



November 18, 2008

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: MB Docket No. 08-172

Dear Ms. Dortch:

Ford Motor Company would like to register its opposition to the Commission's Notice of Inquiry ("NOI") to mandate the inclusion of HD radio technology in any new satellite radio receiver. The proponents of the proposed rule are seeking an unprecedented requirement: the regulation of the audio entertainment options available to consumers in their automobiles. This proposal has several ancillary consequences that would be extremely burdensome to consumers, the auto industry and OEM manufacturers, and it should be rejected by the Commission.

As a condition of the Sirius XM merger, the Commission required "open access," ensuring that a wide variety of manufacturers could produce satellite radios that include many competing technologies. This mandate ensures that HD radio can easily be incorporated into satellite radio receivers, if consumers desire receivers including these two technologies. The mandate sought by the NOI will likely increase the price of audio entertainment options in vehicles, without regard to whether consumers actually want those options. From an engineering efficiency perspective, the resulting effect would be to package HD radio and satellite radio as a single product, which would not allow consumers to make a choice. Consumers who only desire satellite radio will be subsidizing the HD radio broadcasting industry because they will be forced to purchase HD radio.

Additionally, forcing all satellite radio and OEM manufacturers to include HD radio greatly reduces any incentive for HD radio designers and manufacturers to respond to marketplace demand. HD radio currently does not require a subscription which results in a significant competitive advantage over subscription based Satellite radio. Although HD radio is becoming increasingly well-established in the audio entertainment marketplace, it continues to be an evolving technology. Since a single entity holds the rights for the HD radio technology, mandating its presence reduces the competitive tension that encourages the license holders to provide licenses at a value to customers. Providing HD radio with

free access to all satellite radios would reduce any incentive for HD radio manufacturers to improve HD radio technology and reduce the price of HD radios.

Ford Motor Company has a history of aggressively pursuing in-vehicle entertainment options. In September 2007, Ford became the first automaker to offer HD radio across multiple product lines. Working with Microsoft, we developed Ford SYNC, a revolutionary, voice activated mobile phone and digital music system which allows users to play their digital music libraries from nearly any device in their Ford vehicle. In the highly competitive automotive industry, Ford will continue to respond to the entertainment demands of customers, but needs the flexibility to pursue entertainment strategies. We believe that there is adequate competition for Satellite radio from CD, MP3 Audio, Bluetooth Streamed Audio, internet streamed audio and HD radio and that additional regulation is not necessary nor in the best interest of the consumer.

I appreciate the Commissions receptiveness to our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas R. VanDagens', with a long horizontal flourish extending to the right.

Douglas R. VanDagens
Director, Connected Services
Ford Motor Company

cc: The Honorable Kevin J. Martin
The Honorable Michael J. Copps
The Honorable Jonathan S. Adelstein
The Honorable Deborah Taylor Tate
The Honorable Robert M. McDowell
Mr. Julius Knapp
Mr. Jim Schlichting