

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Applications for Consent to the	)	
Transfer of Control Licenses	)	
	)	MB Docket No. 07-57
XM Satellite Radio Holdings Inc.,	)	
Transferor,	)	
	)	
to	)	
	)	
Sirius Satellite Radio Inc.,	)	
Transferee	)	

**COMMENTS OF ROCKWELL COLLINS, INC.**

Rockwell Collins, Inc. ("Rockwell Collins") pursuant to Section 1.415 of the Federal Communications Commission's ("Commission's") or ("FCC's") rules, hereby files electronic comments in the above referenced proceeding<sup>1</sup>, which seeks comments on the Sirius Satellite Radio Inc. ("Sirius") and XM Satellite Radio Holdings Inc. ("XM") application for consent to transfer control of Commission licenses and authorizations.

**INTRODUCTION**

Rockwell Collins is a global company and major manufacturer and integrator of avionics and Global Positioning System ("GPS") equipment for civilian and military customers. Rockwell Collins manufactures its Pro Line 21™ avionics system, which is capable of receiving and displaying the XM WX Satellite Weather Data Service.

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<sup>1</sup> See *Applications of XM Satellite Radio Holdings Inc., Transferor, and Sirius Satellite Inc., Transferee, For Consent to Transfer Control*, MB Docket No. 07-57 (filed March 20, 2007) (collectively, the "Consolidated Application").

## DISCUSSION

Rockwell Collins commends the Commission for permitting interested parties to file comments concerning the Sirius and XM application for authority to transfer control of FCC licenses and authorizations. Our comments are limited to the impact of the proposed merger on the supply of satellite-based weather systems (“SBWS”) for aviation applications. Because SBWS are critical to aviation safety, it is important to maintain a competitive marketplace for this new technology. As explained below, if the FCC were to approve the proposed merger, important conditions should be imposed in order to limit the potential anticompetitive effects of the merger and to protect the public interest in the development, supply and pricing of this important safety technology.

Rockwell Collins is a supplier of communication and aviation electronic solutions for civilian, commercial and military aircraft. Weather is an important (and dangerous) variable to all aviation. Hazardous weather is a leading cause of aviation accidents. To address these hazards, Rockwell Collins offers a family of solid-state aviation weather radar equipment to allow pilots to select the smoothest, most efficient routes around dangerous weather systems.

However, often because of cost, some general aviation aircraft (and some commercial and military aircraft) are not equipped with weather radar systems to detect (and thus avoid) hazardous weather. The pilots of these aircraft fly without the safety benefit that awareness of changing weather data could afford them.

### **The Market for Satellite-Based Weather Systems (“SBWS”)**

Satellite-based weather systems offer pilots the opportunity to fly with the safety benefit of effective, near real time weather data. However, XM Radio and Sirius Satellite Radio are the

only two competitive sources of the satellite-based weather information service required to feed SBWS. The need for competition between XM and Sirius for this service is significant.

XM currently provides ground and aviation weather information to aviation customers through its satellite system.<sup>2</sup> It is Rockwell Collins' understanding that XM has entered into exclusive licenses of its technology with two companies: Garmin International, Inc., ("Garmin") (which, like Rockwell Collins, is an integrated avionics manufacturer) and Heads Up Technologies, Inc. ("HUT") (a satellite radio receiver manufacturer), or their respective subsidiaries. Although, as noted above, Rockwell Collins' Pro Line 21™ avionics system is capable of receiving and displaying XM's aviation weather information service, XM has been unwilling to enter into a direct license with Rockwell Collins (or, to our knowledge, with any other integrated avionics manufacturers) seeking to compete on a level playing field with Garmin.<sup>3</sup>

Fortunately, Sirius (along with weather data provider WSI Corporation) is currently working aggressively to provide a competing satellite-based information system for aviation customers. The first SBWS capable of delivering the Sirius/WSI weather data service to the aviation community recently was certified, and additional equipment certifications are expected soon. As a result, XM and Sirius/WSI now are direct horizontal competitors in the supply of satellite-based weather information services for aviation applications.

### **The Potential Anti-Competitive Effects of the Proposed Merger**

The XM and Sirius/WSI satellite-based weather information services for aviation applications are uniquely competitive. Although XM and Sirius assert that their satellite news

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<sup>2</sup> XM WX Satellite Weather at <http://www.xmradio.com/weather/>.

