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

In the Matter of XM Satellite Radio Holdings Inc., *Transferor* and Sirius Satellite Radio Inc., *Transferee* Consolidated Application for Authority to Transfer Control of XM Radio Inc. and Sirius Satellite Radio Inc.	MB Docket No. 07-57

COMMENTS OF AMERICANS FOR PROSPERITY

Americans for Prosperity ("AFP") hereby submits comments in support of the Federal Communications Commission's ("FCC" or "Commission") approval of the merger of XM Satellite Radio Holdings Inc. ("XM") and Sirius Satellite Radio Inc. ("Sirius"). The merger is in the public interest and should be allowed to go forward without unnecessary government intervention.

AFP is a nationwide organization of more than 300,000 citizen leaders committed to advancing economic freedom and opportunity. AFP believes that reducing the size and scope of government is the best safeguard to ensuring individual productivity and prosperity for all Americans. AFP members promote public policies that champion the principles of entrepreneurship and fiscal and regulatory restraint. These principles inform our support of the merger.

The government should not unnecessarily interfere with the merger of XM and Sirius and should allow the free market, not regulation, to determine winners and losers in the audio entertainment marketplace. In a robust and rapidly evolving market like audio entertainment, consumer demand informs the business judgments of companies, drives innovation, and sets the course for the future of the market. This merger is a result of those consumer demands and market forces, and should not be impeded by artificial regulation.

The benefits from the joining of XM and Sirius evidence the importance of allowing the market to act without interference. This merger will result in significant public interest benefits and, importantly, will be a boon for consumers. Initially, the companies have committed to lowering prices and broadening programming choice, while continuing to support radios that consumers have already purchased. The companies have indicated that they will offer consumers a variety of programming packages, allowing consumers to pay for more or less content as their needs demand. In addition, economic incentives will exist for the combined company to offer an interoperable radio, and will offer a subscription to all of the content at a price lower than the current $25.90 for both services. These commitments make market sense for the combined company, which will continue to have strong competition from many different sources after the merger.

One result of a market-driven merger is positive synergies. Setting aside the price and programming benefits that the companies have publicly committed to offer, this merger will result in market synergies that will even further drive satellite radio innovation, expanded service offerings, and greater operational efficiency. Cost savings from these efficiencies could be passed along to consumers. Government action that analyzes this merger too narrowly and results in denial of this application would not serve the public interest and will eliminate these potential synergies.

The Commission should give no credence to claims that this merger will create a monopoly with market power. Present market data suggest that terrestrial radio is the dominant player in the audio entertainment market. No evidence suggests that satellite radio is anything more than a minor player in this market. Moreover, other services in this market are backed by very strong competitors, including major wireless telephone companies and highly successful companies like Apple. We believe that competition will further enhance consumer choice in the coming years. Thus, in the future, terrestrial radio and the rise of alternative sources of audio entertainment will continue to constrain prices and encourage innovation for satellite radio, but the combined company will be in a better position to offer products and services that compete effectively.

Indeed, if satellite radio did constitute its own market, then satellite radio's competitors would have no incentive to oppose this merger. We do not

believe that the FCC's job is to protect incumbent competitors from the threat of stronger competition from newer and smaller entrants. To block this merger would be anathema to the free market principles that truly drive innovation in the United States.

In conclusion, the Commission should act expeditiously to approve this merger.

Respectfully submitted,

AMERICANS FOR PROSPERITY

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