

Pioneer North America, Inc.
8000 Towers Crescent Dr., 13th Floor
Vienna, VA 22182

June 6, 2008

VIA ECFS AND E-MAIL

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Ex Parte notice, MB Docket No. 07-57

Dear Ms. Dortch:

On June 5, 2008, the undersigned met with Debra Sabourin, Andrew Stern, Nathan Mitchell, Jie Zhou, William D. Freedman, Rebekah Goodheart, Marcia Glauberman, Rosaless Chiara, Jamila-Bess Johnson and Kristi Thompson, all of the Media Bureau, Virginia Metallo and Jim Bird, both of the Office of the General Counsel, and Robert Nelson and Stephen Duall, both of the International Bureau regarding certain proposed conditions to the proposed merger of Sirius Satellite Radio Inc. ("Sirius") and XM Radio Inc. ("XM").

At the meeting, I reiterated our position that Pioneer North America, Inc. ("PNA") does not take a position as to whether the proposed merger should be approved. However, iBiquity Digital Corporation ("iBiquity") has proposed certain conditions on the merger, should it be approved.¹ I explained PNA's opposition to these conditions.

Discussion

As an initial matter, the iBiquity condition phase-in period does not take into account the length of design cycles for either retail or OEM automotive products. Typical retail design cycles are 18-24 months (not 12), and typical automotive design cycles significantly longer than 3 years.

The iBiquity condition would limit the breadth of radio product offerings to consumers, limiting consumer choices. There are myriad features which may be incorporated into home, mobile and OEM automotive products and each product incorporates one or several of them. Eliminating the product choice of whether to include HD Radio or not in a particular product cuts by at least half the number of product choices we may offer to our customers.

The condition would limit which radio component suppliers' products be de-

¹ See Letter from Albert Shuldiner and Robert A. Mazer, *May 1, 2008*.

signed into radios, granting some form of oligopoly to iBiquity and component manufacturers that incorporate iBiquity technology. This could yield predatory practices on the part of the technology vendors. Furthermore, existing AM/FM/HD components have poorer AM/FM reception capability than the existing AM/FM devices. This condition would have the effect of decreasing AM/FM tuning performance.

Even using iBiquity's pricing estimates of "no more than twenty dollars [in early 2009]" and "perhaps as low as six to eight dollars [eventually]", the effect of this additional build costs yields end-user price increases (retail or otherwise) of several times the that amount, even doubling the retail price of certain products.

Moreover, the condition would interfere with the useful and healthy free market mechanisms extant in radio electronics purchases. Free terrestrial analog and terrestrial digital radio services should be allowed to compete with paid satellite digital radio services on an even playing field. Consumers should be allowed to choose radios which meet their needs, without undue government influence.

Supplementary Information

During the meeting, several requests for additional information were made. The following is an initial, partial response to these requests.

Market size and market share information on satellite radio (and other consumer electronics market segments) is collected by NPD and published by TWICE Magazine annually. The 2007 report (the latest available) is available at <http://www.twice.com/index.asp?layout=article&articleid=CA6460737>.

Pioneer currently sells accessories compatible with certain head units which add XM, Sirius or HD Radio capability to those units. The GEX-P10HD is a HD Radio tuner with a retail price of \$100.² The SIR-PNR2 is a Sirius tuner with a retail price of \$100.³ The GEX-P920XM is a XM Radio tuner with a retail price of \$100.⁴ Each of these devices contains two essential functions: radio reception and head unit interface.

It is our belief that HD Radio should compete in the marketplace with other radio services: if free local digital terrestrial radio services are compelling to consumers, HD Radio technology will succeed in the marketplace. In this case, the free market is the best measure of the public interest.

² See <http://www.pioneerelectronics.com/PUSA/Products/Navigation/Accessories/GEX-P10HD> (last visited Jun. 6, 2008)

³ See <http://www.pioneerelectronics.com/PUSA/Products/Navigation/Accessories/SIR-PNR2> (last visited Jun. 6, 2008)

⁴ See <http://www.pioneerelectronics.com/PUSA/Products/CarAudioVideo/SatelliteRadio/In-Car/GEX-P920XM> (last visited Jun. 6, 2008)

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In accordance with §1.1206 of the Commission's Rules, one copy of this letter is being filed electronically via ECFS, and delivered via email to the Commission attendees.

Regards,

A handwritten signature in blue ink, appearing to read "Adam Goldberg".

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