

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF
THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended September 30, 1996

Commission file number 0-24710

CD RADIO INC.

(Exact Name of Registrant as specified in Its Charter)

DELAWARE 52-1700207

(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

SIXTH FLOOR, 1001 22ND STREET, N.W., WASHINGTON, D.C. 20037

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: 202-296-6192

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 21, 1996.

<TABLE>
<CAPTION>
Class Outstanding

<S> <C>
COMMON STOCK, \$.001 PAR VALUE 10,184,748
</TABLE>

CD RADIO INC.

(A DEVELOPMENT STAGE ENTERPRISE)

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

For the Period	Three Months Ended		Nine Months Ended		(Date
May 17, 1990	September 30,	September 30,	September 30,	September 30,	to
of Inception)	1996	1995	1996	1995	to
September 30,	-----	-----	-----	-----	-----
1996	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	
<C>					
Revenue	\$ -	\$ -	\$ -	\$ -	\$
-					
Expenses:					
Legal, consulting and regulatory fees	372,137	405,427	978,521	814,366	
6,645,394					
Other general and administrative	285,259	289,058	865,743	842,227	
7,167,758					
Research and development	24,176	37,079	76,781	94,778	
1,875,837					
Write-off of investment in Sky-Highway Radio Corp.	-	-	-	-	
2,000,000					
Total expenses	681,572	731,564	1,921,045	1,751,371	
17,688,989					
Other income (expense)					
Interest income	17,447	31,065	62,836	111,573	
278,697					
Interest expense	(3,363)	(4,999)	(13,183)	(14,799)	
(166,365)					
	14,084	26,066	49,653	96,774	
112,332					
Net loss	\$ (667,488)	\$ (705,498)	\$ (1,871,392)	\$ (1,654,597)	
\$ (17,576,657)					
Net loss per common share	\$ (0.07)	\$ (0.08)	\$ (0.20)	\$ (0.18)	\$
(2.50)					

=====				
Weighted average common shares and common share equivalents outstanding	9,405,677	9,219,949	9,440,913	9,206,034
7,397,321	=====	=====	=====	=====
=====				

</TABLE>

The accompanying notes are an integral part of
these consolidated financial statements.

1

CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>
<CAPTION>

	September 30, 1996	December 31, 1995
	----- (unaudited)	-----
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 4,942,251	\$ 1,799,814
Receivable from shareholders	461,700	-
Prepaid expense and other	44,422	8,781
	-----	-----
Total current assets	5,448,373	1,808,595
	-----	-----
Property and equipment, at cost:		
Technical equipment	254,200	254,200
Office equipment and other equipment	89,220	89,220
Demonstration equipment	38,664	38,664
	-----	-----
	382,084	382,084
Less accumulated depreciation	(200,388)	(160,498)
	-----	-----
	181,696	221,586
Deposits	303,793	303,793
	-----	-----
Total Assets	\$ 5,933,862	\$ 2,333,974
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued expenses	\$ 146,981	\$ 46,521
Loan from officer	240,000	-
Other	21,069	20,716
	-----	-----
Total current liabilities	408,050	67,237
Loan from officer	-	240,000
Deferred rent and accrued interest	65,503	35,967
	-----	-----
Total liabilities	473,553	343,204
	-----	-----
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized; none issued or outstanding		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 10,203,308 and 9,305,760 shares issued and outstanding at September 30, 1996 and December 31, 1995, respectively	10,203	9,306
Additional paid-in capital	23,106,763	18,006,729
Deficit accumulated during the development stage	(17,576,657)	(15,705,265)
Deferred compensation on stock options granted	(80,000)	(320,000)
	-----	-----
Total stockholders' equity	5,460,309	1,990,770
Total liabilities and stockholders' equity	\$ 5,933,862	\$ 2,333,974
	=====	=====

