

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 JUNE 30, 2002
Commission file number 0-24710

<TABLE>
<S> <C> SIRIUS SATELLITE RADIO INC. <C>
(Exact name of registrant as specified in its charter)
DELAWARE
(State or other jurisdiction of
incorporation or organization) 52-1700207
(I.R.S. Employer
Identification
No.)
1221 AVENUE OF THE AMERICAS, 36TH FLOOR
NEW YORK, NEW YORK 10020
(Address of principal executive offices)
(Zip code)
212-584-5100
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

</TABLE>

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 the latest practicable date.

COMMON STOCK, \$.001 PAR VALUE 76,830,004 SHARES
(Class) (Outstanding as of August 9, 2002)

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

MONTHS	FOR THE THREE MONTHS		FOR THE SIX	
	ENDED JUNE 30,		ENDED JUNE	
30,	-----		-----	
2001	2002	2001	2002	
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Revenue:				
Subscriber revenue	\$ 50	\$ --	\$ 54	\$
--				
Advertising revenue, net of agency fees	20	--	49	
--				
Total revenue	70	--	103	
--				
Operating expenses:				
Cost of services (exclusive of depreciation expense shown separately below):				
Satellite and transmission	8,450	7,418	17,207	
14,423				
Programming and content	4,125	1,906	7,908	
3,920				
Customer service center and billing	1,882	1,506	3,724	
3,132				
Sales and marketing	30,901	4,704	46,560	
9,678				
General and administrative	8,588	5,980	16,128	
11,853				
Research and development	13,425	11,264	21,138	
26,078				
Depreciation expense	22,099	2,227	36,580	
4,295				
Non-cash stock compensation expense (benefit) (1)	491	11,647	(8,533)	
12,589				
Total operating expenses	89,961	46,652	140,712	
85,968				
Loss from operations	(89,891)	(46,652)	(140,609)	
(85,968)				
Other income (expense):				
Interest and investment income	1,517	5,769	3,517	
9,376				
Interest expense, net of amounts capitalized	(24,893)	(21,185)	(55,086)	
(39,565)				
Total other expense	(23,376)	(15,416)	(51,569)	
(30,189)				

Net loss	(113,267)	(62,068)	(192,178)	
(116,157)				
Preferred stock dividends	(11,165)	(10,223)	(22,207)	
(20,388)				
Preferred stock deemed dividends	(171)	(170)	(342)	
(339)				

Net loss applicable to common stockholders	\$ (124,603)	\$ (72,461)	\$ (214,727)	\$
(136,884)				
=====				
Net loss per share applicable to common stockholders (basic and diluted)	\$ (1.62)	\$ (1.35)	\$ (2.85)	\$
(2.71)				
=====				
Weighted average common shares outstanding (basic and diluted)	76,715	53,861	75,296	
50,498				
=====				
(1) Allocation of non-cash stock compensation expense (benefit) to other operating expenses:				
Satellite and transmission	\$ 84	\$ 1,697	\$ (1,512)	\$
1,685				
Programming and content	59	2,040	(1,862)	
1,985				
Customer service center and billing	3	205	(182)	
211				
Sales and marketing	202	2,015	(1,170)	
2,100				
General and administrative	85	2,584	(1,771)	
3,035				
Research and development	58	3,106	(2,036)	
3,573				

Non-cash stock compensation expense (benefit)	\$ 491	\$ 11,647	\$ (8,533)	\$
12,589				
=====				

</TABLE>

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

1

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	JUNE 30, 2002	DECEMBER 31, 2001
	----- (UNAUDITED) -----	----- ----- -----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,965	\$ 4,726
Marketable securities	294,781	304,218
Restricted investments	--	14,798
Prepaid expenses	20,238	12,161
Other current assets	666	142
	-----	-----
Total current assets	340,650	336,045
Property and equipment, net	1,076,743	1,082,915
FCC license	83,654	83,654
Restricted investments, net of current portion	7,200	7,200
Other long-term assets	15,153	17,791
	-----	-----
Total assets	\$1,523,400	\$1,527,605
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 48,767	\$ 39,836
Accrued interest	4,665	5,477
Satellite construction payable	1,475	--

Current portion of long-term debt	30,000	15,000
	-----	-----
Total current liabilities	84,907	60,313
Long-term debt, net of current portion	568,654	589,990
Deferred satellite payments and accrued interest	70,576	67,201
Other long-term liabilities	2,267	2,284
	-----	-----
Total liabilities	726,404	719,788
	-----	-----
Commitments and contingencies		
9.2% Series A Junior Cumulative Convertible Preferred Stock, \$.001 par value: 4,300,000 shares authorized, 1,742,512 shares issued and outstanding at June 30, 2002 and December 31, 2001 (liquidation preference of \$174,251), at net carrying value including accrued dividends	185,016	177,120
9.2% Series B Junior Cumulative Convertible Preferred Stock, \$.001 par value: 2,100,000 shares authorized, 781,548 shares issued and outstanding at June 30, 2002 and December 31, 2001 (liquidation preference of \$78,155), at net carrying value including accrued dividends	80,988	77,338
9.2% Series D Junior Cumulative Convertible Preferred Stock, \$.001 par value: 10,700,000 shares authorized, 2,343,091 shares issued and outstanding at June 30, 2002 and December 31, 2001 (liquidation preference of \$234,309), at net carrying value including accrued dividends	241,713	230,710
Stockholders' equity:		
Common stock, \$.001 par value: 500,000,000 shares authorized, 76,769,223 and 57,455,931 shares issued and outstanding at June 30, 2002 and December 31, 2001, respectively	77	57
Additional paid-in capital	985,978	827,590
Accumulated other comprehensive income	400	--
Accumulated deficit	(697,176)	(504,998)
	-----	-----
Total stockholders' equity	289,279	322,649
	-----	-----
Total liabilities and stockholders' equity	\$1,523,400	\$1,527,605
	=====	=====

</TABLE>

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(UNAUDITED)

TOTAL	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT
	SHARES	AMOUNT			
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 2001	57,455,931	\$57	\$ 827,590	\$ --	\$ (504,998)
\$322,649					
Net loss	--	--	--	--	(192,178)
(192,178)					
Unrealized gain on available-for-sale securities	--	--	--	400	--
400					
Sale of \$.001 par value common stock, \$9.85 per share, net of expenses	16,000,000	16	147,484	--	--
147,500					
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	2,913,483	3	39,298	--	--
39,301					
Compensation in connection with the issuance of common stock options	--	--	(9,317)	--	--
(9,317)					
Issuance of common stock to employees and employee					

benefit plans	396,809	1	2,504	--	--	
2,505						
Exercise of stock options, \$7.50 per share	3,000	--	22	--	--	
22						
Warrant expense associated with acquisition of programming	--	--	20	--	--	
20						
Reduction of warrant exercise price in connection with the amendment to the Term Loan Facility	--	--	926	--	--	
926						
Preferred stock dividends	--	--	(22,207)	--	--	
(22,207)						
Preferred stock deemed dividends	--	--	(342)	--	--	
(342)						

Balance, June 30, 2002	76,769,223	\$77	\$ 985,978	\$ 400	\$ (697,176)	
\$289,279						
=====						

</TABLE>

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

<TABLE>
<CAPTION>

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2002	2001
	<C>	<C>
<S>		
Cash flows from operating activities:		
Net loss	\$ (192,178)	\$ (116,157)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	36,580	4,295
Accretion of debt	24,065	21,124
Expense incurred in connection with the conversion of debt	9,650	--
Non-cash stock compensation (benefit) expense	(8,533)	12,589
Write-off of fixed assets	2,742	--
Amortization of in-orbit satellite insurance	5,513	5,513
Amortization of debt issuance costs	1,807	1,600
Change in unrealized gain on marketable securities	2,187	(2,682)
Other	21	--
Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:		
Marketable securities	(76,280)	(273,023)
Restricted investments	(202)	(524)
Prepaid expenses	(13,590)	(482)
Other current assets	(524)	(33)
Other long-term assets	(111)	2,062
Accounts payable and accrued expenses	10,651	(4,632)
Accrued interest	3,680	3,846
Satellite construction payable	1,475	(9,310)
Net cash used in operating activities	(193,047)	(355,814)
Cash flows from investing activities:		
Additions to property and equipment	(33,150)	(35,492)
Maturities of restricted investments, net	14,500	14,250
Sales and maturities of marketable securities, net	84,430	--
Net cash provided by (used in) investing activities	65,780	(21,242)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, net	--	145,000

Proceeds from issuance of common stock, net	147,500	229,503
Other	6	296
	-----	-----
Net cash provided by financing activities	147,506	374,799
	-----	-----
Net increase (decrease) in cash and cash equivalents	20,239	(2,257)
Cash and cash equivalents at the beginning of period	4,726	14,397
	-----	-----
Cash and cash equivalents at the end of period	\$ 24,965	\$ 12,140
	=====	=====
Supplemental disclosure of cash flows from operating activities:		
Cash paid during the period for interest	\$ 21,310	\$ 22,035
Common stock issued in satisfaction of accrued compensation	1,720	2,649
Supplemental disclosure of non-cash investing and financing activities:		
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	\$ 30,592	\$ --
Capitalized interest	5,426	9,073

</TABLE>

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
(UNAUDITED)

1. BUSINESS

Sirius Satellite Radio Inc., a Delaware corporation, broadcasts digital-quality radio programming via satellites to subscribers. From our three orbiting satellites, we directly broadcast digital-quality radio to motorists throughout the continental United States for a monthly subscription fee of \$12.95. We deliver 60 channels of commercial-free music in virtually every genre, and 40 channels of news, sports and entertainment programming.

Our primary sources of revenue will be subscription fees and a one-time activation fee per subscriber. In addition, we derive revenues from selling limited advertising on our non-music channels. As of June 30, 2002, we had 3,347 subscribers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements, including the accounts of Sirius Satellite Radio Inc. and our wholly owned subsidiary, have been prepared in accordance with accounting principles generally accepted in the United States and the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial reporting. Accordingly, these statements do not include all of the information and footnotes disclosures required by generally accepted accounting principles in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary for fair presentation have been included. All intercompany transactions have been eliminated in consolidation. Our condensed consolidated financial statements should be read in connection with our consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2001.

We emerged from development stage and entered commercial operations on February 14, 2002; as such, we revised our Consolidated Statements of Operations to reflect our operational status. Operating results for the six months ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

Risks and Uncertainties

Our future operations are subject to the risks and uncertainties frequently encountered by companies in new and rapidly evolving markets. Among the key factors that have a direct bearing on our results of operations are our need for substantial additional financing by early 2003; our dependence upon third parties to manufacture, distribute, market and sell Sirius radios and components for those radios; the unproven market for our service; our competitive position; and the useful life of our satellites.

Revenue Recognition

Revenue from subscribers consists of our monthly service fee, recognized as service is provided, and a non-refundable activation fee, recognized on a pro rata basis over the term of the subscriber relationship. We assume the average life of a subscriber to be 3.5 years for amortization purposes. The assumed term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available.

We recognize advertising revenue from the sale of spot announcements to advertisers as the announcements are broadcast. Agency fees are calculated based on a stated percentage applied to gross billing revenue for our advertising inventory and are reported as a reduction of advertising revenue on our Consolidated Statements of Operations.

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
(UNAUDITED)

Net Loss Per Share

Basic net loss per share is based on the weighted average number of outstanding shares of our common stock during each reporting period. Diluted net loss per share adjusts the weighted average for the potential dilution that could occur if common stock equivalents (convertible preferred stock, convertible debt, warrants and stock options) were exercised or converted into common stock. Approximately 16,152,000 and 19,026,000 common stock equivalents were outstanding as of June 30, 2002 and 2001, respectively, and were excluded from the calculation of diluted net loss per share, as they were anti-dilutive.

Property and Equipment

All costs incurred to prepare our satellite radio system for use were capitalized. Such costs consist of satellite and launch vehicle construction, broadcast studio equipment, terrestrial repeater equipment and interest. The estimated useful lives of our property and equipment are as follows:

<TABLE>	
<S>	<C>
Leasehold improvements	15 years
Satellite system	15 years
Broadcast studio equipment	3-8 years
Terrestrial repeater equipment	5-15 years
Satellite telemetry, tracking and control	3-15 years
Customer care, billing and conditional access	3-7 years
Furniture, fixtures, equipment and other	3-7 years
</TABLE>	

The estimated useful lives of our satellites are fifteen years from the date that they were placed into orbit. We depreciate our satellite system on a straight-line basis over the respective remaining useful lives of our satellites from the date we launched our service in February 2002 or, in the case of our spare satellite, from the date it was delivered into ground storage in April 2002. All other property and equipment is depreciated over the estimated useful lives stated above.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At such time as an impairment in value is identified, the impairment will be measured in accordance with Statement of Financial Accounting Standard ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," as the amount by which the carrying amount of a long-lived asset exceeds its fair value. To determine fair value we will employ an expected present value technique, in which multiple cash flow scenarios that reflect the range of possible outcomes and a risk-free rate are employed.

FCC License

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires, for all fiscal years beginning after December 15, 2001, that goodwill and intangible assets with indefinite useful lives no longer be amortized, but

instead be tested for impairment at least annually. In accordance with SFAS No. 142, we determined that our Federal Communications Commission ("FCC") license has an indefinite life and we will evaluate it for impairment on an annual basis. We completed an impairment analysis of our FCC license as of January 1, 2002 and there were no indicators of impairment. To date, we have not recorded any amortization expense related to our FCC license, and therefore are not required to include the transitional disclosures contained in SFAS No. 142.

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
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Recent Accounting Pronouncements

In July 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations," which requires the fair value for an asset retirement obligation to be recorded in the period in which it is incurred. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002, with earlier adoption encouraged. The adoption of SFAS No. 143 had no impact on our financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections," which requires gains and losses from extinguishments of debt to be classified as extraordinary items only if they meet the criteria in Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." Applying the provisions of APB Opinion No. 30 will distinguish transactions that are part of an entity's recurring operations from those that are unusual or infrequent or that meet the criteria for classification as an extraordinary item. SFAS No. 145 also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. SFAS No. 145 is effective for all fiscal years beginning after May 15, 2002, with early adoption encouraged. Our adoption of SFAS No. 145, effective May 15, 2002, will require us to reclassify the extraordinary gain we recognized on the extinguishment of a portion of our 15% Senior Secured Discount Notes due 2007 in December 2001.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates involve judgments with respect to, among other things, various future factors which are difficult to predict and are beyond our control. Actual amounts could differ from these estimates.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current presentation.

