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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 SECURITES EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED DECEMBER 31, 2002
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITES 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)

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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:

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TITLE OF EACH CLASS:	NAME OF EACH EXCHANGE ON WHICH REGISTERED:
<S>	<C>
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]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [x] No [ ]

On March 26, 2003, 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 $279,033,709.

The number of shares of the Registrant's common stock outstanding as of March 26, 2003 was 911,666,616.

DOCUMENTS INCORPORATED BY REFERENCE

None.

<Page>

SIRIUS SATELLITE RADIO INC.
2002 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

<Table>
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</Table>

<Page>

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 need for substantial additional financing by early 2004, even following our recently completed recapitalization;

our competitive position; XM Satellite Radio, the other satellite radio service provider in the United States, began offering its service before us, has substantially more subscribers than us and may have certain competitive advantages;

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

the unproven market for our service; and

the useful life of our satellites, which have experienced circuit failures on their solar arrays and may not be covered by insurance. The circuit failures our satellites have experienced to date are not expected to limit the power of our broadcast signal, reduce the expected useful life of our satellites or otherwise affect our operations.

Because the risk factors referred to above could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any 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 more than 100 channels, which we call 'streams', of digital-quality audio throughout the continental United States for a monthly subscription fee of $12.95. We deliver 60 streams of 100% commercial-free music in virtually every genre, and over 40 streams of news, sports, weather, talk, comedy, public radio and children's programming. Our broad and deep range of music 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.

On February 14, 2002, we launched our service in select markets and on July 1, 2002, we launched our service nationwide. As of December 31, 2002, we had 29,947 subscribers. Our primary source of revenues is subscription and activation fees. In addition, we derive revenues from selling limited advertising on our non-music streams.

We have agreements with Ford Motor Company, DaimlerChrysler Corporation, BMW of North America, LLC, Nissan North America, Inc. 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, Lincoln, Mercury, Jaguar, Land Rover, Chrysler, Mercedes, BMW, MINI, Jaguar, Mazda, Dodge, Jeep, Volvo, Nissan, Infiniti, Volkswagen, Audi and Freightliner and Sterling heavy trucks. Ford, DaimlerChrysler, BMW, Nissan and Volkswagen are not required to manufacture or sell vehicles that include SIRIUS radios pursuant to these agreements. In 2002, Ford, DaimlerChrysler, BMW, Nissan and Volkswagen sold or leased approximately eight million vehicles in the continental United States, approximately 48% of all new cars and trucks sold or leased in the continental United States.

In the autosound aftermarket, SIRIUS radios are available for sale at various national and regional retailers, such as Best Buy, Circuit City, Ultimate Electronics, Tweeter Home Entertainment Group, Crutchfield and Good Guys. On December 31, 2002, SIRIUS radios were available at approximately 5,500 retail locations. In 2002, consumer electronics retailers in the United States sold over ten million car radios, of which approximately two million retailed for a price in excess of $200.

PROGRAMMING

We program 60 streams of 100% commercial-free music under our brand 'SIRIUS' and offer over 40 additional streams of other formats, such as news, sports and entertainment programming. We believe that 60 music streams enable us to 'superserve' our subscribers with a greater range of content than is currently offered by traditional AM/FM radio.

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

POP
- Top 40 Hits
- Adult Contemporary
- Love Songs
- Easy Listening
- The Best of the `50s
- The Best of the `60s
- The Best of the `70s
- The Best of the `80s
- Christian Hits

ROCK
- Classic Rock
- Deeper Classic Rock
- Jam Bands
- Adult Album Alternative
- Modern Rock
- Alternative Rock
- Classic Alternative
- Stadium Rock
- Eclectic Rock
- Mellow Rock
- Underground & Indie
- Hard Rock
- Blues

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

HIP HOP
- Today's Rap
- Int'l Rap/Spoken Word
- Turntablism/Freestyle
- Old Skool Rap
- Rap Hits

R & B
- Urban Contemporary
- R&B Hots
- Soul Ballads
- Classic Soul

DANCE
- House Music
- Non Stop Club Mix
- Mainstream Dance
- Electronica
- Dance Hits
- Disco

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

CLASSICAL
- Symphonic
- Chamber Works
- Classical Voices

VARIETY
- Latin Pop Mix
- Mexicana
- Reggae
- Folk
- Gospel

Kids
New Age
World Music
Live & Features

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. We have recruited program

managers, who we call 'stream jockeys', from the recording, broadcasting and entertainment industries to manage the daily programming for each SIRIUS music stream.

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 ASCAP, or the American Society of Composers, Authors and Publishers, BMI, or Broadcast Music, Inc., and SESAC, Inc. These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders.

We have entered into license agreements with ASCAP and SESAC pursuant to which we pay royalties for our public performances of musical works. We have begun discussions with BMI regarding a similar license and hope to execute a reasonable agreement with BMI during 2003. If we are unable to reach an agreement with BMI, a royalty rate may ultimately be established through litigation.

Sound recording rights holders, typically large record companies, are primarily represented by the RIAA, or the Recording Industry Association of America, which negotiates licenses and collects and distributes royalties. In March 2003, we entered into an agreement with the RIAA pursuant to which we pay royalties for our public performances of sound recordings.

Our News, Sports and Entertainment Streams. In addition to our music streams, we offer over 40 streams of news, sports and entertainment programming, which includes limited commercial advertising.

We currently air the following news, sports and entertainment streams:

NEWS
CNBC
Bloomberg Radio
ABC News & Talk
CNN Headline News
FOX News Channel
NPR Now
NPR Talk
PRI's Public Radio Channel
The Weather Channel Radio Nat'l
The Weather Channel Radio East
The Weather Channel Radio Central
The Weather Channel Radio West
C-SPAN Radio
BBC World Service News
World Radio Network
BBC Mundo

SPORTS
ESPN Radio
ESPNEWS
Sports Byline USA
Speed Channel Radio
OLN Adventure Radio
Radio Deportivo

ENTERTAINMENT
Radio Disney
SIRIUS Trucking Network
WSM Entertainment
Radio Classics
Court TV Plus

SIRIUS Entertainment
E! Entertainment Radio
A&E Satellite Radio
Discovery Channel Radio
La Red Hispana
Radio Amigo
Radio Mujer
The Word Network
Wisdom Radio
SIRIUS Right
SIRIUS Left
SIRIUS Talk
SIRIUS Comedy
Preview Channel

We also transmit live play-by-play broadcasts of NBA games, including the 2003 NBA playoffs and finals, as part of our standard programming package. Our streams will change over time based upon feedback from our subscribers.

AGREEMENTS WITH AUTOMAKERS

We have an agreement with DaimlerChrysler Corporation, Mercedes-Benz USA, Inc. and Freightliner LLC, companies that we collectively refer to as 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 as well as Freightliner and Sterling heavy trucks. As part of this agreement, we share with DaimlerChrysler a portion of the revenues we derive from subscribers using new DaimlerChrysler vehicles equipped to receive our broadcasts ('DaimlerChrysler Enabled Vehicles'). We reimburse DaimlerChrysler for certain

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advertising expenses and hardware costs of DaimlerChrysler Enabled Vehicles, and issued to DaimlerChrysler Corporation a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $3.00 per share. This warrant is exercisable based upon the number of DaimlerChrysler Enabled Vehicles that DaimlerChrysler manufactures, and is fully exercisable after 4,000,000 DaimlerChrysler Enabled Vehicles are manufactured. Our agreement with DaimlerChrysler extends to May 12, 2007, unless terminated earlier.

DaimlerChrysler is offering SIRIUS radios as both a dealer and factory-installed feature. SIRIUS radios are currently available at Chrysler, Dodge and Jeep dealerships across the continental United States on 16 different 2003 model-year vehicles as a dealer-installed option, as a factory-installed option on the Chrysler 300M, and as standard equipment in the Dodge PT Dream Cruiser II.

We also have 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, Volvo and Land Rover. As part of this agreement, we share with Ford a portion of the revenues we derive from subscribers using new Ford vehicles equipped to receive our broadcasts ('Ford Enabled Vehicles'). We also reimburse Ford for certain advertising expenses and hardware costs of Ford Enabled Vehicles, and have issued to Ford a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $3.00 per share. This warrant is exercisable based upon certain corporate events and the number of Ford Enabled Vehicles that Ford manufactures, and is fully exercisable after 1,500,000 Ford Enabled Vehicles are manufactured. Our agreement with Ford extends to October 7, 2007, unless terminated earlier.

Ford, Lincoln, Mercury, Jaguar, Volvo and Land Rover have announced plans to offer SIRIUS radios as a dealer-installed option in select vehicles during the 2003 calendar year.

Our agreement with BMW of North America, LLC, anticipates that BMW and MINI will market and sell vehicles that include SIRIUS radios. As part of this agreement, we share with BMW a portion of the revenues we derive from subscribers using BMW vehicles equipped to receive our broadcasts ('BMW Enabled Vehicles'). In addition, we reimburse BMW for certain advertising expenses and hardware costs of BMW Enabled Vehicles. All 2003 BMW 3 Series sedans and coupes, 5 Series sedans, and X5 vehicles equipped with an in-dash stereo that includes a compact disc player are compatible with SIRIUS radios.

Our agreement with Nissan North America, Inc., anticipates that Nissan and Infiniti will market and sell vehicles that include SIRIUS radios. As part of

this agreement, we reimburse Nissan for a portion of the engineering costs associated with the introduction of SIRIUS radios in Nissan and Infiniti vehicles. SIRIUS radios are available as a dealer-installed option in the 2003 model-year Nissan Pathfinder and Maxima and in the Infiniti FX45, G35 and G35 coupe. SIRIUS radios are also expected to become available as a dealer-installed option in the 2003 model-year Infiniti Q45 and M45. XM Radio has also entered into an agreement with Nissan.

We have 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 reimburse Volkswagen for a portion of the engineering costs associated with the introduction of SIRIUS radios in Volkswagen and Audi vehicles. Volkswagen and Audi expect to introduce radios capable of receiving both our service and XM Radio's service when such radios become available. XM Radio has also entered into an agreement with Volkswagen.

In addition to our agreements with DaimlerChrysler, Ford, BMW, Volkswagen and Nissan, we are in discussions with other automakers to include SIRIUS radios in new cars and trucks. Under our joint development agreement with XM Radio, any new agreements with 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 as soon as such interoperable radios become available.

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HERTZ

We have an agreement with Hertz Corporation to make SIRIUS radios available as an option to its rental car customers. All of the SIRIUS radios installed in Hertz vehicles are owned by us, and installed and serviced at our expense by a company designated by Hertz. Our service is offered as a premium feature to Hertz customers for a daily fee, a portion of which we share with Hertz. Hertz will initially make available approximately 20,000 SIRIUS radios for renters of Ford's Taurus, Windstar, Escape, Expedition, Explorer, Mountaineer, Crown Victoria, and Mercury Sable and Grand Marquis models. Installation of SIRIUS radios in Hertz vehicles in California and
Florida began in December 2002. In January 2003, Hertz expanded its offering of SIRIUS radio as an option to its customers in Las Vegas, Phoenix and Denver.

THE SIRIUS SYSTEM

Our satellite radio system is designed to provide clear reception in most areas despite variations in terrain, buildings and other obstructions. Motorists can receive our streams 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.

Our satellite radio system consists of three principal components:

- satellites and terrestrial repeaters;
- our national broadcast studio; and
- SIRIUS radios.

SATELLITES AND TERRESTRIAL REPEATERS

Satellites. 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, spare satellite was delivered to ground storage on April 19, 2002.

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

Each operating 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 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.

We maintain in-orbit insurance policies covering our satellites from global space insurance underwriters. Our current policies cover in-orbit losses totaling $110 million per satellite, an amount sufficient to launch our replacement satellite, but not sufficient to purchase a new spare satellite. We intend to evaluate the benefits of continuing to purchase in-orbit satellite insurance in light of the increased costs of such insurance and the probability of an insurable failure occurring, and may decline to purchase such insurance or purchase less insurance than we currently maintain. In the event we decline to purchase in-orbit satellite insurance, a failure of any of our in-orbit satellites would not be covered by insurance. If we insure our satellites for an amount less than the cost of replacing the satellites and launching the replacements, a failure of any of our satellites may only be covered in part by insurance.

If we are required to launch our spare satellite due to the in-orbit failure of one of our orbiting satellites, our operations would be interrupted or impaired for at least six months. If two

or more of our satellites fail in orbit, our operations could be suspended for at least 16 months. In either event, our business would be materially impacted and we could default on our commitments to our distribution partners, creditors or others and may have to permanently discontinue operations or seek a purchaser for our business or assets.

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.

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 98 terrestrial repeaters in 61 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.

NATIONAL BROADCAST STUDIO

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

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

SIRIUS RADIOS

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

In the autosound aftermarket, SIRIUS subscribers have the choice of two

different receiving devices for their cars -- an FM modulated radio or a three-band radio. In new cars and trucks, consumers receive SIRIUS through three-band (AM/FM/SAT) radios, which come installed by automakers or their dealers.

FM Modulated Radios. FM modulated radios enable our service to be received in all vehicles with FM radios, or approximately 95% of all U.S. vehicles. The essential electronics for each FM modulated radio is contained in a small unit, approximately the size of a video cassette, that is customarily mounted in the vehicle's trunk. FM modulated radios from Audiovox, Clarion, Jensen, Kenwood and Panasonic are currently available at retailers nationally.

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 compact disc players.

In the autosound aftermarket, three-band radios from Kenwood and Clarion are currently available at retailers nationally. Three-band radios from Delphi, Alpine and Visteon are also available to DaimlerChrysler, BMW, Ford, Nissan and Volkswagen for factory or dealer installation. When factory-installed, the cost of the radio is generally included in the sticker price of the vehicle and may include a one year prepaid subscription to our service.

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

Unified Standard. On February 16, 2000, we signed an agreement with XM Radio, the holder of the other 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.

Both companies expect to work with their automakers and radio manufacturers 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.

RECAPITALIZATION

On March 7, 2003, we completed a series of transactions to restructure our debt and equity capitalization. As part of these transactions:

- we exchanged 545,012,162 shares of our common stock for approximately 91% of our outstanding debt, resulting in the cancellation of all of our Lehman term loans, all of our Loral term loans, approximately $251.2 million in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007, approximately $169.7 million in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, and approximately $14.7 million in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009;

- we exchanged 76,992,865 shares of our common stock and warrants to purchase 87,577,114 shares of our common stock for all of our outstanding cumulative convertible preferred stock;

- we sold 24,060,271 shares of our common stock to affiliates

of Apollo Management, L.P. for an aggregate of $25.0 million in cash;

we sold 24,060,271 shares of our common stock to affiliates of The Blackstone Group L.P. for an aggregate of $25.0 million in cash; and

we sold 163,609,837 shares of our common stock to affiliates of OppenheimerFunds, Inc. for an aggregate of $150.0 million in cash.

After giving effect to these transactions, at March 7, 2003, we had in excess of $300.0 million of cash, cash equivalents and marketable securities; approximately $61.2 million in aggregate principal amount of outstanding debt, consisting of approximately $29.2 million in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, approximately $30.3 million in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and approximately $1.7 million in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009; and approximately 911,479,700 shares of common stock outstanding. We recognized a non-cash gain during the first quarter of 2003 of approximately $257.0 million as a result of these transactions.

In connection with the exchange offer relating to our debt, we also amended the indentures under which 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 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring.

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. Any assignment or transfer of control of our FCC license must be approved by the FCC. 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. Prior to the expiration of the term, we will be required to apply for a renewal of our FCC license. We anticipate that, absent significant misconduct on our part, our FCC license will be renewed to permit operation of our satellites for their useful lives, and that a license would be granted for any replacement satellites.

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 the matter was appealed to the United States Court of Appeals for the District of Columbia Circuit which upheld the FCC's denial in February 2003.

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 many of these areas, we have installed terrestrial repeaters to supplement our signal coverage. We have constructed 98 terrestrial repeaters in 61 urban areas 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 terrestrial 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 our service. This special temporary authority is being challenged by one of the holders of spectrum adjoining ours. 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, satisfies the interoperability condition contained in our FCC license. 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 that may generate radio energy in the part of the spectrum 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 our service. If the FCC does not adopt adequate technical standards specifically applicable to these devices and the 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 five years, we filed comments and other written submissions to the FCC and met with members and staff of the FCC 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 subscription-based, non-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. 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 we operate. 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 14, 2003, we had 304 employees. In addition, we rely upon a number of consultants and other advisors. 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. Our annual, quarterly and current reports, and amendments to those reports, filed or furnished pursuant to Section 14(a) or 15(d) of the Securities Exchange Act of 1934 may be accessed free of charge through our website as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. 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.'

WE WILL STILL NEED ADDITIONAL FINANCING, WHICH MAY NOT BE AVAILABLE.

We have sufficient cash to cover our estimated funding needs into the second quarter of 2004. We anticipate that we will need further additional funding of approximately $100 million before we achieve cash flow breakeven, the point at which our revenues are sufficient to fund expected operating expenses, capital expenditures, interest and principal payments and taxes. This amount is an estimate and may change, and we may need additional financing in excess of this estimate. 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 continue to develop and market our satellite radio service.

We may continue to struggle to stay in business. Our financial projections are based on assumptions which we believe are reasonable but contain significant uncertainties, including, most importantly, the length of time and level of costs necessary to obtain the number of subscribers required to sustain our operations. At December 31, 2002, we had 29,947 subscribers. We estimate that we will need approximately two million subscribers before we achieve cash flow breakeven.

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 institutions. We may not be able to raise sufficient funds on favorable terms or at all. If we fail to obtain necessary financing on a timely basis, then 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.

OUR BUSINESS MIGHT FAIL, EVEN AFTER OUR RECENT RESTRUCTURING.

We were a development stage company until early 2002. We began generating revenues on February 14, 2002, although, to date, these 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 our satellite radio service and whether we compete successfully. As of December 31, 2002, we had 29,947 subscribers.

We cannot estimate with any certainty the long-term consumer demand for our service or the degree to which we will meet that demand. Among other things, consumer acceptance 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 our service; the cost and availability of SIRIUS radios; our marketing and pricing strategy; and the marketing and pricing strategy of our direct 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.

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

As of December 31, 2002, we had an accumulated deficit of approximately $927 million. We expect our cumulative net losses and cumulative negative cash flow

to grow as we make payments

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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.

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

We compete with many entertainment providers for both listeners and advertising revenues, including XM Radio, the other satellite radio provider; traditional and digital AM/FM radio; 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 over 100 channels, and has acquired a significant number of subscribers. If consumers perceive that XM Radio offers a more attractive service or enhanced features, superior equipment alternatives, or has stronger marketing or distribution channels, it may gain a long-term competitive advantage over us. As of December 31, 2002, we had a total of 29,947 subscribers, while XM Radio reported approximately 347,000 subscribers.

Unlike SIRIUS, traditional AM/FM radio has a well established and dominant market presence for its services and 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 we do not offer as effectively as local radio. To the extent that consumers place a high value on these features of traditional AM/FM radio, we are at a competitive disadvantage.

FAILURE OF THIRD PARTIES TO PERFORM COULD ADVERSELY AFFECT OUR BUSINESS.

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:

- automakers, which have entered into agreements which contemplate manufacturing, marketing and selling vehicles capable of receiving our service, but have limited or no obligations to do so;

- 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 developing, manufacturing, distributing and marketing SIRIUS radios;

- retailers, which are marketing and selling SIRIUS radios and promoting subscriptions to our service; 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 business will be adversely affected.

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 automakers, radio manufacturers, retailers and others to obtain and attract subscribers. If the costs

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of attracting subscribers or incentivizing other parties are 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 subscribers, including subscribers who purchase or lease vehicles that include a subscription to our service. High subscriber turnover, or our inability to attract customers who purchase or lease new vehicles to our service, would adversely affect our financial performance and results of operations.

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

We expect that our satellites will function effectively for approximately 15 years from the time of their launch, and that after this period their performance in delivering our satellite radio service will deteriorate. However, the useful life of any particular satellite may vary from this estimate. 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 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 to date are not expected to limit the power of our broadcast signal, reduce the expected useful life of our satellites or otherwise affect our operations. However, if a substantial number of additional circuit failures were to occur, the estimated useful life of our satellites could 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. In either event, our business would be materially impacted and we could default on our commitments to our distribution partners, creditors or others and may have to permanently discontinue operations or seek a purchaser for our business or assets.

LOSSES FROM SATELLITE DEGRADATION MAY NOT BE COVERED BY INSURANCE.

We maintain in-orbit insurance policies from global space insurance underwriters. Our current policies cover in-orbit losses totaling $110 million per satellite, an amount sufficient to launch our replacement satellite, but not sufficient to purchase a new spare satellite.

We intend to evaluate the benefits of continuing to purchase in-orbit satellite insurance in light of the increased costs and the probability of an insurable failure occurring, and may decline to purchase such insurance or purchase less insurance than we currently maintain. In the event we decline to purchase in-orbit satellite insurance, a failure of any of our in-orbit satellites would not be covered by insurance. Further, if we insure our in-orbit satellites for an amount less than the cost of replacing the satellites and launching the replacements, a failure of any of our satellites may only be covered in part by insurance.

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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 of our terrestrial repeaters and limit our ability to deploy additional repeaters. 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, our ability to improve any deficiencies in our service quality that may be identified in the future would be adversely affected.

THE COMPANY THAT DEVELOPED AND OPERATES OUR SUBSCRIBER MANAGEMENT SYSTEM HAS FILED A PETITION TO REORGANIZE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE. WE MAY BEGIN USING A NEW SUBSCRIBER MANAGEMENT SYSTEM IF THE BANKRUPTCY COURT PERMITS US TO TERMINATE OUR ARRANGEMENT WITH THAT COMPANY.

On November 4, 2002, we notified Sentraliant, Inc., the company that developed and operates our subscriber management system, that it had breached the agreement under which it provides that system, and that, unless various defects and other problems with the system were corrected by January 3, 2003, the agreement would terminate on that date. We later extended the termination date to January 17, 2003. Sentraliant has informed us that it believes the issues we identified have been previously resolved, are enhancements to the system that had not yet been authorized by us, or are defects that are not material.

On January 15, 2003, Sentraliant filed a petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia. On January 22, 2003, Sentraliant filed a proceeding with the Bankruptcy Court seeking:

- a judgment requiring us to pay approximately $150,000 of fees we have not yet paid Sentraliant, and
- a declaratory judgment that our agreement with Sentraliant has not terminated and that our subscriber management system is free of material defects.

The Bankruptcy Court has scheduled a trial on this matter for April 3 and 4, 2003. If the Bankruptcy Court finds that the subscriber management system is free of material defects, we will be required to continue our arrangement with Sentraliant. If the Bankruptcy Court finds that the agreement is no longer in effect or that the subscriber management system contains material defects, the agreement will be terminated. Termination of our agreement with Sentraliant will result in a non-cash charge of approximately $15 million related to the development of our subscriber management system.

We are prepared to implement a new subscriber management system. Our new system effectively manages our existing customer data, captures new customer data and interfaces with our

conditional access system, although we have not completed development and testing of all of the system's functions.

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

An earthquake, tornado, flood, terrorists or other catastrophic event could damage our national broadcast studio or 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, our signal is subject to interception. Pirates may be able to obtain or rebroadcast our own satellite radio service 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 our signal. If signal theft becomes widespread, it could harm our business.

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 COMMON STOCK MAY BE DELISTED BY NASDAQ.

Our common stock is currently listed on the Nasdaq National Market. We may fail to comply with the continued listing requirements of Nasdaq, and the failure to do so may result in the delisting of our common stock. Nasdaq rules require, among other things, that the minimum bid price of our common stock be at least $1.00. If the minimum bid price of our common stock closes below $1.00 for more than 30 consecutive trading days and we are unable to cure such defect within the cure period, Nasdaq may delist our common stock from the Nasdaq National Market. On March 20, 2003, Nasdaq informed us that the minimum bid price of our common stock had closed below $1.00 for more than 30 consecutive trading days and that we had until September 16, 2003 to cure the defect. If our common stock fails to close above $1.00 for ten consective days prior to September 16, 2003, we have the right to request a hearing prior to delisting by Nasdaq. Such delisting will have an adverse impact on liquidity of our common stock and, as a result, the market price for our common stock may become more volatile. Such delisting could make it more difficult for us to raise additional capital.

IF OUR COMMON STOCK IS DEEMED A 'PENNY STOCK', ITS LIQUIDITY WILL BE ADVERSELY AFFECTED.

If the market price for our common stock remains below $1.00 per share, our common stock may be deemed to be a penny stock. If our common stock is considered a penny stock, it would be subject to rules that impose additional sales practices on broker-dealers who sell our common

stock. For example, broker-dealers must make a special suitability determination for the purchaser and have received the purchaser's written consent to the transaction prior to sale. Also, a disclosure schedule must be delivered to each purchaser of a penny stock, disclosing sales commissions and current quotations for the securities. Monthly statements are also required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks. Because of these additional conditions, some brokers may choose not to effect transactions in penny stocks. This could have an adverse effect on the liquidity of our common stock.

ITEM 2. PROPERTIES

In March 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 base rent is approximately $4.6 million, with specified increases and escalations based on operating expenses.

We also lease office space in Princeton, New Jersey; Milford, Michigan; and Farmington Hills, Michigan. The aggregate annual base rent for these properties was approximately $163,000 for the year ended December 31, 2002. None of these leases are material to our business or operations.

ITEM 3. LEGAL PROCEEDINGS

On September 18, 2001, a purported class action lawsuit, entitled Sternbeck 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 States 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.

On June 13, 2002, we filed a motion with the United States District Court for the Southern District of New York requesting the Court dismiss the complaint in this action with prejudice pursuant to Federal Rules of Civil Procedure and the provisions of the Private Securities Litigation Reform Act. This motion is still pending.

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PART II

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

Our common stock is traded 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:

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	HIGH	LOW
<S>	<C>	<C>
Year ended December 31, 2001		
First Quarter	$35.00	$12.44
Second Quarter	18.34	6.91
Third Quarter	10.81	3.34
Fourth Quarter	11.63	2.30
Year ended December 31, 2002		
First Quarter	$10.88	$ 4.14
Second Quarter	5.78	3.28
Third Quarter	3.77	0.76
Fourth Quarter	1.32	0.52

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On March 26, 2003, the closing bid price of our common stock on the Nasdaq National Market was $0.67 per share. On March 26, 2003, there were approximately 75,000 beneficial 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.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Our selected consolidated financial data set forth below with respect to the consolidated statements of operations for the years ended December 31, 2000,

2001 and 2002, and with respect to the consolidated balance sheets at December 31, 2001 and 2002 are derived from our consolidated financial statements, audited by Arthur Andersen LLP and Ernst & Young LLP, independent auditors, included in Item 8 of this report. Our selected consolidated financial data with respect to the consolidated balance sheets at December 31, 1998, 1999 and 2000 and with respect to the consolidated statement of operations data for the years ended December 31, 1998 and 1999, 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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	FOR THE YEAR ENDED DECEMBER 31,				
	1998	1999	2000	2001	2002
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
<S>	<C>	<C>	<C>	<C>	<C>
Total revenue	$ --	$ --	$ --	$ --	$ 805
Net loss	(48,396)	(62,822)	(134,744)	(235,763)	(422,481)
Net loss applicable to common stockholders	(85,953)	(96,981)	(183,715)	(277,919)	(468,466)
Net loss per share applicable to common stockholders (basic and diluted)	$ (4.79)	$ (3.96)	$ (4.72)	$ (5.30)	$ (6.13)
Weighted average common shares outstanding (basic and diluted)	17,932	24,470	38,889	52,427	76,394

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BALANCE SHEET DATA

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	DECEMBER 31,				
	1998	1999	2000	2001	2002
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
Cash and cash equivalents	$150,190	$ 81,809	$ 14,397	$ 4,726	$ 18,375
Restricted investments, at amortized cost	--	67,454	48,801	21,998	7,200
Marketable securities, at market	115,433	317,810	121,862	304,218	155,327
Working capital(1)	180,996	303,865	143,981	275,732	151,289
Total assets	643,880	1,206,612	1,323,582	1,527,605	1,340,940
Long-term debt, net of current portion(2)	183,573	538,690	522,602	639,990	670,357
Accrued interest, net of current portion	784	5,140	10,881	17,201	46,914
Preferred stock(3)	294,510	362,417	443,012	485,168	531,153
Accumulated deficit	(71,669)	(134,491)	(269,235)	(504,998)	(927,479)
Stockholders' equity(4)	$ 77,953	$ 134,179	$ 290,483	$ 322,649	$ 36,846

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(1) The calculation of working capital includes current portions of long-term debt and accrued interest. Certain portions of long-term debt and accrued interest, which would have been classified as current absent the restructuring, are classified as long-term liabilities as of December 31, 2002, as they were exchanged for shares of our common stock on March 7, 2003, in connection with our restructuring.

(2) After giving effect to our recapitalization, at March 7, 2003, we had $61,202 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $1,744 in aggregate principal of 8 3/4% Convertible Subordinated Notes due 2009. All of our Loral term loans and Lehman term loans

were exchanged for common stock in connection with our restructuring.

(3) In connection with our recapitalization on March 7, 2003, all of our outstanding cumulative convertible preferred stock was exchanged for shares of our common stock and warrants to purchase shares of our common stock.

(4) 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 digital-quality audio throughout the continental United States for a monthly subscription fee of $12.95. We deliver 60 streams of 100% commercial-free music in virtually every genre, and over 40 streams of news, sports, weather, talk, comedy, public radio and children's programming. We hold one of only two licenses issued by the FCC to operate a national satellite radio system.

We emerged from the development stage following the launch of our service on February 14, 2002 in select locations. We launched our service nationally on July 1, 2002.

As of December 31, 2002, we had 29,947 subscribers. We consider subscribers to be those who have agreed to pay for our service and have activated their SIRIUS radio, including those who are currently in promotional periods, and active SIRIUS radios under our agreement with Hertz. We derive revenue from:

subscription fees, including revenue derived from our agreement with Hertz,

activation fees collected from our customers, and

selling limited advertising on our non-music streams.

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RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002 COMPARED WITH YEAR ENDED DECEMBER 31, 2001

We had total revenue of $805 for the year ended December 31, 2002, including subscriber revenue of $623, consisting of subscription and non-refundable activations fees, advertising revenue of $146 and revenue from other sources of $36 for the year ended December 31, 2002. We did not have any revenue for the year ended December 31, 2001, as we were in our development stage.

We recorded subscription revenue of $1,016 for the year ended December 31, 2002. These revenues were partially offset by $426 of costs associated with our mail-in rebate program. We recognize subscription fees as our service is provided. Mail-in rebates that are paid by us directly to subscribers were recorded as a reduction to subscription revenue in the period the subscriber activated service. We concluded the mail-in rebate program in the fourth quarter of 2002 and have adjusted the related accrual to reflect the actual amounts paid to subscribers. We expect to derive increased subscription revenue as our subscriber base increases. Future subscription revenue will be dependent upon, among other things, discounts and mail-in rebates offered to subscribers and the identification of additional revenue streams from subscribers.

We recorded revenue from activation fees of $33 for the year ended December 31, 2002. Activation fees are recognized ratably over the term of the subscriber relationship, currently assumed to be 3.5 years.

Average monthly revenue per subscriber ('ARPU') for the year ended

December 31, 2002 was approximately $7.47. ARPU, excluding the cost of our mail-in rebate program, for the year ended December 31, 2002 was approximately $12.58. ARPU, which is not a measure of financial performance under accounting principles generally accepted in the United States, is derived from total earned subscription revenue and activation revenue over the daily weighted average number of subscribers for the year. Future ARPU will be dependent upon the amount and timing of subscriber discounts, mail-in rebate programs and the identification of additional revenue streams from subscribers.

Advertising revenue, net of agency fees of $26, was $146 for the year ended December 31, 2002. We recognize advertising revenue from sales of spot announcements to advertisers as the announcements are broadcast.

We had net losses of $422,481 and $235,763 for the years ended December 31, 2002 and 2001, respectively. Operating expenses increased to $313,932 for the year ended December 31, 2002 from $168,456 for the year ended December 31, 2001.

Satellite and transmission expenses increased to $39,308 for the year ended December 31, 2002 from $31,056 for the year ended December 31, 2001. Satellite and transmission expenses consist primarily of personnel costs, in-orbit satellite insurance expense and costs associated with the operation and maintenance of our satellite tracking, telemetry and control system, terrestrial repeater network and national broadcast studio. For the year ended December 31, 2002 satellite and transmission expenses also included a loss of $5,005 on the disposal of equipment in connection with the optimization of our terrestrial repeater network. We expect that a significant portion of our satellite and transmission costs will remain relatively constant, and that increases or decreases in satellite and transmission costs will be due, in large part, to increased or decreased costs of insuring our in-orbit satellites.

Programming and content expenses increased to $22,728 for the year ended December 31, 2002 from $9,836 for the year ended December 31, 2001. Programming and content expenses include license fees paid to third parties for music and non-music programming, costs associated with the production of our music and non-music programming, costs of our on-air talent, royalties for music broadcast on our service and the costs of programming personnel. The increase in costs during 2002 was primarily attributable to costs of on-air talent and music and non-music programming. We anticipate that our programming costs will increase over time as we continue to develop our channel line-up, share additional advertising revenue from the increased price of spot advertisements sold to advertisers and incur additional royalties.

