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

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED DECEMBER 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM   TO

COMMISSION FILE NUMBER 0-24710

SIRIUS SATELLITE RADIO INC.
(EXACT NAME OF REGISTRANT IN ITS CHARTER)

<Table>
<S> <C>

DELAWARE	52-1700207
(STATE OR OTHER JURISDICTION OF INCORPORATION OF ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

</Table>

1221 AVENUE OF THE AMERICAS, 36TH FLOOR
NEW YORK, NEW YORK 10020
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 584-5100

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<Table>
<Caption>

TITLE OF EACH CLASS:	NAME OF EACH EXCHANGE ON WHICH REGISTERED:
None	

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SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, par value $.001 per share
(TITLE OF CLASS)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

On March 25, 2002, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, using the closing price of the Registrant's common stock on such date, was $321,837,131.

The number of shares of the Registrant's common stock outstanding as of March 25, 2002 was 76,588,797.

DOCUMENTS INCORPORATED BY REFERENCE

<Table>
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Proxy Statement for Annual Meeting of Stockholders to be held on June 21, 2002:	Part into which incorporated: Part III -- Items 10, 11, 12 and 13

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SIRIUS SATELLITE RADIO INC.
2001 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

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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 Annual Report on Form 10-K 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 this Annual Report on 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 this Annual Report on 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:

our dependence upon third parties to manufacture, distribute, market and sell Sirius radios and components for those radios;

the potential risk of delay in implementing our business plan;

the unproven market for our service;

our competitive position; XM Radio, the other satellite radio provider in the United States, began offering its service nationally during the fourth quarter of 2001 and may have certain competitive advantages; and our need for additional financing.

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 of these forward-looking statements. In addition, any forward-looking statement speaks only as of the date on which it 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 the statement is made, 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 actual results to differ materially from those contained in any forward-looking statements.

ITEM 1. BUSINESS

From our three orbiting satellites, we directly broadcast 100 channels of 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, talk, comedy and children's programming. Our broad and deep range of almost every music format as well as our news, sports and entertainment programming is not available on conventional radio in any market in the United States. We hold one of only two licenses issued by the Federal Communications Commission (the 'FCC') to operate a national satellite radio system.

We launched our service on February 14, 2002 in Denver, Colorado; Houston, Texas; Phoenix, Arizona; and Jackson, Mississippi. We are employing a phased roll out in order to test various marketing initiatives, further refine our receiver technology and optimize our service on a market-by-market basis. This strategy allows us to enhance our subscriber experience before our nationwide launch. We plan to offer our service in additional markets during the second and third quarters of 2002 and to offer our service on a national basis during the third quarter of 2002. We expect to generate most of the subscriptions we sell in 2002 in the second half of the year as we expand our service nationally.

Our primary source of revenues is subscription fees. In addition, we derive revenues from selling limited advertising on our non-music channels. Currently, our subscription and advertising revenues are not material due to the limited number of subscribers to our service to date.

We have alliances with Ford Motor Company, DaimlerChrysler Corporation, BMW of North America, LLC and Volkswagen of America, Inc. that contemplate the manufacture and sale of vehicles that include Sirius radios. These alliances cover all major brands and affiliates of these automakers, including Ford, Chrysler, Mercedes, BMW, Jaguar, Mazda, Dodge, Jeep, Volvo, Volkswagen and Audi. Our agreement with DaimlerChrysler also makes us the preferred provider of satellite radio in Freightliner and Sterling heavy trucks. Ford, DaimlerChrysler, BMW and Volkswagen are not required to manufacture or sell vehicles that include Sirius radios pursuant to these alliances. In 2001, Ford, DaimlerChrysler, BMW and Volkswagen sold or leased approximately 7 million vehicles in the continental United States, which was approximately 41% of all new cars and trucks sold or leased in the continental United States last year.

In the autosound aftermarket, Sirius radios are available for sale in selected markets at various national and regional retailers, such as Best Buy, Circuit City, Tweeter Home Entertainment Group, Crutchfield and Good Guys. We expect that Sirius radios will be available at approximately 3,500 retail locations when our service is available nationally. In 2001, consumer electronics retailers in the United States sold over 10 million car radios.

We have entered into agreements with numerous consumer electronics manufacturers, including Alpine Electronics Inc., Clarion Co., Ltd., Delphi Corporation, Kenwood Corporation, Matsushita Communication Industrial Corporation of USA, Recoton Corporation, Sony Electronics Inc. and Visteon Automotive Systems, to develop Sirius radios.

PROGRAMMING

We program 60 channels of commercial-free music under our brand 'Sirius,' and offer 40 additional channels of other formats, such as news, sports and talk programming. We believe that 60 music channels enable us to 'superserve' our subscribers with a greater range of content than is currently offered by traditional AM/FM radio, even in the most widely broadcast formats.

Our Music Channels. We design and originate the programming on each of our 60 commercial-free music channels. Each channel is operated as an individual radio station, with a distinct format and its own hosts. Our line-up of music channels currently consists of:

POP
- Top 40 Hits
- Adult Contemporary
- Alt Pop Mix
- Love Songs
- The Best of the 50s/60s
- The Best of the 70s
- The Best of the 80s
- The Best of the 90s

ROCK
- Soft Rock
- Eclectic Rock
- Rock Hits
- Modern Rock
- Mainstream Rock
- Classic Rock I
- Classic Rock II
- Classic Alternative
- Alternative I
- Alternative II
- Hard Rock

CLASSICAL
- Symphonic
- Chamber Works
- Classical Voices

R&B/URBAN
- R&B Hits
- Today's R&B
- Soul Ballads
- Classic Soul
- R&B Oldies
- Rap Hits
- Today's Rap
- Classic Rap

DANCE
- Dance Hits
- Mainstream Dance
- Electronica
- Disco

VARIETY
- Blues
- Reggae
- Gospel
- Christian Hits
- World Music
- New Age
- Kids
- Specialty Showcase

JAZZ & STANDARDS
- Classic Jazz
- Latin Jazz
- Contemporary Jazz
- Smooth Jazz
- Standards
- Swing
- Broadway's Best

LATIN
- Latin Hits
- Latin Pop Mix
- Rock en Espanol
- Mexicana
- Tejano

COUNTRY
- Country Hits
- Today's Country
- Country Mix
- Classic Country
- Alt Country
- Bluegrass

We have assembled an extensive music library consisting of a deep range of recorded music in each genre, which is updated with new recordings as they are released. To date, we have acquired approximately two million music titles.

We have recruited program managers from the recording, broadcasting and entertainment industries to manage the development of daily programming for each Sirius music channel. To be accessible to these industries, we have built our national broadcast studio in New York City.

In connection with our music programming, we must negotiate and enter into royalty arrangements with two sets of rights holders: holders of copyrights in musical works -- songs -- and holders of copyrights in sound recordings -- tapes, compact discs or audio files. Musical works rights holders, generally songwriters and music publishers, are represented by performing rights societies such as the American Society of Composers, Authors and Publishers ('ASCAP'), Broadcast Music, Inc. ('BMI') and SESAC, Inc. These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders. Radio broadcasters currently pay approximately 4% of their revenues to these performing rights societies.

We have entered into a license agreement with ASCAP which gives us the right to use on our service all the music in ASCAP's repertory, and have agreed to pay a reasonable royalty for this right. We are in discussions with BMI and SESAC, Inc. regarding similar license agreements and expect to execute agreements with both of these entities during 2002. Our ASCAP license provides, and we expect our BMI and SESAC license to provide, for us to pay the same rates as XM Radio.

Sound recording rights holders, typically large record companies, are primarily represented by the Recording Industry Association of America, which negotiates licenses and collects and distributes royalties. Cable audio service providers currently pay a royalty of 6.5% of gross revenue for the use of sound recordings for audio services broadcast over cable television systems. This rate was set by the Librarian of Congress, which has statutory authority to decide rates through arbitration, and this determination was affirmed on May 21, 1999 by the U.S. Court of Appeals for the District of Columbia. Although we believe we can distinguish Sirius sufficiently from cable audio services in order to negotiate or obtain through arbitration a lower rate, we may not be able to do so, and we could be required to pay a higher rate. The Librarian of Congress is expected to commence a copyright arbitration royalty proceeding this year to establish our royalty rate for sound recording rights. In any event, we expect to pay the same rates as XM Radio.

Our News, Sports and Entertainment Channels. In addition to our music channels, we offer 40 channels of news, sports and talk programming, which includes limited commercial advertising. We believe that this array of non-music programming increases consumer interest in our service because much of the content is unavailable on conventional radio. We generally do not produce programming for our non-music channels; we obtain this programming from various third party content providers.

We currently air the following news, sports and entertainment channels on Sirius:

CNBC
Fox News Channel
CNN Headline News
Bloomberg
NPR Now
NPR Talk
PRI's Public Radio Channel
World Radio Network
BBC World Service News
C-SPAN Radio
The Weather Channel Radio Network
Sirius Talk
Real Sirius
ABC News & Talk
ESPN Radio Network
ESPNews
Sports Byline USA
The Speed Channel
OLN Adventure Radio
BBC Mundo
La Red Hispana
Radio Deportivo
Radio Mujer
Radio Amigo
Radio Disney
Discovery Radio
E! Entertainment Radio
A&E Satellite Radio
Radio Classics

SCI FI
Sirius Entertainment
Sirius Comedy
Sirius Arts
Personal Achievement
Wisdom Radio
African American Talk
The Scandal Channel
Women's Talk
Guy Talk
Trucker Channel

We expect our offering of music and news, sports and entertainment channels to change over time based upon feedback from our subscribers.

ALLIANCES WITH AUTOMAKERS

On June 11, 1999, we entered into an agreement with Ford Motor Company which anticipates that Ford will manufacture, market and sell cars and trucks that include Sirius radios. This agreement includes all Ford brands, including Ford, Jaguar, Mazda and Volvo. As part of this agreement, we agreed to share with Ford a portion of the revenues we will derive from subscribers using new Ford vehicles equipped to receive our broadcasts ('Ford Enabled Vehicles'). We also agreed to reimburse Ford for certain advertising expenses and hardware costs of Ford Enabled Vehicles, and issued to Ford warrants to purchase 4,000,000 shares of our common stock at an exercise price of $30.00 per share. These warrants are exercisable based upon the number of Ford Enabled Vehicles that Ford manufactures, and are fully exercisable after 4,000,000 Ford Enabled Vehicles are manufactured. This agreement extends to June 11, 2004, unless terminated earlier.

On January 28, 2000, we entered into an agreement with DaimlerChrysler Corporation, Mercedes-Benz USA, Inc. and Freightliner LLC (collectively, 'DaimlerChrysler') which anticipates that DaimlerChrysler will manufacture, market and sell vehicles that include Sirius radios. This agreement covers all cars and light trucks manufactured by DaimlerChrysler and Freightliner and Sterling heavy trucks. As part of this agreement, we agreed to share with DaimlerChrysler a portion of the revenues we will derive from subscribers using new DaimlerChrysler vehicles equipped to receive our broadcasts ('DaimlerChrysler Enabled Vehicles'). We also agreed to reimburse DaimlerChrysler for certain advertising expenses and hardware costs of DaimlerChrysler Enabled Vehicles, and issued to DaimlerChrysler Corporation warrants to purchase 4,000,000 shares of our common stock at an exercise price of $60.00 per share. These warrants are exercisable based upon the number of DaimlerChrysler Enabled Vehicles that DaimlerChrysler manufactures, and are fully exercisable after 4,000,000 DaimlerChrysler Enabled Vehicles are manufactured. Concurrently, DaimlerChrysler Corporation purchased 2,290,322 shares of our common stock for an aggregate purchase price of approximately $100 million. The agreement extends to January 28, 2005, unless terminated earlier.

On June 16, 2000, we entered into an agreement with BMW of North America, LLC which anticipates that BMW will market and sell vehicles that include Sirius radios. As part of this agreement, we will share with BMW a portion of the revenues we will derive from subscribers using certain BMW vehicles equipped to receive our broadcasts ('BMW Enabled Vehicles'). In addition, we expect to reimburse BMW for certain advertising expenses and hardware costs of BMW Enabled Vehicles.

On March 25, 2002, we entered into an agreement with Volkswagen of America, Inc. which anticipates that Volkswagen and Audi will market and sell vehicles that include Sirius radios. As part of this agreement, we agreed to reimburse Volkswagen for a portion of the engineering costs associated with the introduction of Sirius radios in Volkswagen and Audi vehicles. Under this agreement, Volkswagen expects to introduce radios capable of receiving both our service and XM Radio's service when such radios become available. XM Radio has entered into a similar agreement with Volkswagen.

In addition to our agreements with Ford, DaimlerChrysler, BMW and Volkswagen, we are in discussions with other automobile manufacturers to include Sirius radios in new cars and trucks. Under our joint development agreement with XM Radio, any agreements with new automakers will be on a non-exclusive basis and will require that such automakers install radios capable of receiving both Sirius and XM Radio's satellite radio service shortly after such interoperable radios become available.

THE SIRIUS SYSTEM

Our system is designed to provide clear reception in most areas despite variations in terrain, buildings and other obstructions. Motorists can receive Sirius in all outdoor locations where the vehicle has an unobstructed line-of-sight with one of our satellites or is within range of one of our terrestrial repeaters.

The FCC has allocated the portion of the S-band located between 2320 MHz and 2345 MHz exclusively for national satellite radio broadcasts. We use 12.5 MHz of bandwidth in the 2320.0-2332.5

MHz frequency allocation to transmit our signals from our satellites to our subscribers. Uplink transmissions (from the ground to our satellites) use 12.5 MHz of bandwidth in the 7060-7072.5 MHz band.

The Sirius system consists of three principal components:

satellites and terrestrial repeaters;

our national broadcast studio; and

radios.

SATELLITES AND TERRESTRIAL REPEATERS

Space Systems/Loral delivered title to our three operating satellites on July 31, 2000, September 29, 2000 and December 20, 2000, following the completion of in-orbit testing of each satellite. Our fourth satellite is expected to be delivered to ground storage in the second quarter of 2002.

Satellite Design. Our satellites are of the Loral FS-1300 model series. This family of satellites has a history of reliability with a total of 350 years of in-orbit operation time. Each satellite is designed to have a useful life of approximately 15 years.

Each satellite travels in a figure eight pattern extending above and below the equator, and spends approximately 16 hours per day north of the equator. At any given time, two of our three satellites operate north of the equator while the third satellite does not broadcast as it traverses the portion of the orbit south of the equator. This orbital configuration yields high signal elevation angles, reducing service interruptions that can result from signal blockage.

Each satellite acts as a 'bent pipe,' relaying our broadcasts directly to the ground, and does not contain on-board processors. All of our processing operations occur on the ground where they are accessible for maintenance and continuing technological upgrade without the need to launch replacement satellites.

Terrestrial Repeaters. In some areas with high concentrations of tall buildings, such as urban centers, and in tunnels, signals from our satellites may be blocked and reception of our satellite signal can be adversely affected. In many of these areas, we have deployed terrestrial repeaters to supplement our satellite coverage. To date we have deployed 92 terrestrial repeaters in 59 urban areas. We may deploy additional terrestrial repeaters if we discover that our existing terrestrial repeaters fail to cover a significant number of subscribers or potential subscribers.

Risk Management and Insurance. We maintain insurance covering in-orbit failure during the first two years of operation for each of our satellites. This insurance covers losses arising from partial and total failure of the satellites. This insurance expires in June, September and November of 2002 for our first, second and third satellites, respectively, and we cannot assure you we will be able to renew this insurance on commercially reasonable terms. Once properly deployed and operational, the historical risk of premature total satellite failure has been less than 1% for U.S. geosynchronous commercial communication satellites. During late 2002, we plan to evaluate the need for business interruption insurance.

If we are required to launch our spare satellite due to the in-orbit failure of one of our satellites, our operations would be interrupted, impaired or delayed for at least six months. The in-orbit failure of two or three satellites would require us to arrange for an additional satellite or satellites to be built and would likely disrupt our operations for at least 16 months.

Our satellites are designed to minimize the adverse effects of transmission component failure through the incorporation of redundant components that activate automatically or by ground command upon failure. If multiple component failures occur and the supply of redundant components is exhausted, the satellite generally will continue to operate, but at reduced capacity.

NATIONAL BROADCAST STUDIO

Our programming originates from our national broadcast studio in New York City. The national broadcast studio houses our corporate headquarters, music library, facilities for programming origination, programming

personnel and program hosts and facilities to transmit programming to our orbiting satellites.

The studios and transmission facilities at our national broadcast studio are 100% digital, resulting in no cumulative distortion to degrade the sound of our music and entertainment product. The national broadcast studio contains state-of-the-art production facilities and has been designed to broadcast more than 100 radio stations.

Tracking, telemetry and control of our orbiting satellites is also performed from our national broadcast studio. These activities include routine satellite orbital adjustments and monitoring of the satellites. Service commands to initiate and suspend subscriber service also are relayed from the national broadcast studio to our satellites for retransmission to subscribers' radios.

RADIOS

In the autosound aftermarket, Sirius subscribers have the choice of two different receiving devices for their cars -- an FM modulated receiver or a three-band radio. In certain new cars and trucks, consumers will receive Sirius through a new generation of three-band (AM/FM/SAT) radios, which we expect will come installed by automakers.

FM Modulated Receivers. FM modulated receivers enable our service to be received in all vehicles with FM radios, or approximately 95% of all U.S. vehicles. Each receiver is a small device, approximately the size of a compact disc changer, that is mounted in the vehicle's trunk.

Three-Band Radios. Three-band radios are nearly identical in appearance to existing car stereos and allow the user to listen to AM, FM or Sirius with the push of a button. Like existing radios, three-band radios may also incorporate cassette or CD players.

Three-band radios from Kenwood and Clarion and FM modulated receivers from Jensen are currently available at retailers in Denver, Phoenix, Houston and Jackson. We expect Kenwood to introduce an FM modulated receiver during the second quarter of 2002. We are in discussions with Panasonic Consumer Electronic Corporation to brand, market and sell radios produced by Matsushita's plant in Peachtree City, Georgia.

Three-band radios and FM modulated devices are available at approximately 200 retail locations in our initial markets. We expect that three-band radios and FM modulated receivers will be available initially at approximately 3,500 retail locations when our service is available nationally.

The essential element of three-band radios and FM modulated receivers is a set of integrated circuits, or a chip set, which permits the device to decode, decompress and output our broadcasts. We expect that new versions of this chip set, with enhanced features, superior performance or a lower price, will be introduced periodically.

Unified Standard. On February 16, 2000, we signed an agreement with XM Radio, the other holder of an FCC license to provide a satellite-based digital audio radio service, to develop a unified standard for satellite radios to enable consumers to purchase one radio capable of receiving both Sirius and XM Radio's services. We expect the unified standard to detail the technology to be employed by manufacturers of such dual-mode radios. The technology relating to this unified standard will be jointly developed, funded and owned by the two companies. In addition, we are working with XM Radio to promote adoption of the new standard by creating a service mark for satellite radio. This unified standard is also intended to meet FCC rules that require interoperability of both licensed satellite radio systems. We anticipate that it will take several years to develop radios capable of receiving both services.

As part of this joint development agreement, we and XM Radio have licensed our intellectual property to one another; the value of this license will be considered part of each company's contribution toward the joint development. In addition, each company has agreed to license its non-core technology, including non-essential features of its system, to the other at commercially reasonable rates. As part of this agreement, our previous patent litigation against XM

Radio has been resolved.

Both companies expect to work with their automobile and radio manufacturing partners to integrate the new unified standard and have agreed that future agreements with automakers and radio

manufacturers will specify the unified satellite radio standard. Furthermore, we and XM Radio have agreed that future agreements with retail and automotive distribution partners and content providers will be on a non-exclusive basis.

CUSTOMER CARE, BILLING AND CONDITIONAL ACCESS

Stream International Inc. provides our customer care operations. Employees of Stream have the ability to access our billing system for various functions including account activation, billing inquiries, program service changes, address changes and other general account updates. When appropriate, representatives at the call center escalate technical concerns to either our technical help desk or to the appropriate equipment manufacturer. We automate customer care functions where appropriate using interactive voice response technology, email, and a customer self-care section on our website. We pay Stream an hourly rate for each representative assigned to support us.

We have deployed an integrated customer relationship management and billing solution to meet the needs of our business, including all customer service, subscriber management and billing operations. Sentraliant, a provider of information technology services, has designed and deployed this integrated customer relationship management and billing solution. The customer relationship management solution developed by Sentraliant is designed to manage the expected growth of our subscriber base. Our customer relationship management program enables us to interface electronically and exchange information with automobile manufacturers, automobile dealers, consumer electronics retailers and radio manufacturers, and facilitates and encourages subscriber interaction through the internet and by other electronic means. Sentraliant is paid for billing services on a per subscriber basis.

To reduce theft of our service, each Sirius radio contains an electronically encoded identification number. After verification of subscriber billing information, we transmit a digital signal to activate that radio's Sirius capability. Through this feature, we can directly (via satellite) deactivate radios of subscribers who are delinquent in paying our subscription fee.

GOVERNMENT REGULATION

As an operator of a privately owned satellite system, we are regulated by the FCC under the Communications Act of 1934. The FCC is the government agency with primary authority in the United States over satellite radio communications. We currently must comply with regulation by the FCC principally with respect to:

- the licensing of our satellite system;
- preventing interference with or to other users of radio frequencies; and
- compliance with FCC rules established specifically for U.S. satellites and satellite radio services.

On April 2, 1997, we were one of two winning bidders for an FCC license to operate a satellite digital audio radio service. Our FCC license expires on February 14, 2010. We anticipate that, absent significant misconduct on our part, our FCC license will be renewed in due course to permit operation of our satellites for their useful lives, and that a license would be granted for any replacement satellites, although we cannot assure you of this renewal or grant.

One of the losing bidders for an FCC license to provide satellite radio requested the FCC to review the grant of our license. The FCC denied this request and this matter is currently being appealed to the United States Court of Appeals for the District of Columbia Circuit.