3. INVESTMENTS

Marketable Securities

Marketable securities consist of U.S. government agency obligations. Effective April 1, 2002, we began classifying marketable securities as available-for-sale securities rather than trading securities because management no longer intends to buy and sell marketable securities with the objective of generating profits. Available-for-sale securities are carried at fair market value and unrealized gains and losses are included as a component of stockholders' equity. In prior periods, marketable securities were classified as trading securities and unrealized holding gains and losses were recognized in earnings. We had an unrealized holding gain on these marketable securities of \$1,600 and \$3,387 at June 30, 2002 and December 31, 2001, respectively.

Restricted Investments

Restricted investments consist of fixed income securities, which are stated at amortized cost plus accrued interest. Included in restricted

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
(UNAUDITED)

\$7,200 and \$7,789 as of June 30, 2002 and December 31, 2001, respectively, which are pledged to secure our reimbursement obligations under letters of credit required primarily by lessors of our headquarters. Also included in restricted investments as of December 31, 2001 were U.S. Treasury Notes of \$14,209, which were used to pay interest on our 14 1/2% Senior Secured Notes due 2009 on May 15, 2002. These U.S. Treasury Notes were classified as held-to-maturity securities and unrealized holding gains and losses were not reflected in earnings. As of December 31, 2001, we had an unrealized holding gain of \$196 related to these held-to-maturity securities.

4. DEFERRED SATELLITE PAYMENTS

Space Systems/Loral, Inc. ("Loral") has deferred \$50,000 due under our amended and restated satellite contract (the "Loral Satellite Contract"). The amount deferred, which approximates fair value, bears interest at 10% per year and was originally due in quarterly installments beginning in June 2002. Our fourth, spare, satellite was delivered to ground storage on April 19, 2002 and was originally expected to be delivered to ground storage in October 2000. Loral's delay in delivering this satellite resulted in a revision to the deferred satellite payment schedule as follows: \$8,333 due in 2003, \$25,001 due in 2004 and \$16,666 due in 2005. We have the right to prepay any deferred payments together with accrued interest, without penalty. As collateral security for this deferred amount, we have granted Loral a security interest in our terrestrial repeater network.

5. LONG-TERM DEBT

Long-term debt consists of the following:

<TABLE>
<CAPTION>

	MATURITY DATE	JUNE 30, 2002	DECEMBER 31, 2001
		-----	-----
<S>	<C>	<C>	<C>
15% Senior Secured Discount Notes due 2007	12/01/07	\$ 262,399	\$ 242,286
14 1/2% Senior Secured Notes due 2009	5/15/09	177,857	176,346
8 3/4% Convertible Subordinated Notes due 2009	9/29/09	16,461	45,936
Term Loan Facility (current interest rate of 7.1%)	Various	141,937	140,422
		-----	-----
Total debt		\$ 598,654	\$ 604,990
Less: current portion		(30,000)	(15,000)
		-----	-----
Total long-term debt		\$ 568,654	\$ 589,990
		=====	=====

</TABLE>

Our obligations under the 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and term loan facility are secured by a lien on the stock of Satellite CD Radio, Inc., the holder of our FCC license, and our fourth, spare satellite.

Acquisitions of 8 3/4% Convertible Subordinated Notes due 2009

During the six months ended June 30, 2002, we acquired \$29,475 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 in exchange for 2,913,483 shares of our common stock.

Amendment of Term Loan Facility

On March 26, 2002, we entered into an amendment to our term loan agreement with Lehman Brothers which adjusted the financial covenants, accelerated the payment schedule of the term loan and reduced the exercise price of the warrants that had been issued in connection with the term loan from \$29.00 to \$15.00 per share. In connection with this exercise price reduction, we adjusted the book value of our term loan and future amortization schedule.

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
(UNAUDITED)

As amended, the term loan matures in installments as set forth below:

INSTALLMENT	AMOUNT
June 30, 2002	\$ 7,500
September 30, 2002	7,500
December 31, 2002	7,500
March 31, 2003	7,500
June 30, 2003	11,500
March 31, 2004	3,375
June 30, 2004	3,375
September 30, 2004	3,375
December 31, 2004	3,375
March 31, 2005	23,750
June 30, 2005	23,750
September 30, 2005	23,750
December 31, 2005	23,750

At our option, we may defer the payments due on June 30, 2002, September 30, 2002, December 31, 2002, March 31, 2003 and June 30, 2003 for a period of ninety days. We elected to defer the June 30, 2002 installment for ninety days.

6. COMMITMENTS AND CONTINGENCIES

We have entered into agreements with providers of non-music programming. We are obligated, in certain instances, to pay license fees, to share advertising revenue from this programming or to purchase advertising on properties owned or controlled by these providers. These obligations aggregate \$5,856, \$15,964, \$28,919, \$23,297 and \$714 for the remainder of 2002, and for the years ending December 31, 2003, 2004, 2005 and 2006, respectively.

We have entered into sponsorship agreements to promote our brand. Our obligations under these agreements aggregate \$4,816, \$16,470 and \$4,335 for the remainder of 2002, and for the years ending December 31, 2003 and 2004, respectively.

In June 2002, we amended our agreement with Panasonic to release us from our purchase commitment and reduce the factory price of Sirius radios. We made a payment of \$8,134 to Panasonic in connection with this amendment.

7. COMMON STOCK ISSUANCE

In January 2002, we sold 16,000,000 shares of our common stock in an underwritten public offering, resulting in net proceeds of approximately \$147,500.

8. INTEREST EXPENSE

Interest expense, net of amounts capitalized, incurred for the six months ended June 30, 2002 and 2001 was \$55,086 and \$39,565, respectively. Included in interest cost for the six months ended June 30, 2002 was a non-cash expense associated with the induced conversion of our 8 3/4% Convertible Subordinated Notes due 2009 of \$9,650. There were no induced conversions of our 8 3/4% Convertible Subordinated Notes due 2009 during the six months ended June 30, 2001.

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)
(UNAUDITED)

9. NON-CASH STOCK COMPENSATION

In connection with the grant of certain stock options, the issuance of common stock to employees and the issuance of common stock to an employee benefit plan, we record non-cash stock compensation benefits or expenses. In accordance with FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation," we recognized a non-cash stock compensation benefit of \$9,717 for the six month period ended June 30, 2002, related to certain repriced stock options. We may record future non-cash stock compensation benefits or expenses associated with these repriced stock options based on the market value of our common stock at the end of each reporting period.

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward-looking statements made in this Quarterly Report on Form 10-Q and in other reports and documents published by us from time to time. Any statements about our beliefs, plans, objectives, expectations, assumptions, future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "intends," "plans," "projection" and "outlook." Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout our Annual Report on Form 10-K for the year ended December 31, 2001 (the "Form 10-K") and in other reports and documents published by us from time to time, particularly the risk factors described under "Business--Risk Factors" in Part I of the Form 10-K. Among the significant factors that could cause our actual results to differ materially from those expressed in the forward-looking statements are:

- o our need for substantial additional financing by early 2003;
- o our dependence upon third parties to manufacture, distribute, market and sell Sirius radios and components for those radios;
- o the unproven market for our service;
- o our competitive position; XM Satellite Radio, the other satellite radio provider in the United States, began offering its service nationally during the fourth quarter of 2001, has a substantial number of subscribers and may have certain competitive advantages; and
- o the useful life of our satellites, which have experienced circuit failures on their solar arrays, including failures during the recent quarter. The circuit failures our satellites have experienced are not expected to limit the power of our broadcast signal, reduce the expected useful life of our satellites or otherwise affect our operations.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any such forward-looking statements. In addition, any forward-looking statements speak only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise or to assess with any precision the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

OVERVIEW

From our three orbiting satellites, we directly broadcast digital-quality radio to motorists throughout the continental United States for a monthly subscription fee of \$12.95. We deliver 60 channels of commercial-free music in virtually every genre, and 40 channels of news, sports, and entertainment programming. We hold one of only two licenses issued by the FCC to operate a national satellite radio system.

We emerged from the development stage in the first quarter of 2002 following the launch of our service on February 14, 2002 in Denver, Colorado; Houston, Texas; Phoenix, Arizona; and Jackson, Mississippi. We continued to expand our commercial service throughout the United States during the first and second quarters of 2002 and completed our national roll out on July 1, 2002.

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We had 3,347 subscribers as of June 30, 2002, and 6,510 subscribers as of August 11, 2002. We believe the number of subscribers has been constrained by a shortage of competitive radios at retail outlets and lack of national advertising and promotional efforts. Kenwood introduced an FM-modulated Sirius radio in August 2002, and Panasonic and Audiovox are expected to introduce FM-modulated Sirius radios in the third quarter of 2002. These products are expected to reduce any perceived competitive disadvantage that Sirius radios have experienced at retail.

Our primary sources of revenue will be a \$12.95 per month subscription fee and a one-time activation fee per subscriber. We also derive revenues from directly selling limited advertising on our non-music channels.

Our operating expenses consist primarily of:

- o marketing costs, including marketing and sales personnel, advertising, promotions, equipment subsidies, and payments to retailers, dealers, distributors and automakers;
- o programming costs, including royalties to copyright holders, license fees to programming providers, and advertising revenue sharing arrangements;
- o costs of operating and maintaining our broadcast system, including costs of tracking and controlling our satellites, operating our terrestrial repeater network, and maintaining our national broadcast studio;
- o costs associated with the continuing development of our radio technology, including the costs of designing and developing future integrated circuits ("chip sets");
- o general and administrative costs, including salary and employment related expenses, rent and occupancy costs, insurance expenses and other miscellaneous costs, such as legal and consulting fees; and
- o depreciation associated with our satellite system, broadcast studio equipment, terrestrial repeater network and other systems and facilities.

We are actively seeking to reduce our operating expenses, including the costs of sales and marketing, research and development, programming and content, customer service and billing and general and administrative, and to conserve our available cash.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2002 COMPARED WITH THREE MONTHS ENDED JUNE 30, 2001

We had net losses of \$113,267 and \$62,068 for the three months ended June 30, 2002 and 2001, respectively. Operating expenses increased to \$89,961 for the three months ended June 30, 2002 from \$46,652 for the three months ended June 30, 2001. The increase in operating expenses was attributable to the implementation of our sales and marketing campaign at the launch of our service, depreciation of our satellite system and terrestrial repeater network, amounts paid to radio manufacturers to reimburse them for the costs of developing Sirius radios and subsidize a portion of the costs of these radios and the increase in our workforce. We expect operating expenses to continue to increase as we build our subscriber base, and expand our workforce and operations.

Revenue from subscriptions was \$50 for the three months ended June 30, 2002. Revenue from subscribers consists of our monthly subscription fee, recognized as service is provided, and a non-refundable activation fee, recognized on a pro rata basis over the term of the subscriber relationship. We assume the average life of a subscriber to be 3.5 years for amortization purposes. Retail sales incentives, consisting of discounts and rebates to subscribers, offset earned revenue.

Advertising revenue, net of agency fees of \$3, was \$20 for the three months ended June 30, 2002. We recognize advertising revenue from sales of spot announcements to advertisers as the announcements are broadcast.

Satellite and transmission costs increased to \$8,450 for the three months ended June 30, 2002 from \$7,418 for the three months ended June 30, 2001. Satellite and transmission costs consist primarily of personnel costs and expenses associated with the operation and maintenance of our satellite tracking, telemetry and control system, terrestrial repeater network and national broadcast studio. The increase in costs related primarily to the expanded operation of our terrestrial repeater network during the 2002 period as we prepared for our national launch. We expect that a significant portion of our satellite and transmission costs will remain relatively constant, and that increases or decreases in satellite and transmission costs will be due, in large part, to increased or decreased costs of insuring our in-orbit satellites.

Programming and content expenses increased to \$4,125 for the three months ended June 30, 2002 from \$1,906 for the three months ended June 30, 2001. Programming and content expenses include license fees to third parties that provide non-music content, costs associated with the production of our music and non-music programming, costs of our on-air talent, royalties for music broadcast on our service and programming personnel costs. The increase in costs during the 2002 period was primarily attributable to costs of on-air talent and license fees paid to acquire programming. We anticipate that our programming costs will increase over time as we continue to develop our channel line-up and incur additional royalties as a result of increased subscriber revenue.

Customer service center and billing costs increased to \$1,882 for the three months ended June 30, 2002 from \$1,506 for the three months ended June 30, 2001. Customer service center and billing costs include costs associated with the full time operation of our customer service center and subscriber management system. We expect that our customer service center and billing costs will increase as we acquire subscribers. Customer service and billing costs on a per subscriber basis will be significantly reduced as our fixed operating costs are spread over a larger subscriber base.

Sales and marketing expenses increased to \$30,901 for the three months ended June 30, 2002 from \$4,704 for the three months ended June 30, 2001. Sales and marketing expenses include costs related to sales and marketing personnel, advertising, consumer promotions, brand building activities, subsidies paid to radio manufacturers, commission payments to distributors and retailers and other payments to distributors and retailers to reimburse them for marketing and promotional activities. Sales and marketing expenses increased during the 2002 period due to the launch of our service, marketing and promotional activities by distributors and retailers, expenses related to our marketing and promotional efforts and the costs associated with subsidies paid to radio manufacturers in advance of acquiring subscribers. In addition, during the 2002 period we incurred a one-time charge of \$2,742 related to the disposal of certain elements of our website. Sales and marketing expenses may increase in the future as we build brand awareness through national advertising, offer hardware subsidies and other incentives to acquire subscribers and pay commissions to retailers and other distributors.

General and administrative expenses increased to \$8,588 for the three months ended June 30, 2002 from \$5,980 for the three months ended June 30, 2001. General and administrative expenses include rent and occupancy costs, corporate overhead and general and administrative personnel. The increase in the 2002 period related to the costs associated with the expansion of our workforce and other general corporate expenses.