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

Period	Nine Months Ended		For the
	September 30,	September 30,	May 17, 1990 (Date of to September 1996
Inception) 30,	1996	1995	1996
---	-----	-----	-----
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss	\$ (1,871,392)	\$ (1,654,597)	\$ (17,576,657)
Adjustments to reconcile net loss to net cash used in development stage activities:			
Depreciation and amortization	39,890	43,121	211,087
Write off of investment in Sky-Highway Radio Corp.	-	-	2,000,000
Compensation expense in connection with issuance of stock options	240,000	240,000	1,635,500
Common stock issued for services rendered	406,844	-	754,127
Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:			
Prepaid expense and other	(35,642)	520	(44,423)
Due to related party	-	-	350,531
Deposits	-	-	-
(303,793)			
Accounts payable and accrued expenses	100,460	123,625	222,220
Other liabilities	29,889	(1,787)	86,572
	-----	-----	-----
Net cash used in development stage activities	(1,089,951)	(1,249,118)	(12,664,836)
	-----	-----	-----
Cash flows from investing activities:			
Capital expenditures	-	(13,824)	(392,783)
Acquisition of Sky-Highway Radio Corp.	-	-	(2,000,000)
	-----	-----	-----
Net cash used in investing activities	-	(13,824)	(2,392,783)
	-----	-----	-----
Cash flows from financing activities:			
Proceeds from issuance of units and common stock	-	-	14,557,482
Proceeds from exercise of stock options	105,000	-	105,000
Proceeds from exercise of stock warrants	4,127,388	-	4,127,388
Proceeds from issuance of promissory notes	-	-	200,000
Proceeds from issuance of promissory notes to related parties	-	-	2,965,000
Repayment of promissory note	-	-	-
(200,000)			
Repayment of promissory notes to related parties	-	-	(2,195,000)
Loan from officer	-	-	440,000
	-----	-----	-----
Net cash provided by financing activities	4,232,388	-	19,999,870
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	3,142,437	(1,262,942)	4,942,251
Cash and cash equivalents at the beginning of period	1,799,814	3,400,261	-
	-----	-----	-----
Cash and cash equivalents at the end of period	\$ 4,942,251	\$ 2,137,319	\$ 4,942,251
	=====	=====	=====
Supplemental disclosure of cash information:			
Cash paid during the period for interest	\$ -	\$ -	\$ 40,063
	=====	=====	=====
Supplemental disclosure of non-cash financing activities:			
Common stock issued in satisfaction of notes payable to related parties, including accrued interest	\$ -	\$ -	\$ 998,452
	=====	=====	=====
Common stock issued in satisfaction of amounts due to related parties including accrued interest	\$ -	\$ -	\$ 409,390
	=====	=====	=====

Common stock issued in satisfaction of
commissions payable

\$ -	\$ -	\$ 20,000
=====	=====	=====

</TABLE>

The accompanying notes are an integral part of
these consolidated financial statements.

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CD RADIO INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 1996
(UNAUDITED)

GENERAL

The accompanying consolidated financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles. In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary to fairly reflect the Company's consolidated financial position and consolidated results of operations have been included.

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CD RADIO INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE ENTERPRISE)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company was organized in May 1990 and is in its development stage. The Company's principal activities to date have included technology development and pursuing regulatory approval for CD Radio. The Company has been unprofitable to date and expects to continue to incur substantial losses through at least the first full year of CD Radio service. Since its inception, the Company has not derived any revenues from operations and does not expect to generate any revenues from operations prior to the commencement of CD Radio, which is not expected to occur before the first half of 1999. In order to commence CD Radio service, the Company will require an FCC license (the FCC License) and substantial additional funds to finance construction of its satellite system, to plan and implement its service, to provide working capital and to sustain its operations until it generates positive cash flows from operations.

RESULTS OF OPERATIONS

The Company recorded net losses of \$1,872,000 and \$1,655,000 for the nine months ended September 30, 1996 and 1995, respectively, and \$667,000 and \$705,000 for the three months ended September 30, 1996 and 1995, respectively. The Company's total operating expenses were \$1,921,000 and \$1,751,000 for the nine months ended September 30, 1996 and 1995, respectively, and were \$682,000 for the three months ended September 30, 1996 compared to \$732,000 for the three months ended September 30, 1995. These levels of expenditures reflect reduced Company activity and are expected to remain at relatively low levels until the FCC License is received.

Legal, consulting and regulatory fees increased for the nine months ended September 30, 1996 to \$979,000 from \$814,000 for the nine months ended September 30, 1995 and were \$372,000 and \$405,000 for the three months ended September 30, 1996 and 1995, respectively. The increase in 1996 expenditures was the result of a rise in regulatory activity during the second quarter of 1996.

Research and development costs were \$77,000 and \$95,000 for the nine months ended September 30, 1996 and 1995, respectively, and \$24,000 and \$37,000 for the three months ended September 30, 1996 and 1995, respectively. This level of research and development cost was the result of the Company completing the majority of such activities in 1994.

Other general and administrative expenses increased for the nine months ended September 30, 1996 to \$866,000 from \$842,000 for the nine months ended September 30, 1995, and were \$285,000 and \$289,000 for the three month periods ended September 30, 1996 and 1995, respectively. The Company incurred noncash charges of \$240,000 in each of the nine month periods ended September 30, 1996 and 1995, attributable to the recognition of compensation expense in connection with stock options issued to officers of the Company.

The decrease of interest income to \$62,000 for the nine months ended September 30, 1996, from \$112,000 in the nine months ended September 30, 1995, and to \$17,000 from \$31,000 for the three month periods ended September 30, 1996 and 1995, respectively, was the result of a higher average cash balance during 1995. The cash and cash equivalents on hand were originally obtained from the Company's initial

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public offering in September of 1994. During the three months ended September 30, 1996, the Company received \$4.1 million from the exercise of outstanding warrants.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1996, the Company had working capital of approximately \$5,040,000, compared to \$1,741,000 at December 31, 1995. The Company received \$4.1 million through the exercise of stock warrants through September 30, 1996, and received an additional \$462,000 in October 1996. Should the Company receive its FCC License, the Company will require substantial additional financing to complete the construction and launch of its satellite system and to fund at least the first full year of CD Radio service.