Any assignment or transfer of control of our FCC license must be approved by the FCC. We cannot assure you that the FCC would approve any transfers or assignments.

In some areas with high concentrations of tall buildings, such as urban centers, signals from our satellites may be blocked and reception can be adversely affected. In these areas, we have installed terrestrial repeaters to provide our service. We have constructed 92 terrestrial repeaters in 59 markets throughout the United States. The FCC has not yet established rules governing terrestrial repeaters. A rulemaking on the subject was initiated by the FCC on

March 3, 1997 and is still pending. Many comments have been filed as part of this rulemaking, including comments from the National Association

of Broadcasters, major cellular telephone system operators and other holders of spectrum adjoining ours. The comments cover many topics relating to the operation of our terrestrial repeaters, but principally seek to protect adjoining wireless services from interference. We cannot predict the outcome or timing of these FCC proceedings and the final rules adopted by the FCC may limit our ability to deploy additional repeaters and/or require us to reduce the power of our existing terrestrial repeaters. In the interim, the FCC has granted us special temporary authority to operate our terrestrial repeaters and offer commercial service to the public. This special temporary authority is being challenged by operators of terrestrial wireless systems. This authority is effective until such time as the FCC acts to terminate it and requires us not to cause harmful interference to other wireless services.

Our FCC license is conditioned on us certifying that our system includes a receiver design that will permit end users to access XM Radio's system. On February 16, 2000, we signed an agreement with XM Radio to jointly develop a unified standard for satellite radios to facilitate the ability of consumers to purchase one radio capable of receiving both our and XM Radio's services. We believe that this agreement, and our efforts with XM Radio to develop this unified standard for satellite radios, will satisfy the interoperability condition contained in our FCC license although we cannot assure you of this. We notified the FCC of this agreement on October 6, 2000 and asked it to concur that our efforts to develop this unified standard satisfied the conditions to our license. The FCC has not responded to this request.

The FCC has updated certain regulations and has proposed to update other regulations to govern the operations of unlicensed devices, including RF lighting devices, that may generate radio energy in the part of the spectrum to be used by us. The devices would be required to comply with FCC rules that prohibit these devices from causing harmful interference to an authorized radio service such as Sirius. If the FCC does not adopt adequate technical standards specifically applicable to these devices and use of these unlicensed devices becomes commonplace, it may be difficult for us to enforce our rights to use spectrum without interference from such unlicensed devices. We believe that the currently proposed FCC rules must be strengthened to ensure protection of the spectrum allocated for our operations. During the past four years, we filed comments and other written submissions to the FCC and met with FCC staff to express our concerns and protect our right to use our spectrum without interference from unlicensed devices. The FCC's failure to adopt adequate standards could have an adverse effect on the reception of our service.

The Communications Act prohibits the issuance of a license to a foreign government or a representative of a foreign government, and contains limitations on the ownership of common carrier, broadcast and some other radio licenses by non-U.S. citizens. We are regulated as a private carrier, not a common carrier, by the FCC and are not a broadcast service. As such, we are not bound by the foreign ownership provisions of the Communications Act. On November 30, 2001, in response to a petition to apply the foreign ownership rules to satellite digital audio radio services, the FCC confirmed that these rules do not apply. That decision has been appealed to the U.S. Court of Appeals for the D.C. Circuit. As a private carrier, we are free to set our own prices and serve customers according to our own business judgment, without economic regulation.

The foregoing discussion reflects the application of current communications law and FCC regulations to our service in the United States. Changes in law or regulations relating to communications policy or to matters affecting specifically our service could adversely affect our ability to retain our FCC license or the manner in which our service is operated. Further, actions of the FCC may be reviewed by U.S. federal courts and we cannot assure you that if challenged, these actions would be upheld.

THE SIRIUS TRADEMARK

We have an application pending in the U.S. Patent and Trademark Office for the registration of the trademark 'Sirius' in connection with our service. We intend to maintain our trademark and the anticipated registration. We are not aware of any material claims of infringement or other challenges to our right to use the 'Sirius' trademark in the United States in connection with our service.

PERSONNEL

As of March 25, 2002, we had 247 employees. In addition, we rely upon a number of consultants and other advisors. The extent and timing of the increase in our staffing will depend on the availability of qualified personnel and other developments in our business. None of our employees are represented by a labor union, and we believe that our relationship with our employees is good.

CORPORATE INFORMATION

Sirius Satellite Radio Inc. was incorporated in the State of Delaware as Satellite CD Radio, Inc. on May 17, 1990. On December 7, 1992, we changed our name to CD Radio Inc., and we formed a wholly owned subsidiary, Satellite CD Radio, Inc., that is the holder of our FCC license. On November 18, 1999, we changed our name again to Sirius Satellite Radio Inc. Our executive offices are located at 1221 Avenue of the Americas, New York, New York 10020 and our telephone number is (212) 584-5100. Our internet address is sirius.com. Sirius.com is an inactive textual reference only, meaning that the information contained on the website is not part of this Annual Report on Form 10-K and is not incorporated in this report by reference.

RISK FACTORS

In addition to the other information in this Annual Report on Form 10-K, the following risk factors should be considered carefully in evaluating us and our business. This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of events could differ materially from those projected in forward-looking statements due to a number of factors, including those set forth below and elsewhere in this Annual Report on Form 10-K. See 'Special Note Regarding Forward-Looking Statements.'

OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

As of December 31, 2001, we had total indebtedness of $672 million and stockholders' equity of $323 million. Our substantial indebtedness could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;

- limit our flexibility in planning for, or reacting to, changes in our business and industry;

- place us at a competitive disadvantage compared to our competitors that have less debt; and

- limit our ability to raise additional capital.

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

- achieve at least $2.3 million in revenues from subscribers for the quarter ending March 31, 2003, and achieve increasing revenue from subscribers each quarter thereafter through the maturity of the term loan on December 31, 2005;

- achieve a minimum negative cash flow, before subscriber acquisition costs, of $65 million 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;

- achieve a minimum negative cash flow, before subscriber acquisitions costs and adjusted to give effect to subscribers who cancel or fail to renew their subscriptions, of $58.4 million for the quarter ending September 30, 2003, and have improving adjusted cash flow, each quarter thereafter through the maturity of the term loan; and

- not permit our capital expenditures, other than the costs of constructing, launching and insuring replacement satellites and installing terrestrial repeaters, to exceed $100 million 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, could have a material adverse effect on us. If Lehman Brothers, the holder of the term loan, were to accelerate the maturity of this loan as a result of our failure to satisfy a covenant, the trustees of our 15% Senior Secured Discount Notes due 2007 and our 14 1/2% Senior Secured Notes due 2009 would have the right to accelerate the outstanding indebtedness under these notes. If the maturity of the term loan, our 15% Senior Secured Discount Notes due 2007 and our 14 1/2% Senior Secured Notes due 2009 were accelerated, we would be required to seek relief from creditors under the Bankruptcy Code.

WE NEED ADDITIONAL FINANCING TO OPERATE OUR SERVICE AND ADDITIONAL FINANCING MIGHT NOT BE AVAILABLE.

We have sufficient cash to cover our estimated funding needs through the first quarter of 2003. However, if the number of actual subscribers, or the cost to acquire each new subscriber, differs substantially from our expectations, we may need substantial additional funding. We anticipate that our additional funding needs through the end of 2003 will total approximately $275 million, and that we will require additional funding thereafter. These amounts are estimates and may change, and we may need additional financing in excess of these estimates. Our actual funding requirements could vary materially from our current estimates. We may have to raise more funds than expected to remain in business and to continue to develop and market Sirius.

We plan to raise future funds by selling debt or equity securities, or both, publicly and/or privately, and by obtaining loans or other credit lines from banks or other financial institutions. We may not be able to raise sufficient funds on favorable terms or at all. If we fail to obtain any necessary financing on a timely basis, then the growth of our business would be materially impacted and we could default on commitments to our distribution partners, creditors or others, and may have to discontinue operations or seek a purchaser for our business or assets.

WE HAVE RECENTLY STARTED OPERATIONS AND HAVE NOT GENERATED ANY SIGNIFICANT REVENUES.

We were a development stage company through 2001. We began generating revenues on February 14, 2002, although, to date, those revenues have not been significant. Our ability to generate significant revenues and ultimately to become profitable will depend upon several factors, including whether we can attract and retain a sufficient number of subscribers and advertisers to Sirius; whether our system operates at an acceptable level; and whether we compete successfully.

OUR EXPENDITURES AND LOSSES HAVE BEEN SIGNIFICANT AND ARE EXPECTED TO GROW.

We had incurred capital expenditures, excluding capitalized interest, of approximately $939 million and aggregate net losses of approximately $505 million from our inception, May 17, 1990, through December 31, 2001. We expect our net losses and negative cash flow to grow as we make payments under our various contracts, incur marketing and subscriber acquisition costs and make interest payments on our outstanding indebtedness. If we are unable ultimately to generate sufficient revenues to become profitable and have positive cash flow we could default on commitments to our distribution partners, creditors or others, and may have to discontinue operations or seek a purchaser for our business or assets.

DEMAND FOR OUR SERVICE MAY BE INSUFFICIENT FOR US TO BECOME PROFITABLE.

We cannot estimate with any certainty the consumer demand for our service or the degree to which we will meet that demand. Among other things, consumer acceptance of Sirius will depend upon whether we obtain, produce and market high quality programming consistent with consumers' tastes; the willingness of consumers to pay subscription fees to obtain satellite radio; the cost and availability of Sirius radios; our marketing and pricing strategy; and the marketing and pricing strategy of our competitor, XM Radio. If demand for our service does not develop as expected, we may not be able to generate enough revenues to become profitable or to generate positive cash flow.

FAILURE OF THIRD PARTIES TO PERFORM COULD AFFECT OUR REVENUES.

We need to assure continued proper manufacturing and distribution of Sirius radios and development and provision of programming in connection with our service. Many of these tasks depend on the efforts of third parties, including Agere Systems, Inc., which has designed, developed and is manufacturing our chip set and is designing, developing and manufacturing the next generation of our chip set; consumer electronics manufacturers, which are manufacturing, distributing and marketing Sirius radios; retailers, which are marketing and selling Sirius radios and promoting subscriptions to our service; automakers, which have entered into agreements which contemplate manufacturing, marketing and selling vehicles capable of receiving our service, but are under no obligation to do so; and other third party vendors, who have designed or operate important elements of our system, such as our call center or subscriber management system. If one or more of these third parties do not perform in a sufficient manner, our revenues could be less than expected and our business may suffer.

HIGHER THAN EXPECTED SUBSCRIBER ACQUISITION COSTS OR SUBSCRIBER TURNOVER COULD ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE.

We are spending substantial funds on advertising and marketing and in transactions with car and radio manufacturers and other parties to obtain and attract subscribers. If the costs of attracting subscribers or incentivizing other parties is greater than expected, our financial performance and results of operations will be adversely affected.

We expect to experience some subscriber turnover, or churn. We cannot predict the amount of churn we will experience or how successful we will be at retaining customers who purchase or lease vehicles that include a subscription to our service. Subscriber turnover or our inability to attract customers who purchase or lease new vehicles with our service could adversely affect our financial performance and results of operations.

OUR SYSTEM MIGHT NOT WORK AS EXPECTED.

Our system of satellites, terrestrial repeaters, national broadcast studio and radios has only recently been integrated and is still in the process of being tested, and may not function as expected within any particular market. We may be required to supplement our terrestrial repeater network in certain markets in order to achieve our expected performance.

COMPETITION FROM XM RADIO AND TRADITIONAL AND EMERGING AUDIO ENTERTAINMENT PROVIDERS COULD ADVERSELY AFFECT OUR ABILITY TO GENERATE REVENUES.

We compete for both listeners and advertising revenues from many sources, including XM Radio, the other satellite radio licensee; traditional AM/FM radio and digital AM/FM radio when it becomes available; internet based audio providers; direct broadcast satellite television audio services; and cable systems that carry audio services. XM Radio began commercial operations in September 2001, offers its service for a monthly charge of $9.99, features 100 channels, and has acquired a significant number of subscribers. If consumers perceive that XM Radio offers a more attractive service, enhanced features, superior equipment alternatives, or has stronger marketing or distribution channels, it may gain a long term competitive advantage over us.

Unlike Sirius, traditional AM/FM radio has a well established and dominant market presence for its services and generally offers free broadcast reception supported by commercial advertising rather than by a subscription fee. Further, the incumbent terrestrial broadcasters have announced intentions to enhance their existing broadcasts with digital quality services utilizing new technology in the near future. Also, many radio stations offer information programming of a local nature, such as traffic and weather reports, which Sirius is not expected to offer as effectively as local radio, or at all. To the extent that consumers place a high value on these features of traditional AM/FM radio, we are at a competitive disadvantage.

PREMATURE DEGRADATION OR FAILURE OF OUR SATELLITES COULD DAMAGE OUR BUSINESS.

We expect that our satellites will last approximately 15 years, and that after this period their performance in delivering Sirius will deteriorate. We cannot assure you, however, of the useful life of any particular satellite. Our operating results would be adversely affected if the useful life of our satellites is significantly shorter than 15 years.

The useful lives of our satellites will vary and will depend on a number of factors, including:

- degradation and durability of solar panels;
- quality of construction;
- amount of fuel our satellites consume;
- durability of component parts;

random failure of satellite components, which could result in damage to or loss of a satellite; and

in rare cases, damage or destruction by electrostatic storms or collisions with other objects in space.

Space Systems/Loral, the manufacturer of our satellites, has identified circuit failures in solar arrays on satellites launched since 1997, including our satellites. 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. If a substantial number of additional circuit failures were to occur, the estimated useful life of our satellites could be reduced. We cannot assure you that additional circuit failures will not occur or whether the useful life of our satellites will be reduced.

If one of our three satellites fails in orbit and we are required to launch our spare satellite, our operations could be suspended for up to six months. If two or more of our satellites fail in orbit, our operations could be suspended for at least 16 months.

LOSSES FROM SATELLITE DEGRADATION MAY NOT BE FULLY COVERED BY INSURANCE.

We maintain in-orbit insurance policies from global space insurance underwriters. This insurance expires in June, September and November of 2002 for our first, second and third satellites, respectively, and we cannot assure you that we will be able to renew this insurance on commercially reasonable terms. If one of our satellites suffers a total or partial failure, our insurance may not fully cover our losses. For example, our insurance does not cover and we do not have protection against business interruption, loss of business or similar losses. Also, our insurance policies contain customary exclusions and material change conditions that could limit our recovery.

JOINT DEVELOPMENT AGREEMENT FUNDING REQUIREMENTS COULD BE SIGNIFICANT.

Under our agreement with XM Radio, each party is obligated to fund one half of the development cost of the technologies used to develop a unified standard for satellite radios. Each party will be entitled to license fees or a credit towards its one half of the cost based upon the validity, value, use, importance and available alternatives of the technology it contributes. This may require significant additional capital.

FAILURE TO COMPLY WITH FCC REQUIREMENTS COULD DAMAGE OUR BUSINESS.

As an owner of one of two FCC licenses to operate a satellite radio service in the United States, we are subject to FCC rules and regulations, and the terms of our license, which require us to meet certain conditions such as interoperability of our system with XM Radio, the other licensed satellite radio system in the United States; coordination of our satellite radio service with radio systems operating in the same range of frequencies in neighboring countries; and coordination of our communications links to our satellites with other systems that operate in the same frequency band.

Non-compliance by us with these conditions could result in fines, additional license conditions, license revocation or other detrimental FCC actions. We may also be subject to interference from

adjacent radio frequency users if the FCC does not adequately protect us against such interference in its rulemaking process.

The FCC has not yet issued final rules permitting us to operate and deploy terrestrial repeaters to fill gaps in satellite coverage. We are operating our repeaters on a non-interference basis pursuant to a grant of special temporary authority from the FCC, and this authority is currently being challenged by operators of terrestrial wireless systems who have asserted that our repeaters may cause interference. The FCC's final terrestrial repeater rules may require us to reduce the power at which our terrestrial repeaters transmit and limit our ability to deploy additional repeaters in the future. If we are required to significantly reduce the power of our terrestrial repeaters, this would have an adverse effect on the quality of our service in certain markets and/or cause us to alter our terrestrial repeater infrastructure at a substantial cost. If the FCC limits our ability to deploy additional terrestrial repeaters, this would adversely affect our ability to improve any deficiencies in our service quality that may be identified in the future.

OUR NATIONAL BROADCAST STUDIO, TERRESTRIAL REPEATER NETWORK OR OTHER GROUND FACILITIES COULD BE DAMAGED BY NATURAL CATASTROPHES OR TERRORIST ACTIVITIES.

An earthquake, tornado, flood or other catastrophic events anywhere in the United States could damage our terrestrial repeater network, interrupt our service and harm our business in the affected area. We do not have replacement or redundant facilities that can be used to assume the functions of our terrestrial repeater network or national broadcast studio in the event of a catastrophic event. Any damage to our terrestrial repeater network would likely result in degradation of our service for some subscribers and could result in complete loss of service in affected areas. Damage to our national broadcast studio would restrict our production of programming and require us to obtain programming from third parties to continue our service.

CONSUMERS COULD PIRATE OUR SERVICE.

Like all radio transmissions, the Sirius signal is subject to interception. Pirates may be able to obtain or rebroadcast Sirius without paying the subscription fee. Although we use encryption technology to mitigate the risk of signal theft, such technology may not be adequate to prevent theft of the Sirius signal. If widespread, signal theft could harm our business.

WE NEED TO OBTAIN RIGHTS TO PROGRAMMING, WHICH COULD BE MORE COSTLY THAN ANTICIPATED.

We must negotiate and enter into music programming royalty arrangements with performing rights societies, such as Broadcast Music, Inc. and SESAC, Inc. Radio broadcasters currently pay a combined total of approximately 4% of their revenues to performing rights societies. We expect to negotiate or establish license fees through a rate court proceeding in the U.S. District Court for the Southern District of New York, but such royalty arrangements may be more costly than anticipated.

We must also enter into royalty arrangements with the owners of the copyrights in the sound recordings we play, who are primarily represented by the Recording Industry Association of America. Cable audio services currently pay these owners 6.5% of gross subscriber revenue, a royalty rate determined in an arbitration proceeding before the Librarian of Congress. Although we believe we can distinguish Sirius sufficiently from cable audio services in order to negotiate or obtain through arbitration a lower rate, we may not be able to do so, and we could be required to pay a higher rate. In any event, we expect to pay the same rates as XM Radio, the other satellite radio licensee.

RAPID TECHNOLOGICAL AND INDUSTRY CHANGES COULD MAKE OUR SERVICE OBSOLETE.

The satellite industry and the audio entertainment industry are both characterized by rapid technological change, frequent new product innovations, changes in customer requirements and expectations, and evolving industry standards. If we are unable to keep pace with these changes, our business may be unsuccessful. Products using new technologies, or emerging industry standards, could make our technologies obsolete. In addition, we may face unforeseen problems in operating our system that could harm our business. Because we have depended on third parties to develop technologies used in key elements of our system, more advanced technologies that we may wish to use may not be available to us on reasonable terms or in a timely manner. Further, our competitors may have access to technologies not available to us, which may enable them to produce entertainment products of greater interest to consumers, or at a more competitive cost.

OUR BUSINESS MAY BE IMPAIRED BY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS.

Development of our system has depended largely upon intellectual property that we have developed or licensed from third parties. If the intellectual property that we have developed or use is not adequately protected, others will be permitted to duplicate our system or service without liability. In addition, others may challenge, invalidate or circumvent our intellectual property rights, patents or existing licenses. Some of the know-how and technology we have developed and plan to develop will not be covered by United States patents. Trade secret protection and contractual agreements may not provide adequate protection if there is any unauthorized use or disclosure.

Other parties may have patents or pending patent applications which will later mature into patents or inventions which may block our ability to operate our system or license our technology. We may have to resort to litigation to enforce our rights under license agreements or to determine the scope and validity of other parties' proprietary rights in the subject matter of those licenses. This may be expensive. Also, we may not succeed in any such litigation.

Third parties may bring suit against us for patent or other infringement of intellectual property rights. Any such litigation could result in substantial cost to, and diversion of effort by, our company, and adverse findings in any proceeding could subject us to significant liabilities to third parties; require us to seek licenses from third parties; block our ability to operate our system or license our technology; or otherwise adversely affect our ability to successfully market Sirius.

The loss of necessary technologies could require us to obtain substitute technology of lower quality performance standards, at greater cost or on a delayed basis, which could harm our business.

WE NEED PEOPLE WITH SPECIAL SKILLS TO DEVELOP AND MAINTAIN OUR NEW SERVICE. IF WE CANNOT FIND AND KEEP THESE PEOPLE, OUR BUSINESS COULD SUFFER.

We depend on the continued efforts of our executive officers and key employees, who have specialized technical knowledge regarding our satellite and radio systems and business knowledge regarding the radio industry and subscription services. If we lose the services of one or more of these employees, or fail to attract qualified replacement personnel, it could harm our business and our future prospects.

ITEM 2. PROPERTIES

On March 31, 1998, we signed a lease for the 36th and 37th floors and portions of the roof at 1221 Avenue of the Americas, New York, New York, to house our headquarters and national broadcast studio. We use portions of the roof for satellite transmission equipment and an emergency generator. The term of the lease is 15 years and 10 months, with an option to renew for an additional five years at fair market value. The annual rent is approximately $4.5 million, with specified increases and escalations based on operating expenses.

On March 22, 2000, we signed a lease for the 32nd floor at 1221 Avenue of the Americas to house our engineering staff. On November 30, 2001, we agreed to terminate this lease, and surrender the space

on or before April 15, 2002. In connection with the termination of this lease, we paid termination fees and real estate commissions of approximately $2.6 million.

