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## **LEAGUE OF RURAL VOTERS: SIRIUS/XM MERGER IS NOT ECHOSTAR/DIRECTV**

***White Paper Details Market Distinctions Not Found in EchoStar/DirecTV Case***

**Washington, D.C. (June 21, 2007)** – The League of Rural Voters (LRV) today released a new analysis drawing clear differences between the DBS market in the 2002 Echostar/DirecTV attempt to merge, and the expanding, competitive audio entertainment market in the SIRIUS/XM merger. In doing so, LRV reaffirmed its support for the proposed merger between SIRIUS Satellite Radio (Nasdaq: SIRI) and XM Satellite Radio (Nasdaq: XMSR).

“Satellite radio is often the best source for music, news and talk in rural areas,” said LRV Executive Director Niel Ritchie. “However, it is far from the only choice. SIRIUS and XM are two small pieces in a very broad market. Rural consumers have an array of audio entertainment choices today and will continue to do so after the SIRIUS-XM merger.”

This array of consumer choices proves a key difference between the two merger applications, the paper argues. In the EchoStar/DirecTV case, the FCC determined that there were at most, two DBS providers. Some opponents of the merger have tried to describe it in the same terms but according to the report, “the Commission’s review of the proposed merger of DIRECTV and EchoStar in 2002 provides no guidance to the analysis applicable here.” It further adds, “...this is because the product markets at issue in the two transactions are fundamentally different.”

The analysis, “SIRIUS/XM vs. Echostar/DirecTV: A Fundamentally Different Merger for Rural Consumers,” was filed today in support of the companies’ application with the Federal Communications Commission (FCC). It includes findings regarding:

### **Distinct Market Definitions**

- The paper cites the 2002 FCC analysis of the EchoStar/DirecTV market, which narrowly defined each local market as the two DBS providers and the local cable monopoly. This is in stark contrast to the “broad and competitive audio entertainment market in which satellite radio competes,” a market that today includes terrestrial radio, Internet radio, iPODs and other MP3 players, CD players and mobile phones.

- The FCC also found there were significant barriers to entry in the DBS merger. This concern is moot in the satellite radio market, given the multitude of other competitors that have already entered the field and the anticipated release of future competitors such as HD radio and the Apple iPhone.

### **Different Impacts on Rural Consumers**

- The narrow finding on the DBS product market gave rise to a number of concerns, including the reduction of viewpoint diversity and the creation of a monopoly in areas where there was no cable. “The FCC found that DBS operators contribute to viewpoint diversity by playing a ‘gatekeeper role’ that ‘clearly affects’ which entertainment and news programming is available,” the paper says. “The audio entertainment market does not present the same concern, since it includes many different providers/editors.”
- Additionally, LRV’s analysis concludes that the FCC’s concerns in the EchoStar/DirectTV case do not apply to satellite radio because of its small saturation in a rapidly growing market, noting “... unlike the DBS merger reviewed by the FCC five years ago, the proposed merger between XM and SIRIUS comes at a time of strong and growing competition... In fact, in contrast to the DBS context, even a merged satellite radio provider would possess a slight market share and be constrained by the multiplicity of other media.”

LRV is one of a wide range of rural, consumer, and Hispanic and African American national organizations who have filed comments with the FCC in support of the merger. In their comments, LRV noted that the combined entity would offer listeners in rural communities more programming options at lower prices than those currently available from the two companies separately.

For further information on the League of Rural Voters, see [www.leagueofruralvoters.org](http://www.leagueofruralvoters.org). The complete analysis can be viewed at [www.SIRIUSmerger.com](http://www.SIRIUSmerger.com) and [www.XMmerger.com](http://www.XMmerger.com)

*The League of Rural Voters was founded in 1985 as a non-profit organization dedicated to increasing the representation of rural people in the public policy making process. The League seeks to build awareness of the economic challenges facing rural communities while advocating for federal and state policies that focus government resources on education, health care and local and regional economic development.*

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