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July 9, 2007

VIA HAND DELIVER

Commission's Secretary
Office of the Secretary
Federal Communications Commission
236 Massachusetts Avenue, NE, Suite 110
Washington, DC 20002

Re: MB Docket No. 07-57: Toyota Comments on Satellite Radio Merger

Dear Commissioners:

We write on behalf of Toyota Motor North America, Inc. and the U.S. affiliates of Toyota Motor Corporation, including Toyota Motor Sales, U.S.A., Inc. (collectively, "Toyota"), to comment on the proposed merger of XM Satellite Radio ("XM") and Sirius Satellite Radio ("Sirius").

Statement of Interest:

As the manufacturer and distributor of Toyota, Lexus and Scion vehicles, Toyota has a keen interest in ensuring that the entertainment options offered to the purchasers of its vehicles remain vital and economical. Toyota currently offers both XM and Sirius as an option on its vehicles. (However, Toyota only offers XM as a factory installed option.) Toyota is particularly concerned that the expectations of customers who have already purchased a Toyota vehicle equipped with satellite radio be satisfied going forward. Toyota prides itself on its reputation for producing quality products, and the quality of entertainment options available on its vehicles could affect that reputation.

Content & Pricing:

A satellite radio subscriber typically cannot access the best programming from both services. If the proposed merger makes it possible for customers to easily access programming choices from both services, the attractiveness of satellite radio will be enhanced. XM has represented to Toyota that after the merger, customers could gain access to packages offering both XM and Sirius programming for less than the current combined price. Furthermore, we are informed that as a result of the proposed merger satellite radio customers will be able to select packages of fewer channels at lower prices. If these enhanced options in fact become available, satellite radio subscribers stand to benefit as entertainment choices would increase and overall pricing would become more affordable.

Interoperable Radios & Customer Preservation:

Toyota customers expect that their vehicles and associated equipment, including satellite radio, continue to function as intended for the life of that vehicle. It is imperative that the satellite radio industry continues to serve these customers for the life of their vehicles. Any impact on the continued operation of existing satellite radios as a result of the merger would seriously concern Toyota and its customers.

Furthermore, historically, aftermarket audio development cycles have moved more quickly than the automotive industry to bring comparable hardware to market because, among other reasons, of the need to coordinate with new vehicle design. New hardware capable of accommodating new services offered as a result of the merger should be readily available to consumers immediately upon deployment of the new services at affordable prices. Development of an interoperable radio could require significant research and time to develop. It could be challenging for automakers to keep costs down given an accelerated timeline for such a change. Toyota would be concerned if the expense of such development were to result in an increase in the price of existing services or hardware.

Bandwidth & Audio Quality:

With a finite bandwidth for both XM and Sirius, it may be difficult for a combined entity to deliver more content while maintaining or even improving audio quality. It is Toyota's hope that audio quality can be improved over time while maintaining or expanding existing services.

Business Operations:

Toyota has invested substantially in business operations unique to selling and servicing XM satellite radio. Toyota also has made significant investments in inventories of XM satellite specific parts such as in-vehicle satellite radio ready head-units, accessory parts and antennas, and inventory control systems specific to these parts. If the merger requires changes to operations or inventories, this could increase Toyota's costs to the detriment of Toyota and its customers.

Conclusion:

For all these reasons, Toyota's commitment to offering the best audio entertainment and informational options to its customers may be closely aligned with the public interest. Toyota's primary concern is that the merger not threaten the continued viability of equipment already installed in vehicles, or require excessive and time consuming investments in developing and deploying new hardware. However, if compatibility with installed hardware can be maintained, customer choice enhanced, and prices lowered due to efficiencies, the merger may be in the best interest of the consumer.

Sincerely,

George S. Cary
Michael R. Lazerwitz