ITEM 3. LEGAL PROCEEDINGS

On September 18, 2001, a purported class action lawsuit, entitled Sterbenk v. Sirius Satellite Radio, Inc., 2:01-CV-295, was filed against us and certain of our current and former executive officers in the United States District Court for the District of Vermont. Subsequently, additional purported class action lawsuits were filed. These actions have been consolidated in a single purported class action, entitled In re: Sirius Satellite Radio Securities Litigation, No. 01-CV-10863, pending in the United Stated District Court for the Southern District of New York. This action has been brought on behalf of all persons who acquired our common stock on the open market between February 16, 2000 and April 2, 2001. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint alleges, among other things, that the defendants issued materially false and misleading statements and press releases concerning when our service would be commercially available, which caused the market price of our common stock to be artificially inflated. The complaint seeks an unspecified amount of money damages. We believe that the allegations in the complaint have no merit and we will vigorously defend against this action.

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

At our annual meeting of stockholders held on November 20, 2001, 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	WITHHELD
<S>	<C>	<C>
Leon D. Black	48,723,933	646,699
Lawrence F. Gilberti	48,416,598	954,034
James P. Holden	48,733,276	637,356
David Margolese	47,193,177	2,177,455
Peter G. Peterson	48,721,156	649,476
Joseph V. Vittoria	48,731,293	639,339

</Table>

In addition to the election of directors, the appointment of Arthur Andersen LLP as our independent auditors for the fiscal year ending December 31, 2001 was ratified by a vote of 48,716,838 shares in favor, 630,723 shares against and 23,071 shares abstaining.

ITEM 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding our executive officers is provided below:

NAME	AGE	POSITIONS WITH THE COMPANY
Joseph P. Clayton	52	President and Chief Executive Officer and a Director
Guy D. Johnson	41	Executive Vice President, Sales and Marketing
John J. Scelfo	44	Executive Vice President and Chief Financial Officer
Patrick L. Donnelly	40	Executive Vice President, General Counsel and Secretary
Joseph S. Capobianco	52	Senior Vice President, Content
Michael S. Ledford	52	Senior Vice President, Engineering

JOSEPH P. CLAYTON has served as President and Chief Executive Officer since November 2001. Mr. Clayton served as Vice Chairman of Global Crossing Ltd., a global internet and long distance services provider, and President, Global Crossing North America, from September 1999 until November 2001. On January 28, 2002, Global Crossing Ltd. and certain of its affiliates filed petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. From August 1997 to September 1999, Mr. Clayton was President and Chief Executive Officer of Frontier Corporation, a Rochester-based national provider of local

telephone, long distance, data, conferencing and wireless communications services, which was acquired by Global Crossing in September 1999. Prior to joining Frontier, Mr. Clayton was Executive Vice President, Marketing and Sales -- Americas and Asia, of Thomson MultiMedia S.A., a leading consumer electronics company. Mr. Clayton is a member of the Board of Directors of Global Crossing Ltd., Good Guys Inc. and Transcend Services Inc. He is also a trustee of Bellarmine College and The Rochester Institute of Technology and a member of the advisory board of the Indiana University School of Business.

GUY D. JOHNSON has served as Executive Vice President, Sales and Marketing, since January 2002. From 1999 until January 2002, Mr. Johnson was a senior strategic consultant to Thomson MultiMedia S.A., a leading consumer electronics company. Prior to 1999, he was Senior Vice President, Sales and Product Management -- Americas, for Thomson MultiMedia S.A.

JOHN J. SCELFO has served as Executive Vice President and Chief Financial Officer since April 2001. From November 1999 to April 2001, Mr. Scelfo was Vice President, Finance, for the Asian operations of Dell Computer Corporation, the leading direct global computer systems company. Prior to Dell, he spent 19 years with Mobil Oil Corporation, an integrated energy operator, including as its Corporate Assistant Treasurer, Vice President of Global Risk Management, and Chief Financial Officer of its operations in Japan and South-East Asia.

PATRICK L. DONNELLY has served as Executive Vice President, General Counsel and Secretary since May 1998. From June 1997 to May 1998, he was Vice President and deputy general counsel of ITT Corporation, a hotel, gaming and entertainment company that was acquired by Starwood Hotels & Resorts Worldwide, Inc. in February 1998. From October 1995 to June 1997, he was assistant general counsel of ITT Corporation. Prior to October 1995, Mr. Donnelly was an associate at the law firm of Simpson Thacher & Bartlett.

JOSEPH S. CAPOBIANCO has served as Senior Vice President, Content, since April 1997. From 1981 to April 1997, he was an independent consultant providing programming, production, marketing and strategic planning consulting services to media and entertainment companies, including Home Box Office, a premium cable television network and a subsidiary of Time Warner Entertainment Company, L.P., and ABC Radio. From May 1990 to February 1995, he served as vice president of programming at Music Choice, which operates a 40-channel music service available to subscribers to DIRECTV and is partially owned by Warner Music Group Inc., Sony Entertainment Inc. and EMI.

MICHAEL S. LEDFORD has served as Senior Vice President, Engineering, since September 2001. From July 2000 to September 2001, Mr. Ledford was Vice President of Automotive Strategy at Wingcast, a joint venture between Ford Motor Company and Qualcomm developing advanced wireless vehicle applications, or telematics. Prior to Wingcast, he was the Executive Director of Telematics at Ford, and prior to that was Corporate Executive Director for Process Engineering responsible for overseeing Ford's worldwide introduction of new technologies.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock began trading on the Nasdaq SmallCap Market on September 13, 1994. From October 24, 1997 to January 11, 2000, our common stock was traded on the Nasdaq National Market under the symbol 'CDRD'. On January 12, 2000, our common stock began trading on the Nasdaq National Market under the symbol 'SIRI'.

The following table sets forth the high and low closing bid price for our common stock, as reported by Nasdaq, for the periods indicated below.

	HIGH	LOW
Year ended December 31, 2000		
First Quarter	66 1/2	38 3/8
Second Quarter	50 15/16	31 1/8
Third Quarter	56 3/8	37
Fourth Quarter	54 7/16	21 1/2
Year ended December 31, 2001		
First Quarter	35	12 7/16
Second Quarter	18 11/32	6 29/32
Third Quarter	10 13/16	3 11/32
Fourth Quarter	11 5/8	2 19/64

On March 25, 2002, the closing bid price of our common stock on the Nasdaq National Market was $4.38 per share. On March 25, 2002, there were approximately 558 record holders of our common stock. We have never paid cash dividends on our capital stock. We currently intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. The indentures governing our senior secured notes and our senior secured discount notes and our term loan agreement with Lehman Brothers contain provisions that limit our ability to pay dividends on our preferred stock and common stock. The certificates of designation for our preferred stock contain provisions that also limit our ability to pay dividends on our common stock.

Recent Sales of Unregistered Securities. During the year ended December 31, 2001, we acquired $34,900,000 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 and $16,500,000 in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 in exchange for 2,283,979 and 948,565 shares of our common stock, respectively. These transactions were negotiated by us directly with the holders of our 8 3/4% Convertible Subordinated Notes due 2009 and 15% Senior Secured Discount Notes due 2007 and no commissions or remuneration was paid or given directly or indirectly for soliciting such exchange. The issuance of our common stock in these transactions was exempt from registration under the Securities Act by virtue of the exemption contained in Section 3(a)(9) of the Securities Act.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Our selected consolidated financial data set forth below with respect to the statements of operations for the years ended December 31, 1999, 2000 and 2001, and with respect to the balance sheets at December 31, 2000 and 2001 are derived from our consolidated financial statements, audited by Arthur Andersen LLP, independent accountants, included in Item 8 of this report. Our selected consolidated financial data with respect to the balance sheets at December 31, 1997, 1998 and 1999 and with respect to the statement of operations data for the years ended December 31, 1997 and 1998, are derived from our audited consolidated financial statements, which are not included in this report. This selected consolidated financial data should be read in conjunction with the Consolidated Financial Statements and related notes thereto included in Item 8 of this report and 'Management's Discussion and Analysis of Financial Condition and Results of Operations.'

STATEMENT OF OPERATIONS DATA

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	YEAR ENDED DECEMBER 31,					CUMULATIVE FOR THE PERIOD MAY 17, 1990 (DATE OF INCEPTION) TO DECEMBER 31, 2001
	1997	1998	1999	2000	2001	
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.................	$ --	$ --	$ --	$ --	$ --	$--
Net loss.................	$ (4,737)	$(48,396)	$(62,822)	$(134,744)	$(235,763)	$(504,998)
Net loss applicable to common stockholders....	$(59,050)	$(85,953)	$(96,981)	$(183,715)	$(277,919)	$(722,154)
Net loss per share applicable to common stockholders (basic and diluted)..............	$ (5.08)	$ (4.79)	$ (3.96)	$ (4.72)	$ (5.30)	
Weighted average common shares outstanding (basic and diluted)....	11,626	17,932	24,470	38,889	52,427	

</Table>

BALANCE SHEET DATA

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	DECEMBER 31,				
	1997	1998	1999	2000	2001
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Cash and cash equivalents............	$ 900	$150,190	$ 81,809	$ 14,397	$ 4,726
Marketable securities, at market......	$169,482	$109,044	$ 311,560	$ 121,862	$ 304,218
Restricted investments, at amortized cost...............................	$ --	$ 6,389	$ 73,704	$ 48,801	$ 21,998
Working capital......................	$170,894	$180,821	$ 303,720	$ 143,981	$ 282,932
Total assets.........................	$323,808	$643,880	$1,206,612	$1,323,582	$1,527,605
Deferred satellite payments and accrued interest...................	$ --	$ 31,324	$ 55,140	$ 60,881	$ 67,201
Long-term debt.......................	$131,387	$152,888	$ 488,690	$ 472,602	$ 589,990
Convertible preferred stock..........	$176,025	$294,510	$ 362,417	$ 443,012	$ 485,168
Deficit accumulated during development stage..............................	$(23,273)	$(71,669)	$ (134,491)	$ (269,235)	$ (504,998)
Stockholders' equity (1).............	$ 15,980	$ 77,953	$ 134,179	$ 290,483	$ 322,649

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(1) No cash dividends were declared or paid in any of the periods presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws. Actual results and the timing of events could differ materially from those projected in forward-looking statements due to a number of factors, including those described under 'Business -- Risk Factors' and elsewhere in this Annual Report. See 'Special Note Regarding Forward-Looking Statements.'

(All dollar amounts referenced in this Item 7 are in thousands, unless otherwise stated)

OVERVIEW

From our three orbiting satellites, we directly broadcast 100 channels of 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, talk, comedy and children's programming. Our broad and deep range of almost every music format as well as our news, sports and entertainment programming is not available on conventional radio in any market

in the United States. We hold one of only two licenses issued by the FCC to operate a national satellite radio system.

We launched our service on February 14, 2002 in Denver, Colorado; Houston, Texas; Phoenix, Arizona; and Jackson, Mississippi. We are employing a phased roll out in order to test various marketing initiatives, further refine our receiver technology and optimize our service on a market-by-market basis. This strategy allows us to enhance our subscriber experience before our nationwide launch. We plan to offer our service in additional markets during the second and third quarters of 2002 and to offer our service on a national basis during the third quarter of 2002. We expect to generate most of the subscriptions we sell in 2002 in the second half of the year as we expand our service nationally.

Our primary source of revenues is our $12.95 per month subscription fee and a one-time activation fee per subscriber. In addition, we derive revenues from selling limited advertising on our non-music channels. Currently our subscription and advertising revenues are not material due to the limited number of subscribers to our service to date.

Our operating expenses consist primarily of:

- marketing costs, including advertising, promotions, payments to retailers, dealers, distributors and automakers, and subsidies to radio manufacturers;

- programming costs, including royalty payments to copyright holders, license fees to programming providers and advertising revenue sharing arrangements;

- expenses of operating and maintaining of our broadcast system, including costs of tracking and controlling our satellites, operating our terrestrial repeater network, and operating and maintaining our national broadcast studio;

- expenses associated with the continuing development of our radio technology, including the costs of designing and developing future chip sets; and

- general and administrative costs, including salary and employment related expenses, rent and occupancy costs, insurance expenses and other miscellaneous costs, such as travel, legal and consulting fees.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2001 COMPARED TO YEAR ENDED DECEMBER 31, 2000

We had net losses before extraordinary items of $241,076 and $134,744 for the years ended December 31, 2001 and 2000, respectively. Extraordinary items for the years ended December 31, 2001 and 2000 were $5,313 and $0, respectively, and consisted of a gain resulting from our acquisition of $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007. Our total operating expenses were $168,456 and $125,634 for the years ended December 31, 2001 and 2000, respectively.

Engineering design and development costs were $58,453 and $70,690 for the years ended December 31, 2001 and 2000, respectively. These engineering costs represented primarily payments to Agere Systems, Inc. (47% in 2001 and 38% in 2000) and other radio partners (17% in 2001 and 33% in 2000). The decrease in costs in 2001 was primarily due to the decreased development activity by our radio partners, many of which completed a substantial portion of their efforts in 2000 and early 2001.

General and administrative expenses increased for the year ended December 31, 2001 to $95,959 from $47,768 for the year ended December 31, 2000. General and administrative expenses increased principally due to the growth of our workforce, operation of our terrestrial repeater network, depreciation of our broadcast studio equipment and the cost of in-orbit insurance for our three satellites during 2001. The major components of general and administrative expenses in 2001 were salaries and employment related costs (23%), rent and occupancy costs (18%) and marketing costs (13%), while in 2000 the major components were salaries and employment related costs (30%), rent and occupancy costs (15%) and marketing costs (16%). The remaining portion of general and administrative expenses (46% in 2001 and 39% in 2000) consisted of other costs, such as legal and regulatory, insurance,

programming, consulting, travel, and depreciation, with only insurance (12%) exceeding 10% of the total in 2001 and no amount exceeding 10% of the total in 2000.

Non-cash stock compensation charge increased for the year ended December 31, 2001 to $14,044 from $7,176 for the year ended December 31, 2000. The increase in 2001 resulted primarily from the compensation expense associated with the repricing of employee stock options in April 2001. We expect to record future non-cash stock compensation charges or benefits based on the market value of our common stock at the end of each reporting period due to the variable accounting associated with the repricing of certain employees stock options.

The decrease in interest and investment income to $17,066 for the year ended December 31, 2001, from $24,485 for the year ended December 31, 2000, resulted from significantly lower returns on our investments in U.S. government securities and commercial paper issued by major U.S. corporations during 2001.

Interest expense was $89,686 for the year ended December 31, 2001 and $33,595 for the year ended December 31, 2000, net of capitalized interest of $19,270 and $63,728, respectively. Gross interest expense for 2001 increased by $11,633 and capitalized interest decreased by $44,458, compared to 2000. The increase in gross interest resulted primarily from the amount outstanding under our term loan with Lehman Brothers, which was not outstanding during the 2000 period. This increase is offset by a decrease in conversion expense associated with the acquisition of a portion of our 8 3/4% Convertible Subordinated Notes due 2009. The decrease in capitalized interest during the 2001 period was primarily due to the lower level of construction in process. Construction in process decreased as compared to the 2000 period due to the launch of our satellites. Construction in process during the 2001 period related principally to our fourth, spare satellite and construction of our terrestrial repeater network.

YEAR ENDED DECEMBER 31, 2000 COMPARED TO YEAR ENDED DECEMBER 31, 1999

We had net losses of $134,744 and $62,822 for the years ended December 31, 2000 and 1999, respectively. Our total operating expenses were $125,634 and $63,518 for the years ended December 31, 2000 and 1999, respectively.

Engineering design and development costs were $70,690 and $32,987 for the years ended December 31, 2000 and 1999, respectively. These engineering costs represented primarily payments to Agere Systems, Inc. (38% in 2000 and 56% in 1999) and other radio partners (33% in 2000 and 19% in 1999). The increase was primarily due to increased development efforts by Agere Systems, Inc. on our chip set and radio development activity by our radio partners.

General and administrative expenses increased for the year ended December 31, 2000 to $47,768 from $29,325 for the year ended December 31, 1999. General and administrative expenses increased principally due to the growth of our workforce and the cost of in-orbit insurance for our three satellites, that were in-orbit during a significant portion of 2000. The major components of general and administrative expenses in 2000 were salaries and employment related costs (30%), rent and occupancy costs (15%) and marketing costs (16%), while in 1999 the major components were salaries and employment related costs (29%), rent and occupancy costs (19%) and marketing costs (15%). The remaining portion of general and administrative expenses (39% in 2000 and 37% in 1999) consisted of other costs, such as legal and regulatory, insurance, consulting, travel, and depreciation, with no amounts exceeding 10% of the total in 2000 or 1999.

Non-cash stock compensation charge increased for the year ended December 31, 2000 to $7,176 from $1,206 for the year ended December 31, 1999. The increase in 2000 resulted primarily from the increase in compensation expense associated with stock options granted to certain employees and consultants.

The increase in interest and investment income to $24,485 for the year ended December 31, 2000, from $17,502 for the year ended December 31, 1999, resulted from higher returns on our investments in U.S. government securities and commercial paper issued by major U.S. corporations during 2000.

Interest expense was $33,595 for the year ended December 31, 2000 and $16,806 for the year ended December 31, 1999, net of capitalized interest of $63,728 and $56,567, respectively. Gross interest

expense for 2000 increased by $23,950 and capitalized interest increased by $7,161, compared to 1999. The increase in gross interest from the prior year was due to interest accruing on our 14 1/2% Senior Secured Notes due 2009 issued in May 1999 and our 8 3/4% Convertible Subordinated Notes due 2009 issued in September and October 1999, which were outstanding for all of 2000.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2001, we had cash, cash equivalents, marketable securities and restricted investments totaling $330,942 and working capital of $282,932, compared with cash, cash equivalents, marketable securities and restricted investments totaling $185,060 and working capital of $143,981 at December 31, 2000.

SOURCES OF FUNDING

Since inception, we have funded the development of our satellite radio system and the related introduction of our service through the issuance of debt and equity securities. As of December 31, 2001, we had raised approximately $1,103,300 in equity capital from the sale of our common stock and convertible preferred stock. As of December 31, 2001, we had received approximately $638,000 in net proceeds from public debt offerings and private credit arrangements.

At December 31, 2001, we had three issues of public debt securities outstanding: $280,430 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $200,000 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $45,936 in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009. As of December 31, 2001, we had acquired $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 and $97,814 in principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 in exchange for shares of our common stock. In addition to these public debt securities, we have also entered into a $50,000 Deferral Credit Agreement with Space Systems/Loral and a $150,000 term loan agreement with Lehman Brothers. We intend to seek opportunities to reduce our outstanding debt, and may pursue privately negotiated transactions with holders of our debt from time to time or an offer to purchase all or a portion of our debt in exchange for cash, common stock, new debt or a combination of those items.

Space Systems/Loral has deferred a total of $50,000 of payments under the Loral Satellite Contract originally scheduled for payment in 1999. Under the Deferral Credit Agreement with Space Systems/Loral, these deferred amounts bear interest at 10% per year and were originally scheduled to be paid in quarterly installments beginning in June 2002. However, the agreement governing these deferred amounts provides that this date, and subsequent payment dates, will be extended by the number of days that the achievement of any milestone under the Loral Satellite Contract is delayed beyond the dates set forth in the Loral Satellite Contract. Our fourth satellite was originally expected to be delivered to ground storage in October 2000 and now is expected to be delivered to ground storage in the second quarter of 2002. As a result of this delay, we do not expect to make any required payments with respect to these deferred payments until September 2003, at the earliest.

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 adjusting the financial covenants, accelerating the amortization schedule of the term loan and reducing the exercise price of the warrants to $15.00 per share.

As amended, the term loan matures in installments, commencing on June 30, 2002, in the amounts described 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 each of 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.

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

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;

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;

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

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, could have a material adverse effect on us. If Lehman Brothers, the holder of the term loan, were to accelerate the maturity of this loan as a result of our failure to satisfy a covenant, the trustees of our 15% Senior Secured Discount Notes due 2007 and our 14 1/2% Senior Secured Notes due 2009 would have the right to accelerate the outstanding indebtedness under these notes. If the maturity of the term loan, our 15% Senior Secured Discount Notes due 2007 and our 14 1/2% Senior Secured Notes due 2009 were accelerated, we would be required to seek relief from creditors under the Bankruptcy Code.

The indentures governing our 15% Senior Secured Discount Notes due 2007, our 14 1/2% Senior Secured Notes due 2009 and our term loan agreement with Lehman Brothers contain limitations on our ability to issue additional debt. Our 15% Senior Secured Discount Notes due 2007, our 14 1/2% Senior Secured Notes due 2009 and our obligations under the term loan agreement are secured by a pledge of the stock of Satellite CD Radio, Inc., our subsidiary that holds our FCC license, and our rights under the Loral Satellite Contract relating to our fourth, spare satellite. Under the Deferral Credit Agreement, we granted Space Systems/Loral a security interest in our terrestrial repeater network.

FUNDING REQUIREMENTS

The amount and timing of our cash requirements depends upon numerous factors, including the rate of growth of our business, subscriber acquisition costs, costs associated with the design and development of chip sets for Sirius radios, costs of financing and the possibility of unanticipated costs.

As of March 25, 2002, we had sufficient cash to cover our estimated funding needs through the first quarter of 2003. However, if the number of actual subscribers, or the cost to acquire each new subscriber, differs substantially from our expectations, we may need substantial additional funding. We anticipate that our additional funding needs through the end of 2003 will total approximately $275,000, and that we will require additional funding thereafter. We plan to fund our additional capital needs through the issuance of debt and equity securities.

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 this Annual Report on Form 10-K. We have identified the following policies as critical to our business and understanding of our results of operations.

o Revenue Recognition. Revenue from subscribers will consist of our monthly service fee, recognized as the service is provided, and a non-refundable activation fee, recognized on a pro rata basis over the estimated term of the subscriber relationship. The estimated term of a subscriber relationship will be based on market research and management's judgment and will be refined in the future as sufficient historical data becomes available.