The Company estimates that upon receipt of the FCC License it will require cash in the aggregate amount of \$70 million, \$181 million and \$228 million in the first, second and third years, respectively, following receipt of the FCC License to fund the construction and launch of the Company's satellites, the commencement of CD Radio and to provide cash reserves for the first year of service.

The Company believes that its working capital is sufficient to fund planned operations through the receipt of the FCC License. There can be no assurance, however, that the Company's actual cash requirements will not exceed its anticipated pre-FCC License cash requirements, that additional cash requirements will not arise or that additional financing will not be required prior to the receipt of the FCC License. Upon receipt of the FCC License, the Company intends to seek additional financing through further debt and equity financings. However, there can be no assurance that the Company will be able to raise additional financing on favorable terms, if at all, or that it will be able to do so on a timely basis. If such financing were not available on a timely basis, the Company would be required to delay satellite and/or launch vehicle construction in order to conserve cash to fund continued operations, which would cause delays in commencement of its operations and increased costs.

The Company believes that it is likely that the FCC will choose to auction the spectrum required for its satellite radio service. The Company's estimated cash requirements, however, do not include any amounts that the Company may be required to pay to receive an FCC License in the event that the FCC determines to auction such spectrum. There can be no assurance that the Company would be a successful bidder in any FCC auction of such spectrum, and the Company is unable to predict the amount that the Company may be required to pay to receive an FCC License if the FCC applies auction requirements and the Company receives the FCC License, whether through a Pioneer's Preference or by being a successful bidder in an auction.

The Company's estimates of its cash requirements are forward-looking statements that involve a number of risks and uncertainties. Such estimates assume that the FCC License is received in the last quarter of 1996 or the first quarter of 1997, and that the operation of CD Radio commences in the second half of 1999, and do not include the price that the Company would have to pay for the FCC License if, as presently anticipated, the FCC subjects the FCC License to auction requirements. The Company's actual future cash requirements will depend upon numerous factors, including the costs associated with the construction and deployment of the satellite system and the rate of growth of its business subsequent to commencing service. Additional funds would be required in the event of delay, cost overruns, launch failure, launch services or satellite system change orders, or any shortfalls in estimated levels of operating cash flow, or to meet unanticipated expenses, or to pay the cost of the FCC License if the FCC applies auction requirements to the FCC License as presently anticipated.

The Company anticipates funding its projected cash requirements through the completion of additional equity financings. There can be no

assurance that the Company will be able to obtain financing on favorable terms, if at all, or that it will be able to do so on a timely basis.

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In October 1996, the Company entered into a private placement agreement for the issuance of \$62.5 million in 5% Delayed Convertible Preferred Stock, convertible to common stock at conversion prices based on discounts to future market prices. Closing the sale of Preferred Stock is subject to a number of conditions, including conditions relating to the Company's application for the FCC License, and the agreement contains certain limitations on the Company's use of proceeds and other corporate actions. There can be no assurance that the agreement will not be amended or terminated, or that any of the Preferred Stock will be sold pursuant thereto. These securities have not been registered under the Securities Act of 1933 or the securities laws of any state, and may not be offered or sold to any person unless registered or an exemption from registration is available.

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PART II.

OTHER INFORMATION

Item 5. Other Information

On August 2, 1996, a bill was introduced before the House of Representatives of the Congress of the United States that would, among other things, terminate the authority of the Federal Communications Commission to provide preferential treatment in licensing procedures under the pioneer preference program. This bill was not passed during the 104th Congress. There can be no assurance that similar legislation will not be proposed in future congressional sessions.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

<TABLE>	
<CAPTION>	
EXHIBIT NUMBER -----	DESCRIPTION -----
<S>	<C>
3.1	Amended and Restated Certificate of Incorporation.(2)
3.2	Amended and Restated By-Laws.(2)
4.1	Description of Capital Stock contained in the Amended and Restated Certificate of Incorporation (see Exhibit 3.1).(2)
4.2	Description of Rights of Security Holders contained in the Amended and Restated Bylaws (see Exhibit 3.2).(2)
4.3	Form of Certificate for Shares of Common Stock.(3)
4.4	Form of Common Stock Purchase Warrant Agreement between the Company and Continental Stock Transfer and Trust Company.(4)
4.5	Form of Common Stock Purchase Warrant Certificate.(4)
4.6	Form of Representatives' Warrant Agreement among the Company, First Marathon (U.S.A.) Inc., First Marathon Securities Limited and Continental Stock Transfer and Trust Company.(4)
4.7	Form of Representatives' Warrant Certificate.(4)
10.1	Option Agreement, dated January 23, 1992, between the Company and New World Sky Media.(2)
10.2	Lease Agreement, dated October 20, 1992, between 22nd & K Street Office Building Limited Partnership and the Company.(2)
10.3	Letter Agreement, dated November 18, 1992, between the Company and Batchelder & Partners, Inc.(2)
10.4.1	Employment Agreement, dated January 29, 1993, between the Company and Richard Cooperman.(5)
10.4.2	Agreement, dated June 20, 1994, between the Company and Richard Cooperman. (6)
10.5	Proprietary Information and Non-Competition Agreement, dated February 1, 1993, for Richard Cooperman.(2)
10.6	Option and Purchase Agreement, dated February 2, 1993, between the Company and Charles W. Ergen and David M. Drucker.(2)
10.7.1	Proprietary Information and Non-Competition Agreement, dated February 9, 1993, for Robert Briskman.(2)
10.7.2	Amendment No. 1 to Proprietary Information and Non-Competition Agreement between the Company and Robert Briskman.(2)