Customer service and billing costs increased to $7,862 for the year ended December 31, 2002 from $6,572 for the year ended December 31, 2001. Customer service and billing costs include costs associated with the full time operation of our customer service center and subscriber management system. The increase in costs during 2002 was primarily attributable to additional customer representatives at our customer service center. We expect that our customer service and billing costs will increase as we acquire subscribers. Customer service and billing costs on a per subscriber basis will be significantly reduced as our fixed operating costs are spread over a larger subscriber base.

Sales and marketing expenses increased to $108,385 for the year ended December 31, 2002 from $21,566 for the year ended December 31, 2001. Sales and marketing expenses include costs related to sales and marketing personnel, advertising, sponsorships, consumer promotions, brand building activities, subsidies paid to radio and chip set manufacturers, commission payments to distributors and retailers and other payments to distributors and retailers to reimburse them for marketing and promotional activities. Sales and marketing expenses increased during 2002 due to our marketing and promotional efforts in connection with the national launch of our service, certain marketing activities by distributors, retailers and radio manufacturers, development of our brand and the costs associated with subsidies paid to radio and chip set manufacturers in advance of acquiring subscribers.

Subscriber acquisition costs, which are included in sales and marketing expense, totaled approximately $21,038 for the year ended December 31, 2002. Subscriber acquisition costs, include incentives for the purchase, installation and activation of SIRIUS radios, as well as subsidies paid to manufacturers of SIRIUS radios in order to acquire new subscribers. Certain subscriber acquisition costs are recorded in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising and promotional activities, loyalty payments to distributors and dealers of SIRIUS radios, revenue sharing payments to manufacturers of SIRIUS radios and guaranteed payments to automakers. We retain ownership of the SIRIUS radios used in our agreement with Hertz, as a result amounts capitalized in connection with this program are not included in

our subscriber acquisition costs.

We expect sales and marketing expenses to increase in the future as we build brand awareness through national advertising, continue to offer variable hardware subsidies to manufacturers of SIRIUS radios, commissions to retailers and other distributors and other incentives to acquire subscribers. In addition, we expect to incur significant costs related to our agreements with automakers as they begin production of SIRIUS enabled vehicles. We anticipate that the costs of certain subsidized components of SIRIUS radios will decrease as manufacturers experience economies of scale in production and we secure additional manufacturers of these components.

General and administrative expenses increased to $30,682 for the year ended December 31, 2002 from $28,536 for the year ended December 31, 2001. General and administrative expenses include rent and occupancy costs, corporate overhead and costs of general and administrative personnel. The increase in 2002 was associated with increased consulting, legal and public relations costs and a loss of $924 on the disposal of assets associated with terminating a lease on non-essential office space. This increase was offset by a reduction in rent and occupancy costs of $4,518 primarily attributable to the termination of a lease of non-essential office space.

Research and development costs decreased to $30,087 for the year ended December 31, 2002 from $47,794 for the year ended December 31, 2001. Research and development includes costs associated with our agreements with Agere to design and develop chip sets for use in SIRIUS radios. In addition, we have agreements with Alpine Electronics Inc., Audiovox Corporation, Clarion Co., Ltd., Delphi Corporation, Kenwood Corporation, Matsushita Communications Industrial Corporation USA, 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. The decrease in 2002 related primarily to the reduction in chip set development costs as we completed our first generation of chip sets. Development costs of SIRIUS radios also decreased in 2002 as our manufacturing partners completed the majority of their radio development work during 2001. The overall

decrease was partially offset by a payment of $8,134 to Panasonic to release us from our purchase commitment and reduce the factory price of SIRIUS radios. The amount of our future research and development costs is dependent upon modifications to our existing technology and enhancements to SIRIUS radios, and we expect these costs to decrease in future periods.

Depreciation expense increased to $82,747 for the years ended December 31, 2002 from $9,052 for the year ended December 31, 2001. The increase principally related to the depreciation of our satellite system and terrestrial repeater network, which began during 2002, our first year of commercial operations.

We recognized a non-cash stock compensation benefit of $7,867 and a non-cash stock compensation expense of $14,044 for the year ended December 31, 2002 and 2001, respectively. Non-cash stock compensation includes charges and benefits associated with the grant of certain stock options, the issuance of our common stock to employees and an employee benefit plan. The non-cash stock compensation benefit for 2002 and expense for 2001 was principally due to the repricing of certain employee stock options in April 2001. We may record future non-cash stock compensation benefits or expenses related to the repriced stock options based on the market value of our common stock at the end of each reporting period.

Expenses associated with the restructuring of our debt, consisting primarily of advisory and legal fees, totaled $8,448 for the year ended December 31, 2002. In addition, we have incurred costs of $4,259 related to the sale of common stock in connection with our recapitalization, which have been capitalized and will be used in determining the net proceeds from the transaction. We have incurred additional expenses related to the restructuring of our debt during the first quarter of 2003.

We recognized a gain of $5,313 on the extinguishment of debt during 2001 in connection with our acquisition of $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 in exchange for shares of our common stock.

Interest and investment income decreased to $5,257 for the year ended December 31, 2002 from $17,066 for the year ended December 31, 2001. This decrease was attributable to lower returns on our investments in U.S. government securities and lower average balances of cash, cash equivalents and marketable

securities during 2002.

Interest expense increased to $106,163 for the year ended December 31, 2002 from $89,686 for the year ended December 31, 2001, net of amounts capitalized of $5,426 and $19,270, respectively. Interest expense for the years ended December 31, 2002 and 2001 included non-cash costs of $9,650 and $8,259, respectively, associated with the induced conversion of $29,475 and $34,900, respectively, in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009. We expect interest expense to decrease substantially in the future as a result of our debt restructuring.

YEAR ENDED DECEMBER 31, 2001 COMPARED WITH YEAR ENDED DECEMBER 30, 2000

We commenced commercial operations on February 14, 2002 and did not generate any subscriber or advertising revenue for the years ended December 31, 2001 and 2000.

We had net losses of $235,763 and $134,744 for the years ended December 31, 2001 and 2000, respectively. Operating expenses increased to $168,456 for the year ended December 31, 2001 from $125,634 for the year ended December 31, 2000.

Satellite and transmission costs increased to $31,056 for the year ended December 31, 2001 from $12,486 for the year ended December 31, 2000. The increase in costs in 2001 related primarily to a full year of in-orbit satellite insurance, additional personnel cost to support the operation of our satellites, terrestrial repeater network and broadcast studios and increased lease and maintenance costs associated with our terrestrial repeater network.

Programming and content expenses increased to $9,836 for the year ended December 31, 2001 from $4,848 for the year ended December 31, 2000. The increase in costs during 2001 was

primarily attributable to increased programming personnel, on-air talent and license fees for non-music programming as we prepared to launch our service.

Customer service and billing costs increased to $6,572 for the year ended December 31, 2001 from $1,027 for the year ended December 31, 2000. The increase in costs during 2001 was primarily attributable to the cost of operating and maintaining licenses for our subscriber management system and the cost of additional customer representatives at our customer service center.

Sales and marketing expenses increased to $21,566 for the year ended December 31, 2001 from $13,992 for the year ended December 31, 2000. Sales and marketing expenses increased during 2001 due to special events, promotional activities and sponsorships in preparation for the launch of our service. In addition, sales and marketing costs during 2001 included costs of our agreements with retailers and distributors of SIRIUS radios.

General and administrative expenses increased to $28,536 for the year ended December 31, 2001 from $19,262 for the year ended December 31, 2000. The increase in 2001 was associated primarily with the hiring of additional personnel to support our operations and higher rent and occupancy costs associated with our national broadcast studio.

Research and development costs decreased to $47,794 for the year ended December 31, 2001 from $64,489 for the year ended December 31, 2000. Research and development costs decreased during 2001 due to decreased development activity by our radio and chip set manufacturers, many of which completed a substantial portion of their efforts in 2000 and early 2001.

Depreciation expense increased to $9,052 for the year ended December 31, 2001 from $2,352 for the year ended December 31, 2000. The increase principally related to the depreciation of our broadcast studio equipment, leasehold improvements and furniture in our national broadcast studio.

We recognized a non-cash stock compensation expense of $14,044 and $7,178 for the years ended December 31, 2001 and 2000, respectively. The non-cash stock compensation expense for 2001 was principally due to the repricing of certain employee stock options in April 2001.

Interest and investment income decreased to $17,066 for the year ended December 31, 2001 from $24,485 for the year ended December 31, 2000. This decrease was primarily attributable to 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 amounts capitalized of $19,270 and $63,728, respectively. Interest expense for the years ended December 31, 2001 and 2000 included non-cash costs of $8,259 and $12,432, respectively, associated with the induced conversion of $34,900 and $52,914, respectively, in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009.

CASH FLOWS

YEAR ENDED DECEMBER 31, 2002 COMPARED WITH YEAR ENDED DECEMBER 31, 2001

Net cash used in operating activities was $320,811 for the year ended December 31, 2002, as compared to $334,754 for the year ended December 31, 2001. The decrease in cash used in operations was primarily attributable to our transactions in marketable securities during 2002 and the change in the classification of our marketable securities in the second quarter of 2002 to available-for-sale securities from trading securities. Transactions relating to trading securities are considered operating activities; transactions relating to available-for-sale securities are considered investing activities. Excluding our transactions in marketable securities, cash used in operating activities increased to $244,249 for the year ended December 31, 2002 from $152,439 for the year ended December 31, 2001. This increase was primarily due to the cost of our sales and marketing campaign in connection with the launch of our service, the costs of acquiring subscribers and the cost of producing our music and non-music programming. In addition, during 2002 we paid for

subscriber acquisition costs, advertising media and in-orbit satellite insurance in advance of incurring the expense associated with these items.

Net cash provided by investing activities for the year ended December 31, 2002 was $199,679, as compared to net cash used in investing activities of $50,146 for the year ended December 31, 2001. The change from the prior period was principally due to a change in the classification of our marketable securities from trading securities to available-for-sale securities during the second quarter of 2002. Excluding our transactions in restricted investments and available-for-sale securities, cash used in investing activities decreased to $41,625 for the year ended December 31, 2002 from $78,696 for the year ended December 31, 2001. This decrease was a result of less capital expenditures during the year ended December 31, 2002, as we substantially completed the construction of our satellite system by December 31, 2001.

Net cash provided by financing activities for the year ended December 31, 2002 was $134,781, as compared to $375,229 for the year ended December 31, 2001. During 2002, we sold 16,000,000 shares of common stock resulting in net proceeds of $147,500 and paid fees associated with our recapitalization of $12,707. During 2001, we completed an equity offering resulting in net proceeds of $229,300 and had net borrowings under our Lehman term loan facility of $145,000.

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

Net cash used in operating activities was $334,754 for the year ended December 31, 2001, as compared to net cash provided by operating activities of $111,974 for the year ended December 31, 2000. The increase in cash used in operations was primarily attributable to our transactions in marketable securities as purchases exceeded sales during 2001 and sales exceeded purchases during 2000. Excluding our transactions in marketable securities, cash used in operating activities increased to $152,439 for the year ended December 31, 2001 from $77,724 for the year ended December 31, 2000. The increase was due to the preparation for, and marketing of, our commercial launch and the increase in satellite and transmission costs as our satellite system was in operation for a full year.

Net cash used in investing activities for the year ended December 31, 2001 was $50,146, as compared to $364,627 for the year ended December 31, 2000. The decrease in net cash used by investing activities was due to a decrease in capital expenditures as we substantially completed the construction of our satellites by December 31, 2000.

Net cash provided by financing activities for the year ended December 31, 2001 was $375,229, as compared to $185,241 for the year ended December 31, 2000. During 2001, we completed an equity offering resulting in net proceeds of $229,300 and had net borrowings under our Lehman term loan facility of $145,000. During 2000, we sold DaimlerChrysler Corporaton shares of newly-issued common stock resulting in net proceeds $100,000, issued our 9.2% Series D Junior Cumulative Convertible Preferred Stock for net proceeds of $192,450, received

$8,447 from the exercise of stock options and warrants and repaid our Bank of America note payable in the amount of $115,957.

STOCK-BASED COMPENSATION ACCOUNTING

At December 31, 2002, we had three stock-based employee compensation plans, which are described in Note 10 located in Item 8 of this report. We have adopted the disclosure provisions allowed by Statement of Financial Accounting Standards ('SFAS') No. 148, 'Accounting for Stock-Based Compensation -- Transition and Disclosure -- An Amendment of FASB Statement No. 123.' In addition, we have elected to continue using the intrinsic value method to measure the compensation costs of stock-based awards granted to employees in accordance with Accounting Principles Board Opinion No. 25, 'Accounting for Stock Issued to Employees'; as a result, we recognize compensation expense for employee stock options granted at a price less than the market value of our common stock on the date of grant. The following table illustrates the effect on net loss and net loss per share had stock-based employee compensation been recorded based on the fair value method under SFAS No. 123.

<Page>

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	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net loss applicable to common stockholders -- as reported...	$(468,466)	$(277,919)	$(183,715)
Non-cash stock compensation (benefit)/expense -- as reported.....	(7,867)	14,044	7,178
Stock-based compensation -- pro forma.....	(22,337)	(40,666)	(43,071)
Net loss applicable to common stockholders -- pro forma.....	$(498,670)	$(304,541)	$(219,608)
Net loss per share applicable to common stockholders -- as reported.....	$ (6.13)	$ (5.30)	$ (4.72)
Net loss per share applicable to common stockholders -- pro forma.....	$ (6.53)	$ (5.81)	$ (5.65)

</Table>

Option valuation models require highly subjective assumptions, including the expected stock price volatility, which may be significantly different from those of traded options. Because changes in subjective assumptions can materially affect the fair value estimate, 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. 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. The pro forma stock-based employee compensation was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for each year:

<Table>
<Caption>

	2002	2001	2000
<S>	<C>	<C>	<C>
Risk-free interest rate.....	2.48%	4.05%	4.89%
Expected life of options -- years.....	4.75	4.48	4.38
Expected stock price volatility.....	110%	78%	72%
Expected dividend yield.....	N/A	N/A	N/A

</Table>

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2002, we had cash, cash equivalents and marketable securities totaling $173,702 and working capital of $151,289 compared with cash, cash equivalents, marketable securities and short-term restricted investments totaling $323,742 and working capital of $275,732 at December 31, 2001.

At March 7, 2003, we had in excess of $300,000 of cash, cash equivalents and marketable securities, an amount sufficient to cover our estimated funding needs into the second quarter of 2004. We estimate that we will need additional funding of approximately $100,000 before we achieve cash flow breakeven, the point at which our revenues are sufficient to fund expected operating expenses, capital expenditures, interest and principal payments and taxes.

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 continue to develop and market our satellite radio service.

We may continue to struggle to stay in business. Our financial projections are based on assumptions which we believe are reasonable but contain significant uncertainties, including, most importantly, the length of time and level of costs necessary to obtain the number of subscribers required to sustain our operations. At December 31, 2002, we had 29,947 subscribers. We estimated that we will need approximately two million subscribers before we achieve cash flow breakeven.

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 institutions. We may not be able to raise sufficient funds on favorable terms or at all. If we fail to obtain necessary financing on a timely basis, then 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.

FUNDS RAISED TO DATE

Since inception, we have funded the development of our satellite radio system and the introduction of SIRIUS through the issuance of debt and equity securities. As of December 31,

2002, we had raised approximately $1,250,800 in equity capital from the sale of our common stock and convertible preferred stock. In addition, we have received approximately $638,000 in net proceeds from public debt offerings and private credit arrangements.

RECAPITALIZATION

On March 7, 2003, we completed a series of transactions to restructure our debt and equity capitalization. As part of these transactions:

- we exchanged 545,012,162 shares of our common stock for approximately 91% of our outstanding debt, resulting in the cancellation of all of our Lehman term loans, all of our Loral term loans, $251,230 in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007, $169,742 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, and $14,717 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009;

- we exchanged 76,992,865 shares of our common stock and warrants to purchase 87,577,114 shares of our common stock for all of our outstanding cumulative convertible preferred stock;

- we sold 24,060,271 shares of our common stock to affiliates of Apollo Management, L.P. for an aggregate of $25,000 in cash;

- we sold 24,060,271 shares of our common stock to affiliates of The Blackstone Group L.P. for an aggregate of $25,000 in cash; and

- we sold 163,609,837 shares of our common stock to affiliates of OppenheimerFunds, Inc. for an aggregate of $150,000 in cash.

After giving effect to these transactions, at March 7, 2003, we had in excess of $300,000 of cash, cash equivalents and marketable securities; $61,202 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $1,744 in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009; and approximately 911,479,700 shares of common stock outstanding. We recognized a non-cash gain during the first quarter of 2003 of approximately $257,000 as a result of these transactions.

In connection with the exchange offer relating to our debt, we also amended the indentures under which 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 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring.

DEFAULTS ON OUR LONG-TERM DEBT

14 1/2% SENIOR SECURED NOTES DUE 2009

On November 15, 2002, we elected not to pay the interest due on our 14 1/2% Senior Secured Notes due 2009. This failure to pay interest matured into an event of default under the indenture relating to our 14 1/2% Senior Secured Notes due 2009 on December 15, 2002. As of December 31, 2002, $200,000 in principal amount of our 14 1/2% Senior Secured Notes due 2009 was outstanding and the aggregate amount of interest due with respect to these notes was $18,206. In connection with the restructuring of our debt, we issued 148,301,817 shares of our common stock in exchange for $169,742 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, including accrued interest. We cured the interest default under this indenture through a cash payment in March 2003 in respect of the portion of our 14 1/2% Senior Secured Notes due 2009 that remained outstanding after our restructuring.

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2009

On September 29, 2002, we elected not to pay the interest due on our 8 3/4% Convertible Subordinated Notes due 2009. This failure to pay interest matured into an event of default under

the indenture relating to our 8 3/4% Convertible Subordinated Notes due 2009 on October 30, 2002. As of December 31, 2002, there was $16,461 in principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 outstanding and the aggregate amount of interest due with respect to these notes was $1,088. In connection with the restructuring of our debt, we issued 12,436,656 shares of our common stock in exchange for $14,717 principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest. We cured the interest default under this indenture through a cash payment in March 2003 in respect of the portion of our 8 3/4% Convertible Subordinated Notes due 2009 that remained outstanding after our restructuring.

CONTRACTUAL COMMITMENTS

The following table summarizes our expected contractual commitments:

<Table>
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	FOR THE YEAR ENDED DECEMBER 31,						
	2003	2004	2005	2006	2007	THEREAFTER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Long-term debt obligations	$ 11,192	$ 8,920	$ 8,920	$ 8,920	$38,120	$41,082	$117,154
Operating leases	7,548	7,628	6,860	6,069	6,032	35,903	70,040
Chip set development and production	29,568	14,400	--	--	--	--	43,968
Satellite and transmission	2,291	2,291	2,291	2,291	2,291	18,328	29,783
Programming and content	6,927	24,412	32,668	19,757	25	--	83,789
Sales and marketing	44,536	16,818	10,129	6,000	4,500	--	81,983
Customer service and billing	5,448	5,148	5,148	3,987	3,600	3,900	27,231
Contractual commitments	$107,510	$79,617	$66,016	$47,024	$54,568	$99,213	$453,948

</Table>

LONG-TERM DEBT OBLIGATIONS

Long-term debt obligations include principal and interest payments after giving effect to our debt restructuring. As of March 7, 2003, we had $61,202 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $1,744 in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009 outstanding.

OPERATING LEASES

We have entered into operating leases related to our national broadcast studio, office space, terrestrial repeater sites and equipment.

CHIP SET DEVELOPMENT AND PRODUCTION

We have entered into an agreement with Agere to develop and produce chip sets for use in SIRIUS radios. This agreement requires Agere to develop future generation chip sets and to manufacture a minimum quantity of chip sets during each year of the agreement.

SATELLITE AND TRANSMISSION

We have entered into an agreement with a provider of satellite services to operate our external satellite telemetry, tracking and control facilities and provide connectivity to our external facilities.

PROGRAMMING AND CONTENT

We have entered into agreements with licensors of music and non-music programming and, in certain instances, are obligated to pay license fees, share advertising revenues or to purchase advertising on properties owned or controlled by these licensors.

SALES AND MARKETING

We have entered into various marketing and sponsorship agreements to promote our brand and are obligated to make payments to sponsors, retailers, automakers and radio manufacturers.

CUSTOMER SERVICE AND BILLING

We have entered into agreements with third parties to provide customer service, billing service and subscriber management. We are required to pay minimum monthly fees for the services provided under these agreements. We are currently involved in litigation with the provider of our billing services and subscriber management, which is described more fully in our risk factors, under which we are seeking relief from our contractual commitments.

OTHER COMMITMENTS

In addition to the contractual commitments described above, we have also entered into agreements with automakers, radio manufacturers and others that include per-radio and per-subscriber required payments and revenue sharing arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into additional programming, marketing and other agreements that contain provisions similar to our current agreements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 3 located in Item 8 of this report. We have identified the following policies, which were discussed with the Audit Committee of our board of directors, as critical to our business and understanding our results of operations.

SUBSCRIPTION REVENUE RECOGNITION

Revenue from subscribers consists of subscription fees, including revenue derived from our agreement with Hertz, and non-refundable activation fees. We recognize subscription fees as our service is provided. Activation fees are recognized ratably over the term of the subscriber relationship, currently estimated to be 3.5 years. The estimated term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available. Mail-in rebates that are paid by us directly to subscribers are recorded as a reduction to subscription revenue in the period the subscriber activates our service. Historical data related to our mail-in rebate program is not currently available, therefore we are required to accrue 100% of all potential rebates to new subscribers. We adjust the accrual at the end of the mail-in rebate program to reflect actual amounts paid to subscribers.

SUBSCRIBER ACQUISITION COSTS

Subscriber acquisition costs include incentives for the purchase,

installation and activation of SIRIUS radios, as well as subsidies paid to manufacturers of SIRIUS radios in order to acquire new subscribers. Certain subscriber acquisition costs are recorded in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising and promotional activities, loyalty payments to distributors and dealers of SIRIUS radios, revenue sharing payments to manufacturers of SIRIUS radios and guaranteed payments to auto manufacturers. We retain ownership of the SIRIUS radios installed in Hertz vehicles under our agreement with Hertz, as a result, amounts capitalized in connection with this program are not included in our subscriber acquisition costs.

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MARKETABLE SECURITIES

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

LONG-LIVED ASSETS

We carry our long-lived assets at cost less accumulated depreciation. However, accounting standards require that we write-down assets if they become impaired. We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At such time as an impairment in value of a long-lived asset is identified, the impairment will be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. To determine fair value we would employ an expected present value technique, which utilizes multiple cash flow scenarios that reflect the range of possible outcomes and an appropriate discount rate.

USEFUL LIFE OF SATELLITE SYSTEM

Our satellite system includes the cost of satellite construction, launch vehicles, launch insurance, capitalized interest and our spare satellite. We monitor our satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. The expected useful lives of our in-orbit satellites are fifteen years from the date they were placed into orbit. We are depreciating our three in-orbit satellites over their respective remaining useful lives beginning February 14, 2002 or, in the case of our spare satellite, from the date it was delivered to ground storage on April 19, 2002. If placed into orbit, our spare satellite is expected to operate effectively for fifteen years; however, our spare satellite may be replaced at the time we launch a new satellite system.

FCC LICENSE

We carry our FCC license at cost. Our FCC license has an indefinite life and will be evaluated for impairment on an annual basis. We completed the transitional impairment analysis of our FCC license during the first half of the year ended December 31, 2002, and concluded that it was not impaired. On November 1, 2002, we updated our impairment test and determined that there was no impairment. We use projections regarding estimated future cash flows and other factors in assessing the fair value of our FCC license. If these estimates or projections change in the future, we may be required to record an impairment charge related to our FCC license.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ('FASB') issued SFAS No. 143, 'Accounting for Asset Retirement Obligations,' which is effective for fiscal years beginning after June 15, 2002. SFAS No. 143 requires legal obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time the obligations are incurred. Upon initial recognition of a liability, that cost should be capitalized as part of the related long-lived asset and allocated to expense over the useful life of the asset. We do not believe that the adoption of SFAS No. 143 will have a material impact on our financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, 'Accounting for Costs Associated with Exit or Disposal Activities,' which requires that a liability associated with an exit or disposal activity be measured at fair value and recognized when

the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. We do not believe the adoption of SFAS No. 146, will have a material impact on our financial position or results of operations.

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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 16 herein.

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

On April 11, 2002, upon the recommendation of our Audit Committee, our board of directors dismissed Arthur Andersen LLP ('Andersen') as our independent auditors and appointed Ernst & Young LLP ('Ernst & Young') to serve as our independent auditors as of and for the year ended December 31, 2002. The change in auditors was effective April 11, 2002.

Andersen's reports on our consolidated financial statements for the years ended December 31, 2001 and December 31, 2000 did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

During the years ended December 31, 2001 and December 31, 2000 and through April 11, 2002, there were: (i) no disagreements with Andersen on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to Andersen's satisfaction, would have caused them to make reference to the subject matter in connection with their report on our consolidated financial statements for such periods; and (ii) there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

During each of 2000 and 2001 and through the date of their appointment, we did not consult Ernst & Young with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or (ii) any matter that was either the subject of a disagreement, within the meaning of Item 304(a)(1)(iv) of Regulation S-K, or any 'reportable event,' as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

Since the date of their appointment, there were: (i) no disagreements with Ernst & Young on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to Ernst & Young's satisfaction, would have caused them to make reference to the subject matter in connection with their report on our consolidated financial statements as of and for the year ended December 31, 2002; and (ii) there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding our directors and executive officers as of March 28, 2003 is provided below:

<Table>
<Caption>

NAME	AGE	POSITIONS WITH THE COMPANY
<S>	<C>	<C>
Joseph P. Clayton.....	53	President and Chief Executive Officer and a Director

Guy D. Johnson	42	Executive Vice President, Sales and Marketing
Mary Patricia Ryan	46	Executive Vice President, Marketing
John J. Scelfo	45	Executive Vice President and Chief Financial Officer
Patrick L. Donnelly	41	Executive Vice President, General Counsel and Secretary
Michael S. Ledford	53	Executive Vice President, Engineering
David Margolese	45	Chairman of the Board of Directors and a Director
Leon D. Black	51	Director
Lawrence F. Gilberti(1)(2)(3)	52	Director
James P. Holden(1)(3)	51	Director
Peter G. Peterson(2)(3)	76	Director
Joseph V. Vittoria(1)(2)	67	Director

</Table>

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(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Finance Committee.

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 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 S.A., a leading consumer electronics company. Mr. Clayton is a member of the board of directors of Transcend Services Inc., 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 S.A., a leading consumer electronics company. Prior to 1999, he was Senior Vice President -- Sales and Product Management -- Americas, for Thomson S.A.

MARY PATRICIA RYAN has served as Executive Vice President, Marketing, since June 2002. From September 1999 to June 2002, Ms. Ryan was Executive Vice President, Worldwide Marketing, of IMAX, Ltd., one of the world's leading film and digital imaging technology companies. From September 1998 to July 1999, she was Executive Vice President, Marketing, of Lifetime Entertainment Services, a cable television network, and prior to that she was Executive Vice President, Marketing and Programming, of U.S. Satellite Broadcasting Company, the satellite television service that was acquired by DirecTV in 1999.

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

<Page>

operator, including as its Corporate Assistant Treasurer, Vice President of Global Risk Management, and Chief Financial Officer of its operations in Japan and Singapore.

Mr. Scelfo has resigned as our Executive Vice President and Chief Financial Officer effective April 6, 2003. In connection with his resignation, we entered into an agreement with Mr. Scelfo terminating his existing employment agreement. As part of this agreement, Mr. Scelfo agreed, among other things, to consult with us at such times as we reasonably request during the eighteen-month period following his resignation. For his agreement to provide such services, we have agreed to pay Mr. Scelfo an aggregate of $302,500 over an eighteen-month period.

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.

MICHAEL S. LEDFORD has served as Executive Vice President, Engineering, since December 2002 and served as Senior Vice Engineering, Engineering, from September 2001 until December 2002. 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.

DAVID MARGOLESE has served as Chairman of our board of directors since August 1993, and as a director since August 1991. From August 1993 to October 2001, Mr. Margolese served as our Chief Executive Officer. Prior to his involvement with us, Mr. Margolese proposed and co-founded Cantel Inc., Canada's national cellular telephone carrier, which was acquired by Rogers Communications Inc. in 1989, and Canadian Telecom Inc., Canada's national paging company, serving as that company's president until its sale in 1987. Mr. Margolese has been inducted into NASA's Space Technology Hall of Fame and was nominated by Harvard Business School as Entrepreneur of the Year in 1999.

LEON D. BLACK has been a director since June 2001. Mr. Black is one of the founding principals of Apollo Advisors, L.P. and Lion Advisors, L.P., which manage investment capital on behalf of institutions. He is also the founder of Apollo Real Estate Advisors, L.P. From 1977 to 1990, Mr. Black worked at Drexel Burnham Lambert Incorporated, where he served as Managing Director, head of the Mergers & Acquisitions Group and co-head of the Corporate Finance Department. Mr. Black is a director of Sequa Corporation, United Rentals, Inc., Allied Waste Industries, Inc., AMC Entertainment Inc. and Wyndham International, Inc. Mr. Black is a trustee of The Museum of Modern Art, Mt. Sinai Hospital, The Metropolitan Museum of Art, Lincoln Center for The Performing Arts, Prep for Prep, The Jewish Museum, the Asia Society and the Vail Valley Foundation.

LAWRENCE F. GILBERTI has been a director since September 1993 and served as our Secretary from November 1992 until May 1998. Since December 1992, he has been the Secretary and sole director, and from December 1992 to September 1994 was the President of Satellite CD Radio, Inc., our subsidiary which holds our FCC license. Since June 2000, Mr. Gilberti has been a partner in the law firm of Reed Smith LLP; from May 1998 through May 2000, he was of counsel to that firm. From August 1994 to May 1998, Mr. Gilberti was a partner in the law firm of Fischbein Badillo Wagner & Harding. Mr. Gilberti provided legal services to us from 1992 until 2001.

JAMES P. HOLDEN has been a director since August 2001. From October 1999 until November 2000, Mr. Holden was the President and Chief Executive Officer of DaimlerChrysler Corporation, a subsidiary of DaimlerChrysler AG, one of the world's largest automakers. Prior to being appointed President in 1999, Mr. Holden held numerous senior positions within Chrysler Corporation during his 19-year career at the company.

PETER G. PETERSON has been a director since June 2001. Mr. Peterson has been chairman of The Blackstone Group L.P., an investment bank, since 1985. Prior to his involvement with Blackstone, Mr. Peterson served as chairman and chief executive officer of Lehman Brothers, Kuhn, Loeb, Inc., the investment bank, for eleven years. He was Secretary of Commerce in 1972 and 1973 after serving as Assistant to the President for International Economic Affairs and Executive Director of the Council on Economic Policy in 1971 and 1972. Prior to his government service, Mr. Peterson was with Bell & Howell Company for thirteen years, beginning as an executive vice president and director and later as chief executive officer. Mr. Peterson is a director of Sony Corp. He is chairman of the board of The Federal Reserve Bank of New York, the Council on Foreign Relations and Institute for International Economics, founding president of The Concord Coalition and a trustee of the Committee for Economic Development, the National Bureau of Economic Research and The Museum of Modern Art. Mr. Peterson has been a director of 3M, RCA, General Foods, Federated Department Stores, Continental Group, Black & Decker and Cities Services.

JOSEPH V. VITTORIA has been a director since April 1998. From 1997 until February 2000, Mr. Vittoria was Chairman and Chief Executive Officer of Travel Services International, Inc., a travel services distributor. Mr. Vittoria has served as a member of the Board of Overseers of Columbia Business School since 1988. From September 1987 to February 1997, Mr. Vittoria was the Chairman and Chief Executive Officer of Avis Inc., one of the world's largest rental car

companies. Mr. Vittoria is a director of ResortQuest International, Inc. and is Chairman of Transmedia Asia Pacific, Inc. and Puradyn Filter Technologies, Inc.

We expect that Messrs. David Margolese and Joseph V. Vittoria will resign and our board of directors will appoint two directors, selected by the informal creditors committee that negotiated with us the principal terms of our recapitalization, to fill those vacancies. The informal creditors committee has not yet notified us of the identities of those two directors.

EMPLOYMENT AGREEMENTS

We are a party to an employment agreement with Joseph P. Clayton, Guy D. Johnson, Mary Patricia Ryan, Patrick L. Donnelly and Michael S. Ledford.

EMPLOYMENT AGREEMENT WITH JOSEPH P. CLAYTON

On November 26, 2001, we entered into an employment agreement with Joseph P. Clayton to serve as our President and Chief Executive Officer for three years. This agreement provides for an annual base salary of $600,000, subject to increase from time to time by our board of directors. We have also agreed to reimburse Mr. Clayton for the reasonable costs of an apartment in New York City and for the reasonable costs of commercial travel to and from his home in Rochester, New York, to our headquarters in New York City. In connection with this agreement, we agreed to grant Mr. Clayton options to purchase 3,000,000 shares of our common stock at an exercise price of $5.25 per share. 1,500,000 of these options are issued and exercisable. The remaining options will be issued and become exercisable in increments of 750,000 on November 26, 2003 and November 26, 2004.

