



Federal Communications Commission
Washington, DC 20554

International Bureau

January 28, 2005

Mr. Lon C. Levin
Senior Vice President
XM Radio Inc.
1500 Eckington Place, NE
Washington, D.C. 20002

File Nos: IB Docket No. 95-91; SAT-MOD-20040212-00017; SAT-RPL-20040212-00018; SAT-RPL-20040212-00019; 72-SAT-AMEND-97; 10/11-DSS-P-9312/15/92; 26/27-DSS-LA-931/15/93; 83/83-SAT-AMEND-953/10/95

Dear Mr. Levin:

As an alternative to the Commission mandating standards for receivers used in providing Satellite Digital Audio Radio Service (SDARS), SDARS operators are to certify to the Commission that their systems include a receiver that will permit end users to access all licensed SDARS systems that are operational or under construction.¹ The Commission authorized XM Radio Inc. (XM Radio) in 1997 to provide SDARS in the United States subject to such a certification.² The authorization of the other SDARS licensee, Sirius Satellite Radio (Sirius), is subject to an identical certification requirement.³

In our recent authorization to XM Radio for the launch and operation of replacement satellites,⁴ we noted that XM Radio and Sirius have on file a letter dated October 6, 2000, in which the two SDARS licensees announced an agreement to develop a unified standard for satellite radios, and stated their anticipation that interoperable chips capable of receiving both services would be produced in volume in mid-2004.⁵ The two licensees also stated their agreement to introduce interim interoperable radios, prior to the introduction of fully-interoperable chipsets, that would include a common wiring harness.

¹ Establishment of Rules and Policies for the Digital Audio Radio Satellite Service in the 2310-2360 MHz Frequency Band. *Report and Order, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*. 12 FCC Rcd 5754, 5797 (para. 106) (1997); see also 47 C.F.R. § 25.144(a)(3)(ii) (2004).

² American Mobile Radio Corporation, *Order and Authorization*, 13 FCC Rcd 8829, 8851 (para. 54) (Int'l Bur. 1997) (*1997 XM Authorization Order*) ("IT IS FURTHER ORDERED that this authorization is subject to certification by [XM Radio] that its final receiver design is interoperable with respect to the [Sirius'] Satellite Digital Audio Radio Service system final receiver design.").

³ Satellite CD Radio, Inc., *Order and Authorization*, 13 FCC Rcd 7971, 7995 (para. 57) (Int'l Bur. 1997).

⁴ XM Radio Inc., *Order and Authorization*, DA 05-180 (Int'l Bur. Sat. Div. rel. Jan. 26, 2005).

⁵ Letter from John R. Wornington, XM Radio Inc., and Robert D. Briskman, Sirius Satellite Radio Inc., to Magalie Roman Salas, FCC, dated Oct. 6, 2000 (*October 6 Letter*).

Mr. Lon C. Levin

Page 2

head unit, antenna, and an interchangeable trunk-mounted box containing processing elements for both company's signals.⁶

In order to reflect more accurately the status of SDARS licensees' efforts in developing interoperable receivers, we are requesting that XM Radio and Sirius file an update to the October 6, 2000 Letter in pending proceedings where interoperable receivers are an issue. Although the Commission is cognizant of the differences between the two SDARS licensees' transmission technologies that initially affected the ability to develop receiver interoperability,⁷ it is not clear, given the passage of time, that these differences still exist.

For this reason, we request that XM Radio submit to the Satellite Division, within 45 days from the date of this letter, the status of XM Radio's efforts to develop an interoperable receiver and its timeframe for making such an interoperable receiver available to the public.⁸

Please contact JoAnn Lucanik, (202) 418-0873, or Stephen Duall, (202) 418-1103, of my staff if you have any questions regarding this letter.

Sincerely,


Thomas S. Teyz
Chief
Satellite Division

cc: Bruce D. Jacobs
David S. Konczal
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⁶ October 6 Letter at 4.

⁷ 1997 XM Authorization Order, 13 FCC Rcd at 8846 (para. 38).

⁸ We have also separately instructed Sirius to file such a status report within the same time period.

EXHIBIT 3

ORIGINAL

March 14, 2005

Mr. Thomas S. Tycz
Chief, Satellite Division
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Received
MAR 29 2005
Policy Branch
International Bureau

Re: IB Docket No. 95-91; SAT-MOD 20040212-00017; SAT-RPL-20040212-00018; SAT-RPL-20040212-00019; SAT-AMEND-97; 10/11-DSS-P-9312/15/92; 26/27-DSS-LA-931/15/93; 83/83-SAT-AMEND-953/10/95

Dear Mr. Tycz:

On January 28, 2005, you asked XM Radio Inc. ("XM") and Sirius Satellite Radio Inc. ("Sirius") to update you on their activities related to receiver design.¹ XM and Sirius jointly submit this letter in response to your request, and reconfirm their compliance with Section 25.144(a)(3)(ii) of the Commission's rules by including interoperable radios in their respective system designs.