Research and development costs increased to \$13,425 for the three months ended June 30, 2002 from \$11,264 for the three months ended June 30, 2001. Research and development includes costs associated with our agreements with Agere Systems, Inc. (the successor to the micro-electronics group of Lucent Technologies, Inc.) to develop and manufacture chip sets for use in Sirius radios. In addition, we have agreements with Alpine Electronics Inc., Audiovox Corporation, Clarion Co., Ltd., Delphi Corporation, Kenwood Corporation, Panasonic, Recoton Corporation, Sony Electronics Inc., Visteon Automotive Systems and others to design, develop and produce Sirius radios and have agreed to pay certain costs associated with these radios. We record expenses under these agreements as work is performed. Expenses related to our agreements with Agere and radio manufacturers aggregated \$11,089 during the 2002 period, which included a payment of \$8,134 to Panasonic to release us from our purchase commitment and reduce the factory price of Sirius radios. The overall increase was offset by a reduction in expenses as we

completed our first generation of chip sets and Sirius radios. We expect that research and development costs will decline since our radio manufacturers have substantially completed the development of first generation Sirius radios and future chip set development is expected to consist of modifications to existing technology. We expect Agere to release our second generation chip set to our radio manufacturers in the fourth quarter of 2002. We anticipate that this second generation chip set will allow us to decrease significantly the cost of

Sirius radios.

Depreciation expense increased to \$22,099 for the three months ended June 30, 2002 from \$2,227 for the three months ended June 30, 2001. The increase principally relates to the depreciation of our satellite system and terrestrial repeater network which began upon commencement of our commercial operations in February 2002. During the 2002 period we began depreciating our spare satellite from the date it was accepted into ground storage in April 2002.

We recognized non-cash stock compensation expense of \$491 and \$11,647 for the three months ended June 30, 2002 and 2001, respectively. Non-cash stock compensation for the 2001 period included a charge associated with the repricing of certain employee stock options. We expect to record future non-cash stock compensation benefits or expense related to the repriced stock options based on the market value of our common stock at the end of each reporting period.

Interest and investment income decreased to \$1,517 for the three months ended June 30, 2002 from \$5,769 for the three months ended June 30, 2001. This decrease was principally attributable to lower returns on our investments in U.S. government securities during the 2002 period.

Interest expense was \$24,893 for the three months ended June 30, 2002 and \$21,185 for the three months ended June 30, 2001, net of amounts capitalized of \$1,025 and \$4,711, respectively. Gross interest expense for the 2002 period increased by \$22 and capitalized interest decreased by \$3,686, compared to the 2001 period. Included in interest expense for the three months ended June 30, 2002 is \$336 of non-cash expense related to the induced conversion of \$1,000 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009.

SIX MONTHS ENDED JUNE 30, 2002 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2001

We had net losses of \$192,178 and \$116,157 for the six months ended June 30, 2002 and 2001, respectively. Operating expenses increased to \$140,712 for the six months ended June 30, 2002 from \$85,968 for the six months ended June 30, 2001. The increase in operating expenses was attributable to the implementation of our sales and marketing campaign for the launch of our service, depreciation of our satellite system and terrestrial repeater network, amounts paid to radio manufacturers to reimburse them for the costs of developing Sirius radios and subsidize a portion of the costs of these radios and the increase in our workforce. We expect operating expenses to continue to increase as we build our subscriber base, and expand our workforce and operations.

Revenue from subscriptions was \$54 for the six months ended June 30, 2002. Revenue from subscribers consists of our monthly subscription fee, recognized as service is provided, and a non-refundable activation fee, recognized on a pro rata basis over the term of the subscriber relationship. Retail sales incentives, consisting of discounts and rebates to subscribers, offset earned revenue.

Advertising revenue, net of agency fees of \$9, was \$49 for the six months ended June 30, 2002. We recognize advertising revenue from sales of spot announcements to advertisers as the announcements are broadcast.

Satellite and transmission costs increased to \$17,207 for the six months ended June 30, 2002 from \$14,423 for the six months ended June 30, 2001. Satellite and transmission costs consist primarily of personnel costs and expenses associated with the operation and maintenance of our satellite tracking, telemetry and control system, terrestrial repeater network and national broadcast studio. The increase in costs related primarily to the expanded operation of our terrestrial repeater network during the 2002 period as we prepared for our national launch. We expect that a significant portion of our satellite and transmission costs will remain relatively constant, and that increases or decreases in satellite and transmission costs will be due, in large part, to increased or decreased costs of insuring our in-orbit satellites.

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Programming and content expenses increased to \$7,908 for the six months ended June 30, 2002 from \$3,920 for the six months ended June 30, 2001. Programming and content expenses include license fees to third parties that provide non-music content, costs associated with the production of our music and non-music programming, costs of our on-air talent, royalties for music broadcast on our service and programming personnel costs. The increase in costs during the 2002 period was primarily attributable to costs of on-air talent and license fees paid to acquire programming. We anticipate that our programming costs will increase over time as we continue to develop our channel line-up and incur additional royalties as a result of increased subscriber revenue.

Customer service center and billing costs increased to \$3,724 for the six months ended June 30, 2002 from \$3,132 for the six months ended June 30, 2001.

Customer service center and billing costs include costs associated with the full time operation of our customer service center and subscriber management system. We expect that our customer service center and billing costs will increase as we acquire subscribers. Customer service and billing costs on a per subscriber basis will be significantly reduced as our fixed operating costs are spread over a larger subscriber base.

Sales and marketing expenses increased to \$46,560 for the six months ended June 30, 2002 from \$9,678 for the six months ended June 30, 2001. Sales and marketing expenses include costs related to sales and marketing personnel, advertising, consumer promotions, brand building activities, subsidies paid to radio manufacturers, commission payments to distributors and retailers and other payments to distributors and retailers to reimburse them for marketing and promotional activities. Sales and marketing expenses increased during the 2002 period due to the launch of our service, marketing and promotional activities by distributors and retailers, expenses related to our marketing and promotional efforts and the costs associated with subsidies paid to radio manufacturers in advance of acquiring subscribers. In addition, during the 2002 period we incurred a one-time charge of \$2,742 related to the disposal of certain elements of our website. Sales and marketing expenses may increase in the future as we build brand awareness through national advertising, offer hardware subsidies and other incentives to acquire subscribers and pay commissions to retailers and other distributors.

General and administrative expenses increased to \$16,128 for the six months ended June 30, 2002 from \$11,853 for the six months ended June 30, 2001. General and administrative expenses include rent and occupancy costs, corporate overhead and general and administrative personnel. The increase related to the costs associated with the expansion of our workforce and other general corporate expenses.

Research and development costs decreased to \$21,138 for the six months ended June 30, 2002 from \$26,078 for the six months ended June 30, 2001. Research and development includes costs associated with our agreements with Agere to develop and manufacture chip sets and our agreements with radio manufacturers to design, develop and produce Sirius radios. Research and development costs decreased during the 2002 period as we completed our first generation chip set and our radio manufacturers substantially completed development of our first generation radios. The overall decrease was offset by expenses of \$16,363 related to our agreements with Agere and radio manufacturers, which included a payment of \$8,134 to Panasonic to release us from our purchase commitment and reduce the factory price of Sirius radios. We expect that research and development costs will decline since our radio manufacturers have substantially completed the development from Sirius radios and future chip set development is expected to consist of modifications to existing technology. We expect Agere to release our second generation chip set to our radio manufacturers in the fourth quarter of 2002. We anticipate that this second generation chip set will allow us to decrease significantly the cost of Sirius radios.

Depreciation expense increased to \$36,580 for the six months ended June 30, 2002 from \$4,295 for the six months ended June 30, 2001. The increase principally relates to the depreciation of our satellite system and terrestrial repeater network which began upon commencement of our commercial operations in February 2002. During the 2002 period we began depreciating our spare satellite from the date it was accepted into ground storage in April 2002.

We recognized a non-cash stock compensation benefit of \$8,533 and non-cash stock compensation expense of \$12,589 for the six months ended June 30, 2002 and 2001, respectively. The benefit in the 2002

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period and the charge in the 2001 period were principally due to the repricing of certain employee stock options. We expect to record future non-cash stock compensation benefits or expenses related to the repriced stock options based on the market value of our common stock at the end of each reporting period.

Interest and investment income decreased to \$3,517 for the six months ended June 30, 2002, from \$9,376 for the six months ended June 30, 2001. This decrease was principally attributable to lower returns on our investments in U.S. government securities during the 2002 period.

Interest expense was \$55,086 for the six months ended June 30, 2002 and \$39,565 for the six months ended June 30, 2001, net of amounts capitalized of \$5,426 and \$9,073, respectively. Gross interest expense for the 2002 period increased by \$11,874 and capitalized interest decreased by \$3,647, compared to the 2001 period. Included in interest expense for the six months ended June 30, 2002 is \$9,650 of non-cash expense related to the induced conversion of \$29,475 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009.

At June 30, 2002, we had cash, cash equivalents and marketable securities totaling \$319,746 and working capital of \$255,743 compared with cash, cash equivalents, marketable securities and short-term restricted investments totaling \$323,742 and working capital of \$275,732 at December 31, 2001. As of August 12, 2002, we had cash, cash equivalents and marketable securities of \$295,231.

CASH FLOWS

Net cash used in operating activities was \$193,047 for the six months ended June 30, 2002, as compared to \$355,814 for the six months ended June 30, 2001. The decrease in cash used in operations was primarily attributable to less cash used to purchase marketable securities during the 2002 period. This decrease was offset by an increase in sales and marketing costs, satellite and transmission costs and programming costs in connection with the launch of our service in February 2002.

Net cash provided by investing activities for the six months ended June 30, 2002 was \$65,780 as compared to net cash used in investing activities of \$21,242 for the six months ended June 30, 2001. The change from the prior period was principally due to a change in the classification of our marketable securities from trading to available-for-sale securities during the second quarter of 2002. Transactions relating to trading securities are considered operating activities; transactions relating to available-for-sale securities are classified as financing activities. During the second quarter of 2002, we had cash provided from the sale of marketable securities of \$84,430.

Net cash provided by financing activities for the six months ended June 30, 2002 was \$147,506 as compared to \$374,799 for the six months ended June 30, 2001. In January 2002, we issued 16,000,000 shares of common stock resulting in net proceeds of \$147,500. During 2001, we completed an equity offering resulting in net proceeds of \$229,300 and had net borrowings under our term loan facility of \$145,000.

FUNDS RAISED TO DATE

Since inception, we have funded the development of our system and the introduction of our service through the issuance of debt and equity securities. As of June 30, 2002, we had raised approximately \$1,250,800 in equity capital from the sale of our common stock and convertible preferred stock. In addition, we have received approximately \$638,000 in net proceeds from public debt offerings and private credit arrangements.

ADDITIONAL FUNDING REQUIREMENTS

We have cash and cash equivalents to cover our estimated funding needs only into the second quarter of 2003. We anticipate that our additional funding needs through the end of 2003 will total approximately \$300,000. After 2003, we may need as much as \$300,000 of additional funds until our operations become

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self-sustaining, which we currently anticipate will not occur for several years, when we have approximately three million subscribers. However, if the growth rate of the number of subscribers is slower than expected or the cost of obtaining these subscribers is higher than forecast, our operations may become self-sustaining at a later date or may never become self-sustaining. The amount and timing of our cash requirements also depends upon other factors, including the rate of growth of our business, subscriber acquisition costs and costs of financing.

We have engaged UBS Warburg LLC, an investment bank, to assist us in arranging one or more transactions to raise additional equity capital and reduce our indebtedness. In that connection, we are in discussions with key holders of our debt regarding exchanging all or a significant portion of such debt for equity, although we have not yet reached any agreement with debt holders regarding the terms of such an exchange.

We are also in discussions with affiliates of Apollo Management, L.P. and The Blackstone Group L.P. regarding a substantial additional investment in our common stock. The terms of any transaction with Apollo and Blackstone will require the approval of a recently-appointed special committee of our board of directors, consisting solely of independent directors. The special committee has engaged the investment banking firm Miller Buckfire Lewis & Co., LLC, as well as separate counsel, to advise it.

We cannot assure you that we will be able to arrange for additional equity

capital, consummate a transaction to exchange debt for equity or consummate any transaction with Apollo and Blackstone. Given the current price of our common stock on the Nasdaq National Market, consummation of any of these transactions will dramatically reduce the percentage ownership interest of the current holders of our common stock. If we fail to timely raise additional funds, we will be forced to seek protection under the United States bankruptcy code, materially reduce our operations, significantly alter our business plan and/or seek the sale of our company.

TERM LOAN FACILITY

On March 7, 2001, we borrowed \$150,000 under a term loan agreement with Lehman Brothers. In connection with this term loan, we granted Lehman Brothers Commercial Paper Inc. 2,100,000 warrants, each to purchase one share of our common stock, at an exercise price of \$29.00 per share. The term loan bears interest at an annual rate equal to the eurodollar rate plus 4% or a base rate, typically the prime rate, plus 5%. On March 26, 2002, we entered into an amendment to this term loan agreement which adjusted the financial covenants, accelerated the payment schedule of the term loan and reduced the exercise price of the warrants from \$29.00 to \$15.00 per share.

As amended, the term loan matures in installments as set forth below:

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INSTALLMENT	AMOUNT
June 30, 2002	\$ 7,500
September 30, 2002	7,500
December 31, 2002	7,500
March 31, 2003	7,500
June 30, 2003	11,500
March 31, 2004	3,375
June 30, 2004	3,375
September 30, 2004	3,375
December 31, 2004	3,375
March 31, 2005	23,750
June 30, 2005	23,750
September 30, 2005	23,750
December 31, 2005	23,750

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At our option, we may defer the payments due on June 30, 2002, September 30, 2002, December 31, 2002, March 31, 2003 and June 30, 2003 for a period of ninety days. We elected to defer the June 30, 2002 installment for ninety days.