Under the terms of this agreement, if Mr. Clayton's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), then he is entitled to receive a lump sum amount equal to (1) his base salary in effect from the termination date through December 31, 2004 and (2) any annual bonuses, at a level equal to 75% of his base salary, that would have been customarily paid during the period from the termination date through December 31, 2004; provided that in no event shall this amount be less than 1.75 times his base salary. In the event Mr. Clayton's employment is terminated without cause or he terminates his employment for good reason, we are also obligated to continue his medical and life insurance benefits until December 31, 2004.

If, following the occurrence of a 'change of control,' Mr. Clayton is terminated without cause or he terminates his employment for good reason, we are obligated to pay to Mr. Clayton an

amount equal to 5.25 times his base salary and continue his medical and life insurance benefits until the third anniversary of his termination date. If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Clayton to pay an excise tax under the United States Internal Revenue Code on any amounts received by him, we have agreed to pay Mr. Clayton the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed. Under the terms of the employment agreement, Mr. Clayton may not disclose any of our proprietary information or, during his employment with us and for three years thereafter, engage in any business involving the transmission of radio entertainment programming in North America.

EMPLOYMENT AGREEMENT WITH GUY D. JOHNSON

On January 7, 2002, we entered into an employment agreement with Guy D. Johnson to serve as our Executive Vice President, Sales and Marketing, for three years. This agreement provides for an annual base salary of $400,000, subject to increase from time to time by our board of directors. We have also agreed to reimburse Mr. Johnson for his living expenses in New York City, up to $6,000 per month, and for the reasonable costs of commercial travel to and from his home in British Columbia to our headquarters in New York City. In connection with this agreement, we agreed to grant Mr. Johnson options to purchase 500,000 shares of our common stock at an exercise price of $9.46 per share. Options with respect to 250,000 of these shares are currently exercisable. The remaining options become exercisable in increments of 125,000 on January 7, 2004 and January 7, 2005. We also granted Mr. Johnson 100,000 restricted shares of common stock. Mr. Johnson forfeited 34,000 of these shares on January 7, 2003 because the average price of our common stock during the twenty trading days preceding January 7, 2003 failed to equal or exceed $15.00, the performance target established by our board of directors for vesting of these shares. The restrictions applicable to 33,000 of these shares will lapse on January 7, 2004

if the average price of our common stock on the twenty trading days preceding January 7, 2004 equals or exceeds $20.00; and the restrictions applicable to the remaining 33,000 shares will lapse on January 7, 2005 if the average price of our common stock on the twenty trading days preceding January 7, 2005 equals or exceeds $25.00. Any shares of restricted stock which do not vest on January 7, 2004 or January 7, 2005 will be forfeited.

Under the terms of this agreement, if Mr. Johnson's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), then he is entitled to receive a lump sum amount equal to (1) his base salary in effect from the termination date through January 6, 2005 and (2) any annual bonuses, at a level equal to 75% of his base salary, that would have been customarily paid during the period from the termination date through January 6, 2005; provided that in no event shall this amount be less than 1.00 times his base salary. In the event Mr. Johnson's employment is terminated without cause or he terminates his employment for good reason, we are also obligated to continue his medical and life insurance benefits until January 6, 2005.

If, following the occurrence of a 'change of control,' Mr. Johnson is terminated without cause or he terminates his employment for good reason, we are obligated to pay to Mr. Johnson an amount equal to 1.75 times his base salary and continue his medical and life insurance benefits until the third anniversary of his termination date. If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Johnson to pay an excise tax under the United States Internal Revenue Code on any amounts received by him, we have agreed to pay Mr. Johnson the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed.

Under the terms of the agreement, Mr. Johnson may not disclose any of our proprietary information or, during his employment with us and for two years thereafter, engage in any business involving the transmission of radio entertainment programming in North America.

EMPLOYMENT AGREEMENT WITH MARY PATRICIA RYAN

On May 3, 2002, we entered into an employment agreement with Mary Patricia Ryan to serve as our Executive Vice President, Marketing, for three years. This agreement provides for an annual

base salary of $320,000, subject to increase from time to time by our board of directors. Under this agreement, we paid Ms. Ryan a $25,000 starting bonus. In connection with this agreement, we also granted Ms. Ryan options to purchase 240,000 shares of our common stock at an exercise price of $3.67 per share. Options with respect to 60,000 of these shares became exercisable upon execution of the agreement and the remaining options become exercisable in increments of 60,000 on June 10, 2003, June 10, 2004 and June 10, 2005.

Under the terms of this agreement, if Ms. Ryan's employment is terminated without cause or she terminates her employment for good reason (as defined in the employment agreement), we are obligated to pay Ms. Ryan an amount equal to the sum of her annual salary and the annual bonus last paid to her.

If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Ms. Ryan to pay an excise tax under the United States Internal Revenue Code on any amounts received by her, we have agreed to pay Ms. Ryan the amount of such taxes and such additional amount as may be necessary to place her in the exact same financial position that she would have been in if the excise tax was not imposed.

Under the terms of the agreement, Ms. Ryan may not disclose any of our proprietary information or, during her employment with us and for two years thereafter (or one year thereafter if Ms. Ryan's employment is terminated without cause or she terminates her employment for good reason), enter into the employment of, render services to, or otherwise assist our competitors.

EMPLOYMENT AGREEMENT WITH PATRICK L. DONNELLY

We have entered into an employment agreement with Patrick L. Donnelly to serve as our Executive Vice President, General Counsel and Secretary until March 28, 2004. Pursuant to this agreement, we pay Mr. Donnelly an annualized base salary of $345,000 per year.

Under the terms of this agreement, if Mr. Donnelly's employment is terminated without cause or he terminates his employment for good reason (as

defined in the employment agreement), we are obligated to pay Mr. Donnelly an amount equal to the sum of his annual salary and the annual bonus last paid to him.

If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Donnelly to pay an excise tax under the United States Internal Revenue Code on any amounts received by him, we have agreed to pay Mr. Donnelly the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed.

Under the terms of the agreement, Mr. Donnelly may not disclose any of our proprietary information or, during his employment with us and for two years thereafter (or one year thereafter if Mr. Donnelly's employment is terminated without cause or he terminates his employment for good reason), enter into the employment of, render services to, or otherwise assist our competitors.

EMPLOYMENT AGREEMENT WITH MICHAEL S. LEDFORD

On August 29, 2001, we entered into an employment agreement with Michael S. Ledford to serve as our Executive Vice President, Engineering, for three years. This agreement provides for an annual base salary of $340,000, subject to increase from time to time by our board of directors. In connection with this agreement, we granted Mr. Ledford options to purchase 300,000 shares of our common stock at an exercise price of $4.00 per share. These options become exercisable in increments of 100,000 shares on September 17, 2002, September 17, 2003 and September 17, 2004. We also granted Mr. Ledford 50,000 restricted shares of common stock. The restrictions applicable to these shares of common stock lapse on September 17, 2002, September 17, 2003, September 17, 2004 and September 17, 2005 in equal increments of 12,500 shares.

Under the terms of this agreement, if Mr. Ledford's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), we are obligated to pay Mr. Ledford an amount equal to his annual salary.

If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Ledford to pay an excise tax under the United States Internal Revenue Code on any

amounts received by him, we have agreed to pay Mr. Ledford the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed.

Under the terms of the agreement, Mr. Ledford may not disclose any of our proprietary information or, during his employment with us and for two years thereafter (or one year thereafter if Mr. Ledford's employment is terminated without cause or he terminates his employment for good reason), enter into the employment of, render services to, or otherwise assist our competitors.

BOARD GOVERNANCE AND OPERATIONS

The business and affairs of our company are managed by or under the direction of our board of directors. Our board includes a majority of non-employee directors.

Your board reaffirms its accountability to stockholders through the annual election process. All directors stand for election annually.

Your board reviews and ratifies senior management selection and compensation, monitors overall corporate performance and ensures the integrity of our financial controls. Our board of directors also oversees our strategic and business planning processes.

MEETINGS OF THE BOARD OF DIRECTORS

During the year ended December 31, 2002, there were thirteen meetings of our board of directors, and the board took action twice by written consent in lieu of meetings. Each director attended more than 90% of the total number of meetings of the board and meetings held by all committees on which he served.

COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors maintains three standing committees, an Audit Committee, a Compensation Committee and a Finance Committee. The Finance

Committee was established by our board of directors on August 27, 2002. The board of directors does not maintain a Nominating Committee.

The following table shows the present members of each committee, the number of committee meetings held during 2002 and the functions performed by each committee:

<Table>
<Caption>

COMMITTEE	FUNCTIONS
<S>	<C>
AUDIT Meetings: Four Members: Joseph V. Vittoria* Lawrence F. Gilberti James P. Holden	Selects our independent auditors Reviews reports of independent auditors Reviews and approves the scope and cost of all services (including non-audit services) provided by the firm selected to conduct the audit Monitors the effectiveness of the audit process Reviews adequacy of financial and operating controls Monitors corporate compliance program
COMPENSATION Meetings: Eight Members: Lawrence F. Gilberti* Peter G. Peterson Joseph V. Vittoria	Reviews and approves salaries and other compensation matters for executive officers Administers stock option program, including grants of options to executive officers under our stock option plans
FINANCE Meetings: One Members: James P. Holden* Lawrence F. Gilberti Peter G. Peterson	Reviews and approves operating and capital budgets Assists in identifying and implementing means to reduce operating and capital expenditures and increase and enhance profitability and cash flows

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* Chairperson

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DIRECTORS' COMPENSATION

In October 2001, we entered into an agreement with Mr. Margolese relating to his continuing responsibilities as non-executive Chairman of our board of directors. Mr. Margolese receives, at the discretion of our board of directors, $50,000 per year for serving as non-executive Chairman of our board of directors.

Mr. Clayton receives no additional compensation for serving on our board of directors.

Each non-employee director, including Mr. Margolese, is entitled to receive options to purchase 10,000 shares of common stock on the business day following our annual meeting of stockholders. The exercise price for such options is the fair market value of our common stock on the date of grant. For the year ended December 31, 2002, each director waived his right to receive stock options for service on our board of directors.

Non-employee directors are also reimbursed for reasonable travel expenses incurred in attending meetings of our board of directors and its committees.

ITEM 11. EXECUTIVE COMPENSATION

The table below shows the compensation for the last three years for our President and Chief Executive Officer and the five next highest paid executive officers at December 31, 2002.

SUMMARY COMPENSATION TABLE

<Table>
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		ANNUAL COMPENSATION				LONG-TERM COMPENSATION	
NAME AND PRINCIPAL POSITION	YEAR	SALARY $	BONUS $	OTHER ANNUAL COMPENSATION $	RESTRICTED STOCK AWARDS $	NUMBER OF SECURITIES UNDERLYING OPTIONS #	ALL OTHER COMPENSATION(1) $
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Joseph P. Clayton(2)	2002	600,000	300,000	49,372(9)	--	750,000	8,250
President and Chief Executive Officer	2001	61,538	--	--	--	750,000	--
	2000	--	--	--	--	--	--
Guy D. Johnson(3)	2002	394,103	200,000	103,701(9)	915,000(11)	500,000	8,250
Executive Vice President, Sales and	2001	--	--	--	--	--	--
Marketing	2000	--	--	--	--	--	--
Mary Patricia Ryan(4)	2002	178,256	185,000(7)	--	--	240,000	--
Executive Vice President, Marketing	2001	--	--	--	--	--	--
	2000	--	--	--	--	--	--
John J. Scelfo(5)	2002	345,000	172,500	--	--	100,000	8,250
Executive Vice President and Chief	2001	225,000	225,000	--	--	300,000	10,500
Financial Officer	2000	--	--	--	--	--	--
Patrick L. Donnelly	2002	345,000	172,500	--	--	--	8,250
Executive Vice President, General	2001	325,000	225,000	--	--	100,000	10,500
Counsel and Secretary	2000	310,417	323,000(8)	--	--	75,000	10,500
Michael S. Ledford(6)	2002	340,000	170,000	14,601(10)	--	--	8,250
Executive Vice President, Engineering	2001	99,167	100,000	--	200,000(12)	300,000	--
	2000	--	--	--	--	--	--

</Table>

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(1) Represents matching contributions by us under our 401(k) Savings Plan. These amounts were paid in the form of common stock.

(2) Mr. Clayton became an executive officer in November 2001.

(3) Mr. Johnson became an executive officer in January 2002.

(4) Ms. Ryan became an executive officer in June 2002.

(5) Mr. Scelfo became an executive officer in April 2001 and has resigned as an executive officer effective April 6, 2003.

(6) Mr. Ledford became an executive officer in September 2001.

(7) Bonus amount includes $160,000 paid to Ms. Ryan as part of our 2003 bonus program and a $25,000 bonus paid to Ms. Ryan following execution of her employment agreement.

(8) In addition, Mr. Donnelly was paid a bonus in 2000 of $290,000.

(9) Represents amounts reimbursed to Mr. Clayton and Mr. Johnson for temporary living expenses in accordance with their respective employment agreements. In the case of Mr.

Johnson, the amount also includes $48,541 paid to reimburse him for certain taxes he may be required to pay.

(10) Represents gross proceeds received by Mr. Ledford on the sale of 12,500 restricted shares of common stock. The restrictions applicable to these shares of stock lapsed on September 17, 2002.

(11) On January 7, 2002, we granted Mr. Johnson 100,000 restricted shares of our common stock. The restrictions applicable to these shares of common stock lapse in increments of 34,000 on January 7, 2003, if the average closing price of our common stock equals or exceeds $15.00 per share; 33,000 on January 7, 2004, if the average closing price

(footnotes continued on next page)

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of our common stock equals or exceeds $20.00 per share; and 33,000 on January 7, 2005, if the average closing price of our common stock equals or exceeds $25.00 per share. Amount represents the value of the restricted stock (calculated by multiplying the closing price of our common stock on January 7, 2002, $9.15 per share, by the number of shares awarded, 100,000) awarded Mr. Johnson as of January 7, 2002. On December 31, 2002, these restricted shares of our common stock had an aggregate value of $64,000 (calculated by multiplying the closing price of our common stock on December 31, 2002, $0.64 per share, by the number of shares awarded, 100,000). Mr. Johnson forfeited 34,000 of these restricted shares of common stock on January 7, 2003 because the average price of our common stock during the twenty trading days preceding January 7, 2003 was less than $15.00, the performance target established by our board of directors for vesting these shares.

(12) On September 17, 2001, we granted Mr. Ledford 50,000 restricted shares of our common stock. The restrictions applicable to these shares of common stock lapse in equal increments over four years. Amount represents the value of the restricted stock (calculated by multiplying the closing price of our common stock on September 17, 2001, $4.00 per share, by the number of shares awarded, 50,000) awarded Mr. Ledford as of September 17, 2001. On December 31, 2002, these restricted shares of our common stock had an aggregate value of $24,000 (calculated by multiplying the closing price of our common stock on December 31, 2002, $0.64 per share, by the number of shares that remain restricted at December 31, 2002, 37,500). The restrictions applicable to 12,500 shares of restricted stock awarded to Mr. Ledford on September 17, 2001 lapsed on September 17, 2002.

The following table sets forth certain information for the fiscal year ended December 31, 2002, with respect to options granted to individuals named in the summary compensation table above.

OPTION GRANTS IN LAST FISCAL YEAR

<Table>
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	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATE OF STOCK PRICE APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF SHARES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES	EXERCISE PRICE ($/SHARE)	EXPIRATION DATE	5% ($)	10% ($)
<S>	<C>	<C>	<C>	<C>	<C>	<C>

Joseph P. Clayton(1).....	750,000	23.1	5.25	11/26/2012	2,476,273	6,275,361
Guy D. Johnson(2).....	500,000	15.4	9.46	1/7/2012	2,974,672	7,538,402
Mary Patricia Ryan.....	240,000	7.4	3.67	6/10/2012	553,930	1,403,768
John J. Scelfo.....	100,000	3.1	9.46	1/3/2012	594,934	1,507,680
Patrick L. Donnelly.....	--	--	--	--	--	--
Michael S. Ledford(2).....	--	--	--	--	--	--

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(1) Under his employment agreement, we are obligated to issue Mr. Clayton options to purchase up to 750,000 shares of our common stock at an exercise price of $5.25 per share on November 26, 2003 and November 26, 2004. These options will be exercisable on the date of grant.

(2) Does not include shares of restricted common stock granted to Mr. Ledford and Mr. Johnson.

The following table sets forth certain information with respect to the number of shares covered by both exercisable and unexercisable stock options held by the individuals named in the summary compensation table above as of December 31, 2002. Also reported are the values for 'in-the-money' stock options that represent the positive spread between the respective exercise prices of outstanding stock options and the fair market value of our common stock as of December 31, 2002 ($0.64 per share).

			NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END ($)	
NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Joseph P. Clayton(1).....	--	--	1,500,000	--	--	--
Guy D. Johnson(2).....	--	--	125,000	375,000	--	--
Mary Patricia Ryan.....	--	--	60,000	180,000	--	--
John J. Scelfo.....	--	--	325,000	75,000	--	--
Patrick L. Donnelly.....	--	--	500,000	--	--	--
Michael S. Ledford(2).....	--	--	100,000	200,000	--	--

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(1) Under his employment agreement, we are obligated to issue Mr. Clayton options to purchase up to 750,000 shares of our common stock at an exercise price of $5.25 per share on November 26, 2003 and November 26, 2004. These options will be exercisable on the date of grant.

(2) Does not include shares of restricted common stock granted to Mr. Ledford and Mr. Johnson.

The following table set forth certain information with respect to stock options held by an executive officer that were repriced during the three-year period ended December 31, 2002.

10-YEAR OPTION REPRICINGS

NAME	DATE	NUMBER OF SECURITIES UNDERLYING OPTIONS REPRICED OR AMENDED (#)	MARKET PRICE OF STOCK AT TIME OF REPRICING OR AMENDMENT ($)(1)	EXERCISE PRICE AT TIME OF REPRICING OR AMENDMENT ($)	NEW EXERCISE PRICE	LENGTH OF ORIGINAL OPTION TERM REMAINING AT DATE OF REPRICING OR AMENDMENT
Patrick L. Donnelly	April 9, 2001	110,000	$7.60	$33.50	$7.50	7 years, 1 month
Executive Vice		90,000	7.60	23.75	7.50	7 years, 11 months

President, General	125,000	7.60	30.50	7.50	8 years, 8 months
Counsel and	25,000	7.60	40.875	7.50	8 years, 9 months
Secretary	50,000	7.60	21.50	7.50	9 years, 8 months

</Table>

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(1) The revised exercise price was determined by the Compensation Committee of our board of directors based on the five day average of our common stock immediately prior to the repricing.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Gilberti, a director, is a partner in the law firm of Reed Smith LLP and has provided legal services to us from 1992 to 2002. We paid Reed Smith LLP $2,646, $3,845 and $24,462 for legal services during the years ended December 31, 2002, 2001 and 2000, respectively.

Mr. Clayton was a member of the board of directors of Global Crossing Ltd., a global internet and long distance services provider, and Good Guys Inc., a regional consumer electronics retailer. We have entered into an agreement with Global Crossing to provide us telecommunications services for monitoring our terrestrial repeater network and an agreement with Good Guys in connection with the marketing and sale of subscriptions to our service. We also have reimbursed Mr. Clayton for expenses associated with our use of an airplane that is owned by him. In accordance with procedures established by our board of directors, we reimbursed Mr. Clayton for the reasonable expenses associated with the use of this airplane in an amount not more that the costs of a similar charter aircraft. We do not expect to use this airplane in the future, except in cases where its use is expressly authorized by our board of directors.

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of our board of directors, comprised solely of directors who are not current or former employees, is responsible for overseeing and administering our compensation programs. The Compensation Committee consults with our Senior Vice President, Human Resources, and from time to time seeks the advice of Towers Perrin, independent compensation consultants retained by it. The Compensation Committee also reviews, monitors and approves executive compensation, establishes compensation guidelines for our officers, reviews projected personnel needs and administers our long-term stock incentive plan.

During 2001 and 2002, we recruited new executive management -- Joseph P. Clayton, our President and Chief Executive Officer (November 2001); Guy D. Johnson, our Executive Vice President, Sales and Marketing (January 2002); John J. Scelfo, our Executive Vice President and Chief Financial Officer (April 2001); Michael S. Ledford, our Executive Vice President, Engineering (September 2001); and Mary Patricia Ryan, our Executive Vice President, Marketing (May 2002). Members of the Compensation Committee actively participated in the process of interviewing and selecting each of these executive officers, and recommended to our board of directors approval of their compensation arrangements.

We entered into an employment agreement with each of these executive officers. A summary of these employment agreements and the employment agreement between us and Patrick L. Donnelly, our Executive Vice President, General Counsel and Secretary, is described above under the heading 'Employment Agreements'.

<Page>

COMPENSATION PHILOSOPHY

Our compensation program for executive officers consists of three key elements:

a base salary;

an annual bonus program; and

grants of stock options.

The Compensation Committee believes that this three-part approach is consistent with programs adopted by similarly situated companies and best serves the interests of our stockholders. It enables us to meet the requirements of the competitive environment in which we operate, while ensuring that executive officers are compensated in a manner that advances both the short and long-term

interests of stockholders. Under this approach, compensation for our executive officers involves a high proportion of pay that is 'at risk' -- namely, the annual bonus and the value of stock options. Stock options relate a significant portion of long-term remuneration directly to stock price appreciation realized by stockholders.

During 2002, the Compensation Committee approved a bonus plan for executive officers and other employees. Under this program, employees were awarded bonuses based upon satisfaction of the following five criteria: net subscriber activations, operating expenses, subscriber acquisition costs, customer satisfaction and employee satisfaction. The Compensation Committee assigned each of these criteria weight, and measured the achievement of these items in January 2003 based upon data certified by management. These criteria were established by the Compensation Committee after review of our business plan and budget for the year ended December 31, 2002, discussions with our management and consultation with Towers Perrin. The Compensation Committee intends to review this bonus program in 2003 and may change one or all of the parameters in its discretion.

BASE SALARIES

The base salaries paid to each of our executive officers during 2002 were paid pursuant to the written employment agreements described above under the heading 'Employment Agreements'. Changes in base salaries for our executive officers were based upon competitive salary comparisons, a subjective assessment of the nature of the position and the contribution and experience of the officer and the length of the officer's service. Compensation levels were based on competitive survey data and targeted the 50th percentile of salaries among peer companies. These peer companies were drawn from those who, in the opinion of the Compensation Committee, compete with us for talent as well as customers. The Compensation Committee did not assign any relative weight to the various factors it considered or set predetermined performance targets for purposes of these base salary determinations.

The Compensation Committee approved a base salary increase on January 1, 2002 for Mr. Scelfo from $300,000 to $345,000 and Mr. Donnelly from $325,000 to $345,000. No other executive officers received an increase in his or her base salary during 2002.

ANNUAL BONUS

In January 2003, the Committee awarded a cash bonus to Mr. Clayton of $300,000, Mr. Johnson of $200,000, Ms. Ryan of $160,000, Mr. Scelfo of $172,500, Mr. Donnelly of $172,500, and Mr. Ledford of $170,000.

The bonuses awarded for the year ended December 31, 2002 to Mr. Clayton, Mr. Johnson, Ms. Ryan, Mr. Scelfo, Mr. Donnelly and Mr. Ledford were generally determined in accordance with the criteria contained in our 2002 bonus program. The Compensation Committee does not expect to enter into agreements which provide guaranteed bonuses for our existing executive officers.

STOCK OPTIONS

We provide long-term incentives through stock options granted to our executive officers under our long-term stock incentive plan. The Compensation Committee believes that the potential for stock ownership by executives and other employees is the most effective method by which the interests of management may be aligned with those of our stockholders. The options granted

typically vest over three years, have a term of ten years and an exercise price equal to the fair market value of our common stock on the grant date or the date we commit to issue the options.

Except for options granted to Mr. Johnson and Ms. Ryan in connection with their employment agreements and the options awarded to Mr. Scelfo, the Compensation Committee did not award any of our executive officers stock options during 2002.

The Compensation Committee has authorized executive management to grant stock options to employees below the executive officer level on an annual basis according to guidelines intended to be competitive with comparable companies and to reward individual achievement appropriately. Our executive officers do not receive annual stock option grants under this program.

STOCK OPTION REPRICING

During 2002, no options held by executive officers or other employees were

repriced or otherwise amended.

COMPENSATION OF OUR CHIEF EXECUTIVE OFFICER

In November 2001, our board of directors negotiated, and we entered into, an employment agreement with Mr. Clayton, our President and Chief Executive Officer. Our board of directors engaged Towers Perrin, an independent compensation consultant, to assist it in the process of evaluating appropriate compensation for Mr. Clayton. Towers Perrin identified for the board competitive compensation arrangements against which the board measured the compensation agreed to with Mr. Clayton. Mr. Clayton's compensation fell within observed competitive practices provided by Towers Perrin.

Pursuant to Mr. Clayton's employment agreement, we issued Mr. Clayton an option to purchase up to 750,000 shares of our common stock at an exercise price of $5.25 on November 26, 2001 and November 26, 2002. These options were exercisable on the date of grant. Under his employment agreement, we are obligated to issue Mr. Clayton options to purchase up to 750,000 shares of our common stock at an exercise price of $5.25 per share on November 26, 2003 and November 26, 2004. These options will also be exercisable on the date of grant.

POLICY WITH RESPECT TO INTERNAL REVENUE CODE SECTION 162(M)

Section 162(m) of the Internal Revenue Code places a $1 million per person limitation on the tax deduction we may take for compensation paid to our Chief Executive Officer and our four other highest paid executive officers, except that compensation constituting performance-based compensation, as defined by the Internal Revenue Code, is not subject to the $1 million limit. The Compensation Committee generally intends to grant awards under our long-term stock incentive plan consistent with the terms of Section 162(m) so that such awards will not be subject to the $1 million limit. The Compensation Committee also expects to take actions in the future that may be necessary to preserve the deductibility of executive compensation to the extent reasonably practicable and consistent with other objectives of our compensation program. However, the Compensation Committee reserves the discretion to pay compensation that does not qualify for exemption under Section 162(m) where the Compensation Committee believes such action to be in our best interest.

Compensation Committee

Lawrence F. Gilberti, Chairman
Peter G. Peterson
Joseph V. Vittoria

<Page>

PERFORMANCE GRAPH

Set forth below is a graph comparing the cumulative performance of our common stock with the Standard & Poor's Composite-500 Stock Index (the 'S&P 500') and the Nasdaq Telecommunications Index from December 31, 1997 to December 31, 2002. The graph assumes that $100 was invested on December 31, 1997 in each of our common stock, the S&P 500 and the Nasdaq Telecommunications Index and that all dividends were reinvested.

[Line Graph]

<Table>
<Caption>

DATE	SIRIUS	S&P 500	NASDAQ TELECOMMUNICATIONS INDEX(1)
<S>	<C>	<C>	<C>
December 31, 1997	$100	$100	$100
December 31, 1998	$202	$128	$163
December 31, 1999	$263	$155	$331
December 31, 2000	$177	$141	$151
December 31, 2001	$ 69	$124	$ 77
December 31, 2002	$ 4	$ 97	$ 35

</Table>

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(1) The Nasdaq Telecommunications Index is a capitalization weighted index designed to measure the performance of all Nasdaq-traded stocks in the telecommunications sector, including satellite technology.

<Page>

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding beneficial ownership of our common stock as of March 26, 2003 by (1) each person known by us to be the beneficial owner of more than 5% of our outstanding common stock, (2) each of our directors, (3) each of our executive officers and (4) all directors and executive officers as a group. Except as otherwise indicated, we believe that the beneficial owners of the common stock listed below, based on information furnished by these owners, have sole investment and voting power with respect to these shares, except as otherwise provided by community property laws where applicable.

<Table>
<Caption>

NAME AND ADDRESS OF BENEFICIAL OWNER OF COMMON STOCK(1)	SHARES BENEFICIALLY OWNED AS OF MARCH 26, 2003	
	NUMBER	PERCENT(2)
<S>	<C>	<C>
OppenheimerFunds, Inc.(3)	225,443,878	24.7%
Atlas Global Growth Fund Clarington Global Equity Fund Security Benefit Life Global Series Fund Security Benefit Life Worldwide Equity Series D/VA CUNA Global Series Fund/VA JNL/Oppenheimer Global Growth Series VA Oppenheimer Global Fund Oppenheimer Global Securities Fund/VA Oppenheimer Global Growth & Income Fund 498 Seventh Avenue New York, New York 10018		
Apollo Investment Fund IV, L.P.(4)	162,986,042	17.0%
Apollo Overseas Partners IV, L.P. Two Manhattanville Road Purchase, New York 10577		
Blackstone Management Associates III L.L.C.(5)	103,413,764	10.8%
345 Park Avenue New York, New York 10154		
Lehman Brothers Holdings Inc.(6)	91,271,823	10.0%
Lehman Brothers Inc. Lehman Commercial Paper Inc. 745 Seventh Avenue New York, New York 10019		
Continental Casualty Company(7)	54,632,378	6.0%
333 South Wabash Avenue Chicago, Illinois 60685		
David Margolese(8)	6,300,000	*
Joseph P. Clayton(9)	1,663,124	*
Guy D. Johnson(10)	359,890	*
Leon D. Black(11)	--	*
Lawrence F. Gilberti(12)	65,000	*
James P. Holden(13)	40,000	*
Peter G. Peterson(14)	--	*
Joseph V. Vittoria(15)	65,000	*
Patrick L. Donnelly(16)	508,086	*
Michael S. Ledford(17)	138,900	*
John J. Scelfo(18)	412,069	*
Mary Patricia Ryan(19)	64,000	*
All Executive Officers and Directors as a Group (12 persons)(20)	9,616,070	1.0%

</Table>

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* Less than one percent.

(footnotes continued on next page)

<Page>

(footnotes continued from previous page)

(1) This table is based upon information supplied by directors, officers and principal stockholders. Unless otherwise indicated, the address of the beneficial owner is Sirius Satellite Radio Inc., 1221 Avenue of the Americas, 36th Floor, New York, New York 10020.

(2) Determined as provided by Rule 13d-3 under the Exchange Act. Under this rule, a person is deemed to be the beneficial owner of securities that can be acquired by this person within 60 days from the date of determination upon the exercise of options, and each beneficial owner's percentage ownership is determined by assuming that options that are held by this person (but not those held by any other person) and that are exercisable within 60 days from the date of determination have been exercised.

(3) This information is based upon a letter dated October 16, 2002 from Oppenheimer to us.

(4) Represents 117,569,352 shares of our common stock and warrants to purchase an additional 45,416,690 shares of our common stock.

(5) Represents 61,253,340 shares of our common stock and warrants to purchase an additional 42,160,424 shares of our common stock.

(6) This information is based upon a Form 4 dated March 19, 2003 filed by Lehman Brothers Holdings Inc. Represents 89,171,823 shares of our common stock and warrants to purchase an additional 2,100,000 shares of our common stock.

(7) This information is based upon information contained in the Lock-Up Agreement, dated as of October 17, 2002, among Sirius Satellite Radio Inc., Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., Blackstone CCC Capital Partners, L.P., Blackstone CCC Offshore Capital Partners, L.P., Blackstone Family Investment Partnership III L.P., LJH Partners, LP, Robert C. Fanch Revocable Trust, BCI Investments II, LLC, Space Systems/Loral, Inc., Lehman Commercial Paper Inc. and certain holders 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.

(8) Includes 4,700,000 shares of common stock issuable under stock options that are exercisable within 60 days and 1,600,000 shares owned by Mr. Margolese.

(9) Represents 1,500,000 shares of common stock issuable under stock options exercisable within 60 days, 3,124 shares of common stock acquired under our 401(k) Plan and 160,000 shares beneficially owned by Mr. Clayton.

(10) Includes 35,000 shares owned by Mr. Johnson, 66,000 restricted shares of common stock, 8,890 shares of common stock acquired under our 401(k) Plan and 250,000 shares of common stock issuable under stock options exercisable within 60 days. Does not include 250,000 shares issuable under stock options that are not exercisable within 60 days.

(11) Mr. Black is the founding partner of Apollo Management, L.P., an affiliate of Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. Mr. Black disclaims beneficial ownership of all shares of our common stock in excess of his pecuniary interest, if any.

(12) Represents 65,000 shares of common stock issuable under stock options exercisable within 60 days.

(13) Represents 40,000 shares of common stock issuable under stock options exercisable within 60 days.

(14) Mr. Peterson is the founder and chairman of The Blackstone Group L.P. Mr. Peterson disclaims beneficial ownership of all shares of our common stock owned by Blackstone and its affiliated funds.

(15) Represents 65,000 shares of common stock issuable under stock options exercisable within 60 days.

(16) Includes 8,086 shares of common stock acquired under our 401(k) Plan and 500,000 shares of common stock issuable under stock options exercisable within 60 days.