</TABLE>

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
**10.8.1	Satellite Construction Agreement, dated March 2, 1993, between Space Systems/Loral and the Company.(2)
**10.8.2	Amendment No. 1 to Satellite Construction Agreement, effective December 28, 1993, between Space Systems/Loral and the Company.(2)
**10.8.3	Amendment No. 2 to Satellite Construction Agreement, effective March 8, 1994, between Space Systems/Loral and the Company.(3)
10.8.4	Amendment No. 3 to Satellite Construction Agreement, effective February 12, 1996, between Space Systems/Loral, Inc. and the Company.(15)
10.8.5	Amendment No. 4 to Satellite Construction Agreement, effective June 18, 1996, between Space Systems/Loral, Inc. and the Company.
10.8.6	Amendment No. 5 to Satellite Construction Agreement, effective August 26, 1996, between Space Systems/Loral, Inc. and the Company.
10.9	Assignment of Technology Agreement, dated April 15, 1993, between Robert Briskman and the Company.(2)
10.10	Agency Agreement, dated April 27, 1993, between the Company and First Marathon Securities Limited.(2)
10.11	Demand Note and Grant of Warrant to Robert Friedland, dated April 28, 1993.(2)
10.12	Amended and Restated Option Agreement between the Company and Robert Briskman.(2)
10.13	Demand Note and Grant of Warrant to Robert Friedland, dated October 13, 1993.(2)
10.14.1	Launch Reservation Agreement, dated September 20, 1993, between the Company and Arianespace.(7)
10.14.2	Modification of Launch Reservation Agreement, dated April 1, 1994, between the Company and Arianespace.(3)
10.14.3	Second Modification of Launch Reservation Agreement, dated August 10, 1994, between the Company and Arianespace.(8)
10.4.4	Third Modification of Launch Reservation Agreement, dated November 8, 1995, between the Company and Arianespace.
10.4.5	Fourth Modification of Launch Reservation Agreement, dated August 30, 1996, between the Company and Arianespace.
10.15	Option Agreement, effective as of October 16, 1991, between the Company and Charles Dalfen.(2)
10.16	Option Agreement, effective as of October 16, between the Company and Charles Dalfen.(2)
10.17.1	Employment and Noncompetition Agreement between the Company and David Margolese.(9)
10.17.2	First Amendment to Employment Agreement between the Company and David Margolese.(6)
10.18.1	Employment and Noncompetition Agreement between the Company and Robert Briskman.(10)
10.18.2	First Amendment to Employment Agreement between the Company and Robert Briskman.(6)
10.19	Registration Agreement, dated January 2, 1994, between the Company and M.A. Rothblatt and B.A. Rothblatt.(2)
10.20	1994 Stock Option Plan.(2)
10.21	Amended and Restated 1994 Directors' Nonqualified Stock Option Plan.(15)
10.22	Form of Lock-Up Agreement executed by certain holders of the Company's Common Stock.(6)
10.23	Option Agreement, dated as of October 21, 1992, between the Company and Batchelder & Partners, Inc.(11)
10.24	Settlement Agreement, dated as of February 2, 1994, between the Company and New World Sky Media Inc. and Bryan Kim.(2)

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EXHIBIT NUMBER	DESCRIPTION
<S>	<C>
10.25.1	Employment and Noncompetition Agreement between the Company and Margaret E. Grayson.(12)
10.25.2	First Amendment to Employment Agreement between the Company and Margaret E. Grayson.(6)
10.25.3	Second Amendment to Employment Agreement between the Company and Margaret E. Grayson.(6)
10.26	Settlement Agreement, dated as of April 1, 1994, among the Company, M.A. Rothblatt, B.A. Rothblatt and Marcor, Inc.(3)
10.27.1	Demand Note, dated April 19, 1994, in favor of David Margolese.(13)
10.27.2	Note, dated June 30, 1994, in favor of David Margolese.(8)
10.28	Demand Note, dated April 19, 1994, between the Company and D. Friedland.(6)
10.29.1	Demand Note, dated July 5, 1994, in favor of Jobrenco Limited.(6)
10.29.2	Security Agreement, dated July 5, 1994, between the Company and Jobrenco Limited.(6)
10.30	Placement Agreement, dated April 27, 1993, between the Company and First Marathon Securities Limited.(6)
10.31	Letter of Understanding, dated December 3, 1993, between the Company and The Seidler Companies Incorporated.(6)
10.32	Form of Subscription Agreement among First Marathon Securities Limited and Canadian Purchasers.(1)
10.33	Form of Subscription Agreement among First Marathon Securities Limited and Non-U.S. and Non-Canadian Purchasers.(1)
10.34	Form of Underwriting Agreement (see Exhibit 1.1)
10.35	Letter Agreement, dated January 13, 1995, between the Company and Brenner Securities.(15)
10.36	1995 Stock Compensation Plan.(15)