- o Warrant Agreements. In connection with the Ford and DaimlerChrylser agreements, which anticipate that Ford and DaimlerChrylser will manufacture, market and sell vehicles equipped to receive our service, we have issued both companies warrants to purchase shares of our common stock. We have not recorded any expense related to these warrants. We expect to record non-cash expenses related to these warrants in the future, based on the number of vehicles equipped to receive our service that Ford and DaimlerChrylser manufacture.

- o Asset Impairment. We review our long-lived assets and identifiable assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. For assets which are held and used in operations, the asset would be impaired if the book value of the asset exceeded the undiscounted future net cash flows related to the asset. For those assets which are to be disposed of, the asset would be impaired to the extent the fair value does not exceed the book value. We consider relevant cash flow, estimated future operating results, trends and other available information in assessing whether the carrying value of assets are recoverable. No materially impairment losses have been recognized to date.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ('FASB') issued SFAS No. 141, 'Business Combinations,' which we adopted on July 1, 2001. SFAS No. 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001. The application of SFAS No. 141 has not had a material impact on our financial position or results of operations.

In July 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets,' which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have estimable useful lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of SFAS No. 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. Effective January 1, 2002, we are required to apply all other provisions of SFAS No. 142. We are currently evaluating the potential impact, if any, the adoption of SFAS No. 142 will have on our financial position and results of operations.

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. We do not expect that the adoption of SFAS No. 143 will have a material impact on our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, 'Accounting for the Impairment or Disposal of Long-Lived Assets,' which is effective for fiscal periods beginning after December 15, 2001. SFAS No. 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale. We do not expect that the adoption of SFAS No. 144 will have a material impact on our financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements contained in Item 14 herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item 10 is incorporated by reference to our definitive proxy statement (the 'Proxy Statement') prepared with respect to our Annual Meeting of Stockholders to be held on June 21, 2002. The Proxy Statement will be filed with the Securities and Exchange Commission at a later date that is not more than 120 days after the end of our 2001 fiscal year. The information with respect to Executive Officers is set forth, pursuant to General Instruction G of Form 10-K, under Part I of this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is incorporated by reference to the Proxy Statement prepared with respect to our Annual Meeting of Stockholders to be held on June 21, 2002. The Proxy Statement will be filed with the Securities and Exchange Commission at a later date that is not more than 120 days after the end of our 2001 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is incorporated by reference to the Proxy Statement prepared with respect to our Annual Meeting of Stockholders to be held on June 21, 2002. The Proxy Statement will be filed with the Securities and Exchange Commission at a later date that is not more than 120 days after the end of our 2001 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 is incorporated by reference to the Proxy Statement prepared with respect to our Annual Meeting of Stockholders to be held on June 21, 2002. The Proxy Statement will be filed with the Securities and Exchange Commission at a later date that is not more than 120 days after the end of our 2001 fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

See index to financial statements appearing on page F-1.

(2) Financial Statement Schedules

None. All schedules have been included in the Consolidated Financial Statements or Notes thereto.

(3) Exhibits

See Exhibit Index appearing on pages E-1 through E-4 for a list of exhibits filed or incorporated by reference as part of this Annual Report on Form 10-K.

(b) Reports on Form 8-K

None.

As of the date of the filing of this Annual Report on Form 10-K, no proxy materials have been furnished to security holders. Copies of all proxy materials will be furnished to the Securities and Exchange Commission in compliance with its rules.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 27th day of March, 2002.

SIRIUS SATELLITE RADIO INC.
By: /S/ JOHN J. SCELFO
....
JOHN J. SCELFO
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL OFFICER)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<Table>
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SIGNATURES	TITLE	DATE
<C>	<S>	<C>

		March 27, 2002
/s/ DAVID MARGOLESE .... (DAVID MARGOLESE)	Chairman of the Board of Directors and Director	
/s/ JOSEPH P. CLAYTON .... (JOSEPH P. CLAYTON)	President and Chief Executive Officer and Director (Principal Executive Officer)	March 27, 2002
/s/ JOHN J. SCELFO .... (JOHN J. SCELFO)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 27, 2002
/s/ EDWARD WEBER, JR. .... (EDWARD WEBER, JR.)	Vice President and Controller (Principal Accounting Officer)	March 27, 2002
/s/ LEON D. BLACK .... (LEON D. BLACK)	Director	March 27, 2002
/s/ LAWRENCE F. GILBERTI .... (LAWRENCE F. GILBERTI)	Director	March 27, 2002
/s/ JAMES P. HOLDEN .... (JAMES P. HOLDEN)	Director	March 27, 2002
/s/ PETER G. PETERSON .... (PETER G. PETERSON)	Director	March 27, 2002
/s/ JOSEPH V. VITTORIA .... (JOSEPH V. VITTORIA)	Director	March 27, 2002

</Table>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<Table>

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
Sirius Satellite Radio Inc.:

We have audited the accompanying consolidated balance sheets of Sirius Satellite Radio Inc. (a Delaware corporation in the development stage) and subsidiary as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for the three years in the period ended December 31, 2001 and for the period from May 17, 1990 (date of inception) to December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sirius Satellite Radio Inc. and subsidiary, as of December 31, 2001 and 2000, and the results of their operations and their cash flows for the three years in the period ended December 31, 2001 and for the period from May 17, 1990 (date of inception) to December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

New York, New York
March 26, 2002

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

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	FOR THE YEARS ENDED DECEMBER 31,			CUMULATIVE FOR THE PERIOD MAY 17, 1990 (DATE OF INCEPTION) TO DECEMBER 31,
	1999	2000	2001	2001
<S>	<C>	<C>	<C>	<C>
Revenue	$ --	$ --	$ --	$--
Operating expenses:				
Engineering design & development	(32,987)	(70,690)	(58,453)	(168,512)
General and administrative	(29,325)	(47,768)	(95,959)	(200,294)
Non-cash stock compensation	(1,206)	(7,176)	(14,044)	(25,762)
Special charges	--	--	--	(27,682)
Total operating expenses	(63,518)	(125,634)	(168,456)	(422,250)
Other income (expense):				
Interest and investment income	17,502	24,485	17,066	70,705
Interest expense	(16,806)	(33,595)	(89,686)	(156,471)
	696	(9,110)	(72,620)	(85,766)
Loss before income taxes	(62,822)	(134,744)	(241,076)	(508,016)
Income taxes:				
Federal	--	--	--	(1,982)
State	--	--	--	(313)
Net loss before extraordinary item	(62,822)	(134,744)	(241,076)	(510,311)
Extraordinary gain on early extinguishment of debt	--	--	5,313	5,313
Net loss	(62,822)	(134,744)	(235,763)	(504,998)
Preferred stock dividends	(30,321)	(39,811)	(41,476)	(133,326)
Preferred stock deemed dividends	(3,535)	(8,260)	(680)	(76,126)
Accretion of dividends in connection with the issuance of warrants on preferred stock	(303)	(900)	--	(7,704)
Net loss applicable to common stockholders	$(96,981)	$(183,715)	$(277,919)	$(722,154)
Net loss per share applicable to common stockholders (basic and diluted)	$(3.96)	$(4.72)	$(5.30)	

Weighted average common shares outstanding (basic and diluted)	24,470	38,889	52,427

</Table>

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

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

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	DECEMBER 31, 2000	DECEMBER 31, 2001
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,397	$ 4,726
Marketable securities, at market	121,862	304,218
Restricted investments, at amortized cost	48,801	21,998
Prepaid expense and other	13,288	12,303
Total current assets	198,348	343,245
Property and equipment, net	1,013,465	1,082,915
Other assets:		
FCC license	83,368	83,654
Debt issuance costs, net	20,124	17,176
Deposits and other	8,277	615
Total other assets	111,769	101,445
Total assets	$1,323,582	$1,527,605
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 39,530	$ 39,836
Accrued interest	5,527	5,477
Satellite construction payable	9,310	--
Current portion of long-term debt	--	15,000
Total current liabilities	54,367	60,313
Long-term debt	472,602	589,990
Deferred satellite payments and accrued interest	60,881	67,201
Deferred income taxes	2,237	2,237
Other long-term liabilities	--	47
Total liabilities	590,087	719,788
Commitments and contingencies:		
10 1/2% Series C Convertible Preferred Stock, no par value: 2,025,000 shares authorized, no shares issued or outstanding	--	--
9.2% Series A Junior Cumulative Convertible Preferred Stock, $.001 par value: 4,300,000 shares authorized, 1,595,707 and 1,742,512 shares issued and outstanding at December 31, 2000 and 2001, respectively (liquidation preferences of $159,571 and $174,251), at net carrying value including accrued dividends	162,380	177,120
9.2% Series B Junior Cumulative Convertible Preferred Stock, $.001 par value: 2,100,000 shares authorized, 715,703 and 781,548 shares issued and outstanding at December 31, 2000 and 2001, respectively (liquidation preferences of $71,570 and $78,155), at net carrying value including accrued dividends	70,507	77,338
9.2% Series D Junior Cumulative Convertible Preferred Stock, $.001 par value: 10,700,000 shares authorized, 2,145,688 and 2,343,091 shares issued and outstanding at December 31, 2000 and 2001, respectively (liquidation preferences of $214,569 and $234,309), at net carrying value including accrued dividends	210,125	230,710
Stockholders' equity:		

Preferred stock, $.001 par value: 50,000,000 shares authorized, 8,000,000 shares designated as 5% Delayed Convertible Preferred Stock, no shares issued or outstanding	--	--
Common stock, $.001 par value: 200,000,000 shares authorized, 42,107,957 and 57,455,931 shares issued and outstanding at December 31, 2000 and 2001, respectively	42	57
Additional paid-in capital	559,676	827,590
Deficit accumulated during the development stage	(269,235)	(504,998)
Total stockholders' equity	290,483	322,649
Total liabilities and stockholders' equity	$1,323,582	$1,527,605

</Table>

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

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<Table>
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	COMMON STOCK					
	SHARES	AMOUNT	CLASS A SHARES	CLASS A AMOUNT	CLASS B SHARES	CLASS B AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Initial sale of no par value common stock, $5.00 per share, May 17, 1990	11,080	$ 55	--	$--	--	$ --
Initial issuance of common stock in satisfaction of amount due to related party, $5.00 per share	28,920	145	--	--	--	--
Conversion of no par value common stock to Class A and Class B no par value common stock	(40,000)	(200)	2,000,000	169	360,000	31
Sale of Class B common stock, $.4165 per share	--	--	--	--	442,000	184
Issuance of Class B common stock in satisfaction of amount due to related party, $.4165 per share	--	--	--	--	24,000	10
Net loss	--	--	--	--	--	--
Balance, December 31, 1990	--	--	2,000,000	169	826,000	225
Sale of Class B common stock, $.50 per share	--	--	--	--	610,000	305
Issuance of Class B common stock in satisfaction of amount due to related party, $.50 per share	--	--	--	--	300,000	150
Net loss	--	--	--	--	--	--
Balance, December 31, 1991	--	--	2,000,000	169	1,736,000	680
Sale of Class B common stock, $.50 per share	--	--	--	--	200,000	100
Issuance of Class B common stock in satisfaction of amount due to related party, $.50 per share	--	--	--	--	209,580	105
Conversion of note payable to related party to Class B common stock, $.4165 per share	--	--	--	--	303,440	126
Conversion of Class A and Class B common stock to no par value common stock	4,449,020	1,180	(2,000,000)	(169)	(2,449,020)	(1,011)
Sale of no par value common stock, $1.25 per share	1,600,000	2,000	--	--	--	--
Conversion of no par value common stock to $.001 par value common stock	--	(3,174)	--	--	--	--
Sale of $.001 par value common stock, $5.00 per share	315,000	--	--	--	--	--
Net loss	--	--	--	--	--	--
Balance, December 31, 1992	6,364,020	6	--	--	--	--
Sale of $.001 par value common stock,						

$5.00 per share, net of commissions......	1,029,000	1	--	--	--	--
Compensation expense in connection with issuance of stock options................	--	--	--	--	--	--
Common stock issued in connection with conversion of note payable at $5.00 per share....................................	60,000	--	--	--	--	--
Common stock issued in satisfaction of commissions payable, at $5.00 per share....................................	4,000	--	--	--	--	--
Net loss..................................	--	--	--	--	--	--
Balance, December 31, 1993................	7,457,020	7	--	--	--	--

<Caption>

<S>	ADDITIONAL PAID-IN CAPITAL <C>	DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE <C>	DEFERRED COMPENSATION ON STOCK OPTIONS GRANTED <C>	TOTAL <C>
Initial sale of no par value common stock, $5.00 per share, May 17, 1990............................	$ --	$--	$--	$ 55
Initial issuance of common stock in satisfaction of amount due to related party, $5.00 per share...................	--	--	--	145
Conversion of no par value common stock to Class A and Class B no par value common stock....................................	--	--	--	--
Sale of Class B common stock, $.4165 per share....................................	--	--	--	184
Issuance of Class B common stock in satisfaction of amount due to related party, $.4165 per share..................	--	--	--	10
Net loss..................................	--	(839)	--	(839)
Balance, December 31, 1990................	--	(839)	--	(445)
Sale of Class B common stock, $.50 per share....................................	--	--	--	305
Issuance of Class B common stock in satisfaction of amount due to related party, $.50 per share....................	--	--	--	150
Net loss..................................	--	(575)	--	(575)
Balance, December 31, 1991................	--	(1,414)	--	(565)
Sale of Class B common stock, $.50 per share....................................	--	--	--	100
Issuance of Class B common stock in satisfaction of amount due to related party, $.50 per share....................	--	--	--	105
Conversion of note payable to related party to Class B common stock, $.4165 per share....................................	--	--	--	126
Conversion of Class A and Class B common stock to no par value common stock.......	--	--	--	--
Sale of no par value common stock, $1.25 per share..............................	--	--	--	2,000
Conversion of no par value common stock to $.001 par value common stock............	3,174	--	--	--
Sale of $.001 par value common stock, $5.00 per share.........................	1,575	--	--	1,575
Net loss..................................	--	(1,551)	--	(1,551)
Balance, December 31, 1992................	4,749	(2,965)	--	1,790
Sale of $.001 par value common stock, $5.00 per share, net of commissions......	4,882	--	--	4,883
Compensation expense in connection with issuance of stock options................	80	--	--	80
Common stock issued in connection with conversion of note payable at $5.00 per share....................................	300	--	--	300
Common stock issued in satisfaction of commissions payable, at $5.00 per share....................................	20	--	--	20
Net loss..................................	--	(6,568)	--	(6,568)
Balance, December 31, 1993................	10,031	(9,533)	--	505

(continued)

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

</Table>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY -- (CONTINUED)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<Table>
<Caption>

	COMMON STOCK					
	SHARES	AMOUNT	CLASS A SHARES	CLASS A AMOUNT	CLASS B SHARES	CLASS B AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales of $.001 par value common stock, $5.00 per share, net of commissions......	250,000	$--	--	$--	--	$ --
Initial public offering of Units, consisting of two shares of $.001 par value common stock and one warrant, $10.00 per Unit, net of expenses.........	1,491,940	2	--	--	--	--
Deferred compensation on stock options granted................................	--	--	--	--	--	--
Forfeiture of stock options by officer....	--	--	--	--	--	--
Compensation expense in connection with issuance of stock options...............	--	--	--	--	--	--
Amortization of deferred compensation.....	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 1994...............	9,198,960	9	--	--	--	--
Common stock issued for services rendered, between $3.028 and $3.916 per share......	107,000	--	--	--	--	--
Amortization of deferred compensation.....	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 1995...............	9,305,960	9	--	--	--	--
Exercise of stock warrants at $6.00 per share..................................	791,931	1	--	--	--	--
Exercise of stock options by officers, between $1.00 and $5.00 per share........	135,000	--	--	--	--	--
Common stock issued for services rendered, between $5.76 and $12.26 per share.......	67,500	--	--	--	--	--
Common stock options granted for services rendered, to purchase 60,000 shares at $4.50 per share.........................	--	--	--	--	--	--
Amortization of deferred compensation.....	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 1996...............	10,300,391	10	--	--	--	--
Exercise of stock options between $1.00 and $2.00 per share.....................	43,000	--	--	--	--	--
Value of beneficial conversion feature on 5% Delayed Convertible Preferred Stock...	--	--	--	--	--	--
Accretion of deemed dividend.............	--	--	--	--	--	--
Sale of $.001 par value common stock, $13.12 per share, net of expenses........	1,905,488	2	--	--	--	--
Exchange of 5% Delayed Convertible Preferred Stock for 10 1/2% Series C Convertible Preferred Stock.............	--	--	--	--	--	--
Conversion of 5% Delayed Convertible Preferred Stock into $.001 par value common stock............................	749,812	1	--	--	--	--
Public offering of $.001 par value common stock at $18.00 per share, net of expenses...............................	3,050,000	3	--	--	--	--
Dividends on preferred stock.............	--	--	--	--	--	--
Issuance of fully vested in-the-money stock options...........................	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 1997...............	16,048,691	16	--	--	--	--

<Caption>

	ADDITIONAL PAID-IN CAPITAL	DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE	DEFERRED COMPENSATION ON STOCK OPTIONS GRANTED	TOTAL
<S>	<C>	<C>	<C>	<C>
Sales of $.001 par value common stock,				

$5.00 per share, net of commissions......	$ 1,159	$ --	$--	$ 1,159
Initial public offering of Units, consisting of two shares of $.001 par value common stock and one warrant, $10.00 per Unit, net of expenses.........	4,834	--	--	4,836
Deferred compensation on stock options granted.................................	1,730	--	(1,730)	--
Forfeiture of stock options by officer....	(207)	--	207	--
Compensation expense in connection with issuance of stock options................	113	--	--	113
Amortization of deferred compensation.....	--	--	883	883
Net loss.................................	--	(4,065)	--	(4,065)
	--------	--------	-------	--------
Balance, December 31, 1994................	17,660	(13,598)	(640)	3,431
Common stock issued for services rendered, between $3.028 and $3.916 per share......	347	--	--	347
Amortization of deferred compensation.....	--	--	320	320
Net loss.................................	--	(2,107)	--	(2,107)
	--------	--------	-------	--------
Balance, December 31, 1995................	18,007	(15,705)	(320)	1,991
Exercise of stock warrants at $6.00 per share...................................	4,588	--	--	4,589
Exercise of stock options by officers, between $1.00 and $5.00 per share........	155	--	--	155
Common stock issued for services rendered, between $5.76 and $12.26 per share.......	554	--	--	554
Common stock options granted for services rendered, to purchase 60,000 shares at $4.50 per share.........................	120	--	--	120
Amortization of deferred compensation.....	--	--	320	320
Net loss.................................	--	(2,831)	--	(2,831)
	--------	--------	-------	--------
Balance, December 31, 1996................	23,424	(18,536)	--	4,898
Exercise of stock options between $1.00 and $2.00 per share......................	56	--	--	56
Value of beneficial conversion feature on 5% Delayed Convertible Preferred Stock...	51,975	--	--	51,975
Accretion of deemed dividend.............	(51,975)	--	--	(51,975)
Sale of $.001 par value common stock, $13.12 per share, net of expenses........	24,393	--	--	24,395
Exchange of 5% Delayed Convertible Preferred Stock for 10 1/2% Series C Convertible Preferred Stock.............	(63,450)	--	--	(63,450)
Conversion of 5% Delayed Convertible Preferred Stock into $.001 par value common stock............................	10,280	--	--	10,281
Public offering of $.001 par value common stock at $18.00 per share, net of expenses................................	46,424	--	--	46,427
Dividends on preferred stock.............	(2,338)	--	--	(2,338)
Issuance of fully vested in-the-money stock options...........................	448			448
Net loss.................................	--	(4,737)	--	(4,737)
	--------	--------	-------	--------
Balance, December 31, 1997................	39,237	(23,273)	--	15,980

(continued)

The accompanying notes are an integral part of these consolidated financial statements.
</Table>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY -- (CONTINUED)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<Table>
<Caption>

	COMMON STOCK					
	SHARES	AMOUNT	CLASS A SHARES	CLASS A AMOUNT	CLASS B SHARES	CLASS B AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sale of $.001 par value common stock, $20.00 per share, net of expenses........	5,000,000	$ 5	$ --	$--	--	$ --
Exercise of stock options between $2.00 and $4.50 per share......................	44,850	--	--	--	--	--
Conversion of 10 1/2% Series C Convertible Preferred Stock into $.001 par value						

common stock............................	2,107,666	2	--	--	--	--
Sale of $.001 par value common stock to employee benefit plan...................	3,328	--	--	--	--	--
Compensation expense in connection with quick vesting of stock options..........	--	--	--	--	--	--
Issuance of $.001 par value common stock to employee benefit plan................	4,414	--	--	--	--	--
Value of beneficial conversion feature on 9.2% Series A Junior Cumulative Convertible Preferred Stock.............	--	--	--	--	--	--
Value of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock...	--	--	--	--	--	--
Amortization of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock..................................	--	--	--	--	--	--
Accretion of deemed dividend.............	--	--	--	--	--	--
Dividends on preferred stock.............	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
	----------	---	----------	-----	----------	-------
Balance, December 31, 1998...............	23,208,949	23	--	--	--	--
Sale of $.001 par value common stock, $24.75 per share, net of expenses........	3,450,000	4	--	--	--	--
Issuance of warrants in connection with sale of 14 1/2% Senior Secured Notes due 2009....................................	--	--	--	--	--	--
Exercise of stock options between $2.00 and $24.38 per share.....................	205,002	--	--	--	--	--
Conversion of 10 1/2% Series C Convertible Preferred Stock, including accrued dividends, into $.001 par value common stock..................................	1,409,871	1	--	--	--	--
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest........................	423,221	1	--	--	--	--
Sale of $.001 par value common stock to employee benefit plan....................	7,516	--	--	--	--	--
Compensation in connection with the issuance of common stock options.........	--	--	--	--	--	--
Issuance of $.001 common stock to employee benefit plans...........................	16,482	--	--	--	--	--
Value of premium on issuance of 9.2% Series B Junior Cumulative Convertible Preferred Stock.........................	--	--	--	--	--	--
Amortization of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock..................................	--	--	--	--	--	--
Accretion of deemed dividend.............	--	--	--	--	--	--