Our term loan agreement with Lehman Brothers contains financial and operating covenants. These covenants include requirements that we:

- o achieve at least \$2,300 in revenues from subscribers for the quarter ending March 31, 2003, and achieve increasing revenues from subscribers each quarter thereafter through the maturity of the term loan on December 31, 2005;
- o achieve a minimum negative cash flow, before subscriber acquisition costs, of \$65,000 for the quarter ending March 31, 2003, and have improving cash flow, before subscriber acquisition costs, each quarter thereafter through the maturity of the term loan;
- o achieve a minimum negative cash flow, before subscriber acquisition costs and adjusted to give effect to subscribers who cancel or fail to renew their subscriptions, of \$58,400 for the quarter ending September 30, 2003, and have improving adjusted cash flow, each quarter thereafter through the maturity of the term loan; and
- o not permit our capital expenditures, other than the costs of constructing, launching and insuring replacement satellites and installing terrestrial repeaters, to exceed \$100,000 during the period from June 1, 2001 through the period in which the term loan is outstanding.

Our failure to comply with these covenants could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

CONTRACTUAL COMMITMENTS

We have entered into agreements with providers of non-music programming and, in certain instances, are obligated to pay license fees, to share advertising revenues from this programming or to purchase advertising on properties owned or controlled by these providers. These obligations aggregate \$5,856, \$15,964, \$28,919, \$23,297 and \$714 for the remainder of 2002, and for the years ending December 31, 2003, 2004, 2005 and 2006, respectively.

We have entered into sponsorship agreements to promote our brand. Our obligations under these agreements aggregate \$4,816, \$16,470 and \$4,335 for the remainder of 2002, and for the years ending 2003 and 2004, respectively.

We have also entered into other agreements with automakers, radio manufacturers and others that include fixed payments, per-radio and per-subscriber required co-payments and revenue sharing arrangements. These future costs are dependent upon many factors and are not possible to estimate; however, these costs may be substantial.

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We may enter into additional programming, sponsorship, manufacturing and distribution agreements that contain provisions similar to our current agreements.

In June 2002, we amended of our agreement with Panasonic to release us from our purchase commitment and reduce the factory price of Sirius radios. We made a payment of \$8,134 to Panasonic in connection with this amendment.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. Our significant accounting policies are described in Note 2 to our consolidated financial statements in Item 14 of our Annual Report on Form 10-K for the year ended December 31, 2001. We have identified the following policies as critical to our business and understanding of our results of operations.

Subscription Revenue Recognition. Revenue from subscribers consists of our monthly subscription fee, recognized as the service is provided, and a non-refundable activation fee, recognized on a pro rata basis over the term of the subscriber relationship, currently estimated to be 3.5 years. The estimated term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available. Sales discounts and promotions reduce the amount of revenue recognized.

Useful Lives of Satellites. We consider our satellite system to include the cost of satellite construction, launch vehicles, launch insurance and capitalized interest, including the cost of our spare satellite. The expected useful lives of our in-orbit satellites are fifteen years from the date they were placed into orbit. We are depreciating our three in-orbit satellites over their respective remaining useful lives beginning February 14, 2002 or, in the case of our spare satellite, from the date it was delivered into ground storage on April 19, 2002. If placed into orbit, our spare satellite is expected to operate effectively for fifteen years; however, the spare satellite may be replaced at the time we launch a new satellite system.

Marketable Securities. Marketable securities consist of U.S. government agency obligations. Effective April 1, 2002, marketable securities are classified as available for sale securities because management no longer intends to buy and sell marketable securities with the objective of generating profits. Available-for-sale securities are carried at fair market value and unrealized gains and losses are included as a component of stockholders' equity. In prior periods, marketable securities were classified as trading securities and unrealized holding gains and losses were recognized in earnings.

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PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At our annual meeting of stockholders held on June 21, 2002, the persons whose names are set forth below were elected as directors. The relevant voting information for each person is set forth opposite such person's name:

<TABLE>
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	VOTES CAST	
	FOR	AGAINST
<S>	<C>	<C>
Leon D. Black	77,587,872	393,888
Joseph P. Clayton	76,584,168	1,397,592
Lawrence F. Gilberti	76,847,681	1,134,079
James P. Holden	77,599,342	382,418
David Margolese	75,463,701	2,518,059
Peter G. Peterson	77,585,457	396,303
Joseph V. Vittoria	77,578,517	403,243

At our annual meeting, stockholders also approved an amendment to our certificate of incorporation to increase our authorized common stock from 200,000,000 shares to 500,000,000 shares by a vote of 65,317,945 shares in favor, 12,430,574 shares against and 233,241 shares abstaining.

In addition to the election of directors and the amendment to our certificate of incorporation, the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2002 was ratified by a vote of 76,841,996 shares in favor, 957,791 shares against and 181,973 shares abstaining.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

See Exhibit Index attached hereto.

(b) Reports on Form 8-K.

On April 18, 2002, we filed a Current Report on Form 8-K to report that we had dismissed Arthur Andersen LLP as our independent accounts and engaged Ernst & Young LLP to serve as our independent accountants for the year ending December 31, 2002.

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SIGNATURES

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

SIRIUS SATELLITE RADIO INC.

By: /s/ John J. Scelfo

John J. Scelfo

Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

August 13, 2002

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<TABLE>
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EXHIBIT

DESCRIPTION

<S>	<C>
3.1.1	Certificate of Amendment, dated June 16, 1997, to the Company's Certificate of Incorporation and the Company's Amended and Restated Certificate of Incorporation, dated January 31, 1994 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
3.1.2	Certificate of Ownership and Merger merging Sirius Satellite Radio Inc. into CD Radio Inc. dated November 18, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-31362)).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
3.3	Certificate of Designations of 5% Delayed Convertible Preferred Stock (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1996 (the "1996 Form 10-K")).
3.4	Form of Certificate of Designations of Series B Preferred Stock (incorporated by reference to Exhibit A to Exhibit 1 to the Company's Registration Statement on Form 8-A filed on October 30, 1997 (the "Form 8-A")).
3.5.1	Form of Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of 101/2% Series C Convertible Preferred Stock (the "Series C Certificate of Designations") (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (File No. 333-34761)).
3.5.	Certificate of Correction to Series C Certificate of Designations (incorporated by reference to Exhibit 3.5.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K")).
3.5.3	Certificate of Increase of 101/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.5.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
3.6	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
3.7	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 3.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
3.8	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series D Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated December 29, 1999).
4.1	Form of certificate for shares of Common Stock (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 33-74782) (the "S-1 Registration Statement")).
4.2	Form of certificate for shares of 101/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-4 (File No. 333-34761)).
4.3	Form of certificate for shares of 9.2% Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K")).

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<TABLE>
<CAPTION>
EXHIBIT

DESCRIPTION

<S>	<C>
4.4	Form of certificate for shares of 9.2% Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.2 to the 1998 Form 10-K).
4.5	Form of certificate for shares of 9.2% Series D Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 Form 10-K")).
4.6.1	Rights Agreement, dated as of October 22, 1997 (the "Rights Agreement"), between the Company

and Continental Stock Transfer & Trust Company, as rights agent (incorporated by reference to Exhibit 1 to the Form 8-A).

- 4.6.2 Form of Right Certificate (incorporated by reference to Exhibit B to Exhibit 1 to the Form 8-A).
- 4.6.3 Amendment to the Rights Agreement dated as of October 13, 1998 (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated October 13, 1998).
- 4.6.4 Amendment to the Rights Agreement dated as of November 13, 1998 (incorporated by reference to Exhibit 99.7 to the Company's Current Report on Form 8-K dated November 17, 1998).
- 4.6.5 Amended and Restated Amendment to the Rights Agreement dated as of December 22, 1998 (incorporated by reference to Exhibit 6 to Amendment No. 1 to the Form 8-A filed on January 6, 1999).
- 4.6.6 Amendment to the Rights Agreement dated as of June 11, 1999 (incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-4 (File No. 333-82303) (the "1999 Units Registration Statement")).
- 4.6.7 Amendment to the Rights Agreement dated as of September 29, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 13, 1999).
- 4.6.8 Amendment to the Rights Agreement dated as of December 23, 1999 (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed on December 29, 1999).
- 4.6.9 Amendment to the Rights Agreement dated as of January 28, 2000 (incorporated by reference to Exhibit 4.6.9 to the 1999 Form 10-K).
- 4.6.10 Amendment to the Rights Agreement dated as of August 7, 2000 (incorporated by reference to Exhibit 4.6.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).
- 4.6.11 Amendment to the Rights Agreement dated as of January 8, 2002 (incorporated by reference to Exhibit 4.6.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 Form 10-K")).
- 4.7 Indenture, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 15% Senior Secured Discount Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-34769) (the "1997 Units Registration Statement")).
- 4.8 Form of 15% Senior Secured Discount Note due 2007 (incorporated by reference to Exhibit 4.2 to the 1997 Units Registration Statement).
- 4.9 Warrant Agreement, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.3 to the 1997 Units Registration Statement).
- 4.10 Form of Warrant (incorporated by reference to Exhibit 4.4 to the 1997 Units Registration Statement).
- 4.11 Form of Preferred Stock Warrant Agreement, dated as of April 9, 1997, between the Company and each warrant holder thereof (incorporated by reference to Exhibit 4.12 to the 1997 Form 10-K).

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EXHIBIT

DESCRIPTION

<S>	<C>
4.12	Form of Common Stock Purchase Warrant granted by the Company to Everest Capital Master Fund, L.P. and to The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 4.11 to the 1997 Form 10-K).
4.13	Indenture, dated as of May 15, 1999, between the Company and United States Trust Company of New York, as trustee, relating to the Company's 141/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.14	Form of 141/2% Senior Secured Note due 2009 (incorporated by reference to Exhibit 4.4.3 to the 1999 Units Registration Statement).
4.15	Warrant Agreement, dated as of May 15, 1999, between the Company and United States Trust Company of New York, as warrant agent (incorporated by reference to Exhibit 4.4.4 to the 1999 Units Registration Statement).
4.16	Common Stock Purchase Warrant granted by the Company to Ford Motor Company, dated June 11, 1999 (incorporated by reference to Exhibit 4.5.1 to the 1999 Units Registration Statement).
4.17	Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., as trustee, relating to the Company's 83/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 13, 1999).
4.18	First Supplemental Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., as trustee, relating to the Company's 83/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.01 to the Company's Current Report on Form 8-K filed on October 1, 1999).
4.19	Form of 83/4% Convertible Subordinated Note due 2009 (incorporated by reference to Article VII of

- Exhibit 4.01 to the Company's Current Report on Form 8-K filed on October 1, 1999).
- 4.20 Common Stock Purchase Warrant granted by the Company to DaimlerChrysler Corporation dated May 13, 2002 (filed herewith).
- 4.21 Term Loan Agreement, dated as of June 1, 2000 (the "Term Loan Agreement"), among the Company, Lehman Brothers Inc., as arranger, and Lehman Commercial Paper Inc., as syndication and administrative agent (incorporated by reference to Exhibit 4.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000).
- 4.22 First Amendment, dated as of October 20, 2000, to the Term Loan Agreement (incorporated by reference to Exhibit 4.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
- 4.23 Second Amendment, dated as of December 27, 2000, to the Term Loan Agreement (incorporated by reference to Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
- 4.24 Third Amendment, dated as of March 26, 2002, to the Term Loan Agreement (incorporated by reference to Exhibit 4.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002).
- 4.25 Amended and Restated Warrant Agreement, dated as of December 27, 2000, between the Company and United States Trust Company of New York, as warrant agent and escrow agent (incorporated by reference to Exhibit 4.27 to the Company's Registration Statement on Form S-3 (File No. 333-65602)).

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EXHIBIT

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EXHIBIT	DESCRIPTION
<S>	<C>
4.26	Second Amended and Restated Pledge Agreement, dated as of March 7, 2001, among the Company, as pledgor, The Bank of New York, as trustee and collateral agent, United States Trust Company of New York, as trustee, and Lehman Commercial Paper Inc., as administrative agent (incorporated by reference to Exhibit 4.25 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
4.27	Collateral Agreement, dated as of March 7, 2001, between the Company, as borrower, and The Bank of New York, as collateral agent (incorporated by reference to Exhibit 4.26 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
4.28	Amended and Restated Intercreditor Agreement, dated as of March 7, 2001, by and between The Bank of New York, as trustee and collateral agent, United States Trust Company of New York, as trustee, and Lehman Commercial Paper, as administrative agent (incorporated by reference to Exhibit 4.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
9.1	Voting Trust Agreement, dated as of August 26, 1997, by and among Darlene Friedland, as Grantor, David Margolese, as Trustee, and the Company (incorporated by reference to Exhibit (c) to the Company's Issuer Tender Offer Statement on Form 13E-4 filed on October 16, 1997).
10.1.1	Lease Agreement, dated as of March 31, 1998, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.1.2	Supplemental Indenture, dated as of March 22, 2000, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).
10.1.3	Supplemental Indenture, dated as of November 30, 2001, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.3 to the 2001 Form 10-K).
*10.2	Employment Agreement, dated as of March 28, 2000, between the Company and Joseph S. Capobianco (incorporated by reference to Exhibit 10.5 to the 1999 Form 10-K).
*10.3	Employment Agreement, dated as of March 28, 2000, between the Company and Patrick L. Donnelly (incorporated by reference to Exhibit 10.6 to the 1999 Form 10-K).
*10.4	Employment Agreement, dated as of March 7, 2001, between the Company and John J. Scelfo (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001).
*10.5	Employment Agreement, dated as of August 29, 2001, between the Company and Michael S. Ledford (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
*10.6	Employment Agreement, dated as of November 26, 2002, between the Company and Joseph P. Clayton (incorporated by reference to Exhibit 10.6 to the 2001 Form 10-K).
*10.7	Employment Agreement, dated as of January 7, 2002, between the Company and Guy Johnson (incorporated by reference to Exhibit 10.7 to the 2001 Form 10-K).
*10.8	Employment Agreement, dated as of May 3, 2002, between the Company and Mary Patricia Ryan (filed herewith).

*10.9 Agreement, dated as of October 16, 2001, between the Company and David Margolese (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).

*10.10 1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).