</TABLE>

- ** Portions of these exhibits have been omitted pursuant to an Application for Confidential Treatment filed with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.
- (1) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed September 8, 1994, to the Registrant's Registration Statement No. 33-74782 M Form S-1 filed with the Commission on February 2, 1994.
- (2) Incorporated by reference to the same-numbered exhibit to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (3) Incorporated by reference to the same-numbered exhibit to Amendment No. 2, filed with the Commission on April 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (4) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed with the Commission on September 8, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (5) Incorporated by reference to exhibit 10.5 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (6) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed with the Commission on August 2, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (7) Incorporated by reference to Exhibit No. 10.15 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.

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- (8) Incorporated by reference to the same-numbered exhibit to Amendment No. 4, filed with the Commission on August 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (9) Incorporated by reference to Exhibit No. 10.18 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (10) Incorporated by reference to Exhibit No. 10.19 to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (11) Incorporated by reference to Exhibit No. 1, filed with the Commission on March 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.
- (12) Incorporated by reference to Exhibit No. 10.26 to Amendment No. 2, filed with the Commission on April 13, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.
- (13) Incorporated by reference to Exhibit No. 10.28 to Amendment No. 3 filed with the Commission on August 2, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.
- (14) Incorporated by reference to the same-numbered exhibit to Registrant's Annual Report in Form 10-K for the fiscal year ended December 31, 1994, Commission File No. 0-24710.
- (15) Incorporated by reference to the same-numbered exhibit to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, Commission File No. 0-24710.

(b) Reports on Form 8-K

On September 11, 1996, the Company filed a report on Form 8-K under Item 5 reporting on the status of the Company's application for a license (the "FCC License") to construct, launch and operate satellites to provide Digital Audio Radio Service ("DARS").

On September 18, 1996, the Company filed a report on Form 8-K under Item 5 and Item 7 filing a press release announcing commitments of approximately \$50 million for a private placement of convertible preferred securities.

On October 16, 1996, the Company filed a report on Form 8-K under

Item 5 reporting the exercise of warrants.

On October 30, 1996, the Company filed a report on Form 8-K under Item 5 and Item 7 filing a press release announcing the execution of definitive agreements with respect to a private placement of preferred stock.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CD RADIO INC.
(Registrant)

Date: November 14, 1996 /s/ David Margolese

Chairman and
Chief Executive Officer
(Duly authorized officer and
principal financial officer)

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INDEX TO EXHIBITS

<TABLE> <CAPTION> EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NUMBER -----
<S>	<C>	
3.1	Amended and Restated Certificate of Incorporation.(2)	
3.2	Amended and Restated By-Laws.(2)	
4.1	Description of Capital Stock contained in the Amended and Restated Certificate of Incorporation (see Exhibit 3.1).(2)	
4.2	Description of Rights of Security Holders contained in the Amended and Restated Bylaws (see Exhibit 3.2).(2)	
4.3	Form of Certificate for Shares of Common Stock.(3)	
4.4	Form of Common Stock Purchase Warrant Agreement between the Company and Continental Stock Transfer and Trust Company.(4)	
4.5	Form of Common Stock Purchase Warrant Certificate.(4)	
4.6	Form of Representatives' Warrant Agreement among the Company, First Marathon (U.S.A.) Inc., First Marathon Securities Limited and Continental Stock Transfer and Trust Company.(4)	
4.7	Form of Representatives' Warrant Certificate.(4)	
10.1	Option Agreement, dated January 23, 1992, between the Company and New World Sky Media.(2)	
10.2	Lease Agreement, dated October 20, 1992, between 22nd & K Street Office Building Limited Partnership and the Company.(2)	
10.3	Letter Agreement, dated November 18, 1992, between the Company and Batchelder & Partners, Inc.(2)	
10.4.1	Employment Agreement, dated January 29, 1993, between the Company and Richard Cooperman.(5)	
10.4.2	Agreement, dated June 20, 1994, between the Company and Richard Cooperman. (6)	
10.5	Proprietary Information and Non-Competition Agreement, dated February 1, 1993, for Richard Cooperman.(2)	
10.6	Option and Purchase Agreement, dated February 2, 1993, between the Company and Charles W. Ergen and David M. Drucker.(2)	
10.7.1	Proprietary Information and Non-Competition Agreement, dated February 9, 1993, for Robert Briskman.(2)	
10.7.2	Amendment No. 1 to Proprietary Information and Non-Competition Agreement between the Company and Robert Briskman.(2)	
**10.8.1	Satellite Construction Agreement, dated March 2, 1993, between Space Systems/Loral and the Company.(2)	
**10.8.2	Amendment No. 1 to Satellite Construction Agreement, effective December 28, 1993, between Space Systems/Loral and the Company.(2)	
**10.8.3	Amendment No. 2 to Satellite Construction Agreement, effective March 8, 1994,	