<sup>3</sup> XM requires Rockwell Collins to acquire XM technology exclusively from HUT. We believe that this requirement has placed Rockwell Collins at a substantial cost disadvantage vis-à-vis Garmin, which is able to deal directly with XM.

and/or music offerings are subject to competition from terrestrial radio, digital radio, iPods, CD players, etc. – it is clear that those other technologies provide no competition whatsoever to satellite-based weather information services for aviation users.<sup>4</sup> Moreover, there are no other satellite-based systems available that provide a similar quality of weather information for aviation users at competitive price points. Accordingly, XM and Sirius/WSI currently are a duopoly for this service.

The merger of XM and Sirius will result in a monopoly for satellite-based weather information services for aviation applications. Rockwell Collins is concerned that a combined XM/Sirius would have an economic incentive to conserve bandwidth capacity by eliminating one of the two services – presumably the nascent Sirius service. In fact, XM and Sirius acknowledge that “there is significant overlap and redundancy in channel line-ups” and that “the combined company will be able to consolidate much redundant programming.”<sup>5</sup> The elimination of one of the two services would leave avionics manufacturers such as Rockwell Collins, which are seeking to develop and market SBWS, beholden to a single satellite weather information supplier.

Competition between the two satellite-based weather information services, as well as competition among down-stream suppliers of SBWS, could be lost as a result of the merger, possibly forever. The negative impact on aviation safety from this reduction in competition could be impossible to estimate. However, because cost is a primary reason why many general

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<sup>4</sup> Weather information may also be data linked to an aircraft from the ground. For example, the FAA’s Flight Information Services program permits an aircraft to data link to networks of ground stations. However, ground based data links provide poorer data resolutions at a much higher cost than are achievable with SBWS. In short, ground based systems are poor substitutes (if considered substitutes at all) for SBWS.

<sup>5</sup> See Consolidated Application at 12-13.

aviation aircraft (and some commercial and military aircraft) are not equipped now with weather radar systems to detect hazardous weather, it is also likely that demand for SBWS is price sensitive, with the result that higher SBWS prices caused by a merger would reduce the number of SBWS consumed. A reduction in the number of SBWS consumed – absent a cost competitive substitute --would translate into more aircraft continuing to fly without the safety benefit of effective, near real time weather data.

### **Necessary Merger Conditions**

The FCC can address the potential anti-competitive effects and public interest injuries caused by the proposed merger in a number of ways. Rockwell Collins submits that the merger, if approved, must be conditioned on the following requirements:

**1. Maintain Two Services.** The merged entity should be required to continue to provide satellite-based weather information services through both the XM and Sirius satellite systems without any appreciable price increases for a period of at least three years. The XM and Sirius systems are different, and were the parties to eliminate one of the two services, avionics manufacturers with investments in the technology employed in the eliminated system would face stranded costs. Since these systems both are relatively new, neither has proven itself technologically better than the other through direct competition.

**2. No Customer Discrimination.** The merged entity should be required to deal with all companies, like Rockwell Collins and its competitors, who provide equipment that is used by pilots to access these two satellite-based weather services, on a non-exclusive and non-discriminatory basis. The requirement that the merged entity create such a “level playing field” in its dealings with such equipment providers will help to assure that aircraft owners and

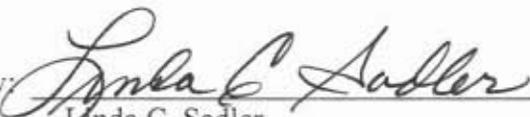
operators receive the full benefit of fair and even competition among all such equipment providers.

### CONCLUSION

Rockwell Collins supports the Commission's desire to obtain comments from interested parties concerning the Sirius and XM application to transfer control of FCC licenses and authorizations. Rockwell Collins believes that the public interest will be served by the FCC conditioning its approval of the proposed merger between XM and Sirius on the above-stated requirements and thus maintaining competition in satellite weather services. Rockwell Collins looks forward to working with the Commission on this important matter. Please direct any questions to John Giffit at 703-516-8213.

Respectfully Submitted,

ROCKWELL COLLINS, INC.

By:   
Linda C. Sadler

Director  
Federal Affairs  
1300 Wilson Blvd.  
Suite 200  
Arlington, VA 22209  
703-516-8200  
lcsadler@rockwellcollins.com

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