<Caption>

	ADDITIONAL PAID-IN CAPITAL	DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE	DEFERRED COMPENSATION ON STOCK OPTIONS GRANTED	TOTAL
<S>	<C>	<C>	<C>	<C>
Sale of $.001 par value common stock, $20.00 per share, net of expenses........	$ 97,995	$ --	$--	$ 98,000
Exercise of stock options between $2.00 and $4.50 per share......................	140	--	--	140
Conversion of 10 1/2% Series C Convertible Preferred Stock into $.001 par value common stock............................	37,654	--	--	37,656
Sale of $.001 par value common stock to employee benefit plan....................	97	--	--	97
Compensation expense in connection with quick vesting of stock options..........	950	--	--	950
Issuance of $.001 par value common stock to employee benefit plan................	117	--	--	117
Value of beneficial conversion feature on 9.2% Series A Junior Cumulative Convertible Preferred Stock.............	10,884	--	--	10,884
Value of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock...	(6,600)	--	--	(6,600)
Amortization of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock..................................	181	--	--	181
Accretion of deemed dividend.............	(11,676)	--	--	(11,676)
Dividends on preferred stock.............	(19,380)	--	--	(19,380)
Net loss.................................	--	(48,396)	--	(48,396)
	--------	--------	-------	--------
Balance, December 31, 1998...............	149,599	(71,669)	--	77,953
Sale of $.001 par value common stock, $24.75 per share, net of expenses........	78,133	--	--	78,137

Issuance of warrants in connection with sale of 14 1/2% Senior Secured Notes due 2009....................................	31,382	--	--	31,382
Exercise of stock options between $2.00 and $24.38 per share.....................	1,642	--	--	1,642
Conversion of 10 1/2% Series C Convertible Preferred Stock, including accrued dividends, into $.001 par value common stock..................................	25,813	--	--	25,814
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest........................	11,488	--	--	11,489
Sale of $.001 par value common stock to employee benefit plan....................	200	--	--	200
Compensation in connection with the issuance of common stock options.........	752	--	--	752
Issuance of $.001 common stock to employee benefit plans...........................	454	--	--	454
Value of premium on issuance of 9.2% Series B Junior Cumulative Convertible Preferred Stock.........................	(3,385)	--	--	(3,385)
Amortization of option on 9.2% Series B Junior Cumulative Convertible Preferred Stock..................................	6,419	--	--	6,419
Accretion of deemed dividend.............	(3,535)	--	--	(3,535)

(continued)

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

</Table>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY -- (CONTINUED)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<Table>
<Caption>

	COMMON STOCK					
	SHARES	AMOUNT	CLASS A SHARES	CLASS A AMOUNT	CLASS B SHARES	CLASS B AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Dividends on preferred stock.............	--	$--	--	$--	--	$ --
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 1999...............	28,721,041	29	--	--	--	--
Exercise of stock options between $2.88 and $38.88 per share.....................	623,326	1	--	--	--	--
Exercise of warrants in connection with the sale of 14 1/2% Senior Secured Notes due 2009, $26.45 per share..............	43,344	--	--	--	--	--
Exercise of warrants to purchase 10 1/2% Series C Convertible Preferred Stock.....	--	--	--	--	--	--
Conversion of 10 1/2% Series C Convertible Preferred Stock, including accrued dividends, into $.001 par value common stock..................................	8,266,488	8	--	--	--	--
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest........................	2,134,582	2	--	--	--	--
Sale of $.001 par value common stock, $43.66 per share, net of expenses........	2,290,322	2	--	--	--	--
Sale of $.001 par value common stock to employee benefit plan....................	8,572	--	--	--	--	--
Compensation in connection with the issuance of common stock options.........	--	--	--	--	--	--
Issuance of common stock to employees and employee benefit plans...................	20,282	--	--	--	--	--
Accretion of deemed dividend.............	--	--	--	--	--	--
Dividends on preferred stock.............	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 2000...............	42,107,957	42	--	--	--	--
Exercise of stock options between $1.00 and $26.875 per share....................	185,221	--	--	--	--	--
Issuance of warrants in connection with Term Loan Facility.......................	--	--	--	--	--	--
Conversion of 8 3/4% Convertible						

Subordinated Notes due 2009, including accrued interest........................	2,283,979	2	--	--	--	--
Acquisition of 15% Senior Secured Discount Notes due 2007..........................	948,565	1	--	--	--	--
Sale of $.001 par value common stock, $21.00 per share, net of expenses........	11,500,000	12	--	--	--	--
Sale of $.001 par value common stock to employee benefit plan...................	38,720	--	--	--	--	--
Compensation in connection with the issuance of common stock options.........	--	--	--	--	--	--
Issuance of common stock to employees and employee benefit plans..................	391,489	--	--	--	--	--
Accretion of deemed dividend.............	--	--	--	--	--	--
Dividends on preferred stock.............	--	--	--	--	--	--
Net loss.................................	--	--	--	--	--	--
Balance, December 31, 2001...............	57,455,931	$57	--	$--	--	$ --

<Caption>

	ADDITIONAL PAID-IN CAPITAL	DEFICIT ACCUMULATED DURING DEVELOPMENT STAGE	DEFERRED COMPENSATION ON STOCK OPTIONS GRANTED	TOTAL
<S>	<C>	<C>	<C>	<C>
Dividends on preferred stock.............	$(30,321)	$ --	$--	$ (30,321)
Net loss.................................	--	(62,822)	--	(62,822)
Balance, December 31, 1999...............	268,641	(134,491)	--	134,179
Exercise of stock options between $2.88 and $38.88 per share....................	7,819	--	--	7,820
Exercise of warrants in connection with the sale of 14 1/2% Senior Secured Notes due 2009, $26.45 per share..............	627	--	--	627
Exercise of warrants to purchase 10 1/2% Series C Convertible Preferred Stock.....	(4,443)	--	--	(4,443)
Conversion of 10 1/2% Series C Convertible Preferred Stock, including accrued dividends, into $.001 par value common stock..................................	164,361	--	--	164,369
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest........................	63,265	--	--	63,267
Sale of $.001 par value common stock, $43.66 per share, net of expenses........	99,958	--	--	99,960
Sale of $.001 par value common stock to employee benefit plan...................	343	--	--	343
Compensation in connection with the issuance of common stock options.........	5,234	--	--	5,234
Issuance of common stock to employees and employee benefit plans..................	1,942	--	--	1,942
Accretion of deemed dividend.............	(8,260)	--	--	(8,260)
Dividends on preferred stock.............	(39,811)	--	--	(39,811)
Net loss.................................	--	(134,744)	--	(134,744)
Balance, December 31, 2000...............	559,676	(269,235)	--	290,483
Exercise of stock options between $1.00 and $26.875 per share....................	611	--	--	611
Issuance of warrants in connection with Term Loan Facility......................	11,879	--	--	11,879
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest........................	42,676	--	--	42,678
Acquisition of 15% Senior Secured Discount Notes due 2007..........................	8,588	--	--	8,589
Sale of $.001 par value common stock, $21.00 per share, net of expenses........	229,288	--	--	229,300
Sale of $.001 par value common stock to employee benefit plan...................	334	--	--	334
Compensation in connection with the issuance of common stock options.........	11,395	--	--	11,395
Issuance of common stock to employees and employee benefit plans..................	5,299	--	--	5,299
Accretion of deemed dividend.............	(680)	--	--	(680)
Dividends on preferred stock.............	(41,476)	--	--	(41,476)
Net loss.................................		(235,763)	--	(235,763)
Balance, December 31, 2001...............	$827,590	$(504,998)	$--	$ 322,649

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

</Table>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<Table>
<Caption>

<S>	FOR THE YEARS ENDED DECEMBER 31, 1999 <C>	2000 <C>	2001 <C>	CUMULATIVE FOR THE PERIOD MAY 17, 1990 (DATE OF INCEPTION) TO DECEMBER 31, 2001 <C>
Cash flows from development stage activities:				
Net loss	$ (62,822)	$(134,744)	$(235,763)	$ (504,998)
Adjustments to reconcile net loss to net cash provided by (used in) development stage activities:				
Depreciation expense	861	2,352	8,997	12,513
Change in unrealized gain or loss on marketable securities	(3,396)	1,606	(1,111)	(3,387)
Loss on disposal of assets	10	249	--	364
Special charges	--	--	--	25,557
Accretion of note payable charged as interest expense	56,199	76,739	94,289	255,093
Compensation expense in connection with issuance of common stock and stock options	1,206	7,176	14,044	25,762
Expense incurred in connection with conversion of debt	1,776	12,655	8,259	22,690
Extraordinary gain on early extinguishment of debt	--	--	(5,313)	(5,313)
Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:				
Prepaid expense and other	(575)	(12,547)	985	(12,303)
Other assets	(3,457)	1,065	11,020	6,029
Accounts payable and accrued expenses	4,019	(23,025)	(44,233)	(57,687)
Due to related party	--	--	--	351
Deferred income taxes	--	--	--	2,237
Net cash used in development stage activities	(6,179)	(68,474)	(148,826)	(233,092)
Cash flows from investing activities:				
Sales (purchases) of marketable securities and restricted investments, net	(266,422)	212,380	(154,443)	(323,432)
Purchases of property and equipment	(309,059)	(398,442)	(81,345)	(1,055,347)
Payments for FCC license	--	--	(286)	(83,654)
Acquisition of Sky-Highway Radio Corp	--	--	--	(2,000)
Net cash used in investing activities	(575,481)	(186,062)	(236,074)	(1,464,433)
Cash flows from financing activities:				
Proceeds from issuance of long-term debt, net	180,399	1,883	145,000	398,145
Proceeds from issuance of common stock, net	78,337	100,301	229,635	591,716
Proceeds from issuance of preferred stock, net	62,900	192,450	--	505,418
Proceeds from exercise of stock options and warrants	1,643	8,447	610	15,640
Principal payments under capital lease obligations	--	--	(16)	(16)
Proceeds from issuance of promissory note and units, net	190,000	--	--	306,535
Proceeds from issuance of promissory notes to related parties	--	--	--	2,965
Repayment of promissory notes	--	--	--	(2,635)
Repayment of long-term debt	--	(115,957)	--	(115,957)
Loan from officer	--	--	--	440
Net cash provided by financing				

activities	513,279	187,124	375,229	1,702,251
Net increase (decrease) in cash and cash equivalents	(68,381)	(67,412)	(9,671)	4,726
Cash and cash equivalents at the beginning of period	150,190	81,809	14,397	--
Cash and cash equivalents at the end of period	$ 81,809	$ 14,397	$ 4,726	$ 4,726
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	$ 22,825	$ 38,405	$ 47,160	$ 110,856
Cash paid during the period for income taxes	$ --	$ --	$ --	$ 58
Supplemental disclosure of non-cash investing and financing activities:				
Capitalized interest	$ 56,567	$ 63,728	$ 19,270	$ 155,808
Deferred satellite payments, including accrued interest	$ 23,816	$ 5,741	$ 6,320	$ 67,201
Exchange of 8 3/4% Convertible Subordinated Notes due 2009 and accrued interest for common stock	$ 11,489	$ 63,267	$ 42,678	$ 117,434
Exchange of 15% Senior Secured Discount Notes due 2007	$ --	$ --	$ 8,589	$ 8,589
Exchange of 10 1/2% Series C Convertible Preferred Stock and accrued dividends for common stock	$ 25,814	$ 164,369	$ --	$ 227,839
Exchange of 5% Delayed Convertible Preferred Stock for 10 1/2% Series C Convertible Preferred Stock	$ --	$ --	$ --	$ 173,687
Common stock issued in satisfaction of notes payable and amounts due to related parties	$ --	$ --	$ --	$ 1,407

</Table>

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

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

1. BUSINESS

Sirius Satellite Radio Inc., a Delaware corporation, has developed a service for broadcasting digital quality music programming via satellites to subscribers' vehicles. From our three orbiting satellites, we directly broadcast 100 channels of 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, talk, comedy and children's programming. Our broad and deep range of almost every music format as well as our news, sports and entertainment programming is not available on conventional radio in any market in the United States.

We launched our service on February 14, 2002 in Denver, Colorado; Houston, Texas; Phoenix, Arizona; and Jackson, Mississippi. We plan to offer our service in additional markets during the second and third quarters of 2002 and plan to offer our service on a national basis during the third quarter of 2002. Our primary source of revenue is subscription fees. In addition, we derive revenues from selling limited advertising on our non-music channels.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Sirius Satellite Radio Inc. and our wholly owned subsidiary. Intercompany transactions are eliminated in consolidation. As of December 31, 2001, we had not yet recognized any revenues; accordingly, our financial statements are presented as those of a development stage enterprise, as prescribed by Statement of Financial Accounting Standards ('SFAS') No. 7, 'Accounting and Reporting by Development Stage Enterprises.'

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

RISKS AND UNCERTAINTIES

Our future operations are subject to the risks and uncertainties frequently encountered by companies in new and rapidly evolving markets for satellite products and services. Among the key factors that have a direct bearing on our results of operations are our dependence upon third parties to manufacture, distribute, market and sell Sirius radios and components for those radios; the potential delay in implementing our business plan; the unproven market for our service; our competitive position; and our need for additional financing.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and investments with original maturities of three months or less. The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these investments.

MARKETABLE SECURITIES

Marketable securities are classified as trading securities and are stated at market value. Marketable securities consist of obligations of U.S. government agencies and commercial paper issued by major U.S. corporations with high credit ratings. We recognized unrealized holding gains on marketable securities of $3,882, $2,276 and $3,387 for the years ended December 31, 1999, 2000 and 2001, respectively, and $3,387 for the period May 17, 1990 (date of inception) to December 31, 2001. The carrying amount of marketable securities approximates fair value because of the short maturity of these investments.

RESTRICTED INVESTMENTS

Restricted investments consist of fixed income securities and are stated at amortized cost plus accrued interest. Included in restricted investments are U.S. Treasury Notes of $41,510 and $14,209 as of December 31, 2000 and 2001, respectively, which are restricted to provide for interest payments through May 15, 2002 on our 14 1/2% Senior Secured Notes due 2009. Also included in restricted investments are certificates of deposit of $7,291 and $7,789 as of December 31, 2000 and 2001, respectively, which are pledged to secure our reimbursement obligations under letters of credit required by lessors and other creditors. The U.S. Treasury Notes are classified as held-to-maturity securities and unrealized holding gains and losses are not reflected in earnings. The book value and fair value of these held-to-maturity securities at December 31, 2000 and 2001 were:

	DECEMBER 31, 2000			DECEMBER 31, 2001		
	BOOK VALUE	UNREALIZED GAIN/(LOSS)	FAIR VALUE	BOOK VALUE	UNREALIZED GAIN/(LOSS)	FAIR VALUE
Held-to-maturity securities	$41,510	$(16)	$41,494	$14,209	$196	$14,405

PROPERTY AND EQUIPMENT

All costs incurred related to activities necessary to prepare our satellite radio system for use were capitalized. Such costs consist of satellite construction and launch, broadcast studio equipment, terrestrial repeater equipment and capitalized interest. Depreciation of property and equipment is calculated using the straight-line method over the following estimated useful lives:

Leasehold improvements	15 years
Satellites	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 and equipment	3-7 years

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

We review our long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. For assets which are held and used in operations, the asset would be impaired if the book value of the asset exceeded the undiscounted future net cash flows related to the asset. For those assets which are to be disposed of, the asset would be impaired to the extent the fair value does not exceed the book value. We consider relevant cash flow, estimated future operating results, trends and other available information in assessing whether the carrying value of assets are recoverable. No material impairment losses have been recognized to date.

FCC LICENSE

Our FCC license is recorded at cost. As of December 31, 2001, we had not amortized any costs relating to our FCC license.

Effective January 1, 2002, we will be required to adopt SFAS No. 142, 'Goodwill and Other Intangible Assets,' which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have estimable useful lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of SFAS No. 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. Effective January 1, 2002, we are required to apply all other provisions of SFAS No. 142. We are currently evaluating the potential impact, if any, the adoption of SFAS No. 142 will have on our financial position and results of operations.

DEBT ISSUANCE COSTS

Costs associated with the issuance of debt are deferred and amortized to interest expense over the term of the respective notes.

FAIR VALUE OF DEBT, DEFERRED SATELLITE PAYMENTS AND PREFERRED STOCK

We determined the estimated fair values of our debt, deferred satellite payments and preferred stock using available market information and appropriate valuation methods. Considerable judgment is necessary to develop estimates of fair value and the estimates presented are not necessarily indicative of the amounts that could be realized upon disposition of our debt, deferred satellite payments or preferred stock.

We estimate fair value using the following methods and assumptions: (1) quoted market prices are used to estimate the fair market value of our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and 8 3/4% Convertible Subordinated Notes due 2009; (2) a discounted cash flow analysis is used to estimate the fair market values of our term loan facility and deferred satellite payments; (3) the fair value of our preferred stock is estimated using the market price of our common stock on December 31, 2001, on an as-converted basis.

The following table summarizes the book and fair values of our debt, deferred satellite payments and preferred stock at December 31, 2000 and 2001:

<Table>
<Caption>

	DECEMBER 31, 2000		DECEMBER 31, 2001	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
15% Senior Secured Discount Notes due 2007...	218,405	135,103	242,286	123,389
14 1/2% Senior Secured Notes due 2009........	173,361	140,000	176,346	116,000
8 3/4% Convertible Subordinated Notes due 2009......................................	80,836	98,717	45,936	26,643
Term loan facility..........................	--	--	140,422	97,970
Deferred satellite payments.................	60,881	40,942	67,201	44,914
9.2% Series A Junior Cumulative Convertible Preferred Stock...........................	162,380	159,238	177,120	67,551
9.2% Series B Junior Cumulative Convertible Preferred Stock...........................	70,507	71,421	77,338	30,298
9.2% Series D Junior Cumulative Convertible Preferred Stock...........................	210,125	188,931	230,710	80,147

</Table>

INCOME TAXES

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the sum of income tax payable for the period and the change during the period in deferred tax assets and liabilities.

PREFERRED STOCK

We record preferred stock on the date of issuance by allocating, when appropriate, a portion of the proceeds that represents a beneficial conversion feature to additional paid-in capital. The beneficial conversion feature is amortized using the effective interest method and is recognized as a deemed dividend over the shortest period of conversion. The carrying value of the stock accretes to its

liquidation value over the mandatory redemption period. The periodic accretion increases the net loss applicable to common stockholders.

NET LOSS PER SHARE

Basic loss per share is based on the weighted average number of outstanding shares of our common stock. Diluted 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. As of December 31, 1999, 2000 and 2001, approximately 21,127,000, 28,458,000 and 18,872,000 common stock equivalents were outstanding, respectively, and were excluded from the calculation of diluted loss per share as they were antidilutive.

ENGINEERING DESIGN AND DEVELOPMENT COSTS

Engineering design and development costs are expensed as incurred.

STOCK OPTIONS

We account for employee stock options in accordance with Accounting Principles Board Opinion No. 25 ('APB No. 25'), 'Accounting for Stock Issued to Employees.' Under APB No. 25, we do not recognize compensation expense related to employee stock options granted at a price equal to the market value of our common stock on the date of grant. As prescribed by APB No. 25, we use the intrinsic value method to measure the compensation costs of stock-based awards granted to employees as the excess of the market value of our common stock on the date of grant over the amount which must be paid to acquire our common stock. We record these compensation costs over the vesting period of the stock-based award.

SFAS No. 123, 'Accounting for Stock-Based Compensation,' which prescribes the recognition of compensation expense based on the fair value of options on the date of grant, allows companies to continue applying APB No. 25 if certain pro forma disclosures are made assuming hypothetical fair value application (See Note 7 'Employee Benefit Plans,' for pro forma disclosures required by SFAS No. 123 plus additional information related to employee stock options). We account for stock-based awards granted to non-employees at fair value in accordance with SFAS No. 123.

In April 2001, the Compensation Committee of our Board of Directors amended the exercise price of approximately 3,982,000 employee stock options. In accordance with Financial Accounting Standards Board ('FASB') Interpretation No. 44, 'Accounting for Certain Transactions Involving Stock Compensation,' repriced stock options are subject to variable accounting, which requires a compensation charge or benefit to be recorded each period based on the market value of our common stock until the repriced stock options are exercised, forfeited or expire. We recognized a non-cash compensation charge of $9,929 for the year ended December 31, 2001 in connection with these repriced stock options. As of December 31, 2001, approximately 3,671,000 of the repriced stock options were outstanding. We expect to record non-cash stock compensation charges or benefits based on the market value of our common stock at the end of future reporting periods.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

INTEREST COST

We capitalize a portion of our interest on funds borrowed to finance our construction in process. The following is a summary of our interest cost charged to expense and interest cost capitalized for the

years ended December 31, 1999, 2000 and 2001 and for the period May 17, 1990 (date of inception) to December 31, 2001:

<Table>
<Caption>

	FOR THE YEARS ENDED DECEMBER 31,			CUMULATIVE FOR THE PERIOD MAY 17, 1990 (DATE OF INCEPTION) TO DECEMBER 31,
	1999	2000	2001	2001
<S>	<C>	<C>	<C>	<C>
Interest cost charged to expense.........	$16,806	$33,595	$ 89,686	$156,471
Interest cost capitalized................	56,567	63,728	19,270	155,808
Total interest cost incurred.........	$73,373	$97,323	$108,956	$312,279

</Table>

Interest cost incurred for the years ended December 31, 1999, 2000 and 2001 and for the period May 17, 1990 (date of inception) to December 31, 2001, includes non-cash costs associated with the induced conversion of our 8 3/4% Convertible Subordinated Notes due 2009 of $1,776, $12,655, $8,259 and $22,690, respectively.