10.8.4	between Space Systems/Loral and the Company.(3) Amendment No. 3 to Satellite Construction Agreement, effective February 12, 1996, between Space Systems/Loral, Inc. and the Company.(15)
10.8.5	Amendment No. 4 to Satellite Construction Agreement, effective June 18, 1996, between Space Systems/Loral, Inc. and the Company.
10.8.6	Amendment No. 5 to Satellite Construction Agreement, effective August 26, 1996, between Space Systems/Loral, Inc. and the Company.
10.9	Assignment of Technology Agreement, dated April 15, 1993, between Robert Briskman and the Company.(2)
10.10	Agency Agreement, dated April 27, 1993, between the Company and First Marathon Securities Limited.(2)
10.11	Demand Note and Grant of Warrant to Robert Friedland, dated April 28, 1993.(2)
10.12	Amended and Restated Option Agreement between the Company and Robert Briskman.(2)

</TABLE>

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<TABLE>		
<CAPTION>		
EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NUMBER -----
<S>	<C>	
10.13	Demand Note and Grant of Warrant to Robert Friedland, dated October 13, 1993.(2)	
10.14.1	Launch Reservation Agreement, dated September 20, 1993, between the Company and Arianespace.(7)	
10.14.2	Modification of Launch Reservation Agreement, dated April 1, 1994, between the Company and Arianespace.(3)	
10.14.3	Second Modification of Launch Reservation Agreement, dated August 10, 1994, between the Company and Arianespace.(8)	
10.14.4	Third Modification of Launch Reservation Agreement dated November 8, 1995, between the Company and Arianespace.	
10.14.5	Fourth Modification of Launch Reservation Agreement dated August 30, 1996, between the Company and Arianespace.	
10.15	Option Agreement, effective as of October 16, 1991, between the Company and Charles Dalfen.(2)	
10.16	Option Agreement, effective as of October 16, between the Company and Charles Dalfen.(2)	
10.17.1	Employment and Noncompetition Agreement between the Company and David Margolese.(9)	
10.17.2	First Amendment to Employment Agreement between the Company and David Margolese.(6)	
10.18.1	Employment and Noncompetition Agreement between the Company and Robert Briskman. (10)	
10.18.2	First Amendment to Employment Agreement between the Company and Robert Briskman.(6)	
10.19	Registration Agreement, dated January 2, 1994, between the Company and M.A. Rothblatt and B.A. Rothblatt.(2)	
10.20	1994 Stock Option Plan.(2)	
10.21	Amended and Restated 1994 Directors' Nonqualified Stock Option Plan.(15)	
10.22	Form of Lock-Up Agreement executed by certain holders of the Company's Common Stock. (6)	
10.23	Option Agreement, dated as of October 21, 1992, between the Company and Batchelder & Partners, Inc.(11)	
10.24	Settlement Agreement, dated as of February 2, 1994, between the Company and New World Sky Media Inc. and Bryan Kim.(2)	
10.25.1	Employment and Noncompetition Agreement between the Company and Margaret E. Grayson.(12)	
10.25.2	First Amendment to Employment Agreement between the Company and Margaret E. Grayson.(6)	
10.25.3	Second Amendment to Employment Agreement between the Company and Margaret E. Grayson.(6)	
10.26	Settlement Agreement, dated as of April 1, 1994, among the Company, M.A. Rothblatt, B.A. Rothblatt and Marcor, Inc.(3)	
10.27.1	Demand Note, dated April 19, 1994, in favor of David Margolese.(13)	
10.27.2	Note, dated June 30, 1994, in favor of David Margolese.(8)	
10.28	Demand Note, dated April 19, 1994, between the Company and D. Friedland.(6)	
10.29.1	Demand Note, dated July 5, 1994, in favor of Jobrenco Limited.(6)	
10.29.2	Security Agreement, dated July 5, 1994, between the Company and Jobrenco Limited.(6)	
10.30	Placement Agreement, dated April 27, 1993, between the Company and First Marathon Securities Limited.(6)	
10.31	Letter of Understanding, dated December 3, 1993, between the Company and The Seidler Companies Incorporated.(6)	