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EXHIBIT

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EXHIBIT	DESCRIPTION
<S>	<C>
*10.11	Amended and Restated 1994 Directors' Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
*10.12	CD Radio Inc. 401(k) Savings Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 (File No. 333-65473)).
*10.13 4.4	Sirius Satellite Radio 1999 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit of the Company's Registration Statement on Form S-8 (File No. 333-31362)).
10.14	Form of Option Agreement, dated as of December 29, 1997, between the Company and each Optionee (incorporated by reference to Exhibit 10.16.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.15.1	Stock Purchase Agreement, dated as of November 13, 1998 (the "Apollo Stock Purchase Agreement"), by and among the Company, Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated November 17, 1998).
10.15.2	First Amendment, dated as of December 23, 1998, to the Apollo Stock Purchase Agreement (incorporated by reference to Exhibit 10.28.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
10.15.3	Second Amendment, dated as of December 23, 1999, to the Apollo Stock Purchase Agreement (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on December 29, 1999).
10.16	Stock Purchase Agreement, dated as of December 23, 1999, by and between the Company and Blackstone Capital Partners III Merchant Banking Fund L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 29, 1999).
10.17	Stock Purchase Agreement, dated as of January 28, 2000, among the Company, Mercedes-Benz USA, Inc., Freightliner Corporation and DaimlerChrysler Corporation (incorporated by reference to Exhibit 10.24 to the 1999 Form 10-K).
10.18	Tag-Along Agreement, dated as of November 13, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., the Company and David Margolese (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K dated November 17, 1998).
+10.19	Agreement, dated as of June 11, 1999, between the Company and Ford Motor Company (incorporated by reference to Exhibit 10.33 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
+10.20	Joint Development Agreement, dated as of February 16, 2000, between the Company and XM Satellite Radio Inc. (incorporated by reference to Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).
99.1 Section	Certificate of Joseph P. Clayton, President and Chief Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
99.2 18	Certificate of John J. Scelfo, Executive Vice President and Chief Financial Officer, pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

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* This document has been identified as a management contract or compensatory plan or arrangement.

+ Portions of these exhibits have been omitted pursuant to Applications for Confidential treatment filed by the Company with the Securities and Exchange Commission.

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THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER THIS WARRANT NOR SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

SIRIUS SATELLITE RADIO INC.

COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, Sirius Satellite Radio Inc., a Delaware corporation (the "Company"), grants to DaimlerChrysler AG, a German corporation ("DCAG"), or registered assigns (together with DCAG, the "Warrantholder"), the right to subscribe for and purchase from the Company an aggregate of 4,000,000 validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common stock, par value \$0.001 per share (the "Common Stock"), at the purchase price per share of \$15.00 (the "Exercise Price"), at any time and from time to time, during the period from and including 9:00 AM, New York City time, on the date hereof until 5:00 PM, New York City time, on the date of the termination or expiration (the "Expiration Date") of the Amended and Restated Agreement among the Company, DaimlerChrysler Corporation ("DCC"), Freightliner LLC ("Freightliner") and Mercedes-Benz USA, LLC ("Mercedes" and, together with DCC, Freightliner and their respective subsidiaries and designated affiliates, "DaimlerChrysler"), all subject to the terms, conditions and adjustments herein set forth.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in Section 10.

Certificate No. DCX-3

Number of Shares: 4,000,000

Name of Warrantholder: DaimlerChrysler AG, a German corporation

1. Duration and Exercise of Warrant; Limitations on Exercise; Payment of Taxes.

1.1 Exercisability of Warrant. Subject to the terms and conditions set forth herein, the right to exercise this Warrant shall vest, and this Warrant shall become exercisable, as follows:

(a) with respect to 1,000,000 shares of Common Stock, on the date that there are 250,000 Eligible Vehicles;

(b) with respect to an additional 500,000 shares of Common Stock, on the date there are 800,000 Eligible Vehicles;

(c) with respect to an additional 500,000 shares of Common Stock, on the date there are 1,600,000 Eligible Vehicles;

(d) with respect to an additional 1,000,000 shares of Common Stock, on the date there are 2,400,000 Eligible Vehicles; and

(e) with respect to an additional 1,000,000 shares of Common Stock, on the date there are 3,200,000 Eligible Vehicles.

The Warrantholder shall have no right to exercise this Warrant with respect to shares of Common Stock which are not vested and exercisable as described in this Section 1.1.

1.2 Duration and Exercise of Warrant. Subject to the terms and conditions set forth herein, including Section 1.1, the Warrant may be exercised, in whole or in part, by the Warrantholder by:

(a) the surrender of this Warrant to the Company, with a duly executed Exercise Form specifying the number of Warrant Shares to be purchased, during normal business hours on any Business Day prior to the Expiration Date; and

(b) the delivery of payment to the Company, for the account of the Company, by cash, by certified or bank cashier's check or by wire transfer of immediately available funds in accordance with wire instructions that shall be provided by the Company upon request, of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in lawful money of the United States of America.

The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid.

1.3 Limitations on Exercise. Notwithstanding anything to the contrary herein, this Warrant may be exercised only upon (i) the delivery to the Company of any certificates, legal opinions, and other documents reasonably requested by the Company to satisfy the Company that the proposed exercise of this Warrant may be effected without registration under the Securities Act, (ii) receipt by the Company of FCC approval of the proposed exercise, if such approval is required (as determined by a written opinion of the Company's special FCC counsel, delivered to the Warrantholder) to maintain any license granted to the Company by the FCC, or to maintain the Company's eligibility for any FCC license for which it has applied, or reasonably expects to apply, for, (iii) in the event that the acquisition of the Warrant Shares is subject to the provisions of the HSR Act, any person or entity required to file a notification and report in compliance with the HSR Act shall have filed such form and the applicable waiting period with respect to such form (including any extension thereof by reason of a request for additional information) shall have expired or been terminated, and (iv) receipt by the Company of approval of any other applicable Governmental Authority of the proposed exercise. The Warrantholder shall not be entitled to exercise this Warrant, or any part thereof, unless and until such approvals, certificates, legal opinions or other documents are reasonably acceptable to the Company. The cost of such approvals, certificates, legal opinions and other documents, if required, shall be borne by the Warrantholder.

1.4 Warrant Shares Certificate. A stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to the Warrantholder within five Business Days after receipt of the Exercise Form and receipt of payment of the purchase price. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the stock certificate or certificates, deliver to the Warrantholder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant.

1.5 Payment of Taxes. The issuance of certificates for Warrant Shares shall be made without charge to the Warrantholder for any documentary, stamp or similar stock transfer or other issuance tax in respect thereto; provided that the Warrantholder shall be required to pay any and all taxes which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Warrantholder as reflected upon the books of the Company.

1.6 Divisibility of Warrant; Transfer of Warrant. (a) This Warrant may only be transferred by the Warrantholder with the prior written consent of the Company; provided that the Warrantholder shall have the right to transfer this Warrant to any wholly-owned subsidiary of the original Warrantholder. Except as set forth above, any transfer of this Warrant without the prior written consent of the Company shall be void and of no force and effect. Except as set forth above, the Warrantholder expressly agrees not to sell, transfer, assign or otherwise dispose of any of the Warrant Shares until the first anniversary of the acquisition of such Warrant Shares pursuant to this Warrant without the prior written consent of the Company.

(b) Subject to the provisions of this Section, this Warrant may be divided into warrants of one thousand shares or multiples thereof, upon surrender at the office of the Company located at 1221 Avenue

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of the Americas, 36th Floor, New York, New York 10020, without charge to any Warrantholder. Subject to the provisions of this Section, upon such division, the Warrants may be transferred of record as the then Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes).

(c) Subject to the provisions of this Section 1.6, upon surrender of this Warrant to the Company with a duly executed Assignment Form and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants of like tenor in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. Prior to any proposed transfer (whether as the result of a division or otherwise) of this Warrant, the Warrantholder shall give written notice to the Company of the Warrantholder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and, if requested by the Company, shall be accompanied by a written opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company, to the effect that the proposed transfer of this Warrant may be effected without registration under the Securities Act. In addition to the restrictions contained in this Section, the Warrantholder shall not be entitled to transfer

this Warrant, or any part thereof, if such legal opinion is not reasonably acceptable to the Company. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

2. Restrictions on Transfer; Restrictive Legends.

Except as otherwise permitted by this Section 2, each Warrant shall (and each Warrant issued upon direct or indirect transfer or in substitution for any Warrant pursuant to Section 1.6 or Section 4 shall) be stamped or otherwise imprinted with a legend in substantially the following form:

THIS WARRANT AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THIS WARRANT NOR SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

Except as otherwise permitted by this Section 2, each stock certificate for Warrant Shares issued upon the exercise of any Warrant and each stock certificate issued upon the direct or indirect transfer of any such Warrant Shares shall be stamped or otherwise imprinted with a legend in substantially the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

Notwithstanding the foregoing, the Warranholder may require the Company to issue a Warrant or a stock certificate for Warrant Shares, in each case without a legend, if either (i) such Warrant or such Warrant Shares, as the case may be, have been registered for resale under the Securities Act or (ii) the Warranholder has delivered to the Company an opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company, to the effect that such registration is not required with respect to such Warrant or such Warrant Shares, as the case may be.

By acceptance of this Warrant, the Warranholder expressly agrees that it will at all times comply with the restrictions contained in Rule 144(e) under the Securities Act (as in effect on the date hereof) when selling, transferring or otherwise disposing Warrant Shares, even if such restrictions would not then be applicable to the Warranholder.

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3. Reservation and Registration of Shares, Etc. The Company covenants and agrees as follows:

(a) all Warrant Shares which are issued upon the exercise of this Warrant will, upon issuance, be validly issued, fully paid, and nonassessable, not subject to any preemptive rights, and free from all taxes, liens, security interests, charges, and other encumbrances with respect to the issue thereof, other than taxes with respect to any transfer occurring contemporaneously with such issue;

(b) during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved, and keep available free from preemptive rights and any liens and encumbrances, a sufficient number of shares of Common Stock to provide for the exercise of the rights represented by this Warrant; and

(c) the Company will, from time to time, take all such action as may be required to assure that the par value per share of the Warrant Shares is at all times equal to or less than the then effective Exercise Price.

4. Loss or Destruction of Warrant. Subject to the terms and conditions hereof, upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, of such bond or indemnification as the Company may reasonably require, and, in the case of such mutilation, upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor.

5. Ownership of Warrant. The Company may deem and treat the Person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of

transfer.

6. Certain Adjustments.

6.1 The number of Warrant Shares purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment as follows:

(a) Stock Dividends. If at any time after the date of the issuance of this Warrant (i) the Company shall fix a record date for the issuance of any stock dividend payable in shares of Common Stock; or (ii) the number of shares of Common Stock shall have been increased by a subdivision or split-up of shares of Common Stock, then, on the record date fixed for the determination of holders of Common Stock entitled to receive such dividend or immediately after the effective date of such subdivision or split-up, as the case may be, the number of shares to be delivered upon exercise of this Warrant shall be increased so that the Warrantholder shall be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price shall be adjusted as provided below in paragraph (g).

(b) Combination of Stock. If the number of shares of Common Stock outstanding at any time after the date of the issuance of this Warrant shall have been decreased by a combination of the outstanding shares of Common Stock, then, immediately after the effective date of such combination, the number of shares of Common Stock to be delivered upon exercise of this Warrant shall be decreased so that the Warrantholder thereafter shall be entitled to receive the number of shares of Common Stock that such Warrantholder would have owned immediately following such action had this Warrant been exercised immediately prior thereto, and the Exercise Price shall be adjusted as provided below in paragraph (g).

(c) Reorganization, etc. If any capital reorganization of the Company, any reclassification of the Common Stock, any consolidation of the Company with or merger of the Company with or into any other Person, or any sale or lease or other transfer of all or substantially all of the assets of the Company to any other Person, shall be effected in such a way that the holders of Common Stock shall be entitled to receive stock, other securities or assets (whether such stock, other securities or assets are issued or distributed by the Company or another Person) with respect to or in exchange for Common Stock, then, upon exercise of this Warrant, the Warrantholder shall have the right to receive

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the kind and amount of stock, other securities or assets receivable upon such reorganization, reclassification, consolidation, merger or sale, lease or other transfer by a holder of the number of shares of Common Stock that such Warrantholder would have been entitled to receive upon exercise of this Warrant had this Warrant been exercised immediately before such reorganization, reclassification, consolidation, merger or sale, lease or other transfer, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. The Company shall not effect any such consolidation, merger or sale, lease or other transfer, unless prior to, or simultaneously with, the consummation thereof, the successor Person (if other than the Company) resulting from such consolidation or merger, or such Person purchasing, leasing or otherwise acquiring such assets, shall assume, by written instrument, the obligation to deliver to the Warrantholder the shares of stock, securities or assets to which, in accordance with the foregoing provisions, the Warrantholder may be entitled and all other obligations of the Company under this Warrant. The provisions of this paragraph (c) shall apply to successive reorganizations, reclassifications, consolidations, mergers, sales, leasing transactions and other transfers.

(d) Distributions to all Holders of Common Stock. If the Company shall, at any time after the date of issuance of this Warrant, fix a record date to distribute to all holders of its Common Stock any shares of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (not including regular quarterly cash dividends and distributions paid from retained earnings of the Company) or rights or warrants to subscribe for or purchase any of its securities, then the Warrantholder shall be entitled to receive, upon exercise of this Warrant, that portion of such distribution to which it would have been entitled had the Warrantholder exercised its Warrant immediately prior to the date of such distribution. At the time it fixes the record date for such distribution, the Company shall allocate sufficient reserves to ensure the timely and full performance of the provisions of this Subsection. The Company shall promptly (but in any case no later than five Business Days prior to the record date of such distribution) give notice to the Warrantholder that such distribution will take place.

(e) Fractional Shares. No fractional shares of Common Stock or scrip shall be issued to any Warrantholder in connection with the exercise of

this Warrant. Instead of any fractional shares of Common Stock that would otherwise be issuable to such Warrantholder, the Company shall pay to such Warrantholder a cash adjustment in respect of such fractional interest in an amount equal to that fractional interest of the then current Fair Market Value per share of Common Stock.