XM and Sirius have designed and licensed receiver systems that share a common head unit, antenna, and wiring harness, while other entities continue to be responsible for the manufacture and distribution of satellite radios. Several aftermarket and OEM radio manufacturers now produce head units that operate with the receiver boxes of either service provider. Some head units are also branded and marketed as "SAT Ready" to denote their ability to work with both systems. At least one automaker factory installs head units and antennas that are compatible with both XM and Sirius' systems. This configuration allows the customer to purchase a trunk-mounted box for either satellite radio provider without disturbing the rest of the components. This unit can be swapped at any time for a trunk-mounted box from the other satellite radio provider.

In February 2000, XM and Sirius signed a joint development agreement to develop interoperable technologies, and cross-licensed to each other their respective intellectual property and technology to advance the joint venture. This joint venture has been tasked with combining XM's and Sirius' proprietary chipsets into a compact and efficient device capable of receiving both services. The joint venture has been staffed with engineering personnel that are independent of XM and Sirius. To date, the

¹ See Letter from Thomas S. Tycz to Lon C. Levin, XM Radio Inc. (January 28, 2005); Letter from Thomas S. Tycz to Patrick L. Donnelly, Sirius Satellite Radio Inc. (January 28, 2005).

Mr. Thomas S. Tycz
March 14, 2005
Page 2

companies have spent nearly \$5,000,000 to fund the joint venture and expect to spend more in the future. Both Sirius and XM are optimistic that, at a minimum, a prototype for this type of interoperable radio (i.e., a receiver using a common antenna, a common RF tuner, and two baseband modules, one for XM and one for Sirius) will be completed by the joint venture in 2005. Upon completion, and subject to successful performance and manufacturability testing, we believe this prototype could be manufactured.

Nevertheless, the market will ultimately determine the success of these products. Competition for the attention of consumers in automobiles is not limited to SDARS licensees. AM, FM, HD radio, cassette decks, CD players, navigation systems, DVD players, iPod and other MP3 players all compete for space in automobile head units. Soon wireless broadband services and cell phones may further crowd this busy space. All of these devices affect the quality, quantity, and price points that manufacturers carefully assess before introducing a product.

In the four and a half years that have passed since XM's and Sirius' previous submission, the two companies have invested billions of dollars, and have been extraordinarily successful in fulfilling the Commission's vision of providing Americans with "continuous nationwide radio programming" that will "increase the variety of programming available to the listening public." Ahead of the Commission's milestones, each company launched satellites, licensed technology to manufacturers, and began offering over 120 channels of digital music, news, sports, entertainment, traffic and weather. The new service has been well received in the marketplace and has been a positive development for consumers, the consumer electronics industry, the music and artist community, and the United States commercial satellite industry.

That success is due in significant part to the Commission's decision not to mandate the use of a particular technology. The freedom to design systems unbounded by government-imposed mandates has allowed each company to get to market quickly and continue to innovate. The satellite radio industry has not only developed the expected satellite receiver units which operate with car radios, but has also pioneered the development of whole new categories of audio products, including satellite radio "plug and play" devices, standalone home stereo component systems, integrated AM/FM/Satellite receivers, portable/wearable satellite radio devices with integrated antennas and "time shifted" recording capability, and various ancillary telematics and data/navigation services. All of this has been done at prices that have made the equipment increasingly affordable.

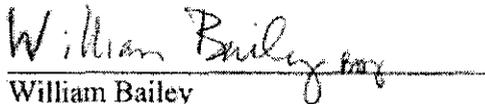
Simply put, Sirius and XM have invested considerable time, effort and money designing, launching and operating systems compliant with the Commission's rules, including an interoperable radio design offered to manufacturers. The companies are continuing those efforts to streamline and improve that design. The availability of

Mr. Thomas S. Tycz
March 14, 2005
Page 3

interoperable radios, however, will depend in large part on factors outside of the control of either XM or Sirius, including consumer demand for interoperability and the willingness of manufacturers to manufacture, distribute, market and sell interoperable radios after carefully weighing the integration, qualification, costs and efficiency considerations.

Please contact the undersigned if you have any further questions.

Very truly yours,



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cc: Office of the Secretary
JoAnn Lucanik
Stephen Duall