</TABLE>

-14-

<TABLE>		
<CAPTION>		
EXHIBIT NUMBER	DESCRIPTION	PAGE NUMBER

----- <S>	----- <C>	-----
10.32	Form of Subscription Agreement among First Marathon Securities Limited and Canadian Purchasers.(1)	
10.33	Form of Subscription Agreement among First Marathon Securities Limited and Non-U.S. and Non-Canadian Purchasers.(1)	
10.34	Form of Underwriting Agreement (see Exhibit 1.1)	
10.35	Letter Agreement, dated January 13, 1995, between the Company and Brenner Securities.(15)	
10.36	1995 Stock Compensation Plan.(15)	
11.1	Computation of net loss per share	
27.1	Financial Data Schedule	

</TABLE>

- ** Portions of these exhibits have been omitted pursuant to an Application for Confidential Treatment filed with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.
- (1) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed September 8, 1994, to the Registrant's Registration Statement No. 33-74782 M Form S-1 filed with the Commission on February 2, 1994.
- (2) Incorporated by reference to the same-numbered exhibit to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (3) Incorporated by reference to the same-numbered exhibit to Amendment No. 2, filed with the Commission on April 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (4) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed with the Commission on September 8, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (5) Incorporated by reference to exhibit 10.5 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (6) Incorporated by reference to the same-numbered exhibit to Amendment No. 5, filed with the Commission on August 2, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (7) Incorporated by reference to Exhibit No. 10.15 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (8) Incorporated by reference to the same-numbered exhibit to Amendment No. 4, filed with the Commission on August 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (9) Incorporated by reference to Exhibit No. 10.18 to the Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (10) Incorporated by reference to Exhibit No. 10.19 to Registrant's Registration Statement No. 33-74782 on Form S-1 filed with the Commission on February 2, 1994.
- (11) Incorporated by reference to Exhibit No. 1, filed with the Commission on March 14, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.
- (12) Incorporated by reference to Exhibit No. 10.26 to Amendment No. 2, filed with the Commission on April 13, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.

-15-

- (13) Incorporated by reference to Exhibit No. 10.28 to Amendment No. 3 filed with the Commission on August 2, 1994, to Registrant's Registration Statement No. 33-74782 on Form S-1 as filed with the Commission on February 2, 1994.
- (14) Incorporated by reference to the same-numbered exhibit to Registrant's Annual Report in Form 10-K for the fiscal year ended December 31, 1994, Commission File No. 0-24710.
- (15) Incorporated by reference to the same-numbered exhibit to Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, Commission File No. 0-24710.

CONTRACT AMENDMENT NO. 4
TO
CONTRACT NO. SS/L-TP93002-01
AND
SPACE SYSTEMS/LORAL
FOR
DELIVERY OF CD RADIO DARS SYSTEM

THIS CONTRACT AMENDMENT NO. 4 (the "Amendment") is entered into effective as of the 18 day of June 1996, between CD RADIO INC. (the "Purchaser") and SPACE SYSTEMS/LORAL, INC. (the "Contractor").

WHEREAS, Contractor and Purchaser are parties to Contract No. SS/L-TP93002-01 dated March 2, 1993, as amended by the parties thereto, most recently pursuant to Contract Amendment No. 3 dated 12 February 1996 (as so amended, the "Contract").

WHEREAS, Contractor and Purchaser desire to amend the Contract,

NOW, THEREFORE, in consideration of the mutual covenants and conditions in this Amendment and the Agreement, the receipt and sufficiency of which are hereby acknowledged; the parties hereto agree as follows:

1. The page from the Contract, attached to this Amendment as Exhibit A and incorporated herein by reference, are hereby substituted for existing pages in the Contract, in their entirety, as follows:

Existing Page (Remove)	Replacement Page (Attached)
71	71

2. All capitalized terms in this Amendment, not otherwise defined herein, shall have the meanings ascribed to them in the Contract.

3. The Contract, as modified by the express terms of this Amendment, is hereby ratified and affirmed by Purchaser and Contractor, and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first above written.

CONTRACTOR:	PURCHASER:
SPACE SYSTEMS/LORAL, INC.	CD RADIO INC.

By: _____	By: _____
Name: C.P. DeWitt	Name: R.D. Briskman
Title: Executive Vice President	Title: President

EXHIBIT A - AMENDMENT 4

ARTICLE 44 AGREEMENT EXPIRATION

It is agreed between the Parties that if CD Radio Inc. has not been granted a license and construction permit from the Federal Communication Commission by September 1, 1996, then the provisions of this Contract shall become null and void, and the Parties shall have no further obligation whatsoever to each other, and no financial obligation shall exist by either Party to the other Party.

CONTRACT AMENDMENT NO. 5
TO
CONTRACT NO. SS/L-TP93002-01
AND
SPACE SYSTEMS/LORAL
FOR
DELIVERY OF CD RADIO DARS SYSTEM

THIS CONTRACT AMENDMENT NO. 5 (the "Amendment") is entered into effective as of the 26th day of August 1996, between CD RADIO INC. (the "Purchaser") and SPACE SYSTEMS/LORAL, INC. (the "Contractor").

WHEREAS, Contractor and Purchaser are parties to Contract No. SS/L-TP93002-01 dated March 2, 1993, as amended by the parties thereto, most recently pursuant to Contract Amendment No. 4 dated June 18, 1996 (as so amended, the "Contract").

