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To: All Radio Clients

September 16, 2008

SHOULD SATELLITE RADIO RECEIVERS BE REQUIRED TO ALSO RECEIVE HD RADIO BROADCASTS?

THE FCC WANTS YOUR COMMENTS

COMMENTS DUE NOVEMBER 10, 2008; REPLIES DUE DECEMBER 9, 2008

The FCC has initiated a Notice of Inquiry (“NOI”) to determine whether devices capable of receiving satellite digital audio radio services (“SDARS”) also should be required to receive HD radio signals, and *vice versa*.

The FCC conditioned its approval of the XM/Sirius merger on several commitments by XM and Sirius, including that device manufacturers would be allowed to incorporate in SDARS receivers any other technology, including HD radio, that would not result in harmful interference with the XM/Sirius network. (The XM/Sirius merger decision was more fully discussed in our memorandum dated September 3, 2008). Several broadcasters, as well as members of Congress, urged the FCC to adopt a merger condition mandating the incorporation of HD radio technology in SDARS receivers with AM/FM capability. The FCC declined, but committed to issue a Notice of Inquiry within 30 days to explore this issue. The FCC now requests comment on this subject, including specifically the following issues:

- The extent to which multi-functional radio receivers that include SDARS, HD radio,

iPod, Internet or other audio entertainment services are already available;

- Whether all SDARS receivers should contain chips necessary to permit HD radio reception;
- The effect of receiver requirements (or the lack thereof) upon the development of HD radio;
- The incentives that might further facilitate the deployment of HD radios in new model automobiles;
- Whether SDARS receivers should be required to receive terrestrial broadcasting formats;
- Whether the FCC should require reduced royalty fees to iBiquity if it mandates the inclusion of HD radio chips in SDARS receivers;
- The appropriate timeframe for requiring the inclusion of HD chips in SDARS receivers; and
- Whether all HD receivers should also contain technology necessary to receive SDARS.

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The FCC's inquiry represents an excellent opportunity to explain to the FCC that requiring SDARS receivers to include HD radio capability is critical to promoting the development and acceptance of HD radio technology in which broadcasters have invested heavily, and that requiring SDARS receivers to also receive HD radio signals will help to level the playing field between the recently approved XM/Sirius satellite radio monopoly and free over the air radio broadcasters. Our firm intends to draft comments promoting the HD integration requirement that can be filed by a joint group of broadcasters. If you are interested in participating in this filing, please let us know.

Leventhal Senter & Lerman PLLC

This memorandum is intended only as a general discussion of these issues and should not be regarded as legal advice.

We would be pleased to provide additional details or advice about specific situations if desired.

To discuss any of the issues presented here, please contact any attorney in our office.