(17) Includes 37,500 restricted shares of common stock, 1,400 shares of common stock acquired under our 401(k) Plan and 100,000 shares of common stock issuable under stock options exercisable within 60 days. Does not include 200,000 shares issuable under stock options that are not exercisable within 60 days.

(18) Includes 5,000 shares of common stock owned by Mr. Scelfo, 7,069 shares of common stock acquired under our 401(k) Plan and 400,000 shares of common stock issuable under stock options exercisable within 60 days.

(19) Includes 60,000 shares of common stock issuable under stock options exercisable within 60 days and 4,000 shares of common stock acquired under our 401(k) Plan. Does not include 180,000 shares issuable under stock options that are not exercisable within 60 days.

(20) Includes 7,680,000 shares of common stock issuable under stock options exercisable within 60 days. Does not include 630,000 shares issuable under stock options that are not exercisable within 60 days.

Securities Authorized for Issuance under Equity Compensation Plans. The following table sets forth information as of December 31, 2002 regarding the number of shares of our common stock to be issued under outstanding options, warrants or rights, the weighted average exercise price of such outstanding options, warrants or rights, and the securities remaining available for issuance under our equity compensation plans that have been approved and not approved by our security holders.

<Page>

EQUITY COMPENSATION PLAN INFORMATION

<Table>
<Caption>

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS OR RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS OR RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS(2)
<S>	<C>	<C>	<C>
Equity compensation plans approved by security holders(1).....	13,341,339	$12.16	4,170,655
Equity compensation plans not approved by security holders....	--	--	--
Total.....	13,341,339	$12.16	4,170,655

</Table>

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(1) Our stockholders have approved the Sirius Satellite Radio 1999 Long-Term Stock Incentive Plan, our Amended and Restated 1994 Stock Option Plan and our Amended and Restated 1994 Directors' Nonqualified Stock Option Plan. The information does not include any options, warrants or rights that may be issued, and are issuable, under the Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan, which was approved by our stockholders on March 4, 2003.

(2) The number of securities available for issuance under Sirius Satellite Radio 1999 Long-Term Stock Incentive Plan is equal to 15% of the sum of: (i) the issued and outstanding shares of common stock (other than shares issued upon exercise of stock options by employees or directors pursuant to the plan, our Amended and Restated 1994 Stock Option Plan, our Amended and Restated 1994 Director's Nonqualified Stock Option Plan or otherwise); (ii) any shares of common stock which are issuable as a result of any conversion, exchange or exercise of any preferred stock, warrant or other security of the company which is outstanding on the date of determination; and (iii) the shares of common stock which have been issued or are issuable to employees, consultants and directors pursuant to the plan, our Amended and Restated 1994 Stock Option Plan and our Amended and Restated 1994 Directors' Nonqualified Stock Option Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Mr. Gilberti, a director, is a partner in the law firm of Reed Smith LLP and has provided legal services to us from 1992 to 2002. We paid Reed Smith LLP $2,646, $3,845 and $24,462 for legal services during the years ended December 31, 2002, 2001 and 2000, respectively.

During 2002, we reimbursed Mr. Clayton for expenses associated with our use of an airplane that is owned by him. In accordance with procedures established by our board of directors, we reimbursed Mr. Clayton for the reasonable expenses associated with the use of this airplane in an amount not more than the costs of a similar charter aircraft. We do not expect to use this airplane in the future,

except in cases where its use is expressly authorized by our board of directors.

Leon D. Black, a member of our board of directors, is also one of the founding principals of Apollo Advisors, IV, L.P., an affiliate of one of our large investors. Peter G. Peterson, a member of our board of directors, is also the chairman of The Blackstone Group L.P., an affiliate of one of our large investors.

ITEM 14. CONTROLS AND PROCEDURES

As of December 31, 2002, an evaluation was performed under the supervision and with the participation of our management, including Joseph P. Clayton, our President and Chief Executive Officer, and John J. Scelfo, our Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure and control procedures. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of December 31, 2002.

There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to December 31, 2002.

ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the fees billed to us by Ernst & Young, our independent auditor as of and for the year ended December 31, 2002:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Audit fees	$397,030	$ --
Audit-related fees	15,000	--
Tax fees	59,840	--
All other fees	29,100	109,854
	$500,970	$109,854

</Table>

<Page>

AUDIT FEES

Audit fees billed by Ernst & Young related to the following services: (i) audit of our annual consolidated financial statements as of and for the year ended December 31, 2002; (ii) review of our interim consolidated financial statements included in our Quarterly Reports on Form 10-Q for the periods ended March 31, June 30 and September 30, 2002; (iii) attest services and the provision of comfort letters; (iv) the provision of consents; and (v) review and advice in respect of accounting matters in connection with our recapitalization.

AUDIT-RELATED FEES

Audit-related fees billed by Ernst & Young related to the audit of our 401(k) Plan financial statements.

TAX FEES

Tax fees billed by Ernst & Young related to the following services: (i) tax compliance; (ii) tax planning; and (iii) tax advice in connection with our recapitalization.

ALL OTHER FEES

Other fees billed by Ernst & Young related to: (i) the administrative and consulting services in connection with our 401(k) Plan; and (ii) advisory services in associated with our stock option plans.

The following table sets forth the fees billed to us by Andersen, our independent accountant as of and for the year ended December 31, 2001:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Audit fees	$ --	$275,750
Audit-related fees	--	16,000
Tax fees	146,000	534,425
All other fees	--	64,006
	146,000	890,181

</Table>

AUDIT FEES

Audit fees billed by Andersen related to the following services: (i) audit of our consolidated financial statements as of and for the year ended December 31, 2001; (ii) review of our interim consolidated financial statements included in our Quarterly Reports on Form 10-Q for the periods ended March 31, June 30, September 30, 2001; (iii) attest services and provision of comfort letters; and (iv) provision of consents.

AUDIT-RELATED FEES

Audit-related fees billed by Andersen related to the audit of our 401(k) Plan financial statements.

TAX FEES

Tax fees billed by Andersen related to the following services: (i) tax compliance; (ii) tax planning; and (iii) tax advice.

ALL OTHER FEES

All other fees billed by Andersen related to consulting services provided during the implementation of our financial and informational reporting systems.

<Page>

PART IV

ITEM 16. 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.

(3) Exhibits

See Exhibit Index appearing on pages E-1 through E-3 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

On October 24, 2002, we filed a Current Report on Form 8-K to report that our board of directors had extended the expiration date of the preferred stock purchase rights issued pursuant to our Rights Agreement, dated as of October 22, 1997, with The Bank of New York from October 22, 2002 to May 1, 2003. A copy of the related Amendment to Rights Agreement was filed as an exhibit to such Current Report on Form 8-K.

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.

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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 28th day of March, 2003.

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>
<Caption>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ DAVID MARGOLESE (DAVID MARGOLESE)	Chairman of the Board of Directors and Director	March 28, 2003
/s/ JOSEPH P. CLAYTON (JOSEPH P. CLAYTON)	President and Chief Executive Officer and Director (Principal Executive Officer)	March 28, 2003
/s/ JOHN J. SCELFO (JOHN J. SCELFO)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 28, 2003
/s/ EDWARD WEBER, JR. (EDWARD WEBER, JR.)	Vice President and Controller (Principal Accounting Officer)	March 28, 2003
/s/ LEON D. BLACK (LEON D. BLACK)	Director	March 28, 2003
/s/ LAWRENCE F. GILBERTI (LAWRENCE F. GILBERTI)	Director	March 28, 2003
/s/ JAMES P. HOLDEN (JAMES P. HOLDEN)	Director	March 28, 2003
/s/ PETER G. PETERSON (PETER G. PETERSON)	Director	March 28, 2003
/s/ JOSEPH V. VITTORIA (JOSEPH V. VITTORIA)	Director	March 28, 2003

</Table>

<Page>

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Joseph P. Clayton, the Chief Executive Officer of Sirius Satellite Radio Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Sirius Satellite Radio Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the 'Evaluation Date'); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

By: /S/ JOSEPH P. CLAYTON
.....
JOSEPH P. CLAYTON
PRESIDENT AND CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

March 28, 2003

<Page>

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John J. Scelfo, the Chief Financial Officer of Sirius Satellite Radio Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Sirius Satellite Radio Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary

to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the 'Evaluation Date'); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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

March 28, 2003

<Page>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<Table>

</Table>

<Page>

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheet of Sirius Satellite Radio Inc. and Subsidiary (the 'Company') as of December 31, 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. 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 audit. The consolidated financial statements of the Company as of December 31, 2001 and for each of the years ended December 31, 2001 and 2000 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those consolidated financial statements in their report dated March 26, 2002.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2002 and the consolidated results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

New York, New York
February 7, 2003, except for Note 2,
as to which the date is March 17, 2003

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THIS IS A COPY OF THE AUDIT REPORT PREVIOUSLY ISSUED BY ARTHUR ANDERSEN LLP IN CONNECTION WITH THE FILING OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2001. THIS AUDIT REPORT HAS NOT BEEN REISSUED BY ARTHUR ANDERSEN LLP IN CONNECTION WITH THE FILING OF THIS ANNUAL REPORT ON FORM 10-K. SEE EXHIBIT 23.2 FOR FURTHER DISCUSSION.

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 audit provides 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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

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

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Revenue:			
Subscriber revenue, net of mail-in rebates	$ 623	$ --	$ --
Advertising revenue, net of agency fees	146	--	--
Other revenue	36	--	--
Total revenue	805	--	--
Operating expenses:			
Cost of services (excludes depreciation expense shown separately below):			
Satellite and transmission	39,308	31,056	12,486
Programming and content	22,728	9,836	4,848
Customer service and billing	7,862	6,572	1,027
Sales and marketing	108,385	21,566	13,992
General and administrative	30,682	28,536	19,262
Research and development	30,087	47,794	64,489
Depreciation expense	82,747	9,052	2,352
Non-cash stock compensation (benefit)/expense (1)	(7,867)	14,044	7,178
Total operating expenses	313,932	168,456	125,634
Loss from operations	(313,127)	(168,456)	(125,634)
Other income (expense):			
Debt restructuring	(8,448)	--	--
Gain on extinguishment of debt	--	5,313	--
Interest and investment income	5,257	17,066	24,485
Interest expense, net of amounts capitalized	(106,163)	(89,686)	(33,595)
Total other income (expense)	(109,354)	(67,307)	(9,110)
Net loss	(422,481)	(235,763)	(134,744)
Preferred stock dividends	(45,300)	(41,476)	(39,811)
Preferred stock deemed dividends	(685)	(680)	(8,260)
Accretion of dividends in connection with the issuance of warrants on preferred stock	--	--	(900)
Net loss applicable to common stockholders	$(468,466)	$(277,919)	$(183,715)
Net loss per share applicable to common stockholders (basic and diluted)	$ (6.13)	$ (5.30)	$ (4.72)
Weighted average common shares outstanding (basic and diluted)	76,394	52,427	38,889

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</Table>

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(1) Allocation of non-cash stock compensation (benefit)/expense to other operating expenses:

<Table>

<S>	<C>	<C>	<C>
Satellite and transmission	$ (1,403)	$ 1,936	$ 384
Programming and content	(1,807)	2,256	910
Customer service and billing	(172)	223	17
Sales and marketing	(1,046)	2,051	271
General and administrative	(1,616)	3,831	4,406
Research and development	(1,823)	3,747	1,190
Total non-cash stock compensation (benefit)/expense	$ (7,867)	$ 14,044	$ 7,178

</Table>

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

<Page>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

<Table>
<Caption>

	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18,375	$ 4,726
Marketable securities	155,327	304,218
Restricted investments, short-term	--	14,798
Prepaid expenses	24,562	12,161
Other current assets	1,345	142
Total current assets	199,609	336,045
Property and equipment, net	1,032,874	1,082,915
FCC license	83,654	83,654
Restricted investments, long-term	7,200	7,200
Other long-term assets	17,603	17,791
Total assets	$1,340,940	$1,527,605
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 45,086	$ 39,836
Accrued interest	3,234	5,477
Current portion of long-term debt	--	15,000
Total current liabilities	48,320	60,313
Long-term debt, net of current portion	670,357	639,990
Accrued interest, net of current portion	46,914	17,201
Other long-term liabilities	7,350	2,284
Total liabilities	772,941	719,788
Commitments and contingencies:		
9.2% Series A Junior Cumulative Convertible Preferred Stock, $.001 par value: 4,300,000 shares authorized, 1,902,823 and 1,742,512 shares issued and outstanding at December 31, 2002 and 2001, respectively (liquidation preferences of $190,282 and $174,251), at net carrying value including accrued dividends	193,230	177,120

9.2% Series B Junior Cumulative Convertible Preferred Stock, $.001 par value: 2,100,000 shares authorized, 853,450 and 781,548 shares issued and outstanding at December 31, 2002 and 2001, respectively (liquidation preferences of $85,345 and $78,155), at net carrying value including accrued dividends	84,781	77,338
9.2% Series D Junior Cumulative Convertible Preferred Stock, $.001 par value: 10,700,000 shares authorized, 2,558,655 and 2,343,091 shares issued and outstanding at December 31, 2002 and 2001, respectively (liquidation preferences of $255,866 and $234,309), at net carrying value including accrued dividends	253,142	230,710
Stockholders' equity:		
Common stock, $.001 par value: 500,000,000 shares authorized, 77,454,197 and 57,455,931 shares issued and outstanding at December 31, 2002 and 2001, respectively	77	57
Additional paid-in capital	963,335	827,590
Accumulated other comprehensive income	913	--
Accumulated deficit	(927,479)	(504,998)
Total stockholders' equity	36,846	322,649
Total liabilities and stockholders' equity	$1,340,940	$1,527,605

</Table>

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

<Table>
<Caption>

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT	TOTAL
	SHARES	AMOUNT				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, December 31, 1999	28,721,041	$29	$268,641	$--	$(134,491)	$ 134,179
Net loss	--	--	--	--	(134,744)	(134,744)
Sale of $.001 par value common stock, $43.66 per share, net of expenses	2,290,322	2	99,958	--	--	99,960
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	2,134,582	2	63,265	--	--	63,267
Conversion of 10 1/2% Series C Convertible Preferred Stock, including accrued dividends	8,266,488	8	164,361	--	--	164,369
Exercise of warrants to purchase 10 1/2% Series C Convertible Preferred Stock	--	--	(4,443)	--	--	(4,443)
Exercise of warrants issued in connection with 14 1/2% Senior Secured Notes due 2009, $26.45 per share	43,344	--	627	--	--	627
Exercise of stock options, between $2.88 and $38.88 per share	623,326	1	7,819	--	--	7,820
Issuance of common stock to employees and employee benefit plans	20,282	--	1,942	--	--	1,942
Sale of common stock to employee benefit plan	8,572	--	343	--	--	343
Compensation in connection with the issuance of stock						

options	--	--	5,234	--	--	5,234
Preferred stock dividends	--	--	(39,811)	--	--	(39,811)
Preferred stock deemed dividends	--	--	(8,260)	--	--	(8,260)
Balances, December 31, 2000	42,107,957	42	559,676	--	(269,235)	290,483
Net loss	--	--	--	--	(235,763)	(235,763)
Sale of $.001 par value common stock, $21.00 per share, net of expenses	11,500,000	12	229,288	--	--	229,300
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	2,283,979	2	42,676	--	--	42,678
Acquisition of 15% Senior Secured Discount Notes due 2007	948,565	1	8,588	--	--	8,589
Exercise of stock options, between $1.00 and $26.875 per share	185,221	--	611	--	--	611
Issuance of common stock to employees and employee benefit plans	391,489	--	5,299	--	--	5,299
Sale of common stock to employee benefit plan	38,720	--	334	--	--	334
Issuance of warrants in connection with Lehman Term Loan Facility	--	--	11,879	--	--	11,879
Compensation in connection with the issuance of stock options	--	--	11,395	--	--	11,395
Preferred stock dividends	--	--	(41,476)	--	--	(41,476)
Preferred stock deemed dividends	--	--	(680)	--	--	(680)
Balances, December 31, 2001	57,455,931	57	827,590	--	(504,998)	322,649
Net loss	--	--	--	--	(422,481)	(422,481)
Unrealized gain on available-for-sale securities	--	--	--	913	--	913
Sale of $.001 par value common stock, $9.85 per share, net of expenses	16,000,000	16	147,484	--	--	147,500
Conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	2,913,483	3	39,297	--	--	39,300
Exercise of stock options, $7.50 per share	3,000	--	22	--	--	22
Issuance of common stock to employees and employee benefit plans	910,204	1	3,347	--	--	3,348
Compensation in connection with the issuance of stock options	--	--	(9,495)	--	--	(9,495)
Warrant expense associated with acquisition of programming	--	--	20	--	--	20
Issuance of common stock in connection with marketing agreement	150,000	--	129	--	--	129
Reduction of warrant exercise price in connection with the amendment to Lehman Term Loan Facility	--	--	926	--	--	926
Issuance of common stock in connection with conversion of 10 1/2% Series C Convertible Preferred Stock in prior period	21,579	--	--	--	--	--
Preferred stock dividends	--	--	(45,300)	--	--	(45,300)
Preferred stock deemed dividends	--	--	(685)	--	--	(685)
Balances, December 31, 2002	77,454,197	$77	$963,335	$913	$(927,479)	$ 36,846

</Table>

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

<Page>

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss	$(422,481)	$(235,763)	$(134,744)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	82,747	9,052	2,352
Non-cash interest expense	58,957	54,889	52,215
Gain on early extinguishment of long-term debt	--	(5,313)	--
Non-cash stock compensation (benefit)/expense	(7,867)	14,044	7,178
Loss on impairment of fixed assets	8,919	--	249
Amortization of prepaid in-orbit satellite insurance	11,911	11,025	3,369
Debt restructuring	8,448	--	--
Other	149	--	--
Increase/(decrease) in cash and cash equivalents resulting from changes in assets and liabilities:			
Marketable securities	(76,562)	(182,315)	189,698
Restricted investments	(202)	(1,788)	(3,097)
Prepaid expenses and other current assets	(25,453)	(2,385)	(12,518)
Other long-term assets	(34)	2,339	(5,066)
Accrued interest	28,587	6,907	6,645
Accounts payable and accrued expenses	12,070	(5,446)	5,693
Net cash (used in)/provided by operating activities	(320,811)	(334,754)	111,974
Cash flows from investing activities:			
Additions to property and equipment	(41,625)	(78,423)	(392,627)
Additions to FCC license	--	(286)	--
Proceeds from the sale of assets	--	13	--
Purchases of restricted investments	--	(450)	(1,000)
Maturities of restricted investments	14,500	29,000	29,000
Purchases of available-for-sale securities	(273,196)	--	--
Sales and maturities of available-for-sale securities	500,000	--	--
Net cash provided by/(used in) investing activities	199,679	(50,146)	(364,627)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net	--	145,000	--
Proceeds from issuance of common stock, net	147,500	229,635	100,301
Proceeds from issuance of preferred stock, net	--	--	192,450
Proceeds from exercise of stock options and warrants	22	610	8,447
Repayment of notes payable	--	--	(115,957)
Payments associated with recapitalization	(12,707)	--	--
Other	(34)	(16)	--
Net cash provided by financing			

activities.....	134,781	375,229	185,241
Net increase/(decrease) in cash and cash equivalents.....	13,649	(9,671)	(67,412)
Cash and cash equivalents at the beginning of period.....	4,726	14,397	81,809
Cash and cash equivalents at the end of period.....	$ 18,375	$ 4,726	$ 14,397
Supplemental disclosure of cash flows from operating activities:			
Cash paid during the period for interest.....	$ 24,042	$ 47,160	$ 38,405
Common stock issued in satisfaction of accrued compensation.....	1,720	2,649	--
Supplemental disclosure of non-cash investing and financing activities:			
Common stock issued in connection with the conversion of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest.....	$ 39,300	$ 42,678	$ 63,267
Common stock issued in exchange for 15% Senior Secured Discount Notes due 2007.....	--	8,589	--
Common stock issued in exchange for 10 1/2% Series C Convertible Preferred Stock, including accrued dividends.....	--	--	164,369
Capitalized interest.....	5,426	19,270	63,728

</Table>

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

1. BUSINESS

Sirius Satellite Radio Inc. broadcasts digital-quality audio from three orbiting satellites throughout the continental United States for a monthly subscription fee of $12.95. We deliver 60 streams of 100% commercial-free music in virtually every genre, and over 40 streams of news, sports, weather, talk, comedy, public radio and children's programming.

Since inception, we have used substantial resources to develop our satellite radio system. Our satellite radio system consists of our FCC license, satellite system, national broadcast studio, terrestrial repeater network and satellite telemetry, tracking and control facilities.

We emerged from the development stage in the first quarter of 2002 following the launch of our service on February 14, 2002 in select markets. We launched our service nationally on July 1, 2002.

As of December 31, 2002, we had 29,947 subscribers. We consider subscribers to be those who have agreed to pay for our service and have activated their SIRIUS radio, including those who are currently in promotional periods, and active SIRIUS radios under our agreement with Hertz Corporation. Our primary source of revenue is subscription and activation fees. In addition, we derive revenues from selling limited advertising on our non-music streams.

2. RECAPITALIZATION

On March 7, 2003, we completed a series of transactions to restructure our debt and equity capitalization. As part of these transactions:

- we exchanged 545,012,162 shares of our common stock for approximately 91% of our outstanding debt, resulting in the cancellation of all of our Lehman term loans, all of our Loral term loans, $251,230 in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007, $169,742 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, and $14,717 in aggregate principal

amount of our 8 3/4% Convertible Subordinated Notes due 2009;

we exchanged 76,992,865 shares of our common stock and warrants to purchase 87,577,114 shares of our common stock for all of our outstanding convertible preferred stock;

we sold 24,060,271 shares of our common stock to affiliates of Apollo Management, L.P. for an aggregate of $25,000 in cash;

we sold 24,060,271 shares of our common stock to affiliates of The Blackstone Group L.P. for an aggregate of $25,000 in cash; and

we sold 163,609,837 shares of our common stock to affiliates of OppenheimerFunds, Inc. for an aggregate of $150,000 in cash.

After giving effect to these transactions, at March 7, 2003, we had $61,202 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $1,744 in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009, and approximately 911,479,700 shares of common stock outstanding. We recognized a non-cash gain of approximately $257,000 during the first quarter of 2003 as a result of these transactions.

At March 7, 2003, we had in excess of $300,000 of cash, cash equivalents and marketable securities, an amount sufficient to cover our estimated funding needs into the second quarter of 2004. We estimate that we will need additional funding of approximately $100,000 before we achieve cash flow breakeven, the point at which our revenues are sufficient to fund expected operating expenses, capital expenditures, interest and principal payments and taxes.

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In connection with the exchange offer relating to our debt, we also amended the indentures under which 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 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring.

Refer to Notes 8 and 9 for further information regarding these transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Sirius Satellite Radio Inc. and Satellite CD Radio, Inc., our wholly owned subsidiary. We emerged from development stage and entered commercial operations on February 14, 2002; as such, we revised our Consolidated Statements of Operations to reflect our operational status.

REVENUE RECOGNITION

Revenue from subscribers consists of subscription fees, including revenue derived from our agreement with Hertz, and non-refundable activation fees. We recognize subscription fees as our service is provided. Activation fees are recognized ratably over the estimated term of the subscriber relationship of 3.5 years. The estimated term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available.

During 2002, we offered a mail-in rebate program to new subscribers. As required by EITF No. 01-09, 'Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products),' we reported the cost of this program as a reduction of subscriber revenue, as we paid mail-in rebates directly to subscribers. As sufficient historical data related to our mail-in rebate program was not available, we initially accrued 100% of all potential rebates to new subscribers. We concluded this mail-in rebate program during 2002

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

and have adjusted the related accrual to reflect the actual amounts paid to subscribers.

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

SUBSCRIBER ACQUISITION COSTS

Subscriber acquisition costs include incentives for the purchase, installation and activation of SIRIUS radios, as well as subsidies paid to manufacturers of SIRIUS radios in order to acquire new subscribers. Certain subscriber acquisition costs are recorded in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising and promotional activities, loyalty payments to distributors and dealers of SIRIUS radios, revenue sharing payments to manufacturers of SIRIUS radios and guaranteed payments to automakers. We retain ownership of the SIRIUS radios installed in vehicles under our agreement with Hertz Corporation, as a result, amounts capitalized in connection with this program are not included in our subscriber acquisition costs.

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STOCK OPTIONS

At December 31, 2002, we had three stock-based employee compensation plans, which are described more fully in Note 10. We have adopted the disclosure provisions allowed by Statement of Financial Accounting Standards ('SFAS') No. 148, 'Accounting for Stock-Based Compensation -- Transition and Disclosure -- An Amendment of FASB Statement No. 123.' In addition, we have elected to continue using the intrinsic value method to measure the compensation costs of stock-based awards granted to employees in accordance with Accounting Principles Board ('APB') Opinion No. 25, 'Accounting for Stock Issued to Employees'; as a result, we recognize compensation expense for employee stock options granted at a price less than the market value of our common stock on the date of grant. The following table illustrates the effect on net loss and net loss per share had stock-based employee compensation been recorded based on the fair value method under SFAS No. 123.

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net loss applicable to common stockholders -- as reported...	$(468,466)	$(277,919)	$(183,715)
Non-cash stock compensation (benefit)/expense -- as reported.....	(7,867)	14,044	7,178
Stock-based compensation -- pro forma.....	(22,337)	(40,666)	(43,071)
Net loss applicable to common stockholders -- pro forma.....	$(498,670)	$(304,541)	$(219,608)
Net loss per share applicable to common stockholders (basic and diluted) -- as reported.....	$ (6.13)	$ (5.30)	$ (4.72)
Net loss per share applicable to common stockholders (basic and diluted) -- pro forma.....	$ (6.53)	$ (5.81)	$ (5.65)

</Table>

Option valuation models require highly subjective assumptions, including the expected stock price volatility, which may be significantly different from those of traded options. Because changes in subjective assumptions can materially affect the fair value estimate, 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. 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. The pro forma stock-based employee compensation was estimated using the Black-Scholes option pricing model with the following weighted average assumptions for each year:

<Table>

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

<Caption>

	2002	2001	2000
<S>	<C>	<C>	<C>
Risk-free interest rate	2.48%	4.05%	4.89%
Expected life of options -- years	4.75	4.48	4.38
Expected stock price volatility	110%	78%	72%
Expected dividend yield	N/A	N/A	N/A

</Table>

In accordance with APB Opinion 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 that must be paid to acquire our common stock. We record these compensation costs over the vesting period of the stock-based award.

We account for stock-based awards granted to non-employees at fair value in accordance with SFAS No. 123, 'Accounting for Stock-Based Compensation.'

In accordance with Financial Accounting Standards Board ('FASB') Interpretation No. 44, 'Accounting for Certain Transactions Involving Stock Compensation,' we record compensation

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charges or benefits related to repriced stock options based on the market value of our common stock until the repriced stock options are exercised, forfeited or expire.

COSTS OF RECAPITALIZATION

Costs associated with the restructuring of our debt are expensed as incurred. Costs associated with the sale of common stock in connection with our recapitalization are capitalized and will be used in determining the net proceeds from the transaction.

GAIN ON EARLY EXTINGUISHMENT OF DEBT

We adopted SFAS No. 145 'Rescission of SFAS Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections,' which requires gains and loss from the extinguishment of debt to be classified as extraordinary only if they meet the criteria in APB Opinion No. 30, 'Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions.' During 2001, we recognized an extraordinary gain of $5,313, or $0.10 per share, on the extinguishment of $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007. Our adoption of SFAS No. 145 required us to classify the gain on early extinguishment of debt as other income in our Consolidated Statement of Operations.

NET LOSS PER SHARE

Basic net loss per share is based on the weighted average common shares outstanding during each reporting period. Diluted net loss per share adjusts the weighted average for the potential dilution that could occur if common stock equivalents (convertible preferred stock, convertible debt, warrants and stock options) were exercised or converted into common stock. Approximately 17,486,000 and 18,872,000 common stock equivalents were outstanding as of December 31, 2002 and 2001, respectively, and were excluded from the calculation of diluted net loss per share, as they were anti-dilutive.

COMPREHENSIVE INCOME

SFAS No. 130, 'Reporting Comprehensive Income,' established a standard for reporting and displaying other comprehensive income and its components within financial statements. The change in unrealized gain on available-for-sale securities is the only component of other comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments purchased with an original maturity of three months or less. Cash and cash equivalents are stated at fair market value and consist of cash on hand and money market funds.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

MARKETABLE SECURITIES

Marketable securities consist of U.S. government notes and U.S. government agency obligations. Effective April 1, 2002, we began classifying marketable securities as available-for-sale securities rather than trading securities because we no longer intend to actively buy and sell marketable securities with the objective of generating trading profits. Available-for-sale securities are carried at fair market value and unrealized gains and losses are included as a component of stockholders' equity. Prior to April 1, 2002, marketable securities were classified as trading

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securities and unrealized holding gains and losses were recognized in earnings. Marketable securities held at December 31, 2002 and 2001 mature within one year from the date of purchase. We had unrealized holding gains on marketable securities of $913 and $3,387 as of December 31, 2002 and 2001, respectively.

RESTRICTED INVESTMENTS

Restricted investments consist of fixed income securities, which are stated at amortized cost plus accrued interest. Restricted investments included long-term certificates of deposit of $7,200 as of December 31, 2002 and short-term and long-term certificates of deposit totaling $7,789 as of December 31, 2001. These certificates of deposit are pledged to secure our reimbursement obligations under letters of credit issued primarily for the benefit of the lessor of our headquarters. Also included in restricted investments as of December 31, 2001 were U.S. Treasury Notes of $14,209, the proceeds from which were used to pay interest on our 14 1/2% Senior Secured Notes due 2009 on May 15, 2002. These U.S. Treasury Notes were classified as held-to-maturity securities and unrealized holding gains and losses were not reflected in earnings. As of December 31, 2001, we had an unrealized holding gain of $196 related to our held-to-maturity securities and the fair market value of our held-to-maturity securities was $14,405.

PROPERTY AND EQUIPMENT

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

<Table>

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

</Table>

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

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable. At such time as an impairment in value of a long-lived asset is identified, except for our FCC license discussed below, the impairment will be measured in accordance with SFAS No. 144, 'Accounting for the Impairment or Disposal of Long-Lived Assets,' as the amount by which the carrying amount of a long-lived asset exceeds its fair value. To determine fair value we would employ an expected present value technique, which utilizes multiple cash flow scenarios that reflect the range of possible outcomes and an appropriate discount rate.

FCC LICENSE

In June 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets.' SFAS No. 142 requires, for all fiscal years beginning after December 15, 2001, that goodwill and

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intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually. In accordance with SFAS No. 142, we determined that our FCC license has an indefinite life and will be evaluated for impairment on an annual basis. We completed an impairment analysis during the first half of the year ended December 31, 2002, and concluded that there was no impairment loss related to our FCC license. On November 1, 2002, we updated our impairment test and determined that there was no impairment. We use projections of estimated future cash flows and other factors in assessing the fair value of our FCC license. If these estimates or projections change in the future, we may be required to record an impairment charge related to our FCC license. To date, we have not recorded any amortization expense related to our FCC license, and therefore are not required to include the transitional disclosures contained in SFAS No. 142.

DEBT ISSUANCE COSTS

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

CLASSIFICATION OF LONG-TERM DEBT AND ACCRUED INTEREST

In accordance with SFAS No. 6, 'Classification of Short-Term Obligations Expected to be Refinanced,' the current portions of long-term debt and accrued interest that were exchanged for shares of our common stock on March 7, 2003 as part of our debt restructuring are classified as long-term liabilities as of December 31, 2002.

FAIR VALUE OF DEBT AND PREFERRED STOCK

We determined the estimated fair values of our debt and preferred stock using available market information and commonly accepted 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 or preferred stock. The use of alternative valuation methods and/or estimates may have resulted in estimations which are materially different from those presented. The estimated fair values were based on available information as of December 31, 2002 and 2001.

We estimated the fair value of our debt and preferred stock using the following methods and assumptions: (1) quoted market prices were used to estimate the fair market values 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 was used to estimate the fair market values of our term loan facilities; and (3) the fair value of our preferred stock was estimated on an as-converted basis using the market price of our common stock on December 31, 2002 and 2001.

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The following table summarizes the book and fair values of our debt and preferred stock:

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

<Table>
<Caption>

	DECEMBER 31,			
	2002		2001	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
<S>	<C>	<C>	<C>	<C>
15% Senior Secured Discount Notes due 2007.....	$280,430	$102,357	$242,286	$123,389
14 1/2% Senior Secured Notes due 2009.....	179,382	79,000	176,346	116,000
8 3/4% Convertible Subordinated Notes due 2009....	16,461	6,749	45,936	26,643
Lehman term loan facility.....	144,084	113,855	140,422	97,970
Loral term loan facility.....	50,000	42,759	50,000	28,329
9.2% Series A Junior Cumulative Convertible Preferred Stock.....	193,230	4,059	177,120	67,551
9.2% Series B Junior Cumulative Convertible Preferred Stock.....	84,781	1,821	77,338	30,298
9.2% Series D Junior Cumulative Convertible Preferred Stock.....	253,142	4,816	230,710	80,147

</Table>

INCOME TAXES

We account for income taxes in accordance with SFAS No. 109, 'Accounting for Income Taxes.' Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes 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, increasing the periodic net loss applicable to common stockholders.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reported period. 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' consolidated financial statements have been reclassified to conform to the current presentation.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 143, 'Accounting for Asset Retirement Obligations,' which is effective for fiscal years beginning after June 15, 2002, with early application encouraged.