WHEREAS, Contractor and Purchaser desire to amend the Contract,

NOW, THEREFORE, in consideration of the mutual covenants and conditions in this Amendment and the Agreement, the receipt and sufficiency of which are hereby acknowledged; the parties hereto agree as follows:

1. The page from the Contract, attached to this Amendment as Exhibit A and incorporated herein by reference, are hereby substituted for existing pages in the Contract, in their entirety, as follows:

Existing Page (Remove)	Replacement Page (Attached)
71	71

2. All capitalized terms in this Amendment, not otherwise defined herein, shall have the meanings ascribed to them in the Contract.

3. The Contract, as modified by the express terms of this Amendment, is hereby ratified and affirmed by Purchaser and Contractor, and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first above written.

CONTRACTOR:

PURCHASER:

SPACE SYSTEMS/LORAL, INC.

CD RADIO INC.

By: _____
Name: C.P. DeWitt

By: _____
Name: R.D. Briskman

Title: Executive Vice President

Title: President

EXHIBIT A - AMENDMENT 5

ARTICLE 44 AGREEMENT EXPIRATION

It is agreed between the Parties that if CD Radio Inc. has not been granted a license and construction permit from the Federal Communication Commission by December 31, 1996, then the provisions of this Contract shall become null and void, and the Parties shall have no further obligation whatsoever to each other, and no financial obligation shall exist by either Party to the other Party.

EXHIBIT 10.14.4

[ARIANESPACE LETTERHEAD]
SENIOR VICE-PRESIDENT
MARKETING-CUSTOMER'S SERVICE
AND INTERNATIONAL AFFAIRS

CD Radio, Inc.
Mr. Robert Briskman
President, Systems Group
1001 22nd Street, NW
Washington, DC 20037
USA

Washington, November 8, 1995

Dear Mr. Briskman,

In accordance with terms of the Launch Opportunity Reservation Agreement (LORA) between CD Radio and Arianespace, and pursuant to your request for modification of the LORA, Arianespace is pleased to revise the specified Launch Period as follows:

The launch Period shall be the six (6) month period from January, 1999 to June 30, 1999.

We trust that this adjustment to the terms of our agreement will support the plans and preparation of the CD Radio program. Arianespace looks forward to the launch of your satellites, and initiation of your service in 1999. Please let us know if we can be of further assistance in the interim.

Both parties agree that this modification is made notwithstanding the terms of Article 5 of the LORA.

Could you kindly indicate your approval of the above by returning an executed original of this letter.

Yours Sincerely,

Dr. Ralph-Werner Jaeger

Acknowledged and agreed to
for CD Radio, Inc.

EXHIBIT 10.14.5

[ARIANESPACE LETTERHEAD]
SENIOR VICE-PRESIDENT
MARKETING-CUSTOMER'S SERVICE
AND INTERNATIONAL AFFAIRS

CD RADIO INC.
Mr. Robert Briskman
President, Systems Group
1001 22nd Street, NW
Washington, DC 20037
USA

Evry, August 30, 1996
DGC/RJ/cpL96246

Subject: Launch Opportunity Reservation Agreement 95.5.921
between Arianespace and CD Radio ("The LORA")

Dear Mr. Briskman,

As discussed, we are pleased to revise certain terms of the LORA
as follows:

- The Launch Period reserved for CD Radio under Article 1
of the LORA is changed to 1 May 1999 up to and including
30 October 1999.
- Notwithstanding the terms of Article 6 of the LORA, the
reservation for the Launch Period referred to hereabove
shall be valid until 31st December 1996.
- The above amendments to the LORA are made
notwithstanding the provisions of Article 5 of the LORA
and all other terms thereof remain unchanged.

Could you kindly confirm your approval of the above terms by
returning an executed copy of this letter.

Best regards,

Dr. Ralph-Werner Jaeger

CD Radio Inc.

Mr. Robert D. Briskman
President, Systems Group

CD RADIO INC.
(A DEVELOPMENT STAGE ENTERPRISE)
COMPUTATION OF NET LOSS PER SHARE

<TABLE>
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period 17, 1990 (date of inception) September 30, 1996	Three months ended		Nine months ended		For the May to
	September 30, 1996	September 30, 1995	September 30, 1996	September 30, 1995	
<S> Net loss (\$17,576,657)	<C> (\$667,488)	<C> (\$705,498)	<C> (\$1,871,372)	<C> (\$1,654,597)	<C>
Weighted average common shares 7,024,303 outstanding	9,405,766	9,219,949	9,440,913	9,206,034	
Net common shares issuable upon the exercise of outstanding options issued within one year of initial public offering	--	--	--	--	
373,018 Weighted average common shares outstanding	9,405,677	9,219,949	9,440,913	9,206,034	
7,397,321 Net loss per common share and common share equivalent	(\$0.07)	(\$0.08)	(\$0.20)	(\$0.18)	
(\$2.50)					

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