(f) Carryover. Notwithstanding any other provision of this Section 6, no adjustment shall be made to the number of shares of Common Stock to be delivered to the Warrantholder (or to the Exercise Price) if such adjustment represents less than 1% of the number of shares to be so delivered, but any lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which together with any adjustments so carried forward shall amount to 1% or more of the number of shares to be so delivered.

(g) Exercise Price Adjustment. Whenever the number of Warrant Shares purchasable upon the exercise of this Warrant is adjusted, as herein provided, the Exercise Price payable upon the exercise of this Warrant shall be adjusted by multiplying such Exercise Price immediately prior to such adjustment by a fraction, of which the numerator shall be the number of Warrant Shares purchasable upon the exercise of the Warrant immediately prior to such adjustment, and of which the denominator shall be the number of Warrant Shares purchasable immediately thereafter.

6.2 Rights Offering. In the event the Company shall effect an offering of Common Stock or preferred stock among its stockholders, the Warrantholder shall be entitled to elect to participate in each and every such offering as if this Warrant had been exercised immediately prior to each such offering. The Company shall promptly (but in any case no later than five Business Days prior to such rights offering) give notice to the Warrantholder that such rights offering will take place. The Company shall not be required to make any adjustment pursuant to Section 6.1 with respect to the issuance of shares of Common Stock or preferred stock pursuant to a rights offering in which the holder hereof is offered the right to participate under the provisions of this Section 6.2, assuming this Warrant was fully exercisable in accordance with Section 1.1.

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6.3 Notice of Adjustments. Whenever the number of Warrant Shares or the Exercise Price of such Warrant Shares is adjusted, as herein provided, the Company shall promptly give to the Warrantholder notice of such adjustment or adjustments and a certificate of a firm of independent public accountants of recognized national standing (which shall be appointed at the Company's expense and may be the independent public accountants regularly employed by the Company) setting forth the number of Warrant Shares and the Exercise Price of such Warrant Shares after such adjustment, a brief statement of the facts requiring such adjustment, and the computation by which such adjustment was made.

6.4 Notice of Extraordinary Corporate Events. In case the Company after the date hereof shall propose to (i) distribute any dividend (whether stock or cash or otherwise) to the holders of shares of Common Stock or to make any other distribution to the holders of shares of Common Stock, (ii) offer to the holders of shares of Common Stock rights to subscribe for or purchase any additional shares of any class of stock or any other rights or options, or (iii) effect any reclassification of the Common Stock (other than a reclassification involving merely the subdivision or combination of outstanding shares of Common Stock), any capital reorganization, any consolidation or merger (other than a merger in which no distribution of securities or other property is to be made to holders of shares of Common Stock), any sale or lease or transfer or other disposition of all or substantially all of its property, assets and business, or the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to the Warrantholder notice of such proposed action, which notice shall specify the date on which (a) the books of the Company shall close, or (b) a record shall be taken for determining the holders of Common Stock entitled to receive such stock dividends or other distribution or such rights or options, or (c) such reclassification, reorganization, consolidation, merger, sale, transfer, other disposition, liquidation, dissolution or winding up shall take place or commence, as the case may be, and the date, if any, as of which it is expected that holders of record of Common Stock shall be entitled to receive securities or other property deliverable upon such action. Such notice shall be given in the case of any action covered by clause (i) or (ii) above at least ten days prior to the record date for determining holders of Common Stock for purposes of receiving such payment or offer, or in the case of any action covered by clause (iii) above at least 30 days prior to the date upon which such action takes place and 20 days prior to any record date to determine holders of Common Stock entitled to receive such securities or other property.

6.5 Effect of Failure to Notify. Failure to file any certificate or notice or to give any notice, or any defect in any certificate or notice, pursuant to Sections 6.3 and 6.4 shall not affect the legality or validity of the adjustment to the Exercise Price, the number of shares purchasable upon exercise of this Warrant, or any transaction giving rise thereto.

7. Reports Under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to each Holder so long as such Holder owns Warrants, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Holders to sell such securities without registration.

8. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Holders who hold a majority in interest of the

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Warrants; provided that it is not necessary that the exact form of the amendment be approved by the holders of a majority in interest of the Warrants if such holders have approved the substance of such amendment. Any amendment or waiver effected in accordance with this Section 8 shall be binding upon each Holder and the Company.

9. Expiration of the Warrant. The obligations of the Company pursuant to this Warrant shall terminate on the Expiration Date.

10. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Aftermarket Freightliner Receiver" shall mean each Sirius Receiver equipped to receive the Sirius Service, and not any Competing Service, which is sold by a Freightliner dealer, Travel Center of America location or other heavy truck dealer or service center owned, controlled by or affiliated with Freightliner from time to time.

"Assignment Form" shall mean an instrument of transfer of a warrant in the form annexed hereto as Exhibit B.

"Board" shall mean the Board of Directors of the Company or any duly authorized committee thereof.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banks are required or authorized by law to close in The City of New York, State of New York.

"By-laws" shall mean the Amended and Restated By-laws of the Company, as the same may be amended and in effect from time to time.

"Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of the Company, as the same may be amended and in effect from time to time.

"Common Stock" shall have the meaning specified on the cover of this Warrant.

"Company" shall have the meaning specified on the cover of this Warrant.

"Competing Service" shall mean any satellite digital audio radio service offered in the continental United States within the frequency range from 2310 to 2360 megahertz.

"Contractual Obligation" shall mean as to any Person, any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"DaimlerChrysler" shall have the meaning specified on the cover of this Warrant.

"DaimlerChrysler Enabled Vehicle" shall mean any vehicle which contains a Sirius Receiver capable of receiving the Sirius Service, and not any Competing Service, that was installed in (a) a factory owned or operated by DaimlerChrysler, any present or future subsidiary of DaimlerChrysler, or (b)

the factory from which DaimlerChrysler or any present or future subsidiary of DaimlerChrysler acquired such vehicle for distribution in the United States, or (c) any other service facility designated in writing by DaimlerChrysler (which may include dealerships as long as such installation principally results from a program authorized by DaimlerChrysler).

"DCAG" shall have the meaning specified on the cover of this Warrant.

"DCC" shall have the meaning specified on the cover of this Warrant.

"Eligible Vehicle" means a DaimlerChrysler Enabled Vehicle or any vehicle containing an Aftermarket Freightliner Receiver.

"Exchange Act" shall mean the Securities Exchange Act of 1934 or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Exchange Act shall include a reference to a comparable section, if any, of any such similar Federal statute.

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"Exercise Form" shall mean a request to exercise this Warrant in the form annexed hereto as Exhibit A.

"Exercise Price" shall have the meaning specified on the cover of this Warrant.

"Expiration Date" shall have the meaning specified on the cover of this Warrant.

"Fair Market Value" shall mean, with respect to a share of Common Stock as of a particular date (the "Determination Date"):

(i) if the Common Stock is registered under the Exchange Act, (a) the average of the daily closing sales prices of the Common Stock for the 20 consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of trading days before such date for which closing sales prices are available, in the case of each of (a) and (b), as certified by any Vice President or the Chief Financial Officer of the Company; or

(ii) if the Common Stock is not registered under the Exchange Act, then the Fair Market Value shall be as reasonably determined in good faith by the Board or a duly appointed committee of the Board (which determination shall be reasonably described in the written notice given to the Warrantholder).

For the purposes of clause (i) of this definition, the closing sales price for each such trading day shall be: (1) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day; (2) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company; (3) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each Business Day, designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported; and (4) if there are no bid and asked prices reported during the 30 days prior to the date in question, the Fair Market Value shall be determined as if the securities were not registered under the Exchange Act

"FCC" shall mean the Federal Communications Commission.

"Freightliner" shall have the meaning specified on the cover of this Warrant.

"Governmental Authority" shall mean the government of any nation, state, city, locality or other political subdivision of any thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government or any international regulatory body having or asserting jurisdiction over a Person, its business or its properties.

"Head Unit" shall mean a device, which is integrated in the dashboard of a vehicle, which provides the user interface for the reception of radio signals

and, in some cases, the playback of recorded media, such as cassette tapes, compact discs, minidisks and DVDs.

"Holder(s)" shall mean holder(s) of Warrants.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations of the Federal Trade Commission thereunder.

"Lien" shall mean any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), restriction or other security interest of any kind or nature whatsoever.

"Mercedes" shall have the meaning specified on the cover of this Warrant.

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"Nasdaq" shall mean the National Association of Securities Dealers Automated Quotations System.

"Person" shall mean any individual, firm, corporation, partnership, limited liability company, trust, incorporated or unincorporated association, joint venture, joint stock company, Governmental Authority or other entity of any kind.

"Requirement of Law" shall mean, as to any Person, the Certificate of Incorporation and Bylaws, or other organizational or governing documents, of such Person, and any law, treaty, rule, regulation, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority, in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated hereby.

"Rule 144" shall have the meaning specified in Section 7.

"SEC" shall mean the Securities and Exchange Commission or any other Federal agency at the time administering the Securities Act or the Exchange Act, whichever is the relevant statute for the particular purpose.

"Securities Act" shall have the meaning specified on the cover of this Warrant, or any similar Federal statute, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Act, shall include a reference to the comparable section, if any, of any such similar Federal statute.

"Sirius Receiver" shall mean (a) a Head Unit which is capable of receiving and outputting the Sirius signal, either as a result of circuitry included in the Head Unit itself or as a result of another device and (b) an antenna capable of receiving the Sirius signal.

"Sirius Service" shall mean the digital audio radio service that the Company will offer to Sirius Subscribers which will permit such Sirius Subscribers to receive a multichannel audio service broadcast from satellites and, in certain instances, terrestrial repeaters.

"Sirius Subscriber" shall mean any person or entity that has agreed to pay the Company for the right to receive the Sirius Service.

"Subsidiary" shall mean, in respect of any Person, any other Person of which, at the time as of which any determination is made, such Person or one or more of its subsidiaries has, directly or indirectly, voting control.

"Warrantholder" shall have the meaning specified on the cover of this Warrant.

"Warrant Shares" shall have the meaning specified on the cover of this Warrant.

11. No Impairment. The Company shall not by any action, including, without limitation, amending the Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but shall at all times in good faith assist in the carrying out of all such terms and in the taking of all such reasonable actions as may be necessary or appropriate to protect the rights of the Warrantholder against impairment. Without limiting the generality of the foregoing, the Company shall (a) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (b) provide reasonable assistance to the Warrantholder in obtaining all authorizations, exemptions or consents from any Governmental Authority which may be necessary in connection with the exercise of this Warrant.

12. Miscellaneous.

12.1 Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Warrantholder with respect to the Warrants.

12.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warranholders and their respective heirs, legal representatives, successors and

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assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warranholders, or their respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

12.3 Section and Other Headings. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant.

12.4 Pronouns. All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

12.5 Further Assurances. Each of the Company and the Warrantholder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and documents as the Company or the Warrantholder may, at any time and from time to time, reasonably request in connection with the performance of any of the provisions of this Warrant.

12.6 Notices. All notices and other communications required or permitted to be given under this Warrant shall be in writing and shall be deemed to have been duly given if (i) delivered personally or (ii) sent by facsimile or recognized overnight courier or by United States first class certified mail, postage prepaid, to the parties hereto at the following addresses or to such other address as any party hereto shall hereafter specify by notice to the other party hereto:

if to the Company, addressed to:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: Chief Financial Officer
Telecopy: (212) 584-5353

if to the Warrantholder, addressed to:

DaimlerChrysler AG
c/o DaimlerChrysler Corporation
1000 Chrysler Drive
CIMS 485-14-78
Auburn Hills, Michigan 48326-2766
Attention: Assistant Secretary
Telecopy: (248) 512-1771

Except as otherwise provided herein, all such notices and communications shall be deemed to have been received (a) on the date of delivery thereof, if delivered personally or sent by facsimile, (b) on the second Business Day following delivery into the custody of an overnight courier service, if sent by overnight courier, provided that such delivery is made before such courier's deadline for next-day delivery, or (c) on the third Business Day after the mailing thereof.

12.7 Separability. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the terms and provisions of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction.

12.8 Governing Law. This Warrant shall be deemed to be a contract made under the laws of New York and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to such agreements made and to be performed entirely within such State.

12.9 No Rights or Liabilities as Stockholder. Nothing contained in this Warrant shall be deemed to confer upon the Warrantholder any rights as a stockholder of the Company or as imposing any liabilities on the Warrantholder to purchase any securities whether such liabilities are asserted by the Company or by creditors or stockholders of the Company or otherwise.

12.10 Representations of the Company. The Company hereby represents and warrants, as of the date hereof, to the Warrantholder as follows:

(a) Corporate Existence and Power. The Company (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware; (ii) has all requisite corporate power and authority to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is engaged; and (iii) has the corporate power and authority to execute, deliver and perform its obligations under this Warrant. The Company is duly qualified to do business as a foreign corporation in, and is in good standing under the laws of, each jurisdiction in which the conduct of its business or the nature of the property owned requires such qualification.

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Warrant and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Warrant Shares, (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Certificate of Incorporation or Bylaws; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Company or any Requirement of Law applicable to the Company. No event has occurred and no condition exists which, upon notice or the passage of time (or both), would constitute a default under any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or other material agreement of the Company or the Certificate of Incorporation or Bylaws.

(c) Issuance of Warrant Shares. The Warrant Shares have been duly authorized and reserved for issuance. When issued, such shares will be validly issued, fully paid and non-assessable, and free and clear of all Liens and preemptive rights, and the holders thereof shall be entitled to all rights and preferences accorded to a holder of Common Stock.

(d) Binding Effect. This Warrant has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or transfer, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick L. Donnelly
-----/
Patrick L. Donnelly
Executive Vice President and
General Counsel

Dated: May 13, 2002

Attest:

By: /s/ Douglas Kaplan

Douglas Kaplan
Assistant Secretary

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EXHIBIT A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant, to purchase _____ shares of Common Stock and herewith tenders payment for such Common Stock to the order of Sirius Satellite Radio Inc. in the amount of \$_____, which amount includes payment of the par value for _____ of the Common Stock, in accordance with the terms of this Warrant. The undersigned requests that a certificate for such shares of Common Stock be registered in the name of _____ and that such certificates be delivered to _____ whose address is _____.

