MEDIA INSTITUTE
2300 Clarendon Blvd., Suite 503
Arlington, VA 22201
703-243-5700

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¹ See, e.g., Richard T. Kaplar and Patrick D. Maines, "Media Consolidation, Regulation, and the Road Ahead," *Policy Views* [issue paper] (Washington, D.C.: The Media Institute, 2006), available online at <http://www.mediainstitute.org/issue_papers/>.