GAIN ON EARLY EXTINGUISHMENT OF DEBT

During 2001, we acquired $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 in exchange for shares of our common stock. In connection with these transactions, we recorded an extraordinary gain of $5,313, or $0.10 per share.

COMPREHENSIVE INCOME

SFAS No. 130, 'Reporting Comprehensive Income,' establishes a standard for reporting and displaying comprehensive income and its components within financial statements. We have evaluated the provisions of SFAS No. 130 and have determined that no transactions have taken place during the years ended December 31, 1999, 2000 and 2001 that would be considered other comprehensive income.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenses during the reported period. The 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 years' financial statements have been reclassified to conform to the current presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 141, 'Business Combinations,' which we adopted on July 1, 2001. SFAS No. 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001. The application of SFAS No. 141 has not had a material impact on our financial position or results of operations.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

In July 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets,' which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have estimable useful lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of SFAS No. 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. Effective January 1, 2002, we are required to apply all other provisions of SFAS No. 142. We are currently evaluating the potential impact, if any, the adoption of SFAS No. 142 will have on our financial position and results of operations.

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. We do not expect that the adoption of SFAS No. 143 will have a material impact on our financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, 'Accounting for the Impairment or Disposal of Long-Lived Assets,' which is effective for fiscal periods beginning after December 15, 2001. SFAS No. 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale. We do not expect that the adoption of SFAS No. 144 will have a material impact on our financial position or results of operations.

3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

<Table>
<Caption>

	DECEMBER 31, 2000	DECEMBER 31, 2001
<S>	<C>	<C>
Sirius-1	$ 258,379	$ 258,379
Sirius-2	269,454	269,454
Sirius-3	273,373	273,373
Leasehold improvements	20,257	24,767
Broadcast studio equipment	18,854	21,356
Satellite telemetry, tracking and control	15,484	16,269
Customer care, billing and conditional access	10,616	20,502
Furniture, fixtures and equipment	9,747	13,710
Construction in process	140,406	197,207
Total property and equipment	1,016,570	1,095,017
Accumulated depreciation	(3,105)	(12,102)
Property and equipment, net	$1,013,465	$1,082,915

</Table>

Construction in process consists of the following:

<Table>
<Caption>

	DECEMBER 31, 2000	DECEMBER 31, 2001
<S>	<C>	<C>
Construction of satellite, Sirius-4	$115,141	$128,720
Construction of terrestrial repeater network	25,265	68,487
Construction in process	$140,406	$197,207

</Table>

Our satellites were successfully launched on June 30, 2000, September 5, 2000 and November 30, 2000. We received title to our satellites on July 31, 2000, September 29, 2000 and December 20, 2000, following the completion of in-orbit testing of each satellite. Our fourth, spare satellite is expected to be

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

delivered to ground storage in the second quarter of 2002. Our three-satellite constellation and terrestrial repeater network will be placed into service on February 14, 2002.

4. LONG-TERM DEBT

Long-term debt consists of the following:

<Table>
<Caption>

		DECEMBER 31,	
	MATURITY DATE	2000	2001
<S>	<C>	<C>	<C>
15% Senior Secured Discount Notes due 2007.........	12/01/07	$218,405	$242,286
14 1/2% Senior Secured Notes due 2009.............	5/15/09	173,361	176,346
8 3/4% Convertible Subordinated Notes due 2009.....	9/29/09	80,836	45,936
Term Loan Facility (current stated interest of 8.54% at December 31, 2001)......................	Various	--	140,422
Total debt....................................		472,602	604,990
Less current portion.......................		--	(15,000)
Total long-term debt..........................		$472,602	$589,990

</Table>

15% SENIOR SECURED DISCOUNT NOTES DUE 2007

In November 1997, we received net proceeds of $116,000 from the issuance of 12,910 units consisting of $20 principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 and a warrant to purchase additional 15% Senior Secured Discount Notes due 2007 with an aggregate principal amount at maturity of $3. Our 15% Senior Secured Discount Notes due 2007 will accrete to a principal amount at maturity of $280,430 on December 1, 2002. Cash interest will be payable semi-annually on each June 1 and December 1, beginning on June 1, 2003. For the years ended December 31, 1999, 2000 and 2001 and during the period May 17, 1990 (date of inception) to December 31, 2001, we accreted interest of $31,625, $33,893, $38,067 and $131,447, respectively, related to the discount on our 15% Senior Secured Discount Notes due 2007 and the warrants issued in conjunction with our 15% Senior Secured Discount Notes due 2007. Our 15% Senior Secured Discount Notes due 2007 are redeemable, at our option, in whole or in part, at any time on or after December 1, 2002, at specified redemption prices plus accrued interest, if any, to the date of redemption. Our 15% Senior Secured Discount Notes due 2007 are senior obligations and are secured by a pledge of the stock of Satellite CD Radio, Inc., our subsidiary that holds our FCC license, and a lien on our rights to our fourth, spare satellite. The indenture governing our 15% Senior Secured Discount Notes due 2007 contains limitations on our ability to incur additional indebtedness.

During 2001, we acquired $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 in exchange for shares of our common stock.

14 1/2% SENIOR SECURED NOTES DUE 2009

In May 1999, we received net proceeds of approximately $190,000 from the issuance of 200,000 units, each consisting of $1 principal amount of our 14 1/2% Senior Secured Notes due 2009 and three warrants, each to purchase 3.65 shares of our common stock. The warrants are exercisable through May 15, 2009 at an exercise price of $28.60 per share. For the years ended December 31, 1999, 2000 and 2001 and for the period May 17, 1990 (date of inception) to December 31, 2001, we accreted interest of $1,810, $2,934, $2,985 and $7,728, respectively, related to the warrants issued in conjunction with our 14 1/2% Senior Secured Notes due 2009. Cash interest is payable semi-annually on each May 15 and November 15 on our 14 1/2% Senior Secured Notes due 2009. We invested $79,300 of the net proceeds of our 14 1/2% Senior Secured Notes due 2009 in a portfolio of U.S. government securities, which we pledged as security for the payment in full of interest on our 14 1/2% Senior Secured Notes due 2009 through May 15, 2002. Our 14 1/2% Senior Secured Notes due 2009 are redeemable, at our option, in whole or in part, at any time on or after May 15, 2004 at a specified redemption price plus accrued interest, if any, to the date of redemption. Our 14 1/2% Senior Secured Notes due 2009 are senior secured obligations and are secured by a pledge of the stock of Satellite CD Radio, Inc. and a lien on our rights to our fourth, spare satellite. The indenture governing our 14 1/2% Senior Secured Notes due 2009 contains limitations on our ability to incur additional indebtedness.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

As required by the terms of the warrants issued in conjunction with our 14 1/2% Senior Secured Notes due 2009, we may adjust the number of shares for which each warrant may be exercised and the exercise price per share for issuances of convertible debt, convertible preferred stock, common stock and warrants. As of December 31, 2001, the warrants may be exercised to purchase 4.189 shares of our common stock at an exercise price of $24.92 per share.

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2009

In September 1999, we issued $125,000 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 in an underwritten public offering resulting in net proceeds of $119,000. In October 1999, we issued an additional $18,750 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 to satisfy the underwriters' over-allotment option, resulting in net proceeds of $18,000. Our 8 3/4% Convertible Subordinated Notes due 2009 are convertible, at the option of the holder, unless previously redeemed, into shares of our common stock at any time at a conversion rate of 35.134 shares of common stock per $1 principal amount, subject to certain adjustments. We may redeem our 8 3/4% Convertible Subordinated Notes due 2009, in whole or in part, at our option on or after September 29, 2002, contingent upon certain circumstances. Cash interest is payable semi-annually on each March 29 and September 29 on our 8 3/4% Convertible Subordinated Notes due 2009.

During the years ended December 31, 1999, 2000 and 2001 and during the period May 17, 1990 (date of inception) to December 31, 2001, we acquired $10,000, $52,914, $34,900 and $97,814 in principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, respectively, in exchange for shares of our common stock.

TERM LOAN FACILITY

On June 1, 2000, we entered into a term loan agreement with Lehman Commercial Paper Inc. ('LCPI') and Lehman Brothers Inc. On March 7, 2001, we borrowed $150,000 from LCPI under this agreement. The term loan bears interest at an annual rate equal to the eurodollar rate plus 5% or a base rate, typically the prime rate, plus 4%. The term loan is secured by the stock of Satellite CD Radio, Inc. and a lien on our rights to our fourth, spare satellite. On March 26, 2002, we entered into an amendment to this term loan agreement adjusting the financial covenants, accelerating the amortization schedule of the term loan and reducing the exercise price of the warrants to $15.00 per share.

As amended, the term loan matures in installments, commencing on June 30, 2002, in the amounts described below:

INSTALLMENT	AMOUNT
June 30, 2002	$ 7,500
September 30, 2002	7,500
December 31, 2002	7,500
March 31, 2003	7,500

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

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

</Table>

At our option, we may defer each of 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 may prepay the term loan, in whole or in part, at any time or from time to time. Prepayment prior to March 7, 2004 must be accompanied by a specified prepayment premium. We must prepay the term loan:

with the net proceeds of certain incurrences of indebtedness;

with the proceeds of asset sales, subject to certain exceptions; and

commencing with the fiscal year ending December 31, 2002, with excess cash.

The term loan contains financial and operating covenants which, among others covenants, include requirements that we:

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;

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;

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

not permit our capital expenditures, other than the costs of constructing, launching and insuring replacement satellites and installing terrestial repreaters, to exceed $100,000 during the period from June 1, 2001 through the period in which the term loan is outstanding.

In connection with the term loan, we granted LCPI 2,100,000 warrants, each to purchase one share of our common stock. For the year ended December 31, 2001, we recognized interest expense of $2,301 related to the accretion of these warrants.

5. DEFERRED SATELLITE PAYMENTS

Under an amended and restated contract (the 'Loral Satellite Contract') with Space Systems/Loral, Inc. ('Loral'), Loral has deferred certain amounts due under the Loral Satellite Contract.

The amounts deferred bear interest at 10% per year and were originally due in quarterly installments beginning in June 2002. However, the agreement governing these deferred amounts provides that this date, and subsequent payment dates, will be extended by the number of days that the achievement of any milestone under the Loral Satellite Contract is delayed beyond the date set forth in the Loral Satellite Contract. Our fourth, spare satellite is expected to be delivered to ground storage in the second quarter of 2002 and was originally expected to be delivered to ground storage in October 2000. As a result of Loral's delay in delivering this satellite, we do not expect to make any required payments with respect to these deferred amounts until September 2003, at the earliest. We do, however, have the right to prepay any deferred payments together with accrued interest, without penalty. As collateral security for these deferred payments, we granted Loral a security interest in our terrestrial repeater network.

6. CAPITAL STOCK

COMMON STOCK, PAR VALUE $.001 PER SHARE

On September 29, 1994, we completed our initial public offering by issuing 1,491,940 shares of our common stock for net proceeds of $4,800. On August 5, 1997, we sold 1,905,488 shares of our common stock to Loral Space & Communications Ltd. for net proceeds of approximately $24,400. In November 1997, we issued 2,800,000 shares of our common stock for net proceeds of $42,200 in a public offering. In December 1997, we issued an additional 250,000 shares of our common stock, in connection with the partial exercise of the option granted to the underwriters of our November 1997 public offering solely to cover over-allotments, for net proceeds of $4,200. In November 1998, we issued 5,000,000 shares of our common stock to Prime 66 Partners, L.P. for net proceeds of $98,000. In September 1999, we issued 3,000,000 shares of our common stock in an underwritten public offering for net proceeds of approximately $68,000. In October 1999, we issued an additional 450,000 shares of our common stock, in connection with the exercise of the option granted to the underwriters of our September 1999 public offering solely to cover over-allotments, for net proceeds of approximately $10,000. In February 2000, we sold 2,290,322 shares of our common stock to DaimlerChrysler Corporation for an aggregate purchase price of approximately $100,000. In February 2001, we sold 11,500,000 shares of our common stock in a public offering for net proceeds of approximately $229,300.

As of December 31, 2001, approximately 44,000,000 shares of our common stock were reserved for issuance in connection with outstanding shares of convertible preferred stock, convertible debt, warrants and incentive stock plans.

PREFERRED STOCK

In April 1997, we completed a private placement of our 5% Delayed Convertible Preferred Stock. We sold a total of 5,400,000 shares of our 5% Delayed Convertible Preferred Stock for an aggregate sales price of $135,000. The 5% Delayed Convertible Preferred Stock was immediately convertible at a discount to the fair market value of our common stock and, accordingly, we recorded approximately $52,000 as a deemed dividend in determining net loss attributable to common stockholders.

In November 1997, we exchanged 1,846,799 shares of our 10 1/2% Series C Convertible Preferred Stock for all outstanding shares of our 5% Delayed Convertible Preferred Stock. On March 3, 2000, we notified the holders of our 10 1/2% Series C Convertible Preferred Stock and the holders of all outstanding warrants to purchase our 10 1/2% Series C Convertible Preferred Stock that we would redeem these securities. As of April 12, 2000, all of the outstanding shares of our 10 1/2% Series C Convertible Preferred Stock had been converted into shares of our common stock.

On December 23, 1998, we sold Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (collectively, the 'Apollo Investors'), 1,350,000 shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $135,000. Each share of our 9.2% Series A Junior Cumulative Convertible Preferred Stock is convertible into a number of shares of our common stock calculated by dividing the $100.00 per share liquidation preference (the 'Series A Liquidation Preference') by a conversion price of $30.00. This conversion price is subject to adjustment for certain corporate events. Dividends on our 9.2% Series A Junior Cumulative Convertible Preferred Stock are payable annually on each November 15 with cash or additional shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, at our option. On November 15, 1999, 2000 and 2001, we issued 111,270, 134,437 and 146,805 shares of our 9.2% Series A Junior Cumulative Preferred Stock, respectively, as payment of accrued dividends. From and after November 15, 2001 and prior to November 15, 2003, we may redeem our 9.2% Series A Junior Cumulative Convertible Preferred Stock at the Series A Liquidation Preference, plus any unpaid dividends, provided the price of our common stock is at least $60.00 per share for a period of twenty consecutive trading days. From and after November 15, 2003, our right to redeem our 9.2% Series A Junior Cumulative Convertible Preferred Stock is not restricted by the market price of our common stock. We are required to redeem all outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock at a price equal to the Series A Liquidation Preference plus any unpaid dividends on November 15, 2011. On the date of issuance, the 9.2%

Series A Junior Cumulative Convertible Preferred Stock was immediately convertible at a discount to the then fair market value of our common stock and, accordingly, we recorded approximately $11,000 as a deemed dividend in net loss applicable to common stockholders. At December 31, 2001, accrued dividends payable on our 9.2% Series A Junior Cumulative Convertible Preferred Stock was $2,020.

On December 23, 1998, the Apollo Investors also granted to us an option to sell to the Apollo Investors 650,000 shares of our 9.2% Series B Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $65,000. We recorded the value of our 9.2% Series B Junior Cumulative Convertible Preferred Stock at fair value and recorded approximately $3,101 of deemed dividends related primarily to the amortization of the value of the option during 1999. We exercised the option to sell our 9.2% Series B Junior Cumulative Convertible Preferred Stock to the Apollo Investors on December 23, 1999. The terms of our 9.2% Series B Junior Cumulative Convertible Preferred Stock are similar to those of our 9.2% Series A Junior Cumulative Convertible Preferred Stock. On November 15, 1999, 2000 and 2001, we issued 5,406, 60,297 and 65,845 shares of our 9.2% Series B Junior Cumulative Preferred Stock, respectively, as payment for accrued dividends. At December 31, 2001, accrued dividends payable on our 9.2% Series B Junior Cumulative Convertible Preferred Stock was $906.

On January 31, 2000, we sold affiliates of The Blackstone Group, L.P. ('Blackstone'), 2,000,000 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $200,000. Each share of our 9.2% Series D Junior Cumulative Convertible Preferred Stock is convertible into a number of shares of our common stock calculated by dividing the $100.00 per share liquidation preference (the 'Series D Liquidation Preference') by a conversion price of $34.00. This conversion price is subject to adjustment for certain corporate events. Dividends on our 9.2% Series D Junior Cumulative Convertible Preferred Stock are payable annually with cash or additional shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, at our option. On November 15, 2000 and 2001, we issued 145,688 and 197,403 shares of our 9.2% Series D Junior Cumulative Preferred Stock as payment for accrued dividends, respectively. From and after December 23, 2002 and prior to December 23, 2004, we may redeem our 9.2% Series D Junior Cumulative Convertible Preferred Stock at the Series D Liquidation Preference, plus any unpaid dividends, provided the price of our common stock is at least $68.00 per share for a period of twenty

consecutive trading days. From and after December 23, 2004, our right to redeem our 9.2% Series D Junior Cumulative Convertible Preferred Stock is not restricted by the market price of our common stock. We are required to redeem all outstanding shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock at a price equal to the Series D Liquidation Preference plus any unpaid dividends on November 15, 2011. At December 31, 2001, accrued dividends payable on our 9.2% Series D Junior Cumulative Convertible Preferred Stock was $2,658.

WARRANTS

We granted to an investor warrants to purchase 1,800,000 shares of our common stock at $50.00 per share during the period from June 15, 1998 until June 15, 2005, subject to certain conditions. After June 15, 2000, we may redeem all of these warrants, provided that the price of our common stock is at least $75.00 per share during a specified period.

In connection with the issuance of our 14 1/2% Senior Secured Notes due 2009 in May 1999, we issued 600,000 warrants, each to purchase 3.65 shares of our common stock at an exercise price of $28.60 per share. As required by the terms of these warrants, we may adjust the number of shares for which each warrant may be exercised and the exercise price per share for issuances of convertible debt, convertible preferred stock, common stock and warrants. As of December 31, 2001, the warrants may be exercised to purchase 4.189 shares of our common stock at an exercise of price $24.92 per share. As of December 31, 2001, 578,990 of these warrants were outstanding.

As part of our agreement with Ford Motor Company ('Ford') on June 11, 1999, we issued Ford 4,000,000 warrants, each to purchase one share of our common stock at an exercise price of $30.00 per share. These warrants are exercisable based upon the number of new Ford vehicles equipped to receive our broadcasts Ford manufactures, and are fully exercisable after 4,000,000 new Ford vehicles equipped to receive our broadcasts are manufactured. As of December 31, 2001, we have not recorded any expense related to these warrants. We expect to record non-cash expenses related to these warrants in the future, based on the number of vehicles equipped to receive our service that Ford manufactures.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

As part of our agreement with DaimlerChrysler on January 28, 2000, we issued DaimlerChrysler 4,000,000 warrants, each to purchase one share of our common stock at an exercise price of $60.00 per share. These warrants are exercisable based upon the number of new DaimlerChrysler vehicles equipped to receive our broadcasts DaimlerChrysler manufactures, and are fully exercisable after 4,000,000 new DaimlerChrysler vehicles equipped to receive our broadcasts are manufactured. As of December 31, 2001, we have not recorded any expense related to these warrants. We expect to record non-cash expenses related to these warrants in the future, based upon the number of vehicles equipped to receive our service that DaimlerChrysler manufactures.

In connection with the Lehman Term Loan Facility, we granted LCPI 2,100,000 warrants, each to purchase one share of our common stock, at an exercise price of $29.00 per share. On March 26, 2002, we amended our Term Loan Facility and reduced the exercise price of these warrants to $15.00 per share.

7. EMPLOYEE BENEFIT PLANS

STOCK OPTION PLANS

In February 1994, we adopted our 1994 Stock Option Plan (the '1994 Plan') and our 1994 Directors' Nonqualified Stock Option Plan (the 'Directors' Plan'). In June 1999, we adopted our 1999 Long-Term Stock Incentive Plan (the '1999 Plan'). Generally, options granted under the plans vest over a three or four-year period and are exercisable for ten years from the date of grant. As of December 31, 2001, the aggregate number of shares of common stock available for issuance and the

common stock available for grant pursuant to our stock option plans were 15,394,000 and 2,804,000, respectively.

The following table summarizes the option activity under all stock option plans for the years ended December 31, 1999, 2000 and 2001:

<Table>
<Caption>

	1999		2000		2001	
	OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE	OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE	OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	2,453,525	$12.87	6,497,773	$24.56	7,509,975	$29.12
Granted	4,569,250	$29.88	2,125,178	$38.41	4,233,200	$ 9.23
Exercised	(205,002)	$ 8.02	(615,576)	$12.55	(185,221)	$ 3.30
Cancelled	(320,000)	$21.38	(497,400)	$30.06	(440,990)	$17.35
Cancelled under repricing	--	$--	--	$--	(3,981,979)	$32.24
Issued under repricing	--	$--	--	$--	3,981,979	$ 7.50
Outstanding at end of year	6,497,773	$24.56	7,509,975	$29.12	11,116,964	$13.58

</Table>

Exercise prices for stock options outstanding as of December 31, 2001 ranged from $2.29 to $57.00. The following table provides certain information with respect to stock options outstanding and exercisable at December 31, 2001:

<Table>
<Caption>

RANGE OF EXERCISE PRICE PER SHARE	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS
<S>	<C>	<C>	<C>
OUTSTANDING:			
Under $5.00	489,200	$ 3.79	9.5
$5.00 - $14.99	7,990,764	$ 8.24	8.1

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

$15.00 - $24.99.............	--	-- $	--
$25.00 - $34.99.............	2,526,000	$31.01	7.3
Over $35.00.................	111,000	$44.84	8.5
EXERCISABLE:			
Under $5.00.................	40,000	$ 4.53	
$5.00 - $14.99..............	4,952,116	$ 8.65	
$15.00 - $24.99.............	--	-- $	
$25.00 - $34.99.............	2,511,800	$31.03	
Over $35.00.................	41,750	$45.03	

</Table>

We have adopted the disclosure-only provisions of SFAS No. 123, 'Accounting for Stock-Based Compensation,' in recognizing compensation expense attributable to stock-based awards. If we had elected to recognize compensation cost for the stock option grants in accordance with SFAS No. 123, our net loss and net loss per share (basic and diluted) on a pro forma basis would have been:

<Table>
<Caption>

	1999	2000	2001
<S>	<C>	<C>	<C>
Net loss applicable to common stockholders -- as reported...	$ (96,981)	$(183,715)	$(277,919)
Net loss applicable to common stockholders -- pro forma.....	$(133,746)	$(219,608)	$(304,541)
Net loss per share applicable to common stockholders -- as reported..	$ (3.96)	$ (4.72)	$ (5.30)
Net loss per share applicable to common stockholders -- pro forma...	$ (5.47)	$ (5.65)	$ (5.81)

</Table>

The pro forma expense related to stock options is recognized over the vesting period. The fair value of each option grant was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for each year:

<Table>
<Caption>

	1999	2000	2001
<S>	<C>	<C>	<C>
Risk-free interest rate....................................	6.70%	4.89%	4.05%
Expected life of options -- years..........................	4.38	4.38	4.48
Expected stock price volatility............................	70%	72%	78%
Expected dividend yield....................................	N/A	N/A	N/A

</Table>

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price characteristics, which may be significantly different from those of traded options. Because changes in the subjective input assumptions can materially affect the fair value estimated, it is our opinion that the existing models do not necessarily provide a reliable single measure of the fair value of our stock-based awards.