Dated: _____

Signature -----

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

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EXHIBIT B

FORM OF ASSIGNMENT

(TO BE EXECUTED ONLY UPON TRANSFER OF THIS WARRANT)

For value received, the undersigned registered holder of the within Warrant hereby sells, assigns and transfers unto _____ the right represented by such Warrant to purchase _____ shares of Common Stock of Sirius Satellite Radio Inc. to which such Warrant relates and all other rights of the Warrantholder under the within Warrant, and appoints _____ Attorney to make such transfer on the books of Sirius Satellite Radio Inc. maintained for such purpose, with full power of substitution in the premises. This sale, assignment and transfer has been previously approved in writing by Sirius Satellite Radio Inc.

Dated: _____

Signature -----

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of May 3, 2002 (this "Agreement"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and MARY PATRICIA RYAN (the "Executive").

In consideration of the mutual covenants and conditions set forth herein, the Company and the Executive agree as follows:

1. Employment. Subject to the terms and conditions of this Agreement, the Company hereby employs the Executive, and the Executive hereby accepts employment with the Company.

2. Duties and Reporting Relationship. (a) The Executive shall be employed in the capacity of Executive Vice President, Marketing, of the Company. In such capacity, the Executive shall be responsible for the Company's activities in the areas of subscriber management and retention, market research, consumer marketing, advertising, channel marketing, electronic marketing and customer operations. During the Term (as defined below), the Executive shall, on a full-time basis and consistent with the needs of the Company to achieve the goals of the Company, use her skills and render services to the best of her ability in supervising the business and affairs of the Company and, in addition, perform such other activities and duties consistent with her position as the Chief Executive Officer, the Chief Operating Officer or the Executive Vice President, Sales and Marketing, of the Company shall from time to time reasonably specify and direct.

(b) The Executive shall perform her duties and conduct her business at the offices of the Company in New York, New York, except for required travel.

(c) The Executive shall report to Mr. Guy Johnson, the Company's Executive Vice President, Sales and Marketing, or such other officer of similar title and rank as the Company's Chief Executive Officer shall designate.

3. Term. The term of this Agreement shall commence on June 10, 2002 and end on May 31, 2005, unless terminated earlier pursuant to the provisions of Section 6 or 9 (the "Term").

4. Compensation. (a) During the Term, the Executive shall be paid an annual base salary of \$320,000 (the "Base Salary"). The Executive's base salary shall be paid at least monthly and, at the option of the Company, may be paid more frequently. In the event the Executive's employment is terminated during the Term, the Executive's base salary shall be prorated through the date of termination.

(b) On the first day of the Term, the Company shall grant to the Executive an option to purchase 240,000 shares of the Company's common stock, par value \$.001 per share (the

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"Common Stock"), at an exercise price equal to the closing bid price of the Common Stock on Friday, June 7, 2002. Such options shall be subject to the terms and conditions set forth in the Option Agreement attached as Exhibit A.

(c) The Company is in the process of developing a bonus program for the year ending December 31, 2002. This program is expected to include a variety of objective milestones, such as number of subscribers, subscriber acquisition costs and stock price appreciation, and will be approved by the Compensation Committee of the Board of Directors of the Company (the "Board"). This program may also include objectives specifically applicable to the Executive and the Marketing Department of the Company. The Executive shall be guaranteed a bonus of \$160,000 for the calendar year ending December 31, 2002.

(d) On July 31, 2002, the Company shall pay you a one-time starting bonus of \$25,000 (the "Starting Bonus"). If your employment with the Company is terminated for Cause (as defined below) or you resign your employment with the Company prior to the first anniversary of the Start Date, the entire Starting Bonus shall be repaid by you to the Company on a pro rata basis, with each month of service earning 1/12th of the Starting Bonus. Such repayment shall be due and payable to the Company within five business days of your last day of employment.

(e) All compensation paid to the Executive hereunder shall be subject to any payroll and withholding deductions required by applicable law. Except to the extent expressly provided in Section 9, the Executive shall not be paid any additional amounts to compensate for any applicable federal, state or local

income or other taxes.

5. Additional Compensation; Expenses and Benefits. (a) During the Term, the Company shall reimburse the Executive for all reasonable and necessary business expenses incurred and advanced by the Executive in carrying out her duties under this Agreement.

(b) During the Term, the Executive shall be entitled to participate fully in any benefit plans and other fringe benefits which may be made available to the executive officers holding the title of Executive Vice President of the Company generally, including, without limitation, medical, dental and life insurance; provided that the Executive shall participate in any severance, stock option or stock purchase or compensation plan currently in effect or subsequently established by the Company to the extent, and only to the extent, authorized by the plan document and expressly provided by the Board or the compensation committee thereof.

6. Termination. The date upon which this Agreement is deemed to be terminated in accordance with any of the provisions of this Section 6 is referred to herein as the "Termination Date."

(a) The Company has the right and may elect to terminate this Agreement for Cause at any time. For purposes of this Agreement, "Cause" means the occurrence or existence of any of the following:

(i) a material breach by the Executive of the terms of this Agreement or of her duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its affiliates (which, for purposes hereof, shall mean any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity or organization directly or indirectly controlling, controlled by, or under direct or indirect common control with the Company) which has not been approved by a

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majority of the disinterested directors of the Board, if in any such case such material breach remains uncured after ten days have elapsed following the date on which the Company gives the Executive written notice of such breach;

(ii) a breach by the Executive of any duty referred to in clause (i) above with respect to which at least one prior notice was given under clause (i);

(iii) any act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar intentional misconduct by the Executive involving the Company or any of its affiliates;

(iv) the conviction or the plea of nolo contendere or the equivalent in respect of a felony;

(v) any damage of a material nature to any property of the Company or any of its affiliates caused by the Executive's willful misconduct or gross negligence;

(vi) the repeated nonprescription use of any controlled substance or the repeated use of alcohol or any other non-controlled substance that renders the Executive unfit to serve as an officer of the Company or its affiliates;

(vii) the Executive's failure to comply with the lawful instructions of the Board or the Company's Chief Executive Officer within five days; or

(viii) conduct by the Executive that, in the opinion of the Board, demonstrates unfitness to serve as an officer of the Company or its affiliates, including, without limitation, a finding by the Board or any regulatory authority that the Executive committed acts of unlawful harassment or violated any other state, federal or local law or ordinance prohibiting discrimination in employment.

Termination of the Executive for Cause pursuant to this Section 6(a) shall be communicated by a Notice of Termination. For purposes of this Agreement, a "Notice of Termination" shall mean delivery to the Executive of a copy of a resolution or resolutions duly adopted by the affirmative vote of not less than a majority of the directors present (in person or by teleconference) and voting at a meeting of the Board called and held for that purpose after reasonable notice to the Executive and reasonable opportunity for the Executive, together with the Executive's counsel, to be heard before the Board prior to such vote, finding that in the good faith opinion of the Board, the Executive was guilty of conduct set forth in clauses (i) through (viii) of this Section 6(a) and specifying the particulars thereof. For purposes of this Section 6(a), this Agreement shall terminate on the date specified by the Board in the Notice of Termination.

(b) (i) This Agreement and the Executive's employment shall terminate upon the death of the Executive.

(ii) If the Executive is unable to perform the essential duties and functions of her position because of a disability, even with a reasonable accommodation, for one hundred eighty days within any three hundred sixty-five day period, and the Board, in its reasonable judgment, determines that the exigencies created by the Executive's disability are such that termination is warranted, the Board shall have the right and may elect to terminate the services of the Executive by a Notice of Disability Termination. For purposes of this Agreement, a "Notice of Disability Termination" shall mean a written notice that sets forth in reasonable detail the facts

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and circumstances claimed to provide a basis for termination of the Executive's employment under this Section 6(b) (ii). For purposes of this Agreement, no such purported termination by the Board shall be effective without such Notice of Disability Termination. This Agreement shall terminate on the day such Notice of Disability Termination is received by the Executive.

(c) Should the Executive wish to resign from her position with the Company during the Term, the Executive shall give fourteen days prior written notice to the Company. This Agreement shall terminate on the effective date of the resignation defined above, however, the Company may, at its sole discretion, request that the Executive perform no job responsibilities and cease her active employment immediately upon receipt of the notice from the Executive.

(d) The Company shall have the absolute right to terminate the Executive's employment without Cause at any time. This Agreement shall terminate one day following receipt of such notice by the Executive, however, the Company may, at its sole discretion, request that the Executive cease active employment and perform no more job duties immediately upon provision of such notice to the Executive.

(e) If the employment of the Executive is terminated without Cause, then the Executive shall be entitled to receive, and the Company shall pay to the Executive without setoff, counterclaim or other withholding, except as set forth in Section 4(d), a lump sum amount (in addition to any salary, benefits or other sums due the Executive through the Termination Date) in an amount equal to the sum of (i) her base salary in effect on the Termination Date and (ii) the last annual bonus paid to her or, in the event the Executive is terminated without Cause prior to January 1, 2003, \$160,000. Any amount becoming payable under this Section 6(e) shall be paid in immediately available funds within ten business days following the Termination Date.

7. Nondisclosure of Confidential Information. (a) The Executive acknowledges that in the course of her employment she will occupy a position of trust and confidence. The Executive shall not, except as may be required to perform her duties or as required by applicable law, disclose to others or use, directly or indirectly, any Confidential Information.

(b) "Confidential Information" shall mean information about the Company's business and operations that was learned by the Executive in the course of her employment by the Company, including, without limitation, any business plans, product plans, strategy, budget information, proprietary knowledge, patents, trade secrets, data, formulae, sketches, notebooks, blueprints, information and client and customer lists and all papers and records (including computer records) of the documents containing such Confidential Information, other than information that is publicly disclosed by the Company in writing. The Executive acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company, and that such information gives the Company a competitive advantage. The Executive agrees to deliver or return to the Company, at the Company's request at any time or upon termination or expiration of her employment or as soon as possible thereafter, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by or on behalf of the Company or prepared by the Executive in the course of her employment by the Company.

(c) The provisions of this Section 7 shall survive any termination of this Agreement for a period of two years.

8. Covenant Not to Compete. During the Restricted Period (as defined below), the Executive shall not, directly or indirectly, enter into the employment of, render services to, or

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acquire any interest whatsoever in (whether for her own account as an individual proprietor, or as a partner, associate, stockholder, officer, director, consultant, trustee or otherwise), or otherwise assist, any person or entity (a) engaged in any operations in North America involving the transmission of radio

entertainment programming on the frequencies 2310 to 2360 Mhz in competition with the Company, (b) engaged in the business of manufacturing, marketing or distributing radios, antennas or other parts for use in devices which receive broadcasts of XM Satellite Radio Inc. or any successor to XM Satellite Radio Inc. or (c) that competes, or is likely to compete, with any other aspect of the business of the Company as conducted at the end of the Term; provided that nothing in this Agreement shall prevent the purchase or ownership by the Executive by way of investment of less than five percent of the shares or equity interest of any corporation or other entity. Without limiting the generality of the foregoing, the Executive agrees that during the Restricted Period, the Executive shall not call on or otherwise solicit business or assist others to solicit business from any of the customers or potential customers of the Company as to any product or service that competes with any product or service provided or marketed by or under development by the Company at the end of the Term. The Executive agrees that, during the Restricted Period she will not solicit or assist others to solicit the employment of or hire any employee of the Company without the prior written consent of the Company. For purposes of this Agreement, the "Restricted Period" shall mean two years following the end of the Term; provided that if the employment of the Executive is terminated without Cause, the "Restricted Period" shall be one year following the end of the Term.

9. Change of Control Provisions. (a) Notwithstanding the terms of Section 6(e), if following a Change of Control (as defined below) the employment of the Executive is terminated without Cause or the Executive terminates her employment for Good Reason, then the Executive shall be entitled to receive, and the Company shall pay to the Executive without setoff, counterclaim or other withholding, except as set forth in Section 4(e), an amount (in addition to any salary, benefits or other sums due the Executive through the Termination Date) equal to the sum of (i) her base salary in effect on the Termination Date and (ii) the last annual bonus paid to her or, in the event the Executive is terminated prior to January 1, 2003, \$160,000.

(b) For the purposes of this Agreement, a "Change of Control" shall mean the occurrence of any of the following: (i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any "person" or "group" (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), (ii) any person or group is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 40% of the total voting power of the voting stock of the Company, including by way of merger, consolidation or otherwise (other than affiliates of Oppenheimer Funds, Inc., Apollo Management, L.P. or The Blackstone Group, L.P., acting individually or as a group), or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors of the Company, then still in office, who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board then in office. For purposes of this Agreement, "Good Reason" shall mean the continuance of any of the following events (without the Executive's prior written consent) for a period of thirty days after delivery to the Company by the Executive of a notice of the

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occurrence of such event: (i) the assignment to the Executive by the Company of duties not reasonably consistent with the Executive's positions, duties, responsibilities or titles at the commencement of the Term or any material reduction in her duties or responsibilities or any removal of the Executive from or any failure to re-elect the Executive to any of such positions; (ii) any reduction in the Base Salary or material reduction in fringe benefits; (iii) the assignment of the Executive to an office of the Company located more than 50 miles, measured in driving distance, from Grand Central Station in New York City; or (iv) any material breach by the Company of this Agreement.