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SFAS No. 143 requires obligations associated with the retirement of long-lived assets to be recognized at their fair value at the time the obligations are incurred. The amount of the legal obligation should be capitalized as part of the related long-lived asset when the cost is recognized and allocated to expense over the useful life of the asset. We do not believe that our adoption

of SFAS No. 143 will have a material impact on our financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, 'Accounting for Costs Associated with Exit or Disposal Activities,' which requires that a liability associated with an exit or disposal activity be measured at fair value and recognized when the liability is incurred. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. We do not believe that our adoption of SFAS No. 146 will have a material impact on our financial position or results of operations.

4. SUBSCRIBER REVENUE

Subscriber revenue, which consists of subscription and non-refundable activation fees, was partially offset by the cost of our mail-in rebate program during the year ended December 31, 2002. Mail-in rebates that are paid by us directly to subscribers are recorded as a reduction to subscriber revenue in the period the subscriber activates our service. Subscriber revenue consists of the following:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Subscription revenue	$1,016	$ --	$ --
Activation revenue	33	--	--
Subscriber rebates	(426)	--	--
Total subscriber revenue	$ 623	$ --	$ --

</Table>

5. NON-CASH STOCK COMPENSATION

We record non-cash stock compensation benefits or expenses in connection with the grant of certain stock options, the issuance of common stock to employees and the issuance of common stock to our employee benefit plans. In accordance with FASB Interpretation No. 44, 'Accounting for Certain Transactions Involving Stock Compensation,' we recognized a non-cash stock compensation benefit of $7,867 for the year ended December 31, 2002 and non-cash stock compensation expense of $14,044 and $7,178 for the years ended December 31, 2001 and 2000, respectively. The non-cash stock compensation benefit for the year ended December 31, 2002 includes a non-cash compensation benefit of $9,717 related to options that were repriced during 2001. The non-cash stock compensation expense for the year ended December 31, 2001 includes a non-cash compensation charge of $9,937 in connection with these repriced stock options.

6. INTEREST COST

We capitalize a portion of the interest on funds borrowed to finance our construction in process. The following is a summary of our interest cost:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Interest cost charged to expense	$106,163	$ 89,686	$33,595
Interest cost capitalized	5,426	19,270	63,728
Total interest cost incurred	$111,589	$108,956	$97,323

</Table>

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(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

Interest cost charged to expense for the years ended December 31, 2002, 2001 and 2000 included non-cash costs associated with the induced conversion of our 8 3/4% Convertible Subordinated Notes due 2009 of $9,650, $8,259 and $12,432, respectively.

7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<Table>
<Caption>

	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Satellite system	$ 945,548	$ 801,206
Terrestrial repeater network	64,036	--
Leasehold improvements	25,348	24,767
Broadcast studio equipment	23,332	21,356
Customer care, billing and conditional access	19,984	15,151
Satellite telemetry, tracking and control facilities	16,418	16,269
Furniture, fixtures, equipment and other	25,908	19,061
Construction in process	5,769	197,207
Total property and equipment	1,126,343	1,095,017
Accumulated depreciation	(93,469)	(12,102)
Property and equipment, net	$1,032,874	$1,082,915

</Table>

Construction in process consisted of the following:

<Table>
<Caption>

	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Construction of satellites	$ --	$ 128,720
Construction of terrestrial repeater network	5,769	68,487
Construction in process	$ 5,769	$ 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 spare satellite was delivered to ground storage on April 19, 2002. Our three-satellite constellation and terrestrial repeater network were placed into service on February 14, 2002.

CUSTOMER CARE, BILLING AND CONDITIONAL ACCESS

On November 4, 2002, we notified Sentraliant, Inc., the company that developed and operates our subscriber management system, that it had breached the agreement under which it provides that system, and that, unless various defects and other problems with the system were corrected by January 3, 2003, the agreement would terminate on that date. We later extended the termination date to January 17, 2003. Sentraliant has informed us that it believes the issues we identified have been previously resolved, are enhancements to the system that had not yet been authorized by us, or are defects that are not material.

On January 15, 2003, Sentraliant filed a petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia. On January 22, 2003, Sentraliant filed a proceeding with the Bankruptcy Court seeking, among other things, a declaratory judgment that our agreement with Sentraliant has not terminated and that our subscriber management system is free of material defects.

The Bankruptcy Court has scheduled a trial on this matter for April 3 and 4, 2003. If the Bankruptcy Court finds that the subscriber management system is free of material defects, we will be required to continue our arrangement with Sentraliant. If the Bankruptcy Court finds that the

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

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agreement is no longer in effect or that the subscriber management system contains material defects, the agreement will be terminated. Termination of our agreement with Sentraliant would result in a non-cash charge of approximately $15,000 related to the net book value of our subscriber management system.

We are prepared to implement a new subscriber management system. Our new system effectively manages our existing customer data, captures new customer data and interfaces with our conditional access system, although we have not completed development and testing of all of the system's functions.

OPTIMIZATION OF TERRESTRIAL REPEATER NETWORK

During the year ended December 31, 2002, we implemented our terrestrial network optimization plan, which was designed to improve our signal coverage in urban areas. In connection with this optimization, we recorded a loss of $5,005 related to the disposal of certain terrestrial repeater equipment, which is included in satellite and transmission costs on our Consolidated Statement of Operations.

8. LONG-TERM DEBT AND ACCRUED INTEREST

Our long-term debt consists of the following:

<Table>
<Caption>

		DECEMBER 31,	
	MATURITY DATE	2002	2001
<S>	<C>	<C>	<C>
15% Senior Secured Discount Notes due 2007.....	12/01/07	$280,430	$242,286
14 1/2% Senior Secured Notes due 2009.....	5/15/09	179,382	176,346
8 3/4% Convertible Subordinated Notes due 2009.....	9/29/09	16,461	45,936
Lehman term loan facility (current interest rate of 6.80%).....	Various	144,084	140,422
Loral term loan facility (interest rate of 10%)....	Various	50,000	50,000
Total debt.....		$670,357	$654,990
Less: current portion.....		--	(15,000)
Total long-term debt.....		$670,357	$639,990

</Table>

Accrued interest associated with our long-term debt is as follows:

<Table>
<Caption>

	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
15% Senior Secured Discount Notes due 2007.....	$ 3,505	$ --
14 1/2% Senior Secured Notes due 2009.....	18,206	3,706
8 3/4% Convertible Subordinated Notes due 2009.....	1,088	1,024
Lehman term loan facility.....	3,170	747
Loral term loan facility.....	24,179	17,201
Total accrued interest.....	$ 50,148	$ 22,678
Less: current portion.....	(3,234)	(5,477)
Total long-term accrued interest.....	$ 46,914	$ 17,201

</Table>

DEBT RESTRUCTURING

In connection with our recapitalization we issued 204,319,915, 148,301,817 and 12,436,656 shares of our common stock in exchange for $251,230 in aggregate principal amount at maturity of

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

our 15% Senior Secured Discount Notes due 2007, $169,742 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, and $14,717 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, respectively, including in each case accrued interest. In addition, we issued 120,988,793 and 58,964,981 shares of our common stock for the cancellation of our Lehman term loan facility and Loral term loan facility, including accrued interest. Long-term debt and accrued interest that were exchanged for shares of our common stock are classified as long-term liabilities as of December 31, 2002.

After giving effect to the restructuring, at March 7, 2003, we had approximately $61,202 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of 14 1/2% Senior Secured Notes due 2009 and $1,744 in aggregate principal amount of 8 3/4% Convertible Subordinated Notes due 2009 outstanding.

In connection with the exchange offer relating to our debt, we also amended the indentures under which 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 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring. Refer to Note 2 for further information regarding our recapitalization.

15% SENIOR SECURED DISCOUNT NOTES DUE 2007

Our 15% Senior Secured Discount Notes mature on December 1, 2007. Cash interest is payable semi-annually on each June 1 and December 1, commencing on June 1, 2003, through December 1, 2007. The obligations under our 15% Senior Secured Discount Notes due 2007 are secured by a lien on the stock of Satellite CD Radio, Inc., our subsidiary that holds our FCC license, and our spare satellite.

During 2001, we issued 948,565 shares of our common stock in exchange for $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007.

14 1/2% SENIOR SECURED NOTES DUE 2009

Our 14 1/2% Senior Secured Notes mature on May 15, 2009. Cash interest is payable semi-annually on each May 15 and November 15 through May 15, 2009. The obligations under our 14 1/2% Senior Secured Notes due 2009 are secured by a lien on the stock of Satellite CD Radio, Inc., our subsidiary that holds our FCC license, and our spare satellite.

As of December 31, 2002, we were in default under the indenture governing our 14 1/2% Senior Secured Notes due 2009 as we elected to not make certain interest payments during 2002. We cured the interest default under this indenture through a cash payment on March 12, 2003 in respect of the portion of our 14 1/2% Senior Secured Notes due 2009 that remained outstanding after our restructuring.

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2009

Our 8 3/4% Convertible Subordinated Notes mature on May 15, 2009. Cash interest is payable semi-annually on each March 29 and September 29 through September 29, 2009. The obligations under our 8 3/4% Convertible Subordinated Notes due 2009 are not secured by any of our assets.

As of December 31, 2002, we were in default under the indenture governing our 8 3/4% Convertible Subordinated Notes due 2009 as we elected to not make certain interest payments during 2002. We cured the interest default under this indenture through a cash payment on

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March 17, 2003 in respect of the portion of our 8 3/4% Convertible Subordinated Notes due 2009 that remained outstanding after our restructuring.

During the years ended December 31, 2002, 2001 and 2000, we issued 2,913,483, 2,283,979 and 2,134,582 shares of our common stock in exchange for $29,475, $34,900 and $52,914, respectively, in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 and in satisfaction of accrued interest of $1,117, $637 and $222, respectively, related to these notes.

LEHMAN TERM LOAN FACILITY

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

As of December 31, 2002, we had not made any principal payments under our Lehman term loan facility, including the payments originally due on June 30, 2002, September 30, 2002 and December 31, 2002. As of December 31, 2002, our obligations under our Lehman term loan facility were secured by a lien on the stock of Satellite CD Radio, Inc., our subsidiary that holds our FCC license, and our spare satellite.

LORAL TERM LOAN FACILITY

Loral has deferred $50,000 due under our amended and restated satellite contract. The amount deferred was originally due in quarterly installments beginning in June 2002. Loral's delay in delivering our spare satellite resulted in a revision to our payment schedule. As of December 31, 2002, our obligations under our Loral term loan facility were secured by a security interest in our terrestrial repeater network.

9. CAPITAL STOCK

COMMON STOCK, PAR VALUE $.001 PER SHARE

In February 2000, we sold 2,290,322 shares of our common stock to DaimlerChrysler Corporation for net proceeds 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. In January 2002, we sold 16,000,000 shares of our common stock in a public offering for net proceeds of approximately $147,500.

As of December 31, 2002, approximately 86,000,000 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.

On March 4, 2003, our stockholders approved an amendment and restatement of our certificate of incorporation to increase our authorized shares of common stock from 500,000,000 to 2,500,000,000. We filed this amended and restated certificate of incorporation with the Secretary of State of the State of Delaware on March 4, 2003.

On March 7, 2003, we sold 24,060,271 shares of our common stock to affiliates of Apollo Management, L.P. for an aggregate of $25,000 in cash; 24,060,271 shares of our common stock to affiliates of The Blackstone Group L.P. for an aggregate of $25,000 in cash; and 163,609,837 shares of our common stock to affiliates of OppenheimerFunds, Inc. for an aggregate of $150,000 in cash.

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PREFERRED STOCK

As of December 31, 2002 and 2001 there were 1,902,823 and 1,742,512 shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock outstanding, respectively. 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 by a conversion price of $30.00 and entitles its holder to vote on all matters voted on by holders of our common stock on an as-converted basis. 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 a price of $100.00 per share, 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 $100.00 per share plus any unpaid dividends on November 15, 2011. On November 15, 2002, 2001 and 2000, we issued 160,111, 146,805 and 134,437 shares of our 9.2% Seriess A Junior Cumulative Convertible Preferred Stock, respectively, as payment of accrued dividends. At December 31, 2002, accrued dividends payable on our 9.2% Series A Junior Cumulative Convertible Preferred Stock was $2,206.

As of December 31, 2002 and 2001 there were 853,450 and 781,548 shares of our 9.2% Series B Junior Cumulative Convertible Preferred Stock outstanding, respectively. 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, 2002, 2001 and 2000, we issued 71,902, 65,845 and 60,297 shares of our 9.2% Series B Junior Cumulative Convertible Preferred Stock, respectively, in satisfaction of accrued dividends. At December 31, 2002, accrued dividends payable on our 9.2% Series B Junior Cumulative Convertible Preferred Stock was $990.

As of December 31, 2002 and 2001 there were 2,558,655 and 2,343,091 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock outstanding, respectively. 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 by a conversion price of $34.00 and entitles its holder to vote on all matters voted on by holders of our common stock on an as-converted basis. 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 a price of $100.00 per share, 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 $100.00 per share plus any unpaid dividends on November 15, 2011. On November 15, 2002, 2001 and 2000, we issued 215,564, 197,403 and 145,688 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, respectively, in satisfaction of accrued dividends. At December 31, 2002, accrued dividends payable on our 9.2% Series D Junior Cumulative Convertible Preferred Stock was $2,967.

On March 7, 2003, we issued 39,927,796 shares of our common stock in exchange for all of the outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock, and 37,065,069 shares of our common stock in exchange for all of the outstanding shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, including in each case accrued dividends. In addition, we issued warrants to purchase 87,577,114 shares of our common stock in connection with the exchange of our preferred stock. Refer to Note 2 for further discussion regarding our recapitalization.

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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. As of December 31, 2002, all of

these warrants were outstanding.

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, 2002, the warrants may be exercised to purchase 4.189 shares of our common stock at an exercise price of $24.92 per share. As of December 31, 2002, 578,990 of these warrants were outstanding and remained outstanding following our restructuring.

As part of our agreement with DaimlerChrysler, on January 28, 2000, we issued DaimlerChrysler a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $60.00 per share. On October 25, 2002, we cancelled the warrant previously issued to DaimlerChrysler and issued a new warrant which entitles DaimlerChrysler to purchase up to 4,000,000 shares of our common stock at a purchase price of $3.00 per share. This warrant is exercisable based upon the number of new vehicles equipped to receive our broadcasts DaimlerChrysler manufactures, and is fully exercisable after 4,000,000 new DaimlerChrysler vehicles equipped to receive our broadcasts are manufactured. There was no accounting impact associated with the cancellation of the original warrant and subsequent issuance of the new warrant as DaimlerChrysler had not begun to perform under the original agreement.

As part of our agreement with Ford Motor Company, on June 11, 1999, we issued Ford a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $30.00 per share. On October 7, 2002, we cancelled the warrant previously issued to Ford and issued a new warrant which entitles Ford to purchase up to 4,000,000 shares of our common stock at a purchase price of $3.00 per share. The new warrant is exercisable based upon certain corporate events and the number of new vehicles equipped to receive our broadcasts Ford manufactures, and is fully exercisable after 1,500,000 new Ford vehicles equipped to receive our broadcasts are manufactured. There was no accounting impact associated with the cancellation of the original warrant and subsequent issuance of the new warrant as Ford had not begun to perform under the original agreement.

In connection with the Lehman term loan facility, we granted Lehman 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. On March 26, 2002, we entered into an amendment to our term loan agreement with Lehman that reduced the exercise price of these warrants from $29.00 to $15.00 per share. These warrants remained outstanding following our restructuring.

In connection with the exchange of our preferred stock in our recapitalization, we issued warrants to purchase 35,030,846 shares of our common stock at an exercise price of $0.92 per share and warrants to purchase 52,546,268 shares of our common stock at an exercise price of $1.04 per share.

10. 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

<Page>

plans vest over a three or four-year period and are exercisable for ten years from the date of grant. As of December 31, 2002, the aggregate number of shares of common stock available for issuance pursuant to our stock option plans was approximately 18,989,000 and the options available for grant pursuant to our stock option plans was approximately 4,171,000.

The following table summarizes the option activity under all stock option plans:

<Table>
<Caption>

FOR THE YEAR ENDED DECEMBER 31,

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

	2002		2001		2000	
	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	11,116,964	$13.58	7,509,975	$29.12	6,497,773	$24.56
Granted	3,239,850	$ 5.78	4,233,200	$ 9.23	2,125,178	$38.41
Exercised	(3,000)	$ 7.50	(185,221)	$ 3.30	(615,576)	$12.55
Cancelled	(1,012,475)	$ 7.34	(440,990)	$17.35	(497,400)	$30.06
Cancelled under repricing	--	$--	(3,981,979)	$32.24	--	$--
Granted under repricing	--	$--	3,981,979	$ 7.50	--	$--
Outstanding at end of year	13,341,339	$12.16	11,116,964	$13.58	7,509,975	$29.12

Exercise prices for stock options outstanding as of December 31, 2002 ranged from $0.68 to $57.00. The following table provides certain information with respect to stock options outstanding and exercisable at December 31, 2002:

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	1,498,550	$ 3.59	8.9
$5.00-$14.99	9,218,789	$ 8.03	7.2
$15.00-$24.99	--	$ --	--
$25.00-$34.99	2,526,000	$31.01	5.3
$35.00-$44.99	42,000	$37.88	7.4
Over $45.00	56,000	$51.90	7.5
EXERCISABLE:			
Under $5.00	260,550	$ 3.87	
$5.00-$14.99	6,821,832	$ 8.15	
$15.00-$24.99	--	$ --	
$25.00-$34.99	2,518,200	$31.02	
$35.00-$44.99	33,500	$37.37	
Over $45.00	41,500	$51.90	

401(K) SAVINGS PLAN

We sponsor the Sirius Satellite Radio 401(k) Savings Plan for eligible employees. Effective December 1, 2001, CIGNA Retirement & Investment Services was appointed the trustee, recordkeeper and investment manager for this plan. Our 401(k) plan allows eligible employees to voluntarily contribute from 1% to 16% of their pre-tax salary subject to certain defined limits. We may match up to 75% of the voluntary employee contribution in the form of our common stock. Our matching contribution vests at a rate of 33 1/3% for each year of employment and is fully vested after three years. Contribution expense resulting from our matching contribution to our 401(k) plan was $1,231, $1,224 and $864 for the years ended December 31, 2002, 2001 and 2000, respectively.

11. INCOME TAXES

Taxes on income included in our Consolidated Statements of Operations consists of the following:

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000

<S>	<C>	<C>	<C>
Current taxes:			
Federal	$ --	$ --	$ --
State	--	--	--
Total current taxes	$ --	$ --	$ --
Deferred taxes:			
Federal	$ --	$ --	$ --
State	--	--	--
Total deferred taxes	$ --	$ --	$ --

</Table>

The reconciliation of net loss, as reported, to taxes on income is as follows:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,		
	2002	2001	2000
<S>	<C>	<C>	<C>
Net loss, as reported	$(422,481)	$(235,763)	$(134,744)
Federal tax benefit at statutory rate	147,868	82,517	47,161
State income taxes, net of federal benefit	21,747	13,439	7,680
Increase in taxes resulting from permanent differences, net	(3,508)	(9,797)	(932)
Other	(2,571)	--	--
Change in valuation allowance	(163,536)	(86,159)	(53,909)
Taxes on income	$ --	$ --	$ --

</Table>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<Table>
<Caption>

	DECEMBER 31,	
	2002	2001
<S>	<C>	<C>
Deferred tax assets:		
Start-up costs capitalized for tax purposes	$ 95,547	$ 112,571
Net operating loss carryforwards	277,761	49,873
Capitalized interest expense	28,389	25,812
Other	2,221	2,375
Gross deferred tax asset	403,918	190,631
Deferred tax liabilities:		
Depreciation	(51,086)	--
Other	(2,281)	(3,616)
Gross deferred tax liability	(53,367)	(3,616)
Net deferred tax assets	350,551	187,015
Valuation allowance	(352,788)	(189,252)
Deferred tax liability, net of valuation allowances	$ (2,237)	$ (2,237)

</Table>

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 unamortized start-up costs as of December 31, 2002 were $237,990. These capitalized costs are being amortized over 60 months. The total deferred tax assets include approximately $8,096, which, if realized, would not affect financial statement income but will be recorded directly to stockholders' equity.

At December 31, 2002, we had net operating loss ('NOL') carryforwards of approximately $691,857 for federal and state income tax purposes available to offset future taxable income. The NOL carryforwards expire on various dates

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

beginning in 2008. We have had several ownership

<Page>

changes under Section 382 of the Internal Revenue Code, the last of which occurred in early 2002, which may limit our ability to utilize tax deductions attributable to periods prior to that time. Furthermore, future changes in our ownership, including those arising from our recapitalization, may limit our ability to utilize our deferred tax assets. Realization of deferred tax assets is dependent upon future earnings; accordingly, a full valuation allowance was recorded against the assets.

12. RELATED PARTIES

During the years ended December 31, 2001 and 2000 we made payments of $200 and $67, respectively, to a financial advisory firm, of which a related party was a partner. We made no payments to this related party during the year ended December 31, 2002.

13. LEASES OBLIGATIONS

Total rent expense for the years ended December 31, 2002, 2001 and 2000 was $12,792, $10,972 and $6,515, respectively. Future minimum lease payments under non-cancelable operating leases as of December 31, 2002 are payable as follows:

<Table>
<S> <C>

2003	$ 7,548
2004	7,628
2005	6,860
2006	6,069
2007	6,032
Thereafter	35,903
Total	$70,040

</Table>

14. COMMITMENTS AND CONTINGENCIES

The following table summarizes our contractual commitments as of December 31, 2002:

<Table>
<Caption>

	FOR THE YEAR ENDED DECEMBER 31,						
	2003	2004	2005	2006	2007	THEREAFTER	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Chip set development and production	$29,568	$14,400	$ --	$ --	$ --	$ --	$ 43,968
Satellite and transmission	2,291	2,291	2,291	2,291	2,291	18,328	29,783
Programming and content	6,927	24,412	32,668	19,757	25	--	83,789
Sales and marketing	44,536	16,818	10,129	6,000	4,500	--	81,983
Customer service and billing	5,448	5,148	5,148	3,987	3,600	3,900	27,231
Contractual commitments	$88,770	$63,069	$50,236	$32,035	$10,416	$22,228	$266,754

</Table>

CHIP SET DEVELOPMENT AND PRODUCTION

We have entered into an agreement with Agere to develop and produce chip sets for use in SIRIUS radios. This agreement requires Agere to develop future generation chip sets and to produce a minimum quantity of chip sets during each year of the agreement.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

SATELLITE AND TRANSMISSION

We have entered into an agreement with a provider of satellite services to operate our external satellite telemetry, tracking and control facilities and provide connectivity to our external facilities.

<Page>

PROGRAMMING AND CONTENT

We have entered into agreements with licensors of music and non-music programming and, in certain instances, are obligated to pay license fees, share advertising revenues or to purchase advertising on properties owned or controlled by these licensors.

SALES AND MARKETING

We have entered into various marketing and sponsorship agreements to promote our brand and are obligated to make payments to sponsors, retailers, automakers and radio manufacturers.

CUSTOMER SERVICE AND BILLING

We have entered into agreements with third parties to provide customer service, billing service and subscriber management. We are required to pay minimum monthly fees for the services provided under these agreements. We are currently involved in litigation with the provider of our billing services and subscriber management, which is described more fully in Note 7, under which we are seeking relief from our contractual commitments.

OTHER COMMITMENTS

In addition to the contractual commitments described above, we have also entered into agreements with automakers, radio manufacturers and others that include per-radio and per-subscriber required payments and revenue sharing arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into additional programming, marketing and other agreements that contain provisions similar to our current agreements.

15. QUARTERLY FINANCIAL DATA (UNAUDITED)

Our quarterly results of operations are summarized below:

<Table>
<Caption>

	FOR THE THREE MONTHS ENDED,			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
<S>	<C>	<C>	<C>	<C>
2002:				
Revenue	$ 33	$ 70	$ 17	$ 685
Operating expenses	(50,751)	(89,961)	(81,739)	(91,481)
Net loss applicable to common stockholders	(90,124)	(124,603)	(119,675)	(134,064)
Net loss per share applicable to common stockholders	$ (1.22)	$ (1.62)	$ (1.56)	$ (1.74)
2001:				
Revenue	$ --	$ --	$ --	$ --
Operating expenses	(39,316)	(46,652)	(30,650)	(51,838)
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)

</Table>

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

<Page>

EXHIBIT INDEX

<Table>
<Caption>

EXHIBIT	DESCRIPTION
<S>	<C>
3.1	-- Amended and Restated Certificate of Incorporation dated March 4, 2003 (filed herewith).
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	-- 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')).
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')).
4.2.1	-- 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).
4.2.2	-- Form of Right Certificate (incorporated by reference to Exhibit B to Exhibit 1 to the Form 8-A).
4.2.3	-- 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).
4.2.4	-- 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).
4.2.5	-- 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).
4.2.6	-- 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')).
4.2.7	-- 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).
4.2.8	-- 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).
4.2.9	-- Amendment to the Rights Agreement dated as of January 28, 2000 (incorporated by reference to Exhibit 4.6.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the '1999 Form 10-K')).
4.2.10	-- 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).
4.2.11	-- Amendment to the Rights Agreement dated as of January 8, 2002 (incorporated by reference to Exhibit 4.6.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the '2001 Form 10-K')).
4.2.12	-- Amendment to the Rights Agreement dated as of October 22, 2002 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 24, 2002).
4.2.13	-- Amendment to Rights Agreement dated as of March 6, 2003 (filed herewith).
4.3	-- Indenture, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 15% Senior Secured Discount Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-34769) (the '1997 Units Registration Statement')).
4.4	-- Supplemental Indenture, dated as of March 7, 2003, between the Company and The Bank of New York (as successor to IBJ Schroder Bank & Trust Company), as trustee, relating to the Company's 15% Senior Secured Discount

Notes due 2007 (filed herewith).

4.5 -- Form of 15% Senior Secured Discount Note due 2007 (incorporated by reference to Exhibit 4.2 to the 1997 Units Registration Statement).

4.6 -- 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).

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EXHIBIT	DESCRIPTION
<S>	<C>
4.7	-- Form of Warrant (incorporated by reference to Exhibit 4.4 to the 1997 Units Registration Statement).
4.8	-- 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 Company's Annual Report on Form 10-K for the year ended December 31, 1997).
4.9	-- 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).
4.10	-- Supplemental Indenture, dated as of March 7, 2003, between the Company and The Bank of New York (as successor to United States Trust Company of New York), as trustee, relating to the Company's 14 1/2% Senior Secured Notes due 2009 (filed herewith).
4.11	-- Form of 14 1/2% Senior Secured Note due 2009 (incorporated by reference to Exhibit 4.4.3 to the 1999 Units Registration Statement).
4.12	-- 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).
4.13	-- Common Stock Purchase Warrant granted by the Company to Ford Motor Company, dated October 7, 2002 (incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
4.14	-- 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).
4.15	-- 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).
4.16	-- Second Supplemental Indenture, dated as of March 4, 2003, among the Company, The Bank of New York (as successor to United States Trust Company of Texas, N.A.), as resigning trustee, and HSBC Bank USA, as successor trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (filed herewith).
4.17	-- Third Supplemental Indenture, dated as of March 7, 2003, between the Company and HSBC Bank USA, as trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (filed herewith).
4.18	-- 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).
4.19	-- Common Stock Purchase Warrant granted by the Company to DaimlerChrysler Corporation dated October 25, 2002 (incorporated by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the quarter

ended September 30, 2002).
4.20 -- Form of Series A Common Stock Purchase Warrant dated March 7, 2003 (filed herewith).
4.21 -- Form of Series B Common Stock Purchase Warrant dated March 7, 2003 (filed herewith).
4.22 -- 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)).
4.23 -- 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).
4.24 -- 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).
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EXHIBIT DESCRIPTION
- ------- -----------
<S> <C>
4.25 -- Amended and Restated Intercreditor Agreement, dated as of March 7, 2001, by and between The Bank of New York, as trustee and collateral agent, United States Trust Company of New York, as trustee, and Lehman Commercial Paper Inc., 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).
10.1.1 -- Lease Agreement, dated as of March 31, 1998, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.1.2 -- Supplemental Indenture, dated as of March 22, 2000, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).
10.1.3 -- Supplemental Indenture, dated as of November 30, 2001, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.3 to the 2001 Form 10-K).
*10.2 -- Employment Agreement, dated as of February 28, 2003, between the Company and Patrick L. Donnelly (filed herewith).
*10.3 -- 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).
*10.4 -- Employment Agreement, dated as of November 26, 2002, between the Company and Joseph P. Clayton (incorporated by reference to Exhibit 10.6 to the 2001 Form 10-K).
*10.5 -- Employment Agreement, dated as of January 7, 2002, between the Company and Guy D. Johnson (incorporated by reference to Exhibit 10.7 to the 2001 Form 10-K).
*10.6 -- Employment Agreement, dated as of May 3, 2002, between the Company and Mary Patricia Ryan (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).
*10.7 -- 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).
*10.8 -- 1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).
*10.9 -- 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).
*10.10	--	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)).
*10.11	--	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)).
*10.12	--	Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan (filed herewith).
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).
'D'10.14	--	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 (filed herewith).
23.1	--	Consent of Ernst & Young LLP (filed herewith).
23.2	--	Notice Regarding Consent of Arthur Andersen LLP (filed herewith).
99.1	--	Certificate of Joseph P. Clayton, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
99.2	--	Certificate of John J. Scelfo, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).

</Table>

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

'D' Portions of this exhibit has been omitted pursuant to an application for confidential treatment filed by the Company with the Securities and Exchange Commission.

STATEMENT OF DIFFERENCES

The dagger symbol shall be expressed as..... 'D'

Exhibit 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

SIRIUS SATELLITE RADIO INC.

Sirius Satellite Radio Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies that:

1. The name of the Corporation is Sirius Satellite Radio Inc. The name under which the Corporation was originally incorporated is Satellite CD Radio, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on May 17, 1990;

2. The Board of Directors of the Corporation (the "Board of Directors") has duly adopted this amendment and restatement of the Certificate of Incorporation in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law; and

3. The Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

FIRST: The name of the corporation is Sirius Satellite Radio Inc. (the "Corporation").

SECOND: The registered office and registered agent of the Corporation is The Corporation Trust Company, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

THIRD: The purposes of the Corporation are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: (1) The total number of shares of all classes of stock which the Corporation shall have authority to issue is 2,550,000,000 shares, consisting of (1) 50,000,000 shares of preferred stock, par value $0.001 per share ("Preferred Stock"), and (2) 2,500,000,000 shares of common stock, par value $0.001 per share ("Common Stock").

(2) The Board of Directors is hereby expressly authorized to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series, by resolution or resolutions adopted by the Board of Directors providing for the issue of such series (a "Preferred Stock Designation"). The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, without a separate vote of the holders of the Preferred Stock, or any series thereof, unless a vote of any such holders is required pursuant to any Preferred Stock Designation.

(3) Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote. Except as otherwise required by law or as otherwise provided in any Preferred Stock Designation, the holders of the Common Stock shall exclusively possess all voting power.

FIFTH: The right to cumulate votes in the election of directors shall not exist with respect to shares of stock of the Corporation.

SIXTH: No preemptive rights shall exist with respect to shares of stock or securities convertible into shares of stock of the Corporation.

SEVENTH: The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The directors need not be

elected by ballot unless required by the bylaws of the Corporation.

EIGHTH: In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter or repeal the bylaws of the Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to such reservation.

TENTH: The Corporation is to have perpetual existence.

ELEVENTH: (1) A director of the Corporation shall not be held personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after the effective date of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

(2) The Corporation shall indemnify, in the manner and to the full extent permitted by law, any person (or the estate of any person) who was or is a party to, or is threatened to be made a party to, any threatened, pending or complete action, suit or proceeding,

whether or not by or in the right of the Corporation, and whether civil, criminal, administrative, investigative or otherwise, by reason of the fact that such person is or was a director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, limited liability company, partnership, joint venture, trust or other enterprise. The Corporation may, to the full extent permitted by law, purchase and maintain insurance on behalf of any such person against any liability which may be asserted against him or her. To the full extent permitted by law, the indemnification provided herein shall include expenses (including attorneys' fees), judgments, fines and amounts paid in settlement, and, in the manner provided by law, any such expenses may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding. The indemnification provided herein shall not be deemed to limit the right of the Corporation to indemnify any other person for any such expenses to the full extent permitted by law, nor shall it be deemed exclusive of any other rights to which any person seeking indemnification from the Corporation may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

Any repeal or modification of the foregoing paragraphs by the stockholders of the Corporation shall not adversely affect any right or protection of a director, officer or employee of the Corporation existing at the time of such repeal or modification.