401(k) SAVINGS PLAN

We sponsor the Sirius Satellite Radio 401(k) Savings Plan (the '401(k) Plan') for eligible employees. Effective December 1, 2001, CIGNA Retirement & Investment Services was appointed the 401(k) Plan's trustee, recordkeeper and investment manager. The 401(k) Plan allows eligible employees to voluntarily contribute from 1% to 16% of their pre-tax salary subject to certain defined limits. We currently match 75% of the voluntary employee contribution in the form of our common stock. Our matching contribution vests at a rate of 33 1/3% each year and is fully vested after three years of employment. Contribution expense resulting from our matching contribution to the 401(k) Plan was $454, $864, $1,224 and $2,646 for the years ended December 31, 1999, 2000 and 2001 and for the period May 17, 1990 (date of inception) to December 31, 2001, respectively.

8. INCOME TAXES

The types of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts that give rise to the deferred tax assets and deferred tax liability are as follows:

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

<Table>
<Caption>

	DECEMBER 31, 2000	DECEMBER 31, 2001
<S>	<C>	<C>
Deferred tax assets:		
Start-up costs capitalized for tax purposes.......	$ 65,586	$ 111,913
Net operating loss carryforwards..................	23,433	50,369
Capitalized interest expense......................	10,841	25,886
Other...	3,784	2,476
	103,644	190,644
Deferred tax liabilities:		
Other...	(2,586)	(3,616)
Net deferred tax asset........................	101,058	187,028
Valuation allowance..................................	(103,295)	(189,265)
Deferred tax liability, net of valuation allowance.....................................	$ (2,237)	$ (2,237)

</Table>

Realization of deferred tax assets at the balance sheet date is dependent upon future earnings, which are uncertain. Accordingly, a full valuation allowance was recorded against the assets.

At December 31, 2001, we had net operating loss carryforwards of approximately $123,756 for federal and state income tax purposes available to offset future taxable income. The net operating loss carryforwards expire at various dates beginning in 2008. A significant portion of costs incurred to date has been capitalized for tax purposes as a result of our status as a start-up enterprise. Total start-up costs as of December 31, 2001 were $274,972. Once we begin our active trade or business, these capitalized costs will be amortized over 60 months. The total deferred tax asset related to capitalized start-up costs of $111,913 includes approximately $8,202 which, when realized, would not affect financial statement income but will be recorded directly to stockholders' equity.

9. SPECIAL CHARGES

During 1998, we decided to enhance our satellite delivery system to include a third in-orbit satellite and to terminate certain launch and orbit related contracts. We recorded special charges totaling $25,682 related primarily to the termination of such contracts.

10. RELATED PARTIES

Since inception, we have relied upon related parties for certain consulting, legal and management services. Such transactions are in the ordinary course of business at negotiated prices comparable to those of transactions with other service providers. We have paid for these services with cash and common stock. Total cash expenses incurred in transactions with related parties during the years ended December 31, 1999, 2000 and 2001 and the period from May 17, 1990 (date of inception) to December 31, 2001 were $94, $24, $4 and $2,568, respectively. There were no related party expenses settled with the issuance of common stock during the years ended December 31, 1999, 2000 and 2001. Related party expenses settled with the issuance of common stock for the period from May 17, 1990 (date of inception) to December 31, 2000 were $1,311.

During the years ended December 31, 1999, 2000 and 2001 we made payments of $9,379, $67 and $200, respectively, to a financial advisory firm, of which a related party was a partner.

11. LEASES AND RENTALS

Total rent expense for the years ended December 31, 1999, 2000 and 2001 and for the period May 17, 1990 (date of inception) to December 31, 2001 was $3,850, $6,515, $10,972 and $24,805, respectively. Future minimum lease payments under non-cancelable operating leases as of December 31, 2001 are payable as follows:

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

2002	$ 6,663
2003	6,067
2004	5,949
2005	4,528
2006	4,482
Thereafter	33,090
Total	$60,779

12. COMMITMENTS AND CONTINGENCIES

SATELLITE CONSTRUCTION AND LAUNCH SERVICES

We entered into the Loral Satellite Contract to build and launch the satellites necessary for our service. We are committed to make aggregate payments of approximately $745,890 under the Loral Satellite Contract. As of December 31, 2001, $683,390 of this obligation had been satisfied. Our future payments due on the Loral Satellite Contract, excluding payments for interest accrued on our deferred satellite payments, are as follows: $12,500 in 2002, $8,333 in 2003, $25,001 in 2004 and $16,666 in 2005. The amount and timing of these payments depends upon the delivery of our fourth, spare satellite.

RADIO COMMITMENTS

Matsushita Communication Industrial Corporation of USA ('Panasonic') has constructed a dedicated facility in Peachtree City, Georgia, to manufacture Sirius radios. During the first year of production of our radios at this facility, we are obligated to purchase certain radios not purchased by other customers. If Panasonic were unable to sell any of the applicable radios, our cost to purchase these radios could approximate $70,000.

ENGINEERING DESIGN AND DEVELOPMENT

We have entered into agreements with Agere Systems, Inc. (the successor to the microelectronics group of Lucent Technologies, Inc.) to develop and manufacture integrated circuits ('chip sets') that are used in Sirius radios. In addition, we have entered into agreements with Alpine Electronics Inc., Audiovox Corporation, Clarion Co., Ltd., Delphi Corporation, Harman International Industries, Incorporated, Kenwood Corporation, Panasonic, Pioneer Corporation, 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. Total expenses related to these agreements were $24,631, $50,050 and $37,735 for the years ended December 31, 1999, 2000 and 2001, respectively, and $112,416 for the period May 17, 1990 (date of inception) to December 31, 2001.

PROGRAMMING AGREEMENTS

We have entered into agreements with providers of non-music programming. We are obligated, in certain instances, to pay license fees, share advertising revenue from this programming or purchase advertising on properties owned or controlled by these providers. These obligations aggregate $7,037, $18,509, $28,818, $22,507 and $588 for the years ending December 31, 2002, 2003, 2004, 2005 and 2006, respectively. We may enter into additional non-music programming agreements that contain similar provisions.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly results of operations are summarized as follows:

<Table>
<Caption>

	FOR THE THREE MONTHS ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
<S>	<C>	<C>	<C>	<C>
Year Ended December 31, 2001:				
Revenue....................................	$ --	$ --	$ --	$ --
Operating expenses.........................	(39,316)	(46,652)	(30,650)	(51,838)
Extraordinary gain on early extinguishment of debt.................................	--	--	--	5,313
Net loss applicable to common stockholders............................	(64,423)	(72,461)	(57,406)	(83,629)
Net loss per share applicable to common stockholders............................	$ (1.34)	$ (1.35)	$ (1.06)	$ (1.52)
Year Ended December 31, 2000:				
Revenue....................................	$ --	$ --	$ --	$ --
Operating expenses.........................	(26,776)	(28,868)	(31,819)	(38,171)
Net loss applicable to common stockholders............................	(43,761)	(44,982)	(40,883)	(54,089)
Net loss per share applicable to common stockholders............................	$ (1.35)	$ (1.11)	$ (0.97)	$ (1.28)
Year Ended December 31, 1999:				
Revenue....................................	$ --	$ --	$ --	$ --
Operating expenses.........................	(11,875)	(13,887)	(12,932)	(24,824)
Net loss applicable to common stockholders............................	(20,104)	(22,475)	(23,221)	(31,181)
Net loss per share applicable to common stockholders............................	$ (0.87)	$ (0.97)	$ (0.96)	$ (1.15)

</Table>

The sum of the quarterly per share net losses does not necessarily agree to the net loss per share for the year due to the timing of our common stock issuances.

14. SUBSEQUENT EVENTS

On January 3, 2002, we sold 16,000,000 shares of our common stock in an underwritten public offering for net proceeds of approximately $147,500.

Subsequent to December 31, 2001, we acquired $28,475 in principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 in exchange for approximately 2,816,000 shares of our common stock.

On March 26, 2002, we entered into an amendment to the term loan agreement with Lehman Commercial Paper Inc. adjusting the financial covenants, accelerating the amortization schedule of the term loan and reducing the exercise price of the warrants to $15.00 per share.

EXHIBIT INDEX

<Table>
<Caption>

EXHIBIT	DESCRIPTION
<C>	<S>
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 10 1/2% 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)).
3.5.2	-- 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 10 1/2% 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 10 1/2% 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')).
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).

</Table>

<Table>
<Caption>

EXHIBIT	DESCRIPTION
<C>	<S>
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 (filed herewith).
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 Note 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 warrantholder thereof (incorporated by reference to Exhibit 4.12 to the 1997 Form 10-K).
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 14 1/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.14	-- Form of 14 1/2% 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 8 3/4% 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).

</Table>

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<Caption>

EXHIBIT	DESCRIPTION
<C>	<S>
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 8 3/4% 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 8 3/4% 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 January 28, 2000 (incorporated by reference to Exhibit 4.23 to the 1999 Form 10-K).
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	-- 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)).
4.25	-- 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).
4.26	-- 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).
4.27	-- Amended and Restated Intercreditor Agreement, dated 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 (filed herewith).
*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, 2001, between the Company and Joseph P. Clayton (filed herewith).

</Table>

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EXHIBIT	DESCRIPTION
<C>	<S>
*10.7	-- Employment Agreement, dated as of January 7, 2002, between the Company and Guy D. Johnson (filed herewith).
*10.8	-- 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).
*10.9	-- 1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).
*10.10	-- 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).
*10.11	-- 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)).
*10.12	-- Sirius Satellite Radio 1999 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 (File No. 333-31362)).
10.13	-- 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).
10.14.1	-- 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).
10.14.2	-- 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).
10.14.3	-- 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).
10.15	-- 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).
10.16	-- 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).
10.17	-- 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).
'D'10.18	-- 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).
'D'10.19	-- 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).
21.1	-- List of Subsidiaries.
23.1	-- Consent of Arthur Andersen LLP.

99.1	--	Letter from the Company to the Securities and Exchange Commission regarding representations of Arthur Andersen LLP.

</Table>

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

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

Exhibit 4.6.11

AMENDMENT TO RIGHTS AGREEMENT

AMENDMENT, dated as of January 8, 2002 (this "Amendment"), by and between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and THE BANK OF NEW YORK, as rights agent (the "Rights Agent").

RECITALS

WHEREAS, the Company and the Rights Agent are parties to a Rights Agreement, dated as of October 22, 1997 (as heretofore amended, the "Rights Agreement");

WHEREAS, the Company proposes to issue and sell up to 18,400,000 shares of its common stock, par value $.001 per share ("Common Stock"), in an underwritten public offering (the "Public Offering") through Lehman Brothers Inc., as underwriter ("Lehman");

WHEREAS, Lehman Brothers Inc. has advised the Company that OppenheimerFunds, Inc and affiliates of OppenheimerFunds, Inc. (collectively, "Oppenheimer") has offered to purchase additional shares of Common Stock through Lehman in connection with the Public Offering;

WHEREAS, under the terms of the Rights Agreement, unless the Rights Agreement is amended, Oppenheimer would become an "Acquiring Person," as defined in Section l(a) of the Rights Agreement, upon the purchase of such Common Stock through Lehman in connection with the Public Offering; and

WHEREAS, the Board of Directors of the Company deems it desirable and in the best interests of the Company and its stockholders to amend the Rights Agreement to exclude Oppenheimer and its Affiliates and Associates (each as defined in the Rights Agreement), who would otherwise be deemed Beneficial Owners (as defined in the Rights Agreement) as a result of the purchase of additional shares of Common Stock through Lehman in connection with the Public Offering, from such definition of "Acquiring Person."

Accordingly, the parties agree as follows:

1. Amendment of Section 1(a) of the Rights Agreement. The definition of "Acquiring Person" set forth in Section 1(a) of the Rights Agreement is amended by adding the following clause at the end of such Section 1(a):

> "; provided, further, that OppenheimerFunds, Inc. (hereinafter referred to as "Oppenheimer"), and any of the Affiliates or Associates of Oppenheimer that would otherwise be deemed to be Beneficial Owners of the Company's securities (such Affiliates and Associates, together with Oppenheimer, are hereinafter referred to as the "Oppenheimer Investors"), shall not be, or be deemed to be, Acquiring Persons solely by reason of the purchase or beneficial ownership by the Oppenheimer Investors of up to (but not more than) 20% of the outstanding Common Shares."

2. Miscellaneous. This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made and performed entirely within such state. This Amendment may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. If any provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, illegal or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be effected, impaired or invalidated.

(Signature page follows)

EXECUTED as of the date set forth above.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick L. Donnelly

Patrick L. Donnelly
Executive Vice President, General
Counsel and Secretary

THE BANK OF NEW YORK

By: /s/ Alexander Pabon

Alexander Pabon

Exhibit 10.1.3

SUPPLEMENTAL INDENTURE, dated as of November 30, 2001, between ROCK-McGRAW, INC., a New York corporation, having an office at 1221 Avenue of the Americas, New York, N.Y. 10020 (the "Landlord"), and SIRIUS SATELLITE RADIO INC., a Delaware corporation, having an office at 1221 Avenue of the Americas, New York, N.Y. 10020 (the "Tenant").

WHEREAS, by Lease dated March 31, 1998, (as the same heretofore may have been amended, the "Original Lease"), certain premises, as therein described, in the building known as 1221 Avenue of the Americas (the "Building"), in the Borough of Manhattan, New York, N.Y., are now leased and demised by the Landlord to the Tenant;

WHEREAS, the parties hereto mutually desire to amend the Original Lease as herein set forth, and are executing and delivering this Supplemental Indenture for such purpose (the Original Lease as amended by this Supplemental Indenture, the "Lease"); and

WHEREAS, all capitalized terms not defined herein shall have the meanings ascribed to them in the Original Lease.

Now, therefore, this Supplemental Indenture Witnesseth, that the parties hereto, in consideration of the terms and conditions herein contained, hereby amend the Original Lease in the following respects, and only in the following respects:

(1) Release of Space. The Original Lease is hereby amended so that the term and estate granted by the Original Lease with respect to the Released Space (as hereafter defined) shall expire on the Surrender Date (as hereafter defined) unless the same shall have expired sooner pursuant to any of the other conditions of limitation or provisions of the Original Lease or pursuant to law, with the same effect as if the Surrender Date were the date specified in the Original Lease for the expiration of the term of the Original Lease with respect to the Released Space and the fixed rent payable under the Lease shall be apportioned as of the Surrender Date on the basis of, and thereafter be abated at, a rate per annum equal to the excess of $2,731,700.00 over the annual rate of any other then existing abatement

of fixed rent relating to the Released Space under any provision of the Lease and the additional rent payable pursuant to Article Twenty-fourth of the Original Lease shall be abated in tandem therewith. The Tenant shall terminate its occupancy of the Released Space not later than the Surrender Date in accordance with the terms and conditions of the Lease, including, but not limited to, Articles Fourth, Sixth and Nineteenth. The term "Released Space", as used in this Paragraph, shall mean 'A' on the 32nd Floor of the Building. The term "Surrender Date", as used in this Paragraph, shall mean April 15, 2002. In consideration of the foregoing, the Tenant shall, on the date the Tenant vacates the Released Space, but in no event later than April 15, 2002, pay to the Landlord the sum of $227,641.67. If the Tenant fails to vacate the Released Space on or before the Surrender Date, the Landlord may, in addition to any other remedies available to it, elect by notice to the Tenant to require that the Tenant not surrender the Released Space as herein provided but instead continue to lease same pursuant to the terms of the Lease; provided that the Landlord's election to so require the Tenant not to surrender shall not relieve the Tenant of any of its obligations set forth in this Supplemental Indenture.

(2) No consideration has been paid or is payable, by the Landlord to the Tenant, in connection with this Supplemental Indenture, other than the acceptance by the Landlord of the early surrender of the Released Space.

(3) In applying the provisions of Article Twenty-fourth of the Original Lease, appropriate adjustments shall be made to reflect the surrender of the Released Space as provided in Paragraph (1) hereof.

(4) The Tenant shall complete and timely submit all returns and

questionnaires relating to New York City and State real property transfer tax laws (the taxes which are the subject of such laws are hereinafter collectively, "Transfer Taxes") in connection with the transactions contemplated by this Supplemental Indenture. The Tenant shall timely pay all Transfer Taxes, if any, and shall deliver evidence, reasonably acceptable to the Landlord, of such payment simultaneously to the Landlord. The Tenant shall indemnify, defend (with legal counsel reasonably acceptable to the Landlord) and hold harmless the Landlord from all losses, liabilities, interest, judgments, suits, demands, damages, costs and expenses (including attorneys' fees and disbursements incurred in the defense thereof) which the Landlord may incur by reason of the Tenant's failure to complete and timely

submit any and all Transfer Tax returns and questionnaires and/or the Tenant's failure to timely pay any and all Transfer Taxes. The provisions of this paragraph shall survive the expiration of this Supplemental Indenture.

(5) Effective on and after the execution and delivery hereof, Articles (2), (3), (6), (7) and (9) of that certain Supplemental Indenture dated March 22, 2000 constituting a part of the Lease (hereafter the "3/22 S.I."), shall be null and void and of no further force or effect, and any references in Articles (4) and (5) of the 3/22 S.I. to the 34th Floor shall be null and void and of no further force or effect.

(6) In consideration of the Landlord's allowing the Tenant to be excused from its obligations with respect to space 'A' on the 34th Floor, the Tenant shall: (a) concurrent with its execution and delivery hereof, pay to the Landlord the sum of $1,319,770.48; and (b) maintain on deposit with the Landlord, in consideration of the Premises, the $1,000,000.00 of additional security deposit posted with the Landlord pursuant to Article (8) of the 3/22 S.I. until the day following the day the Tenant actually vacates and with all of its belongings (provided the Tenant so vacates on or before the Surrender Date as the same may be extended, if at all, by the Landlord beyond April 15, 2002), surrenders space 'A' on the 32nd Floor to the Landlord, after which date the Landlord will permit the Tenant to replace such $1,000,000.00 additional security deposit with a $500,000.00 substitute.

(7) Effective on and after the execution and delivery of this Supplemental Indenture, Article Thirty-eight of the Original Lease shall be amended as follows:

(i) the first sentence of Section 38.1. of the Original Lease shall be deleted in its entirety and the following sentence inserted in lieu thereof:

> "Subject to the provisions of the last sentence of Section 38.2 below, from and after July 1, 2002 (provided that this Lease shall then be in full force and effect and the term and estate hereby granted shall not have expired or been terminated), the Landlord will not enter into a lease with any other person, firm or corporation covering the demise of any single full floor in the Building which is served by the elevator bank that serves floors twenty-seven (27) through thirty-seven (37) in the Building (with the specific exclusion of the thirty-fifth (35th) floor, which the Landlord may freely lease, any such other space being herein called an "Extra Space") until a period of ten (10) business days

> shall have elapsed after the Landlord shall have notified the Tenant that an Extra Space is or will be (on a date not less

than sixty (60), or more than four-hundred fifty-five (455), days after the date of such notice) available for leasing."

and;

(ii) clause (a) which appears in the third full sentence of Section 38.2. of the Original Lease shall be amended by deleting the phrase "the date hereof of any existing" and substituting in lieu thereof the phrase "June 30, 2002 of any then existing".

(8) The Tenant represents that the only brokers with which it has dealt in connection with this Supplemental Indenture are The Staubach Company, having an office at 153 East 53rd Street, New York, N.Y. 10020, acting for the Tenant, and Rockefeller Group Development Corporation, having an office at 1221 Avenue of the Americas, New York, N.Y. 10020, acting for the Landlord. The Tenant shall indemnify, defend (with legal counsel reasonably acceptable to the Landlord) and save harmless the Landlord and its officers, directors, agents and employees (the "Indemnitees") from and against all liability, claims, suits, demands, judgments, costs, interest and expenses (including counsel fees and disbursements incurred in the defense thereof) to which the Indemnitees may be subject or suffer by reason of any claim made by any person, firm or corporation other than Rockefeller Group Development Corporation for any commission, reimbursement or other compensation arising from or as a result of the execution and delivery of this Supplemental Indenture. The Tenant warrants and agrees that any commission, reimbursement or other compensation due to The Staubach Company will be the responsibility of the Tenant.