(c) If the Executive is, in the opinion of a nationally recognized accounting firm jointly selected by the Executive and the Company, required to pay an excise tax on "excess parachute payments" (as defined in Section 280G(b) of the Internal Revenue Code of 1986, as amended (the "Code")) under Section 4999 of the Code as a result of an acceleration of the vesting of stock options, the Company shall have an absolute and unconditional obligation to pay the Executive in accordance with the terms of this Section 9 the amount of such taxes. In addition, the Company shall have an absolute and unconditional obligation to pay the Executive such additional amounts as are necessary to place the Executive in the exact same financial position that she would have been in if she had not incurred any expected tax liability under Section 4999 of the Code; provided that the Company shall in no event pay the Executive any amounts with respect to any penalties or interest due under any provision of the Code. The determination of the exact amount, if any, of any expected "excess parachute payments" and any expected tax liability under Section 4999 of the

Code shall be made by a nationally-recognized independent accounting firm selected by the Company. The fees and expenses of such accounting firm shall be paid by the Company. The determination of such accounting firm shall be final and binding on the parties. The Company irrevocably agrees to pay to the Executive, in immediately available funds to an account designated in writing by the Executive, any amounts to be paid under this Section 9 within two business days after receipt by the Company of written notice from the accounting firm which sets forth such accounting firm's determination. In addition, in the event that such payments are not sufficient to pay all excise taxes on "excess parachute payments" under Section 4999 of the Code as a result of an acceleration of the vesting of options and to place the Executive in the exact same financial position that she would have been in if she had not incurred any expected tax liability under Section 4999 of the Code as a result of a change in control, then the Company shall have an absolute and unconditional obligation to pay the Executive such additional amounts as may be necessary to pay such excise taxes and place the Executive in the exact same financial position that she would have been had she not incurred any tax liability as a result of a change in control under the Code. Notwithstanding the foregoing, in the event that a written ruling (whether public or private) of the Internal Revenue Service ("IRS") is obtained by or on behalf of the Company or the Executive, which ruling provides that the Executive is not required to pay, or is entitled to a refund with respect to, all or any portion of such excise taxes or additional amounts, the Executive shall promptly reimburse the Company in an amount equal to all amounts paid to the Executive pursuant to this Section 9(c) less any excise taxes or additional amounts which remain payable by, or are not refunded to, the Executive after giving effect to such IRS ruling. Each of the Company and the Executive agrees to promptly notify the other party if it receives any such IRS ruling.

10. Remedies. The Executive and Company agree that damages for breach of any of the covenants under Sections 7 and 8 will be difficult to determine and inadequate to remedy the harm which may be caused thereby, and therefore consent that these covenants may be enforced by temporary or permanent injunction without the necessity of bond. The Executive believes, as of the date of this Agreement, that the provisions of this Agreement are reasonable

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and that the Executive is capable of gainful employment without breaching this Agreement. However, should any court or arbitrator decline to enforce any provision of Section 7 or 8 of this Agreement, this Agreement shall, to the extent applicable in the circumstances before such court or arbitrator, be deemed to be modified to restrict the Executive's competition with the Company to the maximum extent of time, scope and geography which the court or arbitrator shall find enforceable, and such provisions shall be so enforced.

11. Indemnification. The Company shall indemnify the Executive to the full extent provided in the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws and the law of the State of Delaware in connection with her activities as an officer of the Company.

12. Entire Agreement. The provisions contained herein constitute the entire agreement between the parties with respect to the subject matter hereof and supersede any and all prior agreements, understandings and communications between the parties, oral or written, with respect to such subject matter.

13. Modification. Any waiver, alteration, amendment or modification of any provisions of this Agreement shall not be valid unless in writing and signed by both the Executive and the Company.

14. Severability. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof, which shall remain in full force and effect.

15. Assignment. The Executive may not assign any of her rights or delegate any of her duties hereunder without the prior written consent of the Company. The Company may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Executive, except that any successor to the Company by merger or purchase of all or substantially all of the Company's assets shall assume this Agreement.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors in interest of the Executive and the Company.

17. Notices. All notices and other communications required or permitted hereunder shall be made in writing and shall be deemed effective when delivered personally or transmitted by facsimile transmission, one business day after deposit with a nationally recognized overnight courier (with next day delivery specified) and five days after mailing by registered or certified mail:

if to the Company:

Sirius Satellite Radio Inc.

1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: General Counsel
Telecopier: (212) 584-5353

if to the Executive:

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Mary Patricia Ryan
Address on file at the offices
of the Company

or to such other person or address as either party shall furnish in writing to the other party from time to time.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within the State of New York.

19. Non-Mitigation. The Executive shall not be required to mitigate damages or seek other employment in order to receive compensation or benefits under Section 6 or 9 of this Agreement; nor shall the amount of any benefit or payment provided for under Section 6 or 9 of this Agreement be reduced by any compensation earned by the Executive as the result of employment by another employer.

20. Arbitration. (a) The Executive and the Company agree that if a dispute arises concerning or relating to the Executive's employment with the Company, or the termination of the Executive's employment, such dispute shall be submitted to binding arbitration under the rules of the American Arbitration Association regarding resolution of employment disputes in effect at the time such dispute arises. The arbitration shall take place in New York, New York, before a single arbitrator experienced in New York employment law and licensed to practice law in New York and selected in accordance with the American Arbitration Association rules and procedures. Except as provided below, the Executive and the Company agree that this arbitration procedure will be the exclusive means of redress for any disputes relating to or arising from the Executive's employment with the Company or her termination, including disputes over rights provided by federal, state, or local statutes, regulations, ordinances, and common law, including all laws that prohibit discrimination based on any protected classification. THE PARTIES EXPRESSLY WAIVE THE RIGHT TO A JURY TRIAL, AND AGREE THAT THE ARBITRATOR'S AWARD SHALL BE FINAL AND BINDING ON BOTH PARTIES, AND SHALL NOT BE APPEALABLE. The arbitrator shall have discretion to award monetary and other damages, and any other relief that the arbitrator deems appropriate and is allowed by law. The arbitrator shall have the discretion to award the prevailing party reasonable costs and attorneys' fees incurred in bringing or defending an action, and shall award such costs and fees to the Executive in the event the Executive prevails on the merits of any action brought hereunder.

(b) The Company and the Executive agree that the sole dispute that is excepted from Section 20(a) is an action seeking injunctive relief from a court of competent jurisdiction regarding enforcement and application of Sections 7, 8 or 10 of this Agreement, which action may be brought in addition to, or in place of, an arbitration proceeding in accordance with Section 20(a).

21. Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

22. Executive's Representations. The Executive hereby represents and warrants to Company that she (a) is not now under any contractual or other obligation that is inconsistent with or in conflict with this Agreement or that would prevent, limit, or impair the Executive's performance of her obligations under this Agreement; (b) is not suffering from, or aware of, any

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physical or mental condition which could reasonably be expected to affect her ability to function as a senior marketing executive of the Company during the Term; (c) has been provided the opportunity to be, or has been, represented by legal counsel in preparing, negotiating, executing and delivering this Agreement; and (d) fully understands the terms and provisions of this Agreement.

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

SIRIUS SATELLITE RADIO INC.

By: /s/ John H. Schultz

John H. Schultz
Senior Vice President, Human Resources

/s/ Mary Patricia Ryan

Mary Patricia Ryan

EXHIBIT A

THIS OPTION HAS NOT BEEN REGISTERED UNDER STATE OR FEDERAL SECURITIES LAWS.
THIS OPTION MAY NOT BE TRANSFERRED EXCEPT BY WILL OR UNDER THE LAWS OF DESCENT
AND DISTRIBUTION.

SIRIUS SATELLITE RADIO 1999 LONG-TERM STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

THIS STOCK OPTION AGREEMENT (this "Agreement"), dated as of June 10, 2002
("Date of Grant"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation
(the "Company"), and MARY PATRICIA RYAN (the "Optionee").

1. Grant of Option. Subject to the terms and conditions of this Agreement
and the Sirius Satellite Radio 1999 Long-Term Stock Incentive Plan (as amended,
supplemented or otherwise modified from time to time, the "Plan"), the Company
hereby grants to the Optionee the right and option (this "Option") to purchase
up to two hundred and forty thousand (240,000) shares (the "Shares") of common
stock, par value \$0.001 per share, of the Company at a price per share of
\$_____ (the "Exercise Price"). This Option is not intended to qualify as an
Incentive Stock Option for purposes of Section 422 of the Internal Revenue Code
of 1986, as amended (the "Code"). In the case of any stock split, stock dividend
or like change in the Shares occurring after the date hereof, the number of
Shares and the Exercise Price shall be adjusted as set forth in Section 4(b) of
the Plan. This Option shall vest and be exercisable as follows:

(a) The right and option to purchase up to sixty thousand (60,000)
Shares shall immediately vest and become exercisable on the date hereof;

(b) The right and option to purchase up to sixty thousand (60,000)
Shares shall vest and become exercisable on June 10, 2003 if the Optionee
continues to be employed by the Company until and on such date;

(c) The right and option to purchase up to sixty thousand (60,000)
Shares shall vest and become exercisable on June 10, 2004 if the Optionee
continues to be employed by the Company until and on such date; and

(d) The right and option to purchase up to sixty thousand (60,000)
Shares shall vest and become exercisable on June 10, 2005 if the Optionee
continues to be employed by the Company until and on such date.

2. Termination of Option. This Option shall terminate, to the extent not
previously exercised, ten years from the Date of Grant or earlier upon the
expiration of (a) ninety (90) days from the date of termination of the
Optionee's employment with the Company for any reason whatsoever other than
death or Disability (as defined below) or (b) the expiration of one year from
(i) the date of death of the Optionee or (ii) cessation of the Optionee's
employment by reason of Disability (as defined below). Subject to the terms of
the Plan, if the Optionee's

employment is terminated by death, this Option shall be exercisable only by the
person or persons to whom the Optionee's rights under such Option shall pass by
the Optionee's will or by the laws of descent and distribution of the state or
county of the Optionee's domicile at the time of death. "Disability" shall mean
the Optionee is unable to perform the essential duties and functions of her
position because of a disability, even with a reasonable accommodation, for one
hundred eighty days within any three hundred sixty-five day period, and the
Board of the Directors of the Company, in its reasonable judgment, determines
that the exigencies created by the Optionee's disability are such that
termination of employment is warranted. Upon making a determination of
Disability, the Company shall determine the date of the Optionee's termination
of employment.

For purposes of this Agreement, transfer of employment between or among the
Company and/or any Related Company shall not be deemed to constitute a
termination of employment with the Company or the Related Company. "Related
Company", when referring to a subsidiary corporation, shall mean any corporation
(other than the Company) in an unbroken chain of corporations beginning with the
Company if, on the date of this Agreement, each of the corporations other than
the last corporation in the unbroken chain owns stock possessing fifty percent

(50%) or more of the total combined voting power of all classes of stock of one of the other corporations in such chain. When referring to a parent corporation, the term "Related Company" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, on the date of this Agreement, each of the corporations, other than the Company, owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock of one of the other corporations in such chain.

3. Non-transferable. This Option may not be transferred, assigned, pledged or hypothecated in any manner (whether by operation of law or otherwise) other than by will or by the applicable laws of descent and distribution, and shall not be subject to execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this Option or of any right or privilege conferred hereby, contrary to the provisions hereof, or upon the sale or levy or any attachment or similar process upon the rights and privileges conferred hereby, this Option shall terminate and become null and void.

4. Exercise. Subject to Sections 1 and 2 of this Agreement and the terms of the Plan, this Option may be exercised, in whole or in part, by means of a written notice of exercise signed and delivered by the Optionee (or, in the case of exercise after death of the Optionee by the executor, administrator, heir or legatee of the Optionee, as the case may be) to the Company at the address set forth herein for notices to the Company. Such notice shall (a) state the number of Shares to be purchased and the date of exercise, and (b) be accompanied by payment of the Exercise Price in cash, by certified or cashier's check or by delivery of such other consideration as the administrator of the Plan may approve.

5. Withholding. Prior to delivery of the Shares purchased upon exercise of this Option, the Company shall determine the amount of any United States federal, state and local income tax, if any, which is required to be withheld under applicable law and shall, as a condition of exercise of this Option and delivery of certificates representing the Shares purchased upon exercise of this Option, collect from the Optionee the amount of any such tax to the extent not previously withheld.

6. Rights of the Optionee. Neither this Option, the execution of this Agreement nor the exercise of any portion of this Option shall confer upon the Optionee any right to, or guarantee

of, continued employment by the Company, or in any way limit the right of the Company to terminate employment of the Optionee at any time, subject to the terms of any written employment agreement between the Company and the Optionee.

7. Professional Advice. The acceptance and exercise of this Option may have consequences under federal and state tax and securities laws which may vary depending upon the individual circumstances of the Optionee. Accordingly, the Optionee acknowledges that the Optionee has been advised to consult his or her personal legal and tax advisor in connection with this Agreement and this Option.

8. Agreement Subject to the Plan. The Option and this Agreement are subject to the terms and conditions set forth in the Plan and in any amendments to the Plan existing now or in the future, which terms and conditions are incorporated herein by reference. A copy of the Plan previously has been delivered to the Optionee. Should any conflict exist between the provisions of the Plan and those of this Agreement, the provisions of the Plan shall govern and control. This Agreement and the Plan constitute the entire understanding between the Company and the Optionee with respect to this Option.

9. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to its conflict of laws principles, and shall bind and inure to the benefit of the heirs, executors, personal representatives, successors and assigns of the parties hereto.

10. Notices. Any notice required or permitted to be made or given hereunder shall be mailed via certified or registered mail or delivered personally to the addresses set forth below, or as changed from time to time by written notice to the other:

Company: Sirius Satellite Radio Inc.
1221 Avenue of the Americas, 36th Floor
New York, New York 10020
Attention: General Counsel

Optionee: Mary Patricia Ryan
Address on file at
the office of the Company

Notices and other communications shall be deemed received and effective upon the earliest of (i) hand delivery to the recipient, (ii) one business day after deposit with a nationally recognized overnight courier (with next day

delivery specified) and (iii) five (5) days after being mailed by certified or registered mail, postage prepaid, return receipt.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

SIRIUS SATELLITE RADIO INC.

Optionee:

By:

Patrick Donnelly
Executive Vice President and
General Counsel

Mary Patricia Ryan

SIRIUS SATELLITE RADIO INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sirius Satellite Radio Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph P. Clayton, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. (Sections) 1350, as adopted pursuant to (Section) 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Joseph P. Clayton

Joseph P. Clayton
President and Chief Executive Officer

August 13, 2002

SIRIUS SATELLITE RADIO INC.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Sirius Satellite Radio Inc. (the "Company") on Form 10-Q for the period ended June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Scelfo, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. (Sections) 1350, as adopted pursuant to (Section) 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ John J. Scelfo

John J. Scelfo
Executive Vice President and Chief Financial Officer

August 13, 2002