Sirius Satellite Radio Inc. does hereby further certify that this Amended and Restated Certificate of Incorporation was duly adopted by the Board of Directors and by the stockholders in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, Sirius Satellite Radio Inc. has caused its corporate seal to be hereunto affixed and this certificate to be signed by Joseph P. Clayton, its President and Chief Executive Officer, this 4th day of March, 2003.

SIRIUS SATELLITE RADIO INC.

By: /s/ Joseph P. Clayton

Joseph P. Clayton
President and Chief Executive Officer

ATTEST:
/s/ Patrick L. Donnelly
- ----------
Patrick L. Donnelly
Secretary

Exhibit 4.2.13

AMENDMENT TO RIGHTS AGREEMENT

AMENDMENT, dated as of March 6, 2003 (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 up to 885,393,009 shares of its common stock, par value $.001 per share ("Common Stock"), and warrants to purchase up to 87,577,114 shares of Common Stock in a series of transactions (the "Restructuring Transactions") pursuant to which the Company will: (i) exchange all or substantially all of its debt securities for up to 596,669,765 shares of Common Stock; (ii) exchange all of its outstanding preferred stock for an aggregate of 76,992,865 shares of Common Stock and warrants to purchase an aggregate of 87,577,114 shares of Common Stock; and (iii) sell an aggregate of 211,730,379 shares of Common Stock for a total purchase price of $200 million in cash;

WHEREAS, unless the Rights Agreement is amended, the consummation of the Restructuring Transaction may result in certain entities becoming an "Acquiring Person," as defined in Section l(a) of the Rights Agreement, including Affiliates and Associates (each as defined in the Rights Agreement) of OppenheimerFunds, Inc., Apollo Management, L.P., The Blackstone Group L.P. and Lehman Commercial Paper Inc.; 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 such entities who would otherwise be deemed Beneficial Owners (as defined in the Rights Agreement) as a result of the Restructuring Transactions from such definition of "Acquiring Person."

Accordingly, the parties agree as follows:

1. Amendments of Section 1(a) of the Rights Agreement. (a) The definition of "Acquiring Person" set forth in Section 1(a) of the Rights Agreement is amended and restated by deleting such definition in its entirety and substituting in lieu thereof the following definition:

> "(a) 'Acquiring Person' shall mean any Person who, together with all Affiliates and Associates of such Person, shall hereafter become the Beneficial Owner of fifteen percent (15%) or more of the Common Shares then outstanding, but shall not include the Company, any wholly owned Subsidiary of the Company, any employee benefit plan of the Company or any Subsidiary of the Company, or any entity holding Common Shares for or pursuant to the terms of any such plan; provided that (i) each of the Financing Parties who is or becomes the Beneficial Owner of any Common Shares shall not be, or be deemed to be, an Acquiring Person
>
> unless and until such Person, together with Affiliates and Associates of that Person, becomes the Beneficial Owner of more than twenty-five percent (25%) of the outstanding Common Shares; and (ii) Lehman shall not be, or be deemed to be, an Acquiring Person unless and until Lehman, together with its Affiliates and Associates, becomes the Beneficial Owner of a number of Common Shares greater than the sum of (x) shares acquired in the Restructuring Transactions, plus (y) a number of Common Shares, in addition to those referred to in (x) above, equal to one percent (1%) of the total number of Common Shares outstanding from time to time; and provided further, that a Person shall not be deemed to be the Beneficial Owner of, or to beneficially own, securities that such Person has the right to acquire (whether such right is exercisable immediately or only after the passage of time) upon the exercise of (a) employee stock options now or hereafter (but prior to the Separation Date) issued by the Company or (b) conversion rights conferred in any class or series of Preferred Stock, par value $0.001 per share, of the Company issued prior to the Separation Date if the resolutions of the Board providing for the issuance of such class or series of Preferred Stock shall specifically refer to this Rights Agreement and provide that the right to acquire securities upon the

exercise of conversion rights so conferred shall not be deemed to constitute beneficial ownership of such shares."

(b) Section 1 of the Rights Agreement is amended by adding the following definitions of "Financing Parties" and "Restructuring Transactions" to Section 1 of the Rights Agreement in the appropriate alphabetical order:

"'Financing Parties' shall mean each of OppenheimerFunds, Inc., Apollo Management, L.P., The Blackstone Group L.P. and their respective affiliates and affiliated investment funds.

'Restructuring Transactions' shall mean, collectively, the Company's (i) offer to exchange all or substantially all of its debt securities for up to 596,669,765 Common Shares; (ii) exchange of all of its outstanding 9.2% Series A Junior Cumulative Convertible Preferred Stock, 9.2% Series B Junior Cumulative Convertible Preferred Stock and 9.2% Series D Junior Cumulative Convertible Preferred Stock for an aggregate of 76,992,865 Common Shares and Series A Warrants and Series B Warrants to purchase an aggregate of 87,577,114 Common Shares; and (iii) sale of an aggregate of 211,730,379 Common Shares for a total purchase price of $200 million in cash."

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

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Exhibit 4.4

EXECUTION COPY

SUPPLEMENTAL INDENTURE

THIS SUPPLEMENTAL INDENTURE (the "Supplemental Indenture") is made as of the 7th day of March 2003, between Sirius satellite radio inc., (formerly known as CD Radio Inc.) (the "Company") and The Bank of New York (successor to IBJ Schroder Bank & Trust Company), as trustee (the "Trustee").

WHEREAS, the Company and the Trustee are parties to an indenture, dated as of November 26, 1997 (the "Indenture");

WHEREAS, pursuant to the Indenture, the Company has issued the 15% Senior Secured Discount Notes due 2007 (the "Securities");

WHEREAS, Section 902 of the Indenture provides that the Company, when authorized by a resolution of the Board of Directors, and the Trustee, with the consent of the holders of not less than a majority in principal amount at maturity of the Securities outstanding, may amend the Indenture;

WHEREAS, the Company has heretofore delivered or is delivering contemporaneously herewith to the Trustee a copy of the Officers' Certificate of the Company authorizing the execution, delivery and performance of this Supplemental Indenture; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Supplemental Indenture and to make this Supplemental Indenture valid and binding have been complied with or have been done or performed;

NOW, THEREFORE, in consideration of the foregoing and notwithstanding any provision of the Indenture which, absent this Supplemental Indenture, might operate to limit such action, the Company and the Trustee agree as follows for the equal and ratable benefit of the Holders of the Securities:

ARTICLE I
DEFINITIONS

Section 1.01 General. For all purposes of the Indenture and this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the words "herein", "hereof' and "hereunder" and other words of similar import refer to the Indenture and this Supplemental Indenture as a whole and not to any particular Article, Section or subdivision; and

(b) capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

ARTICLE II
AMENDMENTS

Section 2.01 Amendments. The Indenture is hereby amended in the following respects:

(a) Section 101 is hereby amended by deleting the references to Section 1016 in the definition of "Asset Sale" and replacing them with Section "1008".

(b) Section 101 is hereby amended by deleting the words "Section 1011 and Section 1012 and" from the second to last sentence of the definition of "Indebtedness".

(c) Section 101 is hereby amended by deleting the words "as referred to under Section 1012" from clause (b) of the definition of "Net Cash Proceeds".

(d) Section 101 is hereby amended by deleting the references to Sections 1010 and 1016 in the definition of "Redeemable Capital Stock" and replacing them with Sections "1007" and "1008", respectively.

(e) Section 101 is hereby amended by deleting the words "permitted by clause (q) of the definition of Permitted

Liens" from the definition of "Secured Debt".

(f) Section 101 is hereby amended by deleting the words "permitted by clause (q) of the definition of Permitted Liens" from the definition of "Secured Party".

(g) Section 101 is hereby amended by deleting the words "and the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 1011" from the last sentence of the definition of "Unrestricted Subsidiary".

(h) Section 102 is hereby amended by deleting the words "(other than pursuant to Section 1008(a))" from the first sentence of the second paragraph therein.

(i) Section 202(d) is hereby amended by deleting the references to Sections 205 and 205(d) therein and replacing them with Sections "202" and "202(d)", respectively.

(j) Section 301 is hereby amended by deleting the references to Sections 1010 and 1016 therein and replacing them with Sections "1007" and "1008", respectively.

(k) Section 305 is hereby amended by deleting the references to Sections 1010 and 1016 therein and replacing them with Sections "1007" and "1008", respectively.

(l) Section 501 is hereby amended by deleting the references to Sections 1010 and 1016 in clause (3) thereof and replacing them with Sections "1007" and "1008", respectively.

(m) Section 801 is hereby amended by deleting clause (iii) thereof in its entirety.

Section 801 is further amended by deleting clause (iv) thereof in its entirety.

Section 801 is further amended by adding the word "and" at the end of clause (ii) and renumbering clause (v) as (iii).

(n) Section 803 is hereby amended by deleting the clause "unless such Lien could be created pursuant to Section 1015 without equally and ratably securing the Notes".

(o) Section 902 is hereby amended by deleting the reference to Section 1018 in clause (iii) thereof and replacing it with Section "1009".

(p) Section 1005 is hereby deleted in its entirety.

(q) Section 1006 is hereby amended by renumbering such Section as 1005.

Section 1006 is further amended by deleting the reference to Section 1006 therein and replacing it with Section "1005".

(r) Section 1007 is hereby deleted in its entirety.

(s) Section 1008 is hereby deleted in its entirety.

(t) Section 1009 is hereby amended by renumbering such Section as 1006.

(u) Section 1010 is hereby amended by renumbering such Section as 1007.

Section 1010 is further amended by deleting the references to Section 1010 therein and replacing them with Section "1007".

(v) Section 1011 is hereby deleted in its entirety.

(w) Section 1012 is hereby deleted in its entirety.

(x) Section 1013 is hereby deleted in its entirety.

(y) Section 1014 is hereby deleted in its entirety.

(z) Section 1015 is hereby deleted in its entirety.

(aa) Section 1016 is hereby amended by renumbering such Section as 1008.

Section 1016 is further amended by deleting the reference to Section 1016 therein and replacing it with Section "1008".

(bb) Section 1017 is hereby deleted in its entirety.

(cc) Section 1018 is hereby amended by renumbering such Section as 1009.

Section 1018 is further amended by deleting the words "Section 803, Sections 1007 or 1009 through 1017" in the first sentence thereof and replacing them with "Section 803 and Sections 1006 through 1008".

(dd) Section 1019 is hereby amended by renumbering such Section as 1010.

(ee) Section 1020 is hereby amended by renumbering such Section as 1011.

(ff) Section 1021 is hereby deleted in its entirety.

(gg) Section 1022 is hereby amended by renumbering such Section as 1012.

(hh) Section 1303 is hereby amended by deleting the reference to "Sections 1007 through 1017" therein and replacing it with "Sections 1006 through 1008".

(ii) Exhibit A - Form of Note is hereby amended by deleting the references to Sections 1010 and 1016 therein and replacing them with Sections "1007" and "1008", respectively.

(jj) Defined Terms; Related Amendments. Any and all defined terms used solely in the sections, subsections, subparagraphs or provisions of the Indenture deleted by Sections 2.01 (m), (p), (r) through (s), (v) through (z), (bb), and (ff) of this Supplemental Indenture are also hereby deleted. Any provisions contained in the Securities that relate to any sections of the Indenture that are amended by this Supplemental Indenture shall be likewise amended so that any such provisions contained in the Securities will conform to and be consistent with such amended provisions of the Indenture.

ARTICLE III
WAIVERS

Section 3.01 Waiver of Defaults and Events of Default. The Company represents and warrants to the Trustee that Holders of the Securities issued under the Indenture have irrevocably and unconditionally waived, in accordance with the terms of the Indenture, (1) any failure by the Company to comply with any term, covenant, provision or condition of the Indenture and (2) any defaults and events of default under the Indenture (other than, with respect to those Holders of the Securities who have not waived their right to receive the payment of such interest, interest payment defaults, which unwaived interest payment defaults the Company shall remedy within 10 days after the date hereof), in existence at the time of the filing of the Registration Statement on Form S-4 (File No. 333-101317), as amended (the "Registration Statement"), including those arising from representations and warranties made or affirmed in connection with the delivery of compliance certificates, whether or not such defaults and events of default are related to the restructuring (as described in the Registration Statement) or caused by the recapitalization plan (as described in the Registration Statement).

ARTICLE IV
MISCELLANEOUS

Section 4.01 Effectiveness. This Supplemental Indenture shall become effective upon its execution and delivery by the Company and the Trustee. Upon the execution and delivery of this Supplemental Indenture by the Company and the Trustee, the Indenture shall be supplemented in accordance herewith, and this Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 4.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

Section 4.03 Indenture and Supplemental Indenture Construed Together. This Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this Supplemental Indenture shall henceforth be read and construed together.

Section 4.04 Confirmation and Preservation of Indenture. The Indenture as supplemented by this Supplemental Indenture is in all respects confirmed and preserved.

Section 4.05 Conflict with Trust Indenture Act. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939, as amended

(the "Trust Indenture Act"), that is required under the Trust Indenture Act to be part of and govern any provision of this Supplemental Indenture, the provision of the Trust Indenture Act shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the provision of the Trust Indenture Act shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

Section 4.06 Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 4.07 Headings. The Article and Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 4.08 Benefits of Supplemental Indenture, etc. Nothing in this Supplemental Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Securities, any benefit of any legal or equitable right, remedy or claim under the Indenture, this Supplemental Indenture or the Securities.

Section 4.09 Successors. All agreements of the Company in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

Section 4.10 Trustee Not Responsible for Recitals. The recitals contained herein shall be taken as the statements of the Company and the Trustee assumes no responsibility for their correctness. The Trustee shall not be liable or responsible for the validity or sufficiency of this Supplemental Indenture.

Section 4.11 Certain Duties and Responsibilities of the Trustee. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability or affording protection to the Trustee, whether or not elsewhere herein so provided.

Section 4.12 Governing Law. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS SUPPLEMENTAL INDENTURE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS, WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

Section 4.13 Counterpart Originals. The Company and the Trustee may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date and year first above written.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick Donnelly

Name: Patrick Donnelly
Title: Executive Vice President, General Counsel and Secretary

THE BANK OF NEW YORK as Trustee

By: /s/ Patricia Gallagher

Name: Patricia Gallagher
Title: Vice President

Exhibit 4.10

EXECUTION COPY

SUPPLEMENTAL INDENTURE

THIS SUPPLEMENTAL INDENTURE (the "Supplemental Indenture") is made as of the 7th day of March 2003, between Sirius satellite radio inc., (formerly known as CD Radio Inc.) (the "Company") and The Bank of New York (successor to United States Trust Company of New York), as trustee (the "Trustee").

WHEREAS, the Company and the Trustee are parties to an indenture, dated as of May 15, 1999 (the "Indenture");

WHEREAS, pursuant to the Indenture, the Company has issued the 14 1/2% Senior Secured Notes due 2009 (the "Securities");

WHEREAS, Section 9.02 of the Indenture provides that with the consent of the Holders of not less than a majority in principal amount of the outstanding Securities, by act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a resolution of the Board of Directors, and the Trustee may amend the Indenture;

WHEREAS, the Company has heretofore delivered or is delivering contemporaneously herewith to the Trustee a copy of the Officers' Certificate of the Company authorizing the execution, delivery and performance of this Supplemental Indenture; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Supplemental Indenture and to make this Supplemental Indenture valid and binding have been complied with or have been done or performed;

NOW, THEREFORE, in consideration of the foregoing and notwithstanding any provision of the Indenture which, absent this Supplemental Indenture, might operate to limit such action, the Company and the Trustee agree as follows for the equal and ratable benefit of the Holders of the Securities:

ARTICLE I
DEFINITIONS

Section 1.01 General. For all purposes of the Indenture and this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the words "herein", "hereof' and "hereunder" and other words of similar import refer to the Indenture and this Supplemental Indenture as a whole and not to any particular Article, Section or subdivision; and

(b) capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

ARTICLE II
AMENDMENTS

Section 2.01 Amendments. The Indenture is hereby amended in the following respects:

(a) Section 1.01 is hereby amended by deleting the references to Section 10.16 in the definition of "Asset Sale" and replacing them with Section "10.08".

(b) Section 1.01 is hereby amended by deleting the words "Section 10.11 and Section 10.12 and" from the second to last sentence of the definition of "Indebtedness".

(c) Section 1.01 is hereby amended by deleting the words "as referred to under Section 10.12" from clause (2) of the definition of "Net Cash Proceeds".

(d) Section 1.01 is hereby amended by deleting the references to Sections 10.10 and 10.16 in the definition of "Redeemable Capital Stock" and replacing them with Sections "10.07" and "10.08", respectively.

(e) Section 1.01 is hereby amended by deleting the words "permitted by clause (b) of the definition of Permitted Liens" from the definition of "Secured Debt".

(f) Section 1.01 is hereby amended by deleting the words "permitted by clause (b) of the definition of Permitted Liens" from the definition of "Secured Party".

(g) Section 1.01 is hereby amended by deleting the words "and the Company could incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 10.11" from the last sentence of the definition of "Unrestricted Subsidiary".

(h) Section 1.02 is hereby amended by deleting the words "(other than pursuant to Section 10.08(a))" from the first sentence of the second paragraph therein.

(i) Section 3.01 is hereby amended by deleting the references to Sections 10.10 and 10.16 therein and replacing them with Sections "10.07" and "10.08", respectively.

(j) Section 3.05 is hereby amended by deleting the references to Sections 10.10 and 10.16 therein and replacing them with Sections "10.07" and "10.08", respectively.

(k) Section 5.01 is hereby amended by deleting the references to Sections 10.10 and 10.16 in clause (3) thereof and replacing them with Sections "10.07" and "10.08", respectively.

(l) Section 8.01 is hereby amended by deleting clause (iii) thereof in its entirety.

Section 8.01 is further amended by deleting clause (iv) thereof in its entirety.

Section 8.01 is further amended by adding the word "and" at the end of clause (ii) and renumbering clause (v) as (iii).

(m) Section 8.03 is hereby amended by deleting the clause "unless such Lien could be created pursuant to Section 10.15 without equally and ratably securing the Notes,".

(n) Section 9.02 is hereby amended by deleting the reference to Section 10.18 in clause (iii) thereof and replacing it with Section "10.09".

(o) Section 10.05 is hereby deleted in its entirety.

(p) Section 10.06 is hereby amended by renumbering such Section as 10.05.

Section 10.06 is further amended by deleting the reference to Section 10.06 therein and replacing it with Section "10.05".

(q) Section 10.07 is hereby deleted in its entirety.

(r) Section 10.08 is hereby deleted in its entirety.

(s) Section 10.09 is hereby amended by renumbering such Section as 10.06.

(t) Section 10.10 is hereby amended by renumbering such Section as 10.07.

Section 10.10 is further amended by deleting the references to Section 10.10 therein and replacing them with Section "10.07".

(u) Section 10.11 is hereby deleted in its entirety.

(v) Section 10.12 is hereby deleted in its entirety.

(w) Section 10.13 is hereby deleted in its entirety.

(x) Section 10.14 is hereby deleted in its entirety.

(y) Section 10.15 is hereby deleted in its entirety.

(z) Section 10.16 is hereby amended by renumbering such section as 10.08.

Section 10.16 is further amended by deleting the reference to Section 10.16 therein and replacing it with Section "10.08".

(aa) Section 10.17 is hereby deleted in its entirety.

(bb) Section 10.18 is hereby amended by renumbering such Section as 10.09.

Section 10.18 is further amended by deleting the words "Section 8.03, Sections 10.07 or 10.09 through 10.17" therein and replacing them with "Section 8.03 and Sections 10.06 through 10.08".

(cc) Section 10.19 is hereby amended by renumbering such Section as 10.10.

(dd) Section 10.20 is hereby amended by renumbering such Section as 10.11.

(ee) Section 10.21 is hereby deleted in its entirety.

(ff) Section 10.22 is hereby amended by renumbering such Section as 10.12.

(gg) Section 13.03 is hereby amended by deleting the reference to "Sections 10.07 through 10.17" therein and replacing it with "Sections 10.06 through 10.08."

(hh) Exhibit 1 - Form of Face of Initial Note is hereby amended by deleting the references to Sections 10.10 and 10.16 therein and replacing them with Sections "10.07" and "10.08", respectively.

(ii) Exhibit A - Form of Face of Exchange Note is hereby amended by deleting the references to Sections 10.10 and 10.16 therein and replacing them with Sections "10.07" and "10.08", respectively.

(jj) Defined Terms; Related Amendments. Any and all defined terms used solely in the sections, subsections, subparagraphs or provisions of the Indenture deleted by Sections 2.01 (m), (o), (q) through (r), (u) through (y), (aa), and (ee) of this Supplemental Indenture are also hereby deleted. Any provisions contained in the Securities that relate to any sections of the Indenture that are amended by this Supplemental Indenture shall be likewise amended so that any such provisions contained in the Securities will conform to and be consistent with such amended provisions of the Indenture.

ARTICLE III
WAIVERS

Section 3.01 Waiver of Defaults and Events of Default. The Company represents and warrants to the Trustee that Holders of the Securities issued under the Indenture have irrevocably and unconditionally waived, in accordance with the terms of the Indenture, (1) any failure by the Company to comply with any term, covenant, provision or condition of the Indenture and (2) any defaults and events of default under the Indenture (other than, with respect to those Holders of the Securities who have not waived their right to receive the payment of such interest, interest payment defaults, which unwaived interest payment defaults the Company shall remedy within 10 days after the date hereof), in existence at the time of the filing of the Registration Statement on Form S-4 (File No. 333-101317), as amended (the "Registration Statement"), including those arising from representations and warranties made or affirmed in connection with the delivery of compliance certificates, whether or not such defaults and

events of default are related to the restructuring (as described in the Registration Statement) or caused by the recapitalization plan (as described in the Registration Statement).

ARTICLE IV
MISCELLANEOUS

Section 4.01 Effectiveness. This Supplemental Indenture shall become effective upon its execution and delivery by the Company and the Trustee. Upon the execution and delivery of this Supplemental Indenture by the Company and the Trustee, the Indenture shall be supplemented in accordance herewith, and this Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 4.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

Section 4.03 Indenture and Supplemental Indenture Construed Together. This Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this Supplemental Indenture shall henceforth be read and construed together.

Section 4.04 Confirmation and Preservation of Indenture. The Indenture as supplemented by this Supplemental Indenture is in all respects confirmed and preserved.

Section 4.05 Conflict with Trust Indenture Act. If any provision of this Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), that is required under the Trust Indenture Act to be part of and govern any provision of this Supplemental Indenture, the provision of the Trust Indenture Act shall control. If any provision of this Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the provision of the Trust Indenture Act shall be deemed to apply to the Indenture as so modified or to be excluded by this Supplemental Indenture, as the case may be.

Section 4.06 Severability. In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 4.07 Headings. The Article and Section headings of this Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 4.08 Benefits of Supplemental Indenture, etc. Nothing in this Supplemental Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Securities, any benefit of any legal or equitable right, remedy or claim under the Indenture, this Supplemental Indenture or the Securities.

Section 4.09 Successors. All agreements of the Company in this Supplemental Indenture shall bind its successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

Section 4.10 Trustee Not Responsible for Recitals. The recitals contained herein shall be taken as the statements of the Company and the Trustee assumes no responsibility for their correctness. The Trustee shall not be liable or responsible for the validity or sufficiency of this Supplemental Indenture.

Section 4.11 Certain Duties and Responsibilities of the Trustee. In entering into this Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability or affording protection to the Trustee, whether or not elsewhere herein so provided.

Section 4.12 Governing Law. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS SUPPLEMENTAL INDENTURE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS, WHICH WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

Section 4.13 Counterpart Originals. The Company and the Trustee may

sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date and year first above written.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick Donnelly

Name: Patrick Donnelly
Title: Executive Vice President, General Counsel and Secretary

THE BANK OF NEW YORK as Trustee

By: /s/ Patricia Gallagher

Name: Patricia Gallagher
Title: Vice President

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Exhibit 4.16

SECOND SUPPLEMENTAL INDENTURE

Second Supplemental Indenture, dated as of March 4, 2003, (this "Supplemental Indenture"), by and among SIRIUS SATELLITE RADIO INC. (formerly known as CD RADIO INC.), a corporation duly organized and existing under the laws of the State of Delaware, having its principal office at 1221 Avenue of the Americas, 36th Floor, New York, NY 10036 (the "Company"), THE BANK OF NEW YORK (successor to U.S. Trust Company of Texas, N.A.), a banking corporation duly organized and existing under the laws of the State of New York, having its principal corporate trust office at 101 Barclay Street, 8W, New York, New York 10286, as resigning Trustee (the "Resigning Trustee"), and HSBC BANK USA, a banking corporation and trust company duly organized and existing under the laws of the State of New York, having its corporate trust office at 10 East 40th Street, 14th Floor, New York, New York 10016, as successor Trustee (the "Successor Trustee").

RECITALS

WHEREAS, there is currently authorized and outstanding $16,461,000 in aggregate principal amount of the Company's 8 3/4% Convertible Subordinated Notes due 2009 (the "Subordinated Notes") under an Indenture, dated as of September 29, 1999; and a First Supplemental Indenture, dated as of September 29, 1999 (the "Subordinated Notes Indenture"), between the Company and the Resigning Trustee, as trustee;

WHEREAS, Section 6.9(b) of the Subordinated Notes Indenture provides that the Trustee may resign at any time by giving notice of such resignation to the Company;

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WHEREAS, Section 6.9(e) of the Subordinated Notes Indenture provides that, if the Trustee shall resign, the Company shall promptly appoint a successor Trustee;

WHEREAS, Section 6.10 of the Subordinated Notes Indenture provides that any successor trustee appointed in accordance with the Subordinated Notes Indenture shall deliver to the Company and to the retiring Trustee a written acceptance of such appointment under the Subordinated Notes Indenture, and thereupon the resignation of the retiring Trustee shall become effective and such successor Trustee shall become vested with all rights, powers and duties of the Trustee under the Subordinated Notes Indenture;

WHEREAS, Section 6.10 of the Subordinated Notes Indenture provides that the retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee;

WHEREAS, the Resigning Trustee desires to resign as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture;

WHEREAS, the Company desires to appoint the Successor Trustee as Trustee, Registrar and Paying Agent to succeed the Resigning Trustee under the Subordinated Notes Indenture; and

WHEREAS, the Successor Trustee is willing to accept such appointment as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture;

NOW, THEREFORE, the Company, the Resigning Trustee and the Successor Trustee, for and in consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby consent and agree as follows:

ARTICLE ONE
THE RESIGNING TRUSTEE

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Section 101. Pursuant to Section 6.9(b) of the Subordinated Notes Indenture, the Resigning Trustee hereby notifies the Company that the Resigning Trustee is hereby resigning as Trustee under the Subordinated Notes Indenture.

The Company hereby waives the 30 day notice requirement set forth in Section 6.9(b) of the Subordinated Notes Indenture.

Section 102. The Resigning Trustee hereby represents and warrants to the Successor Trustee and the Company that:

(a) No covenant or condition contained in the Subordinated Notes Indenture has been waived by the Resigning Trustee or, to the best of the knowledge of the responsible officers of the Resigning Trustee's corporate trust group, by the Holders of the percentage in aggregate principal amount of the Notes required by the Subordinated Notes Indenture to effect any such waiver.

(b) There is no action, suit or proceeding pending or, to the best of the knowledge of the responsible officers of the Resigning Trustee's corporate trust group, threatened against the Resigning Trustee before any court or any governmental authority arising out of any action or omission by the Resigning Trustee as Trustee, Registrar or Paying Agent under the Subordinated Notes Indenture.

(c) As of March 3, 2003, the Resigning Trustee holds no property under the Subordinated Notes Indenture.

(d) $16,461,000 in aggregate principal amount of the Subordinated Notes is outstanding as of March 3, 2003 and interest has been paid on the Subordinated Notes through March 29, 2002.

(e) This Supplemental Indenture has been duly authorized, executed and delivered on behalf of the Resigning Trustee and constitutes a legal, valid and binding obligation of the Resigning Trustee.

(f) To the best of the knowledge of the responsible officers of the Resigning Trustee's corporate trust group, except for the default in the payment of the installment of interest which was due and payable September 29, 2002 with respect to the Subordinated Notes, no event has occurred and is continuing which is, or after notice or lapse of time, or both, would become, an Event of Default under Section 5.1 of the Subordinated Notes Indenture.

(g) The Subordinated Notes Indenture has not been amended or modified.

Section 103. The Resigning Trustee hereby assigns, transfers, delivers and confirms to the Successor Trustee all right, title and interest of the Resigning Trustee in and to the trust under the Subordinated Notes Indenture and all the rights, powers and duties of the Resigning Trustee as Trustee under the Subordinated Notes Indenture and all property held by such Resigning Trustee under the Indenture. The Resigning Trustee shall execute and deliver such further instruments and shall do such other things as the Successor Trustee may request so as to more fully and certainly vest and confirm in the Successor Trustee all the rights, powers and duties hereby assigned, transferred, delivered and confirmed to the Successor Trustee as Trustee under the Subordinated Notes Indenture.

Section 104. The Resigning Trustee hereby also resigns as Registrar and Paying Agent under the Subordinated Notes Indenture.

Section 105. The Resigning Trustee shall deliver to the Successor Trustee, as of or immediately after the effective date hereof, all property held by it as Trustee under the Subordinated Notes Indenture and all of the documents listed on Exhibit A hereto.

ARTICLE TWO
THE COMPANY

Section 201. The Company hereby certifies that Exhibit C annexed hereto is a copy of the resolutions which were duly adopted by the Board of Directors of the Company, which are in full force and effect on the date hereof,

and which authorize officers of the Company to : (a) accept the Resigning Trustee's resignation as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture; (b) appoint the Successor Trustee as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture; and (c) execute and deliver such agreements and other instruments as may be necessary or desirable to effectuate the succession of the Successor Trustee as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture.

Section 202. The Company hereby accepts the resignation of the Resigning Trustee as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture. Pursuant to Section 6.9 of the Subordinated Notes Indenture, the Company hereby appoints the Successor Trustee as Trustee under the Subordinated Notes Indenture to succeed to, and hereby vests the Successor Trustee with, all the rights, powers and duties of the Resigning Trustee under the Subordinated Notes Indenture with like effect as if originally named as Trustee under the Subordinated Notes Indenture.

Section 203. The Company hereby represents and warrants to the Resigning Trustee and the Successor Trustee that:

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(a) The Company is a corporation duly and validly organized and existing pursuant to the laws of the State of Delaware.

(b) The Subordinated Notes Indenture, when executed and delivered, was validly and lawfully executed and delivered by the Company, and the Subordinated Notes, are validly issued securities of the Company.

(c) Except for the default in the payment of the installment of interest which was due and payable September 29, 2002 with respect to the Subordinated Notes, no event has occurred and is continuing which is, or after notice or lapse of time, or both, would become, an Event of Default under Section 5.1 of the Subordinated Notes Indenture.

(d) There is no action, suit or proceeding pending or, to the best of the Company's knowledge, threatened against the Company before any court or any governmental authority arising out of any action or omission by the Company under the Subordinated Notes Indenture.

(e) This Supplemental Indenture has been duly authorized, executed and delivered on behalf of the Company and constitutes a legal, valid and binding obligation of the Company.

(f) The Subordinated Notes Indenture has not been amended or modified.

(g) All conditions precedent relating to the appointment of HSBC Bank USA, as successor Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture have been complied with by the Company.

Section 204. The Company hereby appoints the Successor Trustee as Registrar and Paying Agent under the Subordinated Notes Indenture.

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ARTICLE THREE
THE SUCCESSOR TRUSTEE

Section 301. The Successor Trustee hereby represents and warrants to the Resigning Trustee and to the Company that:

(a) The Successor Trustee is qualified and eligible under the provisions of Section 6.8 of the Subordinated Notes Indenture to act as Trustee under the Subordinated Notes Indenture.

(b) This Supplemental Indenture has been duly authorized, executed and delivered on behalf of the Successor Trustee and constitutes a legal, valid and binding obligation of the Successor Trustee.

Section 302. The Successor Trustee hereby accepts its appointment as successor Trustee under the Subordinated Notes Indenture and accepts the rights, powers and duties of the Resigning Trustee as Trustee under the Subordinated Notes Indenture, upon the terms and conditions set forth therein, with like effect as if originally named as Trustee under the Subordinated Notes Indenture.

Section 303. References in the Subordinated Notes Indenture to "corporate trust office" or other similar terms shall be deemed to refer to the corporate trust office of the Successor Trustee at 10 East 40th Street, 14th Floor, New York, New York 10016 (mailing address: 452 Fifth Avenue, New York, New York 10018, Attention: Issuer Services) or any other office of the Successor Trustee at which, at any particular time, its corporate trust business shall be administered.

Section 304. The Successor Trustee hereby accepts its appointment as Registrar and Paying Agent under the Subordinated Notes Indenture.

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Section 305. Promptly after the date of this Supplemental Indenture, the Successor Trustee shall cause notices, substantially in the form of Exhibit B annexed hereto, to be sent to each Holder of the Subordinated Notes in accordance with the provisions of Section 6.9(f) of the Subordinated Notes Indenture.

ARTICLE FOUR
MISCELLANEOUS

Section 401. Except as otherwise expressly provided herein or unless the context otherwise requires, all capitalized terms used herein which are defined in the Subordinated Notes Indenture shall have the meaning assigned to them in the Subordinated Notes Indenture.