The Landlord represents that the only brokers with which it has dealt in connection with this Supplemental Indenture are The Staubach Company, having an office at 153 East 53rd Street, New York, N.Y. 10020, acting for the Tenant, and Rockefeller Group Development Corporation, having an office at 1221 Avenue of the Americas, New York, N.Y. 10020, acting for the Landlord. The Landlord shall indemnify, defend (with legal counsel reasonably acceptable to the Tenant) and save harmless the Tenant and its officers, directors, agents and employees (the "Tenant Indemnitees") from and against all liability, claims, suits, demands, judgments, costs, interest and expenses (including counsel fees and disbursements

incurred in the defense thereof) to which the Tenant Indemnitees may be subject or suffer by reason of any claim made by any person, firm or corporation other than The Staubach Company for any commission, reimbursement or other compensation arising from or as a result of the execution and delivery of this Supplemental Indenture. The Landlord warrants and agrees that any commission, reimbursement or other compensation due to Rockefeller Group Development Corporation will be the responsibility of the Landlord.

(9) The submission of this Supplemental Indenture shall be subject to modification or withdrawal and does not constitute a reservation of or option on the Premises or an agreement to lease the Premises. No brokerage fees, commissions or payments shall be earned, due or payable, if at all, nor shall this Supplemental Indenture become effective or the Landlord be obligated thereunder, unless and until the full execution and unconditional delivery thereof by the parties thereto, including receipt of all necessary approvals.

(10) The Original Lease, as hereby amended, shall remain in full force and effect according to its terms and conditions.

In Witness Whereof, the parties hereto have duly executed this Supplemental Indenture as of the day and year first above written.

ROCK-McGRAW, INC.

Attest: By /s/ Johathan D. Green

Vice President

/s/ Beth Berlin Dreyfuss

- ------------------------------------

Assistant Secretary

SIRIUS SATELLITE RADIO INC.

Attest: By /s/ Patrick L. Donnelly

Executive Vice President

/s/ Denise Flemm

- ------------------------------------

Assistant Secretary

Exhibit 10.6

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of November 26, 2001 (this "Agreement"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and JOSEPH P. CLAYTON (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 President and Chief Executive Officer of the Company. In such capacity, the Executive shall be responsible for management of all aspects of the business and affairs of the Company. 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 his skills and render services to the best of his ability in supervising the business and affairs of the Company and shall, in addition, perform such other activities and duties consistent with his position as the Board of Directors of the Company or any committee thereof (the "Board") shall from time to time reasonably specify and direct.

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

(c) The Executive shall report to the Board of Directors of the Company.

3. Term. The term of this Agreement shall commence on November 26, 2001 and end on December 31, 2004, 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 $600,000 (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.

(b) (i) On the first day of the Term, the Company shall grant to the Executive an option to purchase 750,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), at an exercise price of $5.25 per share.

(ii) On November 26, 2002, the Company shall grant to the Executive an option to purchase 750,000 shares of the Common Stock at an exercise price of $5.25 per share.

(iii) On November 26, 2003, the Company shall grant to the Executive an option to purchase 750,000 shares of the Common Stock at an exercise price of $5.25 per share.

(iv) On November 26, 2004, the Company shall grant to the Executive an option to

purchase 750,000 shares of the Common Stock at an exercise price of $5.25 per share.

(v) Such options shall be subject to the terms and conditions set forth in the form of Option Agreement attached to this Agreement as Exhibit A. In addition, the number of shares and exercise price shall be appropriately adjusted in the event of a stock split or other similar event.

(c) The Executive and the Board shall negotiate in good faith regarding a bonus plan applicable to the Executive. Such bonus plan shall contain objective milestones that will permit the Executive to earn up to the following annual bonuses:

<TABLE>
<CAPTION>

Performance Targets (to be defined by the Board)	Annual Bonus (as a % of Base Salary)
<S>	<C>
Threshold Target	50%
Desired Performance	75%
Outstanding Performance	100%

</TABLE>

The Executive shall be guaranteed a bonus in an amount at least equal to 50% of the Base Salary for the calendar year ending December 31, 2002.

(d) All compensation paid to the Executive hereunder shall be subject to any payroll and withholding deductions required by applicable law.

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 him in carrying out his duties under this Agreement. In addition, the Company shall reimburse the Executive for reasonable costs of a one bedroom apartment in the New York metropolitan area. The Company shall also reimburse the Executive for the reasonable costs of coach class air-fare from the Executive's home in Rochester, New York, to the Company's executive offices in New York City. The Executive shall present to the Company an itemized account of all expenses in such form as may be required by the Company from time to time.

(b) During the Term, the Executive shall be entitled to participate fully in any benefit plans, programs, policies and fringe benefits which may be made available to the executive officers 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 his 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 majority of the disinterested directors of the Board, if in any such case such material breach remains uncured after thirty days have elapsed following the date on which the Company gives the Executive written notice of such breach;

(ii) a material 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 contendre 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, in the reasonable good faith opinion of the Board of Directors, renders the Executive unfit to serve as an officer of the Company or its affiliates;

(vii) the Executive's failure to comply with the Board's reasonable written instructions within five days; or

(viii) conduct by the Executive that in the reasonable good faith written determination 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 two-thirds of the directors (other than the Executive) 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 in detail. 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 his 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 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 his position with the Company during the Term, for other than Good Reason (as defined below), 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 his 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) Should the Executive wish to resign from his position with the Company for Good Reason during the Term, the Executive shall give seven days prior written notice to the Company. This Agreement shall terminate on the date specified in such notice, however, the Company may, at its sole discretion, request the Executive cease active employment and perform no more job duties immediately upon receipt of such notice from the Executive.

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 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, titles or offices at the commencement of the Term or any reduction in his duties or responsibilities or any removal of the Executive from or any failure to re-elect the Executive to any of such positions (except in connection with the termination of the Executive's employment for Cause, disability or as a result of the Executive's death or by the Executive other than for Good Reason); or

(ii) any reduction in the Base Salary; or

(iii) any material breach by the Company of this Agreement.

(f) Subject to the terms of Section 9, if the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to (i) 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) equal to (x) his base salary in effect from the Termination Date through December 31, 2004 (the "Severance Period") and (y) any annual bonuses, at a level equal to 75% of Base Salary, that would have been customarily paid during the Severance Period; provided that in no event shall the sum of clauses (x) and (y) be less than 1.75 times the Base Salary; and (ii) a continuation of medical and life insurance benefits during the Severance Period , as if he had remained an active employee. Any amount becoming payable under Section 6(f)(i) 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 his employment he will occupy a position of trust and confidence. The Executive shall not, except as may be required to perform his 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 is not disclosed by the Company for financial reporting purposes and that was learned by the Executive in the course of his 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 his 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 his employment by the Company.

(c) The provisions of this Section 7 shall survive any termination of this Agreement.

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 acquire any interest whatsoever in (whether for his 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 engaged (a) in any operations in North America involving the transmission of radio entertainment programming in competition with the Company, (b) 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 he 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 three years following the end of the Term; provided that if the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, the "Restricted Period" shall be the longer of: (a) the Severance Period, and (b) one year following the end of the Term.

9. Change of Control Provisions. (a) Notwithstanding the terms of Section 6(f), if following a Change of Control (as defined below) the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to (i) receive, and the Company shall pay to the Executive without setoff, counterclaim or other withholding, except as set forth in Section 4(d), an amount (in addition to any salary, benefits or other sums due the Executive through the Termination Date) equal to 5.25 times the Base Salary; and (ii) a continuation of medical and life insurance benefits until the third anniversary of the Termination Date, as if he had remained an active employee. Any amount becoming payable under Section 9(a)(i) shall be paid in immediately available funds within ten business days following the Termination Date.

(b) Notwithstanding the terms of Section 4(b), immediately following a Change of Control, any stock options required to be issued pursuant to Section 4(b) shall be immediately issued, vest and become immediately exercisable.

(c) 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 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.

(d) 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 he would have been in if he 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 Executive and 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(d) 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 or for any other reason and to place the Executive in the exact same financial position that he would have been in if he 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 he would have been had he 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 expressly 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 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 above 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 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 Articles of Incorporation and Amended and Restated Bylaws and the law of the State of Delaware in connection with his 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 his rights or delegate any of his 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:

Joseph P. Clayton
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 experienced arbitrator 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 his 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 he (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 his obligations under this Agreement; (b) is not suffering from, or aware of, any physical or mental condition which could reasonably be expected to affect his ability to function as Chief Executive Officer of the Company; (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/ Patrick L. Donnelly

Patrick L. Donnelly
Senior Vice President and
General Counsel

/s/ Joseph P. Clayton

Joseph P. Clayton

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 ____________ __, 200_ ("Date of Grant"), between SIRIUS SATELLITE RADIO INC., a

Delaware corporation (the "Company"), and JOSEPH P. CLAYTON (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 ______________________ (________) shares (the "Shares") of common stock, par value $0.001 per share, of the Company at a price per share of $5.25 (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 be vested and immediately exercisable.

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 his 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: Mr. Joseph P. Clayton
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.

By:________________________
Patrick Donnelly
Senior Vice President and
General Counsel

Optionee:

____
Joseph P. Clayton

Exhibit 10.7

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT, dated as of January 7, 2002 (this "Agreement"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and GUY JOHNSON (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, Sales and Marketing, of the Company. In such capacity, the Executive shall be responsible for the Company's marketing and sales department and its activities, including the Company's relationships with retailers, radio manufacturers, automakers, and the development of advertising and marketing campaigns. 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 his skills and render services to the best of his ability in supervising the business and affairs of the Company and shall, in addition, perform such other activities and duties consistent with his position as the Chief Executive Officer of the Company shall from time to time reasonably specify and direct.

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

(c) The Executive shall report to the President and Chief Executive Officer of the Company.

3. Term. The term of this Agreement shall commence on January 7, 2002 and end on January 6, 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 $400,000 (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 500,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), at an exercise price equal to the closing price of the Common Stock on the Nasdaq National Market on the last business day prior to the first day of the Term. Such options shall be subject to the terms and conditions set forth in the Option Agreement attached to this Agreement as Exhibit A.

(c) On the first day of the Term, the Company shall grant to the Executive 100,000

restricted shares of Common Stock. Such restricted shares of Common Stock shall be subject to the terms and conditions set forth in the Restricted Stock Agreement attached to this Agreement as Exhibit B.

(d) 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 our Board of Directors. This program may also include objectives specifically applicable to the Executive and the Marketing and Sales Department of the Company. Such bonus plan shall contain objective milestones that shall permit the Executive to earn up to the following annual bonuses:

Performance Targets (to be defined)	Annual Bonus (as a % of Base Salary
Threshold Target	50%
Desired Performance	75%
Outstanding Performance	100%

The Executive shall be guaranteed a bonus in an amount at least equal to 50% of the Base Salary for the calendar year ending December 31, 2002.

(e) All compensation paid to the Executive hereunder shall be subject to any payroll and withholding deductions required by applicable law.

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 him in carrying out his duties under this Agreement.

(b) During the Term, the Company shall reimburse the Executive, for (i) reasonable costs of an apartment and other living expenses in New York City, up to $6,000 per month, and (ii) the costs of two round trip tickets per month, coach class in accordance with the Company's policies, from his home in British Columbia to the Company's offices in New York City. All such reimbursement will be made upon presentation of acceptable receipts to the Company.

(c) During the Term, the Executive shall be entitled to participate fully in any benefit plans, programs, policies and fringe benefits which may be made available to the executive officers 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 of Directors of the Company (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 his 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 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 contendre 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 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 Board's instructions 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 his 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 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 his position with the Company during the Term, for other than Good Reason (as defined below), 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 his 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) Should the Executive wish to resign from his position with the

Company for Good Reason during the Term, the Executive shall give seven days prior written notice to the Company. This Agreement shall terminate on the date specified in such notice, however, the Company may, at its sole discretion, request the Executive cease active employment and perform no more job duties immediately upon receipt of such notice from the Executive.

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 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, titles or offices at the commencement of the Term or any material reduction in his duties or responsibilities or any removal of the Executive from or any failure to re-elect the Executive to any of such positions (except in connection with the termination of the Executive's employment for Cause, disability or as a result of the Executive's death or by the Executive other than for Good Reason); or

(ii) any reduction in the Base Salary; or

(iii) any material breach by the Company of this Agreement.

(f) Subject to the terms of Section 9, if the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to (i) 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) equal to (x) his base salary in effect from the Termination Date through January 7, 2005 (the "Severance Period") and (y) any annual bonuses, at a level equal to 75% of Base Salary, that would have been customarily paid during the Severance Period; provided that in no event shall the sum of clauses (x) and (y) be less than 1.00 times the Base Salary; and (ii) a continuation of medical and life insurance benefits during the Severance Period, as if he had remained an active employee. Any amount becoming payable under Section 6(f)(i) 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 his employment he will occupy a position of trust and confidence. The Executive shall not, except as may be required to perform his 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 his 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 his 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 his employment by the Company.

(c) The provisions of this Section 7 shall survive any termination of this Agreement.

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 acquire any interest whatsoever in

(whether for his 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 engaged (a) in any operations in North America involving the transmission of radio entertainment programming in competition with the Company, (b) 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 he 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 three years following the end of the Term; provided that if the

employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, the "Restricted Period" shall be the longer of: (a) the Severance Period, and (b) two years following the end of the Term.

9. Change of Control Provisions. (a) Notwithstanding the terms of Section 6(f), if following a Change of Control (as defined below) the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to (i) 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 1.75 times the Base Salary; and (ii) a continuation of medical and life insurance benefits until the second anniversary of the Termination Date, as if he had remained an active employee. Any amount becoming payable under Section 9(a)(i) shall be paid in immediately available funds within ten business days following the Termination Date.

(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.

(d) 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 he would have been in if he 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 Executive and 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(d) 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 or for any other reason and to place the Executive in the exact same financial position that he would have been in if he 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 he would have been had he 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 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 above 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 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 Articles of Incorporation and Amended and Restated Bylaws and the law of the State of Delaware in connection with his 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 his rights or delegate any of his 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:

Guy Johnson
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 experienced arbitrator 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 his 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 he (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 his obligations under this Agreement; (b) is not suffering from, or aware of, any physical or mental condition which could reasonably be expected to affect his ability to function as Chief Executive Officer of the Company; (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/ Patrick L. Donnelly

Patrick L. Donnelly
Executive Vice President and
General Counsel

/s/ Guy Johnson

Guy Johnson

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 January 7, 2002 ("Date of Grant"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and GUY JOHNSON (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 five hundred thousand (500,000) shares (the "Shares") of common stock, par value $0.001 per share, of the Company at a price per share of $9.46 (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 one hundred and twenty five thousand (125,000) shares shall immediately vest and become exercisable on the date hereof;

(b) The right and option to purchase up to one hundred and twenty five thousand (125,000) Shares shall vest and become exercisable on January 7, 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 one hundred and twenty five thousand (125,000) Shares shall vest and become exercisable on January 7, 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 one hundred and twenty five thousand (125,000) Shares shall vest and become exercisable on January 7, 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 his 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:	Mr. Guy Johnson 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	Guy Johnson

EXHIBIT B

SIRIUS SATELLITE RADIO 1999 LONG-TERM STOCK INCENTIVE PLAN

RESTRICTED STOCK AGREEMENT

THIS RESTRICTED STOCK AGREEMENT (this "Agreement"), dated as of January 7, 2002 ("Date of Grant"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and Dr. Robert W. SchumacherGUY JOHNSON (the "Executive").

WHEREAS, the Company maintains the Sirius Satellite Radio 1999 Long-Term Incentive Plan (the "Plan"), which is incorporated into and forms a part of this Agreement, and the Executive has been selected by the committee administering the Plan (the "Committee") to receive an award of Restricted Stock under Section 8(a) of the Plan (and thus become a "Participant" as defined in the Plan).

NOW, THEREFORE, IT IS AGREED, by and between the Company and the Executive, as follows:

1. Definitions. Terms used in this Agreement that are not defined in this Agreement are defined in the Plan.

2. Shares Subject to Agreement. The Executive is hereby awarded 10_______0,000 shares of Restricted Stock.

3. Vesting of Restricted Stock. The shares of Restricted Stock shall vest and become free from restrictions (other than restrictions imposed by the Company's policies regarding transactions by executive officers in the Company's securities) as follows:

(a) 34,000 shares of Restricted Stock shall vest, and thus become free of all restrictions otherwise imposed by this Agreement on the first anniversary of the Date of Grant, if and only if, (i) the Executive continues to be employed by the Company until and on such date and (ii) the average closing price of the Company's common stock on the Nasdaq National Market during the twenty trading days preceding, but not including, the first anniversary of the Date of Grant equals or exceeds $15.00 per share;

(b) 33,000 shares of Restricted Stock shall vest, and thus become free of all restrictions otherwise imposed by this Agreement on the second anniversary of the Date of Grant if, and only if, (i) the Executive continues to be employed by the Company until and on such date and (ii) the average closing price of the Company's common stock on the Nasdaq National Market during the twenty trading days preceding, but not including, the second anniversary of the Date of Grant equals or exceeds $20.00 per share; and

(c) 33,000 shares of Restricted Stock shall vest, and thus become free of all restrictions otherwise imposed by this Agreement on the third anniversary of the Date of Grant if, and only if, (i) the Executive continues to be employed by the Company until and on such date and (ii) the average closing price of the Company's common stock on the Nasdaq National Market during the twenty trading days preceding, but not including, the third anniversary of the Date of Grant equals or exceeds $25.00 per share.

The vesting of the shares of Restricted Stock covered by this Agreement is also subject to acceleration in accordance with Section 13 of the Plan; provided that in no event shall the ownership by (i) Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. of shares of the Company's 9.2% Series A Junior Cumulative Convertible Preferred Stock and shares of the Company's 9.2% Series B Junior Cumulative Convertible Preferred Stock or (ii) affiliates of The Blackstone Group L.P. of shares of the Company's 9.2% Series D Junior Cumulative Convertible Preferred Stock be deemed to constitute a Change of Control (as defined in the Plan) for the purposes of the Plan.

4. Rights as Stockholder. The Executive shall be entitled to receive any dividends paid with respect to his shares of Restricted Stock; provided, that no dividends shall be payable to or for the benefit of the Executive with respect to record dates occurring either (i) before the Date of Grant or (ii) on or after the date, if any, on which the Executive has forfeited the Restricted Stock. The Executive shall be entitled to vote his shares of Restricted Stock that have not been forfeited to the same extent as would have been applicable to the Executive if he was then vested in the shares; provided that the Executive shall not be entitled to vote the shares with respect to record dates for such voting rights arising either (i) before the Date of Grant or (ii) on or after the date, if any, on which the Executive has forfeited the Restricted Stock.

5. Transfer and Forfeiture of Shares. On the Executive's Termination Date, the Executive shall forfeit all of his shares of Restricted Stock that are not then vested. For purposes of this Agreement, the Executive's "Termination Date" means his Termination Date as defined in Section 6 of the Employment Agreement dated as of January 7, 2002 between the Company and the Executive (as amended, supplemented or otherwise modified, the "Employment Agreement"). Any shares of Restricted Stock which do not vest on an anniversary of the Date of Grant in accordance with Section 3 shall be forfeited by the Executive.

6. Death or Disability. Notwithstanding Sections 3 and 5, the Executive shall become vested in his shares of Restricted Stock as of his Termination Date before the date his Restricted Stock would otherwise vest under Section 2, if such Termination Date occurs by reason of the Participant's death or Disability. For purposes of this Agreement, "Disability" means any physical, mental or other health condition which substantially impairs the Executive's ability to perform his assigned duties for one hundred twenty (120) days or more in any two hundred forty (240) day period or that can be expected to result in death. The Company shall determine whether the Executive has incurred a Disability on the basis of medical evidence reasonably acceptable to the Company. Upon making a determination of Disability, the Company shall determine the date of the Executive's termination of employment.

7. 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.

8. Plan Governs. Notwithstanding anything in this Agreement to the contrary, the terms of this Agreement shall be subject to the terms of the Plan, a copy of which may be obtained by the Executive from the office of the Secretary of the Company.

9. Amendment. This Agreement may be amended by written agreement of the Executive and the Company, without the consent of any other person.

10. Section 83(b) Election. The Executive understands and acknowledges that (i) he should consult with his tax advisor regarding the advisability of filing with the Internal Revenue Service an election under ss.83(b) of the Internal Revenue Code, (ii) that an election under ss.83(b) must be filed within 30 days after the Date of Grant, and (iii) that the Company is under no obligation to assist the Executive with determining the appropriateness of filing the election or making the filing itself.

IN WITNESS WHEREOF, the Executive and the Company have executed this Agreement as of the Date of Grant.

SIRIUS SATELLITE RADIO INC.

By:________________________   ___________________________

Patrick L. Donnelly
Executive Vice President and
General Counsel

Guy Johnson

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EXHIBIT 21.1

LIST OF SUBSIDIARIES

Satellite CD Radio, Inc.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants of Sirius Satellite Radio Inc., we hereby consent to the incorporation by reference in the following Registration Statements on Form S-3 (File Nos. 333-64344, 333-65602, 333-52893, 333-85847 and 333-86003) and Form S-8 (File Nos. 333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362 and 333-62818) of our report dated March 26, 2002, included in Sirius Satellite Radio Inc.'s Form 10-K. It should be noted that we have not audited any financial statements of the company subsequent to December 31, 2001 or performed any audit procedures subsequent to the date of our report.

ARTHUR ANDERSEN LLP

March 26, 2002
New York, New York

Exhibit 99.1

SIRIUS SATELLITE RADIO INC.
1221 Avenue of the Americas
New York, NY 10020

LETTER TO COMMISSION PURSUANT TO TEMPORARY NOTE 3T

March 27, 2002

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0408

Ladies and Gentlemen:

Pursuant to Temporary Note 3T to Article 3 of Regulation S-X, Sirius Satellite Radio Inc. has obtained a letter of representation from Arthur Andersen LLP ("Andersen") stating that the December 31, 2001 audit was subject to their quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, that there was appropriate continuity of Andersen personnel working on the audit and availability of national office consultation. Availability of personnel at foreign affiliates of Andersen is not relevant to this audit.

Very truly yours,

Sirius Satellite Radio Inc.

/s/ John J. Scelfo

John J. Scelfo
Executive Vice President
and Chief Financial Officer