

Executive Summary: Digital Radio

To gain a better understanding about the market for digital radio, In-Stat conducted an online survey among members of its Technology Adoption Panel (TAP) on the topic. The two different types of digital radio are satellite radio and HD radio. The survey resulted in 1,403 respondents.

Key Findings of the Survey

Digital Radio Familiarity

While consumer awareness of satellite radio is quite high, it is much lower for digital terrestrial radio, otherwise known as HD Radio in the US. However, the percentage of respondents who expressed some level of familiarity with HD Radio did increase significantly between 2005 and 2006. Last year, approximately 57% of respondents were aware of HD Radio on some level. This percentage jumped to 73% in 2006.

As In-Stat stated last year, in order for HD Radio awareness to grow, technology providers and broadcasters have to increase their promotional efforts for HD Radio as a way to educate listeners about the technology, the benefits, and receiver availability. We believe this year's increased consumer awareness is a direct result of the US\$200-million promotional campaign that two major broadcasters, ClearChannel and Infinity, spearheaded throughout 2006. Other important factors in HD Radio adoption will be new content and affordable receiver prices.

Figure 1. Familiarity with Digital Terrestrial Radio (HD Radio), 2005 vs. 2006

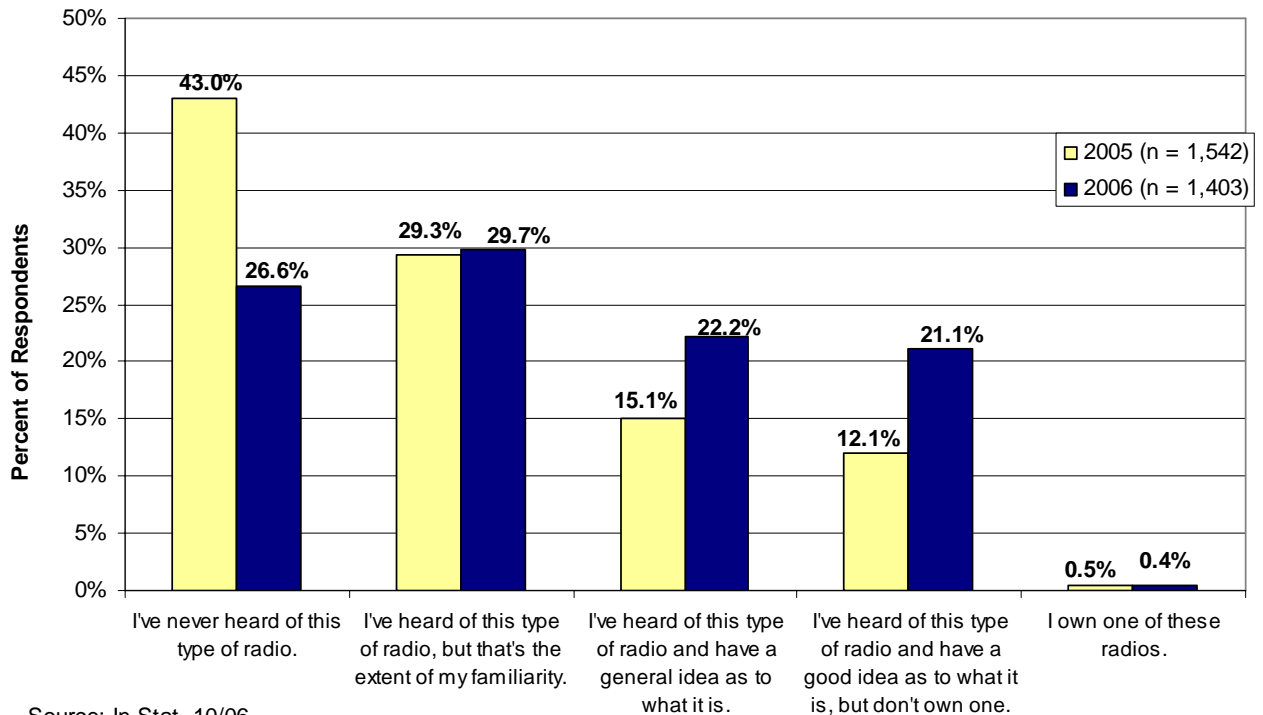
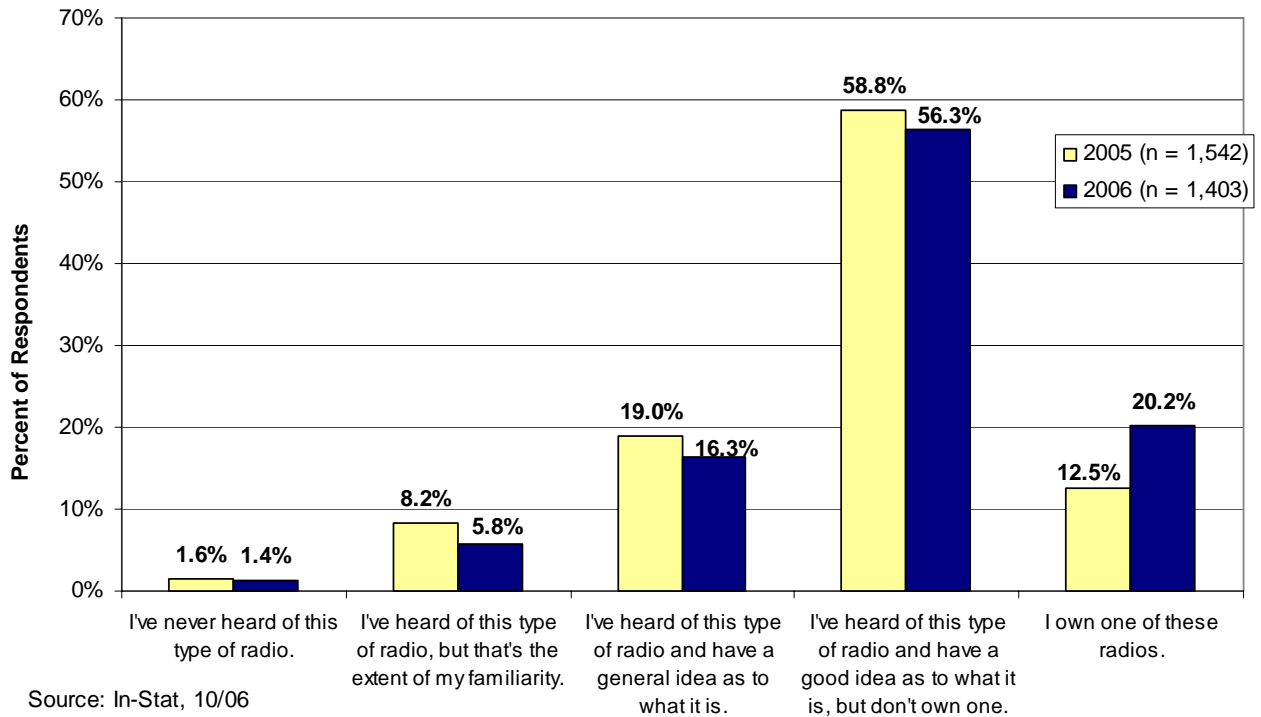


Figure 2. Familiarity with Satellite Radio, 2005 vs. 2006



Quite similar to the 2005 results, satellite radio awareness is high in 2006, with almost 100% of respondents reporting some level of familiarity with satellite radio. We believe the continued promotional efforts and partnerships between DARS and car OEMs are driving factors behind satellite radio awareness and adoption. Receiver availability in popular retail stores, such as Best Buy and Circuit City, will also continue to drive awareness of satellite radio, along with the fact that satellite radio receiver prices continue to fall rapidly.

Overall, respondents are more familiar with satellite radio than with HD Radio. This is not surprising, given the significant amount of promotion behind XM radio and Sirius radio. Less than 1.5% of respondents had never heard of satellite radio in this year's survey, compared to 27% of respondents who had never heard of HD Radio prior to this survey.