Section 402. This Supplemental Indenture and the resignation, appointment and acceptance effected hereby shall be effective as of the close of business on the date first set forth herein above; provided that the resignation of the Resigning Trustee and the appointment of the Successor Trustee as Registrar and Paying Agent under the Subordinated Notes Indenture shall be effective on the date first above written.

Section 403. Notwithstanding the resignation of the Resigning Trustee effected hereby, the Company shall remain obligated under Section 6.7 of the Subordinated Notes Indenture to compensate, reimburse and indemnify the Resigning Trustee in connection with its prior trusteeship under the Subordinated Notes Indenture. The Company also acknowledges its obligations to the Successor Trustee as set forth in Section 6.7 of the Subordinated Notes Indenture, which obligations shall survive the execution hereof.

Section 404. This Supplemental Indenture shall be governed by and construed in accordance with the laws of the jurisdiction which governs the Subordinated Notes Indenture.

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Section 405. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 406. The Company, the Resigning Trustee and the Successor Trustee hereby acknowledge receipt of an executed counterpart of this Supplemental Indenture and the effectiveness hereof.

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IN WITNESS WHEREOF, the parties hereby have caused this Supplemental Indenture to be duly executed as of the day and year first above written.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick L. Donnelly

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

THE BANK OF NEW YORK, as Resigning Trustee

By: /s/ Michele Russo

Name: Michele Russo
Title: Assistant Vice President

HSBC BANK USA, as Successor Trustee

By: /s/ Robert A. Conrad

Name: Robert A. Conrad
Title: Vice President

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EXHIBIT A

Documents to be delivered to the Successor Trustee

1. Executed copies of the Subordinated Notes Indenture.

2. Conformed copies of the Subordinated Notes Indenture.

3. Files of closing documents.

4. Copies of the most recent of each of the SEC reports delivered by the Company pursuant to the Subordinated Notes Indenture.

5. Copies of the most recent Compliance Certificates delivered pursuant to the Subordinated Notes Indenture.

6. Copies of any official notices sent by the Trustee to all the Holders of the Subordinated Notes pursuant to the terms of the Subordinated Notes Indenture during the past twelve months and a copy of the most recent Trustee's Annual Report to Holders, if any.

7. Certified Lists of Holders as of the date of this Supplemental Indenture, certificate detail and all "stop transfers" and the reason for such "stop transfers" (or, alternatively, if there are a substantial number of registered Holders, the computer tape reflecting the identity, address, tax identification number and detailed holdings of each such Holder).

8. Securities debt service records.

9. Trust account statements for a one-year period preceding the date of this Supplemental Indenture.

10. All unissued Subordinated Notes inventory or DTC FAST held global certificates.

11. Such other documents as the Successor Trustee may reasonably require in order to transfer the appointment to it.

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EXHIBIT B

[HSBC LETTERHEAD]

NOTICE

To the Holders of Sirius Satellite Radio Inc.'s, (formerly CD Radio Inc.) (the "Company") 83/4% Convertible Subordinated Notes due 2009:

NOTICE IS HEREBY GIVEN, pursuant to Section 6.9 (b) of the Indenture, as amended (the "Indenture"), dated as of September 29, 1999, between the Company and The Bank of New York (successor to U.S. Trust Company of Texas, N.A.), as trustee, that The Bank of New York has resigned as Trustee under the Indenture.

Pursuant to Sections 6.9 and 6.10 of the Indenture, the Company has appointed HSBC Bank USA, a banking corporation and trust company duly organized and existing under the laws of the State of New York, as Trustee under the Indenture, which appointment has been accepted and has become effective. The address of the Corporate Trust Office of HSBC Bank USA is 10 East 40th Street, 14th Floor, New York, New York 10016 (mailing address: 452 Fifth Avenue, New York, New York 10018, Attention: Issuer Services).

HSBC BANK USA, as successor Trustee

Dated: _____, 2003

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EXHIBIT C

CERTIFIED COPY OF RESOLUTIONS

OF THE BOARD OF DIRECTORS OF

SIRIUS SATELLITE RADIO INC

The undersigned, _____, hereby certifies that he is the duly appointed, qualified and acting Secretary of Sirius Satellite Radio Inc., a Delaware corporation (the "Corporation"), and further certifies that the following is a true and correct copy of certain resolutions duly adopted by the Board of Directors of the Corporation on _____ and that said resolutions have not been amended, modified or rescinded:

RESOLVED, that the Corporation appoint HSBC BANK USA (the "Successor Trustee") as successor Trustee, Registrar and Paying Agent and the office or agency where notices and demands to or upon the Corporation in respect of the Securities (as defined below) and the Subordinated Notes Indenture (as defined below) may be served under the Subordinated Notes Indenture, dated as of September 29, 1999 (as supplemented, the "Subordinated Notes Indenture"), by and between the Corporation and The Bank of New York (the "Resigning Trustee"), as Trustee, pursuant to which the Corporation has an aggregate principal amount outstanding of $16,461,000 of its 8 3/4% Convertible Subordinated Notes due 2009, and that the Corporation accepts the resignation of the Resigning Trustee as Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture, such resignation to be effective upon the execution and delivery by the Successor Trustee to the Corporation of an instrument or instruments accepting such appointment as successor Trustee, Registrar and Paying Agent under the Subordinated Notes Indenture;

RESOLVED, that the President and Chief Executive Officer, any Vice President or any Assistant Treasurer of the Corporation be, and each of them hereby is, authorized, empowered and directed to execute and deliver in the name and on behalf of the Corporation an instrument or instruments appointing the Successor Trustee as the successor Trustee, Registrar and Paying Agent and accepting the resignation of the Resigning Trustee; and

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RESOLVED, that the proper officers of the Corporation are hereby authorized, empowered and directed to do or cause to be done all such acts or things, and to execute and deliver, or cause to be executed or delivered, any and all such other agreements, amendments, instruments, certificates, documents or papers (including, without limitation, any and all notices and certificates required or permitted to be given or made on behalf of the Corporation to the Successor Trustee or to the Resigning Trustee), under the terms of any of the executed instruments in connection with the resignation of the Resigning Trustee, and the appointment of the Successor Trustee, in the name and on behalf of the Corporation as any of such officers, in his discretion, may deem necessary or advisable to effectuate or carry out the purposes and intent of the foregoing resolutions; and to exercise any of the Corporation's obligations under the instruments and agreements executed on behalf of the Corporation in connection with the resignation of the Resigning Trustee and the appointment of the Successor Trustee.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary and have affixed the seal of the Corporation this ___ day of March, 2003.

By: _____
Name:
Title: Secretary

[SEAL]

Exhibit 4.17

EXECUTION COPY

THIRD SUPPLEMENTAL INDENTURE

THIRD SUPPLEMENTAL INDENTURE (the "Third Supplemental Indenture") dated as of March 7, 2003 between Sirius satellite radio inc. (formerly known as CD Radio Inc.) (the "Company") and HSBC Bank USA, as trustee (the "Trustee").

WHEREAS, the Company and The Bank of New York (as successor to U.S. Trust Company of Texas, N.A., "BONY"), as trustee, are parties to a first supplemental indenture, dated as of September 29, 1999 (the "First Supplemental Indenture"), to the indenture dated as of September 29, 1999 (the "Original Indenture") between the Company and BONY, and the Company and the Trustee are parties to a second supplemental indenture, dated as of March 4, 2003 (the "Second Supplemental Indenture" and together with the First Supplemental Indenture and the Original Indenture, the "Indenture"), to the Original Indenture;

WHEREAS, pursuant to the Indenture, the Company has issued the 8 3/4 % Convertible Subordinated Notes due 2009 (the "Securities");

WHEREAS, Section 9.2 of the Indenture provides that the Company, when authorized by a resolution of the Board of Directors, and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Securities outstanding, may amend the Indenture;

WHEREAS, the Company has heretofore delivered or is delivering contemporaneously herewith to the Trustee a copy of the Officers' Certificate of the Company authorizing the execution, delivery and performance of this Third Supplemental Indenture; and

WHEREAS, all conditions necessary to authorize the execution and delivery of this Third Supplemental Indenture and to make this Third Supplemental Indenture valid and binding have been complied with or have been done or performed.

NOW, THEREFORE, in consideration of the foregoing and notwithstanding any provision of the Indenture which, absent this Third Supplemental Indenture, might operate to limit such action, the Company and the Trustee agree as follows for the equal and ratable benefit of the Holders of the Securities:

ARTICLE I
DEFINITIONS

Section 1.01 General. For all purposes of the Indenture and this Third Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the words "herein", "hereof' and "hereunder" and other words of similar import refer to the Indenture and this Third Supplemental Indenture as a whole and not to any particular Article, Section or subdivision; and

(b) capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

ARTICLE II
AMENDMENTS

Section 2.01 Amendments. The Indenture is hereby amended in the following respects:

(a) Section 6.01(5) of the First Supplemental Indenture is hereby deleted in its entirety.

(b) Section 6.01(6) of the First Supplemental Indenture is hereby deleted in its entirety.

(c) Section 6.01(7) of the First Supplemental Indenture is hereby deleted in its entirety.

(d) Section 6.01(8) of the First Supplemental Indenture is

hereby deleted in its entirety.

(e) Section 6.02 of the First Supplemental Indenture is hereby amended by deleting the parenthetical phrase, "(other than an Event of Default specified in Section 6.01(7) or (8))" in the first sentence thereof.

Section 6.02 of the First Supplemental Indenture is further amended by deleting the following sentence in its entirety:

> "If an Event of Default specified in Section 6.01(7) or (8) occurs, the principal of, and accrued interest on, all the Series 8 3/4% Notes shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable."

Section 6.02 of the First Supplemental Indenture is further amended by deleting the reference to Section 6.13 in clause (2) thereof and replacing it with Section "5.13".

(f) Defined Terms; Related Amendments. Any and all defined terms used solely in the sections, subsections, subparagraphs or provisions of the Indenture deleted by Sections 2.01 (a) through (e) this Third Supplemental Indenture are also hereby deleted. Any provisions contained in the Securities that relate to any sections of the Indenture that are amended by this Supplemental Indenture shall be likewise amended so that any such provisions contained in the Securities will conform to and be consistent with such amended provisions of the Indenture.

ARTICLE III
WAIVERS

Section 3.01 Waiver of Defaults and Events of Default. The Company represents and warrants to the Trustee that Holders of the Securities issued under the Indenture have irrevocably and unconditionally waived, in accordance with the terms of the Indenture, (1) any failure by the Company to comply with any term, covenant, provision or condition of the Indenture and (2) any defaults and events of default under the Indenture (other than, with respect to those Holders of the Securities who have not waived their right to receive the payment of such interest, interest payment defaults, which unwaived interest payment defaults the Company shall remedy within 10 days after the date hereof), in existence at the time of the filing of the Registration Statement on Form S-4 (File No. 333-101317), as amended (the "Registration Statement"), including those arising from representations and warranties made or affirmed in connection with the delivery of compliance certificates, whether or not such defaults and events of default are related to the restructuring (as described in the Registration Statement) or caused by the recapitalization plan (as described in the Registration Statement).

ARTICLE IV
MISCELLANEOUS

Section 4.01 Effectiveness. This Third Supplemental Indenture shall become effective upon its execution and delivery by the Company and the Trustee. Upon the execution and delivery of this Third Supplemental Indenture by the Company and the Trustee, the Indenture shall be supplemented in accordance herewith, and this Third Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Securities heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby.

Section 4.02 Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

Section 4.03 Indenture and Third Supplemental Indenture Construed Together. This Third Supplemental Indenture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this Third Supplemental Indenture shall henceforth be read and construed together.

Section 4.04 Confirmation and Preservation of Indenture. The Indenture as supplemented by this Third Supplemental Indenture is in all respects confirmed and preserved.

Section 4.05 Conflict with Trust Indenture Act. If any provision of this Third Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), that is required under the Trust Indenture Act to be part of and govern any provision of this Third Supplemental Indenture, the provision of the Trust Indenture Act shall control. If any provision of this Third Supplemental Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the provision of the Trust Indenture Act shall be deemed to apply to the Indenture as so modified or to be excluded by this Third Supplemental Indenture, as the case may be.

Section 4.06 Severability. In case any provision in this Third Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 4.07 Headings. The Article and Section headings of this Third Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this Third Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

Section 4.08 Benefits of Third Supplemental Indenture, etc. Nothing in this Third Supplemental Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Securities, any benefit of any legal or equitable right, remedy or claim under the Indenture, this Third Supplemental Indenture or the Securities.

Section 4.09 Successors. All agreements of the Company in this Third Supplemental Indenture shall bind its successors. All agreements of the Trustee in this Third Supplemental Indenture shall bind its successors.

Section 4.10 Trustee Not Responsible for Recitals. The recitals contained herein shall be taken as the statements of the Company and the Trustee assumes no responsibility for their correctness.

The Trustee shall not be liable or responsible for the validity or sufficiency of this Third Supplemental Indenture.

Section 4.11 Certain Duties and Responsibilities of the Trustee. In entering into this Third Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability or affording protection to the Trustee, whether or not elsewhere herein so provided.

Section 4.12 Governing Law. THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS third SUPPLEMENTAL INDENTURE WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS, WHICH would require the application of the laws of another jurisdiction.

Section 4.13 Counterpart Originals. The Company and the Trustee may sign any number of copies of this Third Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed, all as of the date and year first above written.

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick Donnelly

Name: Patrick Donnelly
Title: Executive Vice President,
General Counsel and Secretary

HSBC BANK USA, as Trustee

By: /s/ Robert Conrad

Name: Robert A. Conrad
Title: Vice President

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

SIRIUS SATELLITE RADIO INC.

SERIES A COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sirius Satellite Radio Inc., a Delaware corporation (the "Company"), grants to _____, or its assigns (the "Warrantholder"), the right to subscribe for and purchase from the Company an aggregate of _____ validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), at the purchase price per share of $1.04 (such purchase price per share, the "Exercise Price"), at any time and from time to time, during the period from and including 9:00 AM, New York City time, on the date hereof until 5:00 PM, New York City time, on March 7, 2005 (the "Expiration Date"), all subject to the terms, conditions and adjustments herein set forth.

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

Certificate No. ____

Number of Shares: _____

Name of Warrantholder: _____

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

1.1 Exercisability of Warrant. Subject to the terms and conditions set forth herein, this Warrant is immediately exercisable. The Company shall not, prior to the Expiration Date, take any action which would have the effect of preventing or disabling the Company from delivering the Warrant Shares to the Warrantholder upon exercise of this Warrant or otherwise performing the Company's obligations under this Warrant.

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

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

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

In the alternative, the Warrantholder may exercise its right, on any Business Day prior to and including the Expiration Date, to receive Warrant Shares on a net basis, such that, without the exchange of any funds, the Warrantholder receives that number of Warrant Shares otherwise issuable upon exercise of this Warrant less that number of Warrant Shares having an aggregate fair market value (as determined by the Board of Directors) at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid in respect of this Warrant by the Warrantholder.

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

1.3 Limitations on Exercise. Notwithstanding anything to the contrary

herein, the obligation to deliver Warrant Shares upon the exercise of this Warrant shall be subject to the conditions that no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, shall be in effect which would prohibit such sale and delivery, and any applicable waiting period under the HSR Act shall have expired or been terminated.

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

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

1.6 Divisibility of Warrant; Transfer of Warrant. (a) Subject to the provisions of this Section, this Warrant may be divided into warrants of one thousand shares or multiples thereof, upon surrender at the office of the Company located at 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, without charge to any Warrantholder. Subject to the provisions of this Section, upon such division, the Warrants may be transferred of record as the

then Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes).

(b) Subject to the provisions of this Section 1, upon surrender of this Warrant to the Company with a duly executed Assignment Form and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants of like tenor in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

Section 2. Restrictions on Transfer; Restrictive Legends. Except as otherwise permitted by this Section 2, each Warrant shall (and each Warrant issued upon direct or indirect transfer or in substitution for any Warrant pursuant to Section 1 or Section 4 shall) be stamped or otherwise imprinted with a legend in substantially the following form:

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

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

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

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

Shares, as the case may be.

By acceptance of this Warrant, the Warrantholder expressly agrees that it will at all times comply with the restrictions contained in Rule 144(e) under the Securities Act (as in effect on the date hereof) when selling, transferring or otherwise disposing of the Warrants, if applicable.

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

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

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

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

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

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

Section 6. Antidilution Provisions.

6.1 Changes in Common Stock. In the event that at any time and from time to time the Company shall (i) pay a dividend or make a distribution on Common Stock in shares of Common Stock or other shares of Capital Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock or (iv) increase or decrease the number of shares of Common Stock outstanding by reclassification, recapitalization or reorganization of its Common Stock, then, in each such case, the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the happening of such event shall be adjusted so that, after giving effect to such adjustment, the Warrantholder shall be entitled to receive the number of shares of Common Stock that the Warrantholder would have owned or

have been entitled to receive had this Warrant been exercised immediately prior to the happening of the events described above (or, in the case of a dividend or distribution of Common Stock, immediately prior to the record date therefor), and the Exercise Price shall be adjusted to the price (calculated to the nearest 100th of one cent) determined by multiplying the Exercise Price immediately prior to such event by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of the Warrant immediately prior to such event and the denominator of which shall be the number of Warrant Shares purchasable after the adjustment referred to above. An adjustment made pursuant to this Section 6.1 shall become effective immediately after the distribution date, retroactive to the record date therefor in the case of a dividend or distribution in shares of Common Stock or other shares of Capital Stock, and shall become effective immediately after the effective date in the case of a

subdivision, combination or reclassification.

6.2 Cash Dividends and Other Distributions. In the event that at any time and from time to time the Company shall distribute to all holders of Common Stock (i) any dividend or other distribution (including any dividend or distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of cash, evidences of its indebtedness, shares of its Capital Stock or any other properties or securities or (ii) any options, warrants or other rights to subscribe for or purchase any of the foregoing (other than, in the case of clause (i) and (ii) above, (A) any dividend or distribution described in Section 6.1 and (B) any rights, options, warrants or securities described in Section 6.3 or Section 6.4), then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution shall be increased to a number determined by multiplying the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution by a fraction, the numerator of which shall be the Current Market Value per share of Common Stock on the record date for such dividend or distribution, and the denominator of which shall be such Current Market Value per share of Common Stock less the sum of (x) the amount of cash, if any, distributed per share of Common Stock and (y) the then fair value (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) of the portion, if any, of the distribution applicable to one share of Common Stock consisting of evidences of indebtedness, shares of stock, securities, other property, warrants, options or subscription or purchase rights; and the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such record date by the above fraction. Such adjustments shall be made, and shall only become effective, whenever any dividend or distribution is made; provided that the Company is not required to make an adjustment pursuant to this Section 6.2 if at the time of such distribution the Company makes the same distribution to the Warrantholder as it makes to holders of Common Stock pro rata based on the number of shares of Common Stock for which this Warrant is exercisable. No adjustment shall be made pursuant to this Section 6.2 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.3 Issuance of Common Stock or Rights or Options. In the event that at any time or from time to time the Company shall issue shares of Common Stock or rights, options or warrants or securities convertible into or exchangeable for Common Stock, other than in a bona fide underwritten public offering by or through a syndicate managed by an investment bank of

national or regional standing, for a consideration per share (which, in the case of convertible, exchangeable or exercisable securities shall be the amount received by the Company in consideration for the sale and issuance of such convertible, exchangeable or exercisable securities plus the minimum aggregate amount of additional consideration payable to the Company upon conversion, exchange or exercise thereof (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request), provided that the value attributable to such convertible, exchangeable or exercisable securities when issued as part of a unit with debt or other obligations of the Company shall be excluded to the extent it is a result of calculating the discount applicable to such debt or other obligations of the Company under generally accepted accounting principles) that is less than the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares and (b) the Exercise Price, then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately after such date shall be determined by multiplying the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the number of additional shares of Common Stock to be issued in such transaction or offered for subscription or purchase or into which such securities are convertible or exchangeable, and the denominator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the total number of shares of Common Stock which the aggregate consideration expected to be received by the Company upon the issuance of such shares or the exercise, conversion or exchange of such rights, options, warrants or securities (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) would purchase at the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares or rights, options, warrants or securities and

(b) the Exercise Price, and in the event of any such adjustment, the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such date by the aforementioned fraction; provided that no adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price shall be made as a result of (i) the vesting or exercise of this Warrant, (ii) the exercise, conversion or exchange of any right, option, warrant or security, the issuance of which has previously required an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price pursuant to this Section 6.3, (iii) the exercise, conversion or exchange of any right, option, warrant or security outstanding on the Issue Date (to the extent such exercise, conversion or exchange is made in accordance with the terms of such right, option, warrant or security as in effect on the Issue Date) or (iv) the issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company; and, provided further, that to the extent that the aggregate proceeds from any issuance of shares of Common Stock subject to this Section 6.3 from the date of issuance of this Warrant do not exceed $100 million, this Section 6.3 shall be applied without reference to the Exercise Price in the determination of whether any adjustment shall be made to the number of shares issuable upon exercise of this Warrant and in the application of the formula for determining the extent of any such adjustment. Any adjustment required by this Section 6.3

shall be made, and shall only become effective, whenever such shares or such rights, options, warrants or securities are issued. The terms of this provision shall be reapplied if the terms of a right, option, warrant or security convertible for or exchangeable into Common Stock are subsequently amended. No adjustment shall be made pursuant to this Section 6.3 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.4 Fundamental Transaction; Liquidation. (a) Except as provided in Section 6.4(b), in the event of a Fundamental Transaction, this Warrant will not terminate and until the Expiration Date the Warrantholder shall have the right to receive upon exercise of this Warrant the kind and amount of shares of Capital Stock or other securities or property which the Warrantholder would have been entitled to receive upon completion of, or as a result of, such Fundamental Transaction had this Warrant been exercised immediately prior to such event or to the relevant record date for any such entitlement, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. Unless paragraph (b) is applicable to a Fundamental Transaction, the Company shall cause that the surviving or acquiring Person (the "Successor Company") in such Fundamental Transaction shall assume, by written instrument reasonably satisfactory to the Warrantholder, the obligation to deliver to the Warrantholder the shares of stock, securities or assets to which, in accordance with the foregoing provisions, the Warrantholder may be entitled and all other obligations of the Company under this Warrant. The provisions of this Section 6.4(a) shall similarly apply to successive Fundamental Transactions involving any Successor Company.

(b) In the event of (i) a Fundamental Transaction with another Person (other than a subsidiary of the Company) where consideration to the holders of Common Stock in exchange for their shares is payable solely in cash or (ii) the dissolution, liquidation or winding-up of the Company, the Warrantholder shall be entitled to receive, upon surrender of this Warrant, such cash distributions on an equal basis with the holders of Common Stock or other securities issuable upon exercise of this Warrant, as if this Warrant had been exercised immediately prior to such event, less the Exercise Price.

In the event of any Fundamental Transaction described in this Section 6.4(b), the Successor Company and, in the event of any dissolution, liquidation or winding-up of the Company, the Company, upon surrender of this Warrant, shall promptly pay the Warrantholder the amounts to which it is entitled as described above by delivering a check in such amount as is appropriate (or, in the case of consideration other than cash, such other consideration as is appropriate) to such Person or Persons as it may be directed in writing by the Warrantholder.

6.5 Minimum Adjustment. The adjustments required by the preceding sections of this Section 6 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant that would otherwise be required shall be made unless and until such adjustment either by itself or with other adjustments not previously made increases or decreases by at least 1% the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to the making of such adjustment. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment, together with other adjustments required

by this Section 6 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence. In computing adjustments under this Section 6, fractional interests in Common Stock shall be taken into account to the nearest one-hundredth of a share.

6.6 Notice of Adjustment. Whenever the Exercise Price or the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant is adjusted, as herein provided, the Company shall deliver to the Warrantholder an agreed upon procedures letter of a firm of independent accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which (i) the then fair value of any evidences of indebtedness, other securities or property or warrants, options or other subscription or purchase rights was determined and (ii) the Current Market Value of the Common Stock was determined, if either of such determinations were required), and specifying the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant after giving effect to such adjustment.

6.7 Notice of Certain Transactions. In the event that the Company shall propose to (a) pay any dividend payable in securities of any class to the holders of its Common Stock or to make any other non-cash dividend or distribution to the holders of its Common Stock, (b) offer the holders of its Common Stock rights to subscribe for or to purchase any securities convertible into shares of Common Stock or shares of stock of any class or any other securities, rights or options, (c) issue any (i) shares of Common Stock, (ii) rights, options or warrants entitling the holders thereof to subscribe for shares of Common Stock or (iii) securities convertible into or exchangeable or exercisable for Common Stock (in the case of (i), (ii) and (iii), if such event would result in an adjustment hereunder), (d) effect any capital reorganization, reclassification, consolidation or merger, (e) effect the voluntary or involuntary dissolution, liquidation or winding-up of the Company, (f) make a tender offer or exchange offer with respect to the Common Stock or (g) take any action which would require an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or the Exercise Price, the Company shall, within five days after deciding to take any such action or make any such offer, send to the Warrantholder a notice of such proposed action or offer. Such notice shall specify the record date for the purposes of such dividend, distribution or rights, or the date such issuance or event is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall briefly indicate the effect, if any, of such action on the Common Stock and on the number and kind of any other shares of stock and on other property, if any, and the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant and the Exercise Price after giving effect to any adjustment pursuant to Section 6 which will be required as a result of such action. Such notice shall be given as promptly as possible and (x) in the case of any action covered by clause (a) or (b) above, at least 10 days prior to the record date for determining holders of the Common Stock for purposes of such action or (y) in the case of any other such action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.8 Adjustment to Warrant. The form of this Warrant need not be changed because of any adjustment made pursuant to this Section 6.

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

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

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

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

Section 8. Required Registration. The Company shall use its best efforts to cause a shelf registration statement relating to the resale of the Warrant Shares to be filed with the SEC as promptly as possible, but in no event later than April 4, 2003, following the issuance of this Warrant.

Section 9. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Holders representing two-thirds of then issuable Warrant Shares; provided that it is not necessary that the exact form of the amendment be approved by the Holders representing two-thirds of then issuable Warrant Shares if such Holders have approved the substance of such amendment. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon each Holder and the Company. Notwithstanding anything to the contrary herein, the consent of each Holder affected shall be required for any amendment pursuant to which the number of Warrant Shares purchasable upon exercise of the Warrants would be decreased (other than in accordance with Section 6 hereof).

Section 10. Expiration of the Warrant. The obligations of the Company pursuant to this Warrant shall terminate on the Expiration Date.

Section 11. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Affiliate" shall mean, with respect to any specified Person, (1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (2) any other Person that owns, directly or indirectly, 25% or more of such specified Person's Voting Stock or any executive officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or

adoption not more remote than first cousin. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

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

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

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

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

"Capital Stock" of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

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

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

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

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

"Current Market Value" per share of Common Stock of the Company or any other security at any date shall mean (1) if the security is not registered under the Exchange Act, (a) the value of the security, determined in good faith by the Board of Directors and certified in a board resolution, based on the most recently completed arms-length transaction between the Company and a Person other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized independent financial expert (provided that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith

judgment of the Board of Directors, a reasonable determination of value, may be utilized) or (2) if the security is registered under the Exchange Act, (a) the average of the daily closing sales prices of the securities for the 20 consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (2)(a) and (2)(b), as certified to the Warrantholder by the President, any Vice President or the Chief Financial Officer of the Company. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day; (B) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company; (C) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each Business Day, designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported; and (D) if there are not bid and asked prices reported during the 30 days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act.

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

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

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

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

"FCC" shall mean the Federal Communications Commission, or any successor to such agency.

"Fundamental Transaction" shall mean any transaction or series of related transactions by which the Company consolidates with or merges with or into any other

Person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another Person or group of affiliated Persons or is a party to a merger or binding share exchange which reclassifies or changes its outstanding Common Stock; provided that the Company may effect any of such transactions with a wholly-owned subsidiary where after such transaction the Company or, in the event the Company is not the surviving entity, the surviving entity has a consolidated net worth which is no less than the consolidated net worth of the Company prior to such transaction.

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

"Holder(s)" shall mean the holder(s) of the Series A Warrants and holders of the Series B Warrants.

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

"Issue Date" shall mean the date on which this Warrant is originally issued.

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

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

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

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

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

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

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

"Series A Warrants" shall mean the Series A Warrants issued on _____ by the Company to _____.

"Series B Warrants" shall mean the Series B Warrants issued on _____ by the Company to _____.

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

"Successor Company" shall have the meaning specified in Section 6.4 of

this Warrant.

"Voting Stock" shall mean, with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

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

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

Section 12. No Impairment. The Company shall not by any action, including, without limitation, amending the Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but shall at all times in good faith assist in the carrying out of all such terms and in the taking of all such reasonable actions as may be necessary or appropriate to protect the rights of the Warrantholder against impairment. Without limiting the generality of the foregoing, the Company shall (a) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (b) provide reasonable assistance to the Warrantholder in obtaining all authorizations, exemptions or consents from any Governmental Authority which may be necessary in connection with the exercise of this Warrant.

Section 13. Miscellaneous.

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

13.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and their respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warrantholder, or their respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

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

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

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

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

if to the Company, addressed to:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas

36th Floor
New York, New York 10020
Attention: Chief Financial Officer
Telecopy: 212 584-5353

if to the Warrantholder, addressed to:

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

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

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

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

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

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

which the conduct of its business or the nature of the property owned requires such qualification.

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Warrant and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Warrant Shares, (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Certificate of Incorporation or By-laws; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Company or any Requirement of Law applicable to the Company.

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

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

13.12 Specific Performance. The Company and the Warrantholder acknowledge that the Warrant and the Warrant Shares are unique and that neither party hereto will have an adequate remedy at law if the other breaches any covenant contained herein or fails to perform any of its obligations under this Warrant. Accordingly, each party agrees that the other shall have the right, in addition to any other rights which it may have, to specific performance and equitable

injunctive relief if the other party shall fail or threaten to fail to perform any of its obligations under this Warrant.

13.13 Third Parties. Nothing expressed or implied in this Warrant is intended or shall be construed to confer upon or give to any third party any rights or remedies by virtue of this Warrant or any exercise or non-exercise of the Warrant Shares granted hereby.

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

SIRIUS SATELLITE RADIO INC.

By:

Patrick L. Donnelly
Executive Vice President and
General Counsel

Dated:

Attest:

By:

Douglas A. Kaplan
Assistant Secretary

Exhibit A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

- ---

Exhibit B

FORM OF ASSIGNMENT

(To be executed only upon transfer of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

- ---

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

SIRIUS SATELLITE RADIO INC.

SERIES B COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sirius Satellite Radio Inc., a Delaware corporation (the "Company"), grants to _____, or its assigns (the "Warrantholder"), the right to subscribe for and purchase from the Company an aggregate of _____ validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), at the purchase price per share of $0.92 (such purchase price per share, the "Exercise Price"), at any time and from time to time, during the period from and including 9:00 AM, New York City time, on the date hereof until 5:00 PM, New York City time, on March 7, 2005 (the "Expiration Date"), all subject to the terms, conditions and adjustments herein set forth.

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

Certificate No. ____

Number of Shares: _____

Name of Warrantholder: _____

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

1.1 Exercisability of Warrant. Subject to the terms and conditions set forth herein, this Warrant is immediately exercisable. The Company shall not, prior to the Expiration Date, take any action which would have the effect of preventing or disabling the Company from delivering the Warrant Shares to the Warrantholder upon exercise of this Warrant or otherwise performing the Company's obligations under this Warrant.

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

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

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

In the alternative, the Warrantholder may exercise its right, on any Business Day prior to and including the Expiration Date, to receive Warrant Shares on a net basis, such that, without the exchange of any funds, the Warrantholder receives that number of Warrant Shares otherwise issuable upon exercise of this Warrant less that number of Warrant Shares having an aggregate fair market value (as determined by the Board of Directors) at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid in respect of this Warrant by the Warrantholder.

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

1.3 Limitations on Exercise. Notwithstanding anything to the contrary herein, the obligation to deliver Warrant Shares upon the exercise of this Warrant shall be subject to the conditions that no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, shall be in effect which would prohibit such sale and delivery, and any applicable waiting period under the HSR Act shall have expired or been terminated.

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

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

1.6 Divisibility of Warrant; Transfer of Warrant. (a) Subject to the provisions of this Section, this Warrant may be divided into warrants of one thousand shares or multiples thereof, upon surrender at the office of the Company located at 1221 Avenue of the Americas, 36th Floor, New York, New York 10020, without charge to any Warrantholder. Subject to the provisions of this Section, upon such division, the Warrants may be transferred of record as the

then Warrantholder may specify without charge to such Warrantholder (other than any applicable transfer taxes).

(b) Subject to the provisions of this Section 1, upon surrender of this Warrant to the Company with a duly executed Assignment Form and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant or Warrants of like tenor in the name of the assignee named in such Assignment Form, and this Warrant shall promptly be canceled. The term "Warrant" as used in this Agreement shall be deemed to include any Warrants issued in substitution or exchange for this Warrant.

Section 2. Restrictions on Transfer; Restrictive Legends. Except as otherwise permitted by this Section 2, each Warrant shall (and each Warrant issued upon direct or indirect transfer or in substitution for any Warrant pursuant to Section 1 or Section 4 shall) be stamped or otherwise imprinted with a legend in substantially the following form:

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

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

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

Notwithstanding the foregoing, the Warrantholder may require the Company, without expense to the Warrantholder, to issue a Warrant or a stock certificate for Warrant Shares, in each case without a legend, if either (i) such Warrant or such Warrant Shares, as the case may be, have been registered for resale under the Securities Act or (ii) the Warrantholder has delivered to the Company an opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company, to the effect that

such registration is not required with respect to such Warrant or such Warrant Shares, as the case may be.

By acceptance of this Warrant, the Warrantholder expressly agrees that it will at all times comply with the restrictions contained in Rule 144(e) under the Securities Act (as in effect on the date hereof) when selling, transferring or otherwise disposing of the Warrants, if applicable.

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

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

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

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

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

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

Section 6. Antidilution Provisions.

6.1 Changes in Common Stock. In the event that at any time and from time to time the Company shall (i) pay a dividend or make a distribution on Common Stock in shares of Common Stock or other shares of Capital Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock or (iv) increase or decrease the number of shares of Common Stock outstanding by reclassification, recapitalization or reorganization of its Common Stock, then, in each such case, the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the happening of such event shall be adjusted so that, after giving effect to such adjustment, the Warrantholder shall be entitled to receive the number of shares of Common Stock that the Warrantholder would have owned or

have been entitled to receive had this Warrant been exercised immediately prior to the happening of the events described above (or, in the case of a dividend or distribution of Common Stock, immediately prior to the record date therefor), and the Exercise Price shall be adjusted to the price (calculated to the nearest 100th of one cent) determined by multiplying the Exercise Price immediately prior to such event by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of the Warrant immediately prior to such event and the denominator of which shall be the number of Warrant Shares purchasable after the adjustment referred to above. An adjustment made pursuant to this Section 6.1 shall become effective immediately after the distribution date, retroactive to the record date therefor in the case of a dividend or distribution in shares of Common Stock or other shares of Capital Stock, and

shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

6.2 Cash Dividends and Other Distributions. In the event that at any time and from time to time the Company shall distribute to all holders of Common Stock (i) any dividend or other distribution (including any dividend or distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of cash, evidences of its indebtedness, shares of its Capital Stock or any other properties or securities or (ii) any options, warrants or other rights to subscribe for or purchase any of the foregoing (other than, in the case of clause (i) and (ii) above, (A) any dividend or distribution described in Section 6.1 and (B) any rights, options, warrants or securities described in Section 6.3 or Section 6.4), then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution shall be increased to a number determined by multiplying the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution by a fraction, the numerator of which shall be the Current Market Value per share of Common Stock on the record date for such dividend or distribution, and the denominator of which shall be such Current Market Value per share of Common Stock less the sum of (x) the amount of cash, if any, distributed per share of Common Stock and (y) the then fair value (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) of the portion, if any, of the distribution applicable to one share of Common Stock consisting of evidences of indebtedness, shares of stock, securities, other property, warrants, options or subscription or purchase rights; and the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such record date by the above fraction. Such adjustments shall be made, and shall only become effective, whenever any dividend or distribution is made; provided that the Company is not required to make an adjustment pursuant to this Section 6.2 if at the time of such distribution the Company makes the same distribution to the Warrantholder as it makes to holders of Common Stock pro rata based on the number of shares of Common Stock for which this Warrant is exercisable. No adjustment shall be made pursuant to this Section 6.2 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.3 Issuance of Common Stock or Rights or Options. In the event that at any time or from time to time the Company shall issue shares of Common Stock or rights, options or warrants or securities convertible into or exchangeable for Common Stock, other than in a bona fide underwritten public offering by or through a syndicate managed by an investment bank of

national or regional standing, for a consideration per share (which, in the case of convertible, exchangeable or exercisable securities shall be the amount received by the Company in consideration for the sale and issuance of such convertible, exchangeable or exercisable securities plus the minimum aggregate amount of additional consideration payable to the Company upon conversion, exchange or exercise thereof (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request), provided that the value attributable to such convertible, exchangeable or exercisable securities when issued as part of a unit with debt or other obligations of the Company shall be excluded to the extent it is a result of calculating the discount applicable to such debt or other obligations of the Company under generally accepted accounting principles) that is less than the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares and (b) the Exercise Price, then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately after such date shall be determined by multiplying the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the number of additional shares of Common Stock to be issued in such transaction or offered for subscription or purchase or into which such securities are convertible or exchangeable, and the denominator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the total number of shares of Common Stock which the aggregate consideration expected to be received by the Company upon the issuance of such shares or the exercise, conversion or exchange of such rights, options, warrants or securities (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) would purchase at the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees

in writing to issue such shares or rights, options, warrants or securities and (b) the Exercise Price, and in the event of any such adjustment, the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such date by the aforementioned fraction; provided that no adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price shall be made as a result of (i) the vesting or exercise of this Warrant, (ii) the exercise, conversion or exchange of any right, option, warrant or security, the issuance of which has previously required an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price pursuant to this Section 6.3, (iii) the exercise, conversion or exchange of any right, option, warrant or security outstanding on the Issue Date (to the extent such exercise, conversion or exchange is made in accordance with the terms of such right, option, warrant or security as in effect on the Issue Date) or (iv) the issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company; and, provided further, that to the extent that the aggregate proceeds from any issuance of shares of Common Stock subject to this Section 6.3 from the date of issuance of this Warrant do not exceed $100 million, this Section 6.3 shall be applied without reference to the Exercise Price in the determination of whether any adjustment shall be made to the number of shares issuable upon exercise of this Warrant and in the application of the formula for determining the extent of any such adjustment. Any adjustment required by this Section 6.3

shall be made, and shall only become effective, whenever such shares or such rights, options, warrants or securities are issued. The terms of this provision shall be reapplied if the terms of a right, option, warrant or security convertible for or exchangeable into Common Stock are subsequently amended. No adjustment shall be made pursuant to this Section 6.3 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.4 Fundamental Transaction; Liquidation. (a) Except as provided in Section 6.4(b), in the event of a Fundamental Transaction, this Warrant will not terminate and until the Expiration Date the Warrantholder shall have the right to receive upon exercise of this Warrant the kind and amount of shares of Capital Stock or other securities or property which the Warrantholder would have been entitled to receive upon completion of, or as a result of, such Fundamental Transaction had this Warrant been exercised immediately prior to such event or to the relevant record date for any such entitlement, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. Unless paragraph (b) is applicable to a Fundamental Transaction, the Company shall cause that the surviving or acquiring Person (the "Successor Company") in such Fundamental Transaction shall assume, by written instrument reasonably satisfactory to the Warrantholder, the obligation to deliver to the Warrantholder the shares of stock, securities or assets to which, in accordance with the foregoing provisions, the Warrantholder may be entitled and all other obligations of the Company under this Warrant. The provisions of this Section 6.4(a) shall similarly apply to successive Fundamental Transactions involving any Successor Company.

(b) In the event of (i) a Fundamental Transaction with another Person (other than a subsidiary of the Company) where consideration to the holders of Common Stock in exchange for their shares is payable solely in cash or (ii) the dissolution, liquidation or winding-up of the Company, the Warrantholder shall be entitled to receive, upon surrender of this Warrant, such cash distributions on an equal basis with the holders of Common Stock or other securities issuable upon exercise of this Warrant, as if this Warrant had been exercised immediately prior to such event, less the Exercise Price.

In the event of any Fundamental Transaction described in this Section 6.4(b), the Successor Company and, in the event of any dissolution, liquidation or winding-up of the Company, the Company, upon surrender of this Warrant, shall promptly pay the Warrantholder the amounts to which it is entitled as described above by delivering a check in such amount as is appropriate (or, in the case of consideration other than cash, such other consideration as is appropriate) to such Person or Persons as it may be directed in writing by the Warrantholder.

6.5 Minimum Adjustment. The adjustments required by the preceding sections of this Section 6 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant that would otherwise be required shall be made unless and until such adjustment either by itself or with other adjustments not previously made increases or decreases by at least 1% the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to the making of such adjustment. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such

adjustment, together with other adjustments required

by this Section 6 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence. In computing adjustments under this Section 6, fractional interests in Common Stock shall be taken into account to the nearest one-hundredth of a share.

6.6 Notice of Adjustment. Whenever the Exercise Price or the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant is adjusted, as herein provided, the Company shall deliver to the Warrantholder an agreed upon procedures letter of a firm of independent accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which (i) the then fair value of any evidences of indebtedness, other securities or property or warrants, options or other subscription or purchase rights was determined and (ii) the Current Market Value of the Common Stock was determined, if either of such determinations were required), and specifying the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant after giving effect to such adjustment.

6.7 Notice of Certain Transactions. In the event that the Company shall propose to (a) pay any dividend payable in securities of any class to the holders of its Common Stock or to make any other non-cash dividend or distribution to the holders of its Common Stock, (b) offer the holders of its Common Stock rights to subscribe for or to purchase any securities convertible into shares of Common Stock or shares of stock of any class or any other securities, rights or options, (c) issue any (i) shares of Common Stock, (ii) rights, options or warrants entitling the holders thereof to subscribe for shares of Common Stock or (iii) securities convertible into or exchangeable or exercisable for Common Stock (in the case of (i), (ii) and (iii), if such event would result in an adjustment hereunder), (d) effect any capital reorganization, reclassification, consolidation or merger, (e) effect the voluntary or involuntary dissolution, liquidation or winding-up of the Company, (f) make a tender offer or exchange offer with respect to the Common Stock or (g) take any action which would require an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or the Exercise Price, the Company shall, within five days after deciding to take any such action or make any such offer, send to the Warrantholder a notice of such proposed action or offer. Such notice shall specify the record date for the purposes of such dividend, distribution or rights, or the date such issuance or event is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall briefly indicate the effect, if any, of such action on the Common Stock and on the number and kind of any other shares of stock and on other property, if any, and the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant and the Exercise Price after giving effect to any adjustment pursuant to Section 6 which will be required as a result of such action. Such notice shall be given as promptly as possible and (x) in the case of any action covered by clause (a) or (b) above, at least 10 days prior to the record date for determining holders of the Common Stock for purposes of such action or (y) in the case of any other such action, at least 20 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.8 Adjustment to Warrant. The form of this Warrant need not be changed because of any adjustment made pursuant to this Section 6.

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

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

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

Act; and

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

Section 8. Required Registration. The Company shall use its best efforts to cause a shelf registration statement relating to the resale of the Warrant Shares to be filed with the SEC as promptly as possible, but in no event later than April 4, 2003, following the issuance of this Warrant.

Section 9. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Holders representing two-thirds of then issuable Warrant Shares; provided that it is not necessary that the exact form of the amendment be approved by the Holders representing two-thirds of then issuable Warrant Shares if such Holders have approved the substance of such amendment. Any amendment or waiver effected in accordance with this Section 9 shall be binding upon each Holder and the Company. Notwithstanding anything to the contrary herein, the consent of each Holder affected shall be required for any amendment pursuant to which the number of Warrant Shares purchasable upon exercise of the Warrants would be decreased (other than in accordance with Section 6 hereof).

Section 10. Expiration of the Warrant. The obligations of the Company pursuant to this Warrant shall terminate on the Expiration Date.

Section 11. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Affiliate" shall mean, with respect to any specified Person, (1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (2) any other Person that owns, directly or indirectly, 25% or more of such specified Person's Voting Stock or any executive officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or

adoption not more remote than first cousin. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

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

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

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

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

"Capital Stock" of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

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

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

"Company" shall have the meaning specified on the first page of this

Warrant.

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

"Current Market Value" per share of Common Stock of the Company or any other security at any date shall mean (1) if the security is not registered under the Exchange Act, (a) the value of the security, determined in good faith by the Board of Directors and certified in a board resolution, based on the most recently completed arms-length transaction between the Company and a Person other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized independent financial expert (provided that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith

judgment of the Board of Directors, a reasonable determination of value, may be utilized) or (2) if the security is registered under the Exchange Act, (a) the average of the daily closing sales prices of the securities for the 20 consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (2)(a) and (2)(b), as certified to the Warrantholder by the President, any Vice President or the Chief Financial Officer of the Company. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day; (B) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company; (C) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each Business Day, designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported; and (D) if there are not bid and asked prices reported during the 30 days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act.

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

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

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

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

"FCC" shall mean the Federal Communications Commission, or any successor to such agency.

"Fundamental Transaction" shall mean any transaction or series of related transactions by which the Company consolidates with or merges with or into any other

Person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another Person or group of affiliated Persons or is a party to a merger or binding share exchange which reclassifies or changes its outstanding Common Stock; provided that the Company may effect any of such transactions with a wholly-owned subsidiary where after such transaction the Company or, in the event the Company is not the surviving entity, the surviving entity has a consolidated net worth which is no less than the consolidated net worth of the Company prior to such transaction.

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

"Holder(s)" shall mean the holder(s) of the Series A Warrants and holders of the Series B Warrants.

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

"Issue Date" shall mean the date on which this Warrant is originally issued.

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

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

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

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

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

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

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

"Series A Warrants" shall mean the Series A Warrants issued on _____ by the Company to _____.

"Series B Warrants" shall mean the Series B Warrants issued on _____ by the Company to _____.

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

"Successor Company" shall have the meaning specified in Section 6.4 of this Warrant.

"Voting Stock" shall mean, with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

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

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

Section 12. No Impairment. The Company shall not by any action, including, without limitation, amending the Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but shall at all times in good faith assist in the carrying out of all such terms and in the taking of all such reasonable actions as may be necessary or appropriate to protect the rights of the Warrantholder against impairment. Without limiting the generality of the foregoing, the Company shall (a) take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (b) provide reasonable assistance to the Warrantholder in obtaining all authorizations, exemptions or consents from any Governmental Authority which may be necessary in connection with the exercise of this Warrant.

Section 13. Miscellaneous.

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

13.2 Binding Effects; Benefits. This Warrant shall inure to the benefit of and shall be binding upon the Company and the Warrantholder and their respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any Person other than the Company and the Warrantholder, or their respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant.

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

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

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

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

if to the Company, addressed to:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas

36th Floor
New York, New York 10020
Attention: Chief Financial Officer
Telecopy: 212 584-5353

if to the Warrantholder, addressed to:

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

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

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

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

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

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

which the conduct of its business or the nature of the property owned requires such qualification.

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Warrant and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Warrant Shares, (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Certificate of Incorporation or By-laws; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Company or any Requirement of Law applicable to the Company.

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

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

13.12 Specific Performance. The Company and the Warrantholder acknowledge that the Warrant and the Warrant Shares are unique and that neither party hereto will have an adequate remedy at law if the other breaches any covenant contained herein or fails to perform any of its obligations under this Warrant. Accordingly, each party agrees that the other shall have the right, in addition

to any other rights which it may have, to specific performance and equitable injunctive relief if the other party shall fail or threaten to fail to perform any of its obligations under this Warrant.

13.13 Third Parties. Nothing expressed or implied in this Warrant is intended or shall be construed to confer upon or give to any third party any rights or remedies by virtue of this Warrant or any exercise or non-exercise of the Warrant Shares granted hereby.

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

SIRIUS SATELLITE RADIO INC.

By:

Patrick L. Donnelly
Executive Vice President and
General Counsel

Dated:

Attest:

By:

Douglas A. Kaplan
Assistant Secretary

Exhibit A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

- ---

Exhibit B

FORM OF ASSIGNMENT

(To be executed only upon transfer of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

- ---

Exhibit 10.2

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT, dated as of February 28, 2003 (this "Agreement"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and Patrick L. Donnelly (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, General Counsel and Secretary of the Company. During the Term (as defined below), the Executive shall, on a full-time basis, use his skills and render services to the best of his ability in supervising the legal 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. It is acknowledged that the Executive has made, and may continue to make, passive investments which will require a portion of his time and attention but Executive agrees that such investments will not interfere with his full-time commitment to the Company. The Executive shall not be required by this Agreement to perform duties for any entity other than the Company and its subsidiaries.

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

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

3. Term. The term of this Agreement shall commence on February 28, 2003, and end on March 28, 2004, unless terminated earlier pursuant to the provisions of Section 6 (the "Term").

4. Annual Base Salary. (a) During the Term, the Executive shall be paid an annual base salary of $345,000, subject to any increases that the Chief Executive Officer of the Company shall approve. All amounts paid to the Executive under this Agreement shall be in U.S. dollars. 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) All compensation paid to the Executive hereunder shall be subject to any payroll and withholding deductions required by any applicable law, including, without limitation, federal, New York state and New York City income tax withholding, federal unemployment tax and social security (FICA).

5. Additional Compensation, Expenses and Benefits. (a) During the Term, the Company shall promptly reimburse the Executive for all reasonable and necessary business expenses incurred and advanced by him in carrying out his duties under this Agreement. The Executive shall present to the Company from time to time an itemized account of such 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 bonus grants, benefit plans, programs, policies and fringe benefits which may be made available to the officers of the Company generally, including, without limitation, medical, dental and life insurance; provided that the Executive shall participate in any 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 or by the Board of Directors of the Company (the "Board") or the compensation committee thereof. The Company agrees that if all other Executive Vice Presidents [or all

Senior Officers at the same level] are eligible for an annual performance bonus, the Executive shall be eligible for an annual performance bonus on the same basis

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) Termination for Cause. 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 his employment 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 here, 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) the repeated 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 conduct by the Executive involving the Company or 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 or grossly negligent conduct; (vi) the repeated nonprescription use of any controlled substance or the repeated use of alcohol or any other non-controlled substance that the Board reasonably determines renders the Executive unfit to serve as an officer or employee of the Company or its affiliates; (vii) the Executive's failure to comply with the Board's reasonable written instructions, after thirty days written notice; or (viii) conduct by the Executive that in a good faith written determination of the Board demonstrates unfitness to serve as an officer or employee 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 applicable to the business of the Company or any of its operating subsidiaries. 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 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 the first sentence of this Section 6(a) and specifying the particulars thereof in detail. For purposes of Section 6(a), this Agreement shall terminate on the date specified by the Board in the Notice of Termination.

(b) Death or Disability. (i) This Agreement and the Executive's employment hereunder shall terminate upon the death of the Executive. For purposes of Section 6(b)(i), this Agreement shall terminate on the date of the Executive's death.

(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 Company, in its reasonable judgment, determines that the exigencies created by the Executive's disability are such that termination is warranted, the Company 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 which 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 Company shall be effective without such Notice of Disability Termination. This Agreement shall terminate on the day after such Notice of Disability Termination is received by the Executive.

(c) Voluntary Resignation. Should the Executive wish to resign from his position with the Company, for other than Good Reason (as defined below), during the Term, the Executive shall give fourteen days prior written notice to the Company. Failure to provide such notice shall entitle the Company to terminate

this Agreement effective on the last business day on which the Executive reported for work at his principal place of employment with the Company. The Agreement will terminate on the effective date of the resignation as defined above, however, the Company may, at its sole discretion, request that the Executive perform no job responsibilities and cease his or her active employment immediately upon receipt of the Notice.

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

(e) For Good Reason. 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. Failure to provide such notice shall entitle the Company to fix the Termination Date as of the last business day on which the Executive reported for work at his principal place of employment with the Company. The Agreement shall terminate on the date specified in such notice, however, at its sole discretion, the Company may request the Executive cease active employment and perform no more job duties for the Company immediately upon receipt of such notice.

For purposes of this Agreement, "Good Reason" shall mean the continuance of any of the following events (without the Executive's express prior written consent) for a period of seven

days (or thirty days in the case of items (i) and (v) below) 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 unreasonable 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 Executive's annual base salary from the previous year; or

(iii) any failure of the Company to comply with the terms of Section 5(b) as it relates to the Executive's annual bonuses; or

(iv) a relocation of the Company's executive offices to a location outside of New York City; or

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

(f) Compensation and Benefits Upon Termination. If the employment of the Executive is terminated for any reason, except (i) by the Company for Cause or (ii) by the Executive voluntarily, then the Executive shall be entitled to receive, and the Company shall pay to the Executive without setoff, counterclaim or other withholding, except as set forth in Section 4(b), an amount (in addition to any salary, benefits or other sums due the Executive through the Termination Date) equal to the sum of (1) the Executive's annualized base salary then in effect, and (2) the annual cash bonus, if any, paid to the Executive with respect to the immediately preceding calendar year (or, in the case of the year ending December 31, 2002, the performance bonus paid to the Executive in January 2003). Any amount becoming payable under this Section 6(f) shall be paid in immediately available funds within ten business days following the Termination Date. The resignation of the Executive for Good Reason shall not be considered a voluntary resignation and the Executive shall be entitled to be paid the amount set forth above in the event the Executive terminates for Good Reason.

7. Gross-Up Provisions. (a) If the Executive is, in the opinion of a nationally recognized accounting firm selected by the Executive in his sole discretion, expected 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 options or for any other reason, the Company shall have an absolute and unconditional obligation to pay the Executive in accordance with the terms

of this Section 7 the expected 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 the nationally-recognized independent accounting firm selected by the Executive. The fees and expenses of such accounting firm shall be paid by the Company in advance. 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 7 within two 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 7 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.

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

8. 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, whether 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 proprietary knowledge, patents, trade secrets, data, formulae, information and client and customer lists and all papers and records (including computer records) of the documents containing such Confidential Information. 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 the Company or prepared by the Executive in the course of his employment by the Company.

(c) The provisions of this Section 8 shall survive any termination of this Agreement.

9. Covenant Not to Compete. For two years following the end of the Term or, in the event the Executive has been terminated without Cause or has resigned for Good Reason, for one year following such termination without Cause or resignation for Good Reason (the "Restricted Period"), the Executive will 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 in any operations in North America involving the transmission of radio entertainment programming in competition with the Company or 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 up to 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 will 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 actually 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.

10. Remedies. The Executive and Company agree that damages for breach of any of the covenants under Sections 8 and 9 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 8 or 9 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.

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. Notice. All notices and other communications required or permitted hereunder shall be made in writing and shall be deemed effective when initially transmitted by courier or facsimile transmission 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:

Patrick L. Donnelly

Address on file in the offices
of the Company

or to such other person or address as either of the parties 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 Section 7 of this Agreement; nor shall the amount of any benefit or payment provided for under Section 6 or Section 7 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 in effect at the time such dispute arises. The arbitration shall take place in New York, New York, and both the Executive and the Company agree to submit to the jurisdiction of the arbitrator selected in accordance with the American Arbitration Association rules and procedures. Except as provided for 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) Exceptions. 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 8 and 9 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 parties.

22. Executive's Representations. 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 or her obligations under this Agreement; (b) has been provided the opportunity to be, or has been, represented by legal counsel in preparing, negotiating, executing and delivering this Agreement; and (c) fully understands the terms and provisions of this Agreement.

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

SIRIUS SATELLITE RADIO INC.

By: /s/ John H. Schultz

John H. Schultz
Senior Vice President, Human Resources

/s/ Patrick L. Donnelly

Patrick L. Donnelly

EXHIBIT 10.12

SIRIUS SATELLITE RADIO
2003 LONG-TERM STOCK INCENTIVE PLAN

SECTION 1. Purpose. The purposes of this Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan are to promote the interests of Sirius Satellite Radio Inc. and its stockholders by (i) attracting and retaining employees of, and consultants to, the Company and its Affiliates, as defined below; (ii) motivating such individuals by means of performance-related incentives to achieve longer-range performance goals; and (iii) enabling such individuals to participate in the long-term growth and financial success of the Company.

SECTION 2. Definitions. As used in the Plan, the following terms shall have the meanings set forth below:

'Affiliate' shall mean any entity (i) that, directly or indirectly, is controlled by, controls or is under common control with, the Company or (ii) in which the Company has a significant equity interest, in either case as determined by the Committee.

'Award' shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Performance Award, Other Stock-Based Award or Performance Compensation Award made or granted from time to time hereunder.

'Award Agreement' shall mean any written agreement, contract, or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

'Board' shall mean the Board of Directors of the Company.

'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 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 50% of the total voting power of the voting stock of the Company, including by way of merger, consolidation or otherwise 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.

'Code' shall mean the Internal Revenue Code of 1986, as amended from time to time.

'Committee' shall mean a committee of the Board designated by the Board to administer the Plan and composed of not less than two directors, each of whom is required to be a 'Non-Employee Director' (within the meaning of Rule 16b-3) and an 'outside director' (within the meaning of Section 162(m) of the Code) to the extent Rule 16b-3 and Section 162(m) of the Code, respectively, are applicable to the Company and the Plan. If at any time such a committee has not been so designated, the Board shall constitute the Committee.

'Company' shall mean Sirius Satellite Radio Inc., together with any successor thereto.

'Exchange Act' shall mean the Securities Exchange Act of 1934, as amended.

'Fair Market Value' shall mean (i) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee and (ii) with respect to the Shares, as of any date, (1) the mean between the high and low sales prices of the Shares on the Nasdaq Stock Market for such

date (or if not then trading on the Nasdaq Stock Market, the mean between the high and low sales price of the Shares on the stock exchange or over-the-counter market on which the Shares are principally trading on such date), or, if there were no sales on such date, on the closest preceding date on which there were sales of Shares or (2) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee.

'Incentive Stock Option' shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

'Negative Discretion' shall mean the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Compensation Award; provided that the exercise of such discretion would not cause the Performance Compensation Award to fail to qualify as 'performance-based compensation' under Section 162(m) of the Code. By way of example and not by way of limitation, in no event shall any discretionary authority granted to the Committee by the Plan including, but not limited to, Negative Discretion, be used to (a) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained or (b) increase a Performance Compensation Award above the maximum amount payable under Section 4(a) or 11(d)(vi) of the Plan. Notwithstanding anything herein to the contrary, in no event shall Negative Discretion be exercised by the Committee with respect to any Option or Stock Appreciation Right (other than an Option or Stock Appreciation Right that is intended to be a Performance Compensation Award under Section 11 of the Plan).

'Non-Qualified Stock Option' shall mean a right to purchase Shares from the Company that is granted under Section 6 of the Plan and that is not intended to be an Incentive Stock Option.

'Option' shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

'Other Stock-Based Award' shall mean any right granted under Section 10 of the Plan.

'Participant' shall mean any employee of, or consultant to, the Company or its Subsidiaries eligible for an Award under Section 5 and selected by the Committee to receive an Award under the Plan.

'Performance Award' shall mean any right granted under Section 9 of the Plan.

'Performance Compensation Award' shall mean any Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.

'Performance Criteria' shall mean the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Compensation Award under the Plan. The Performance Criteria that will be used to establish the Performance Goal(s) shall be based on the attainment of specific levels of performance of the Company (or an Affiliate, division or operational unit of the Company) and shall be limited to the following: return on net assets, return on shareholders' equity, return on assets, return on capital, shareholder returns, profit margin, earnings per Share, net earnings, operating earnings, earnings before interest, taxes, depreciation and amortization, number of subscribers, growth of subscribers, operating expenses, capital expenses, subscriber acquisition costs, Share price or sales or market share. To the extent required under Section 162(m) of the Code, the Committee shall, within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

'Performance Formula' shall mean, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

'Performance Goals' shall mean, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria. The Committee is authorized at any time during the first 90 days of a Performance Period, or at any time thereafter (but only to the extent the exercise of such authority after the first 90 days of a Performance Period would not cause the Performance Compensation Awards granted to any Participant for the Performance Period to fail to qualify as 'performance-based compensation' under Section 162(m) of the Code), in its sole and absolute discretion, to adjust or modify the calculation of a Performance Goal for such Performance Period to the extent permitted under Section 162(m) of the Code in order to prevent the dilution or enlargement of the rights of Participants, (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development affecting the Company; or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

'Performance Period' shall mean the one or more periods of time of at least one year in duration, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Performance Compensation Award.

'Person' shall mean any individual, corporation, partnership, association, limited liability company, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

'Plan' shall mean this Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan.

'Restricted Stock' shall mean any Share granted under Section 8 of the Plan.

'Restricted Stock Unit' shall mean any unit granted under Section 8 of the Plan.

'Rule 16b-3' shall mean Rule 16b-3 as promulgated and interpreted by the SEC under the Exchange Act, or any successor rule or regulation thereto as in effect from time to time.

'SEC' shall mean the Securities and Exchange Commission or any successor thereto and shall include the Staff thereof.

'Shares' shall mean the common stock of the Company, $.001 par value, or such other securities of the Company (i) into which such common stock shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of shares or other similar transaction or (ii) as may be determined by the Committee pursuant to Section 4(b) of the Plan.

'Stock Appreciation Right' shall mean any right granted under Section 7 of the Plan.

'Substitute Awards' shall have the meaning specified in Section 4(c) of the Plan.

SECTION 3. Administration. (a) The Plan shall be administered by the Committee. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant and designate those Awards which shall constitute Performance Compensation Awards; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award (subject to Section 162(m) of the Code with respect to Performance Compensation Awards) shall be deferred either automatically or at the election of the holder thereof or of the Committee; (vii) interpret, administer or reconcile any inconsistency, correct any defect, resolve ambiguities and/or supply any omission in the Plan and any instrument or agreement relating to, or Award made under, the Plan; (viii) establish,

amend, suspend, or waive such rules and regulations and appoint such agents as

it shall deem appropriate for the proper administration of the Plan; (ix) establish and administer Performance Goals and certify whether, and to what extent, they have been attained; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, and any stockholder.

(c) The mere fact that a Committee member shall fail to qualify as a 'Non-Employee Director' or 'outside director' within the meaning of Rule 16b-3 and Section 162(m) of the Code, respectively, shall not invalidate any award made by the Committee which award is otherwise validly made under the Plan.

(d) No member of the Committee shall be liable to any Person for any action or determination made in good faith with respect to the Plan or any Award hereunder.

(e) With respect to any Performance Compensation Award granted to a Covered Employee (within the meaning of Section 162(m) of the Code) under the Plan, the Plan shall be interpreted and construed in accordance with Section 162(m) of the Code.

(f) Notwithstanding the foregoing, the Committee may delegate to one or more officers of the Company the authority to grant awards to Participants who are not officers or directors of the Company subject to Section 16 of the Exchange Act or Covered Employees (within the meaning of Section 162(m) of the Code).

SECTION 4. Shares Available for Awards.

(a) Shares Available. Subject to adjustment as provided in Section 4(b), the aggregate number of Shares with respect to which Awards may be granted from time to time under the Plan shall in the aggregate not exceed, at any time, 15% of the sum of (i) the issued and outstanding Shares, (ii) any Shares which are issuable as a result of any conversion, exchange or exercise of any preferred stock, warrant or other security of the Company which is outstanding on the date of determination; and (iii) the Shares which have been issued or are issuable to employees, consultants and directors of the Company pursuant to the Plan, the Company's 1999 Long-Term Stock Incentive Plan, the Company's Amended and Restated 1994 Stock Option Plan and the Company's Amended and Restated 1994 Directors' Nonqualified Stock Option Plan; provided, however, that the aggregate number of Shares with respect to which Incentive Stock Options may be granted under the Plan shall be 40,000,000. The maximum number of Shares with respect to which Options and Stock Appreciation Rights may be granted to any Participant in any fiscal year shall be 40,000,000 and the maximum number of Shares which may be paid to a Participant in the Plan in connection with the settlement of any Award(s) designated as 'Performance Compensation Awards' in respect of a single Performance Period shall be 40,000,000 or, in the event such Performance Compensation Award is paid in cash, the equivalent cash value thereof. If, after the effective date of the Plan, any Shares covered by an Award granted under the Plan, or to which such an Award relates, are forfeited, or if an Award has expired, terminated or been canceled for any reason whatsoever (other than by reason of exercise or vesting), then the Shares covered by such Award shall again be, or shall become, Shares with respect to which Awards may be granted hereunder.

(b) Adjustments. Notwithstanding any provisions of the Plan to the contrary, in the event that the Committee determines in its sole discretion that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other corporate transaction or event affects the Shares such that an adjustment is appropriate in order to prevent dilution or

enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, equitably adjust any or all of (i) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, (ii) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards, and (iii) the

grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award in consideration for the cancellation of such Award, which, in the case of Options and Stock Appreciation Rights shall equal the excess, if any, of the Fair Market Value of the Shares subject to such Options or Stock Appreciation Rights over the aggregate exercise price or grant price of such Options or Stock Appreciation Rights.

(c) Substitute Awards. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its Affiliates or a company acquired by the Company or with which the Company combines ('Substitute Awards'). The number of Shares underlying any Substitute Awards shall be counted against the aggregate number of Shares available for Awards under the Plan.

(d) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

SECTION 5. Eligibility. Any employee of, or consultant to, the Company or any of its Affiliates (including any prospective employee) shall be eligible to be selected as a Participant.

SECTION 6. Stock Options.

(a) Grant. Subject to the terms of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options shall be granted, the number of Shares to be covered by each Option, the exercise price therefor and the conditions and limitations applicable to the exercise of the Option. The Committee shall have the authority to grant Incentive Stock Options, or to grant Non-Qualified Stock Options, or to grant both types of Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. All Options when granted under the Plan are intended to be Non-Qualified Stock Options, unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. If an Option is intended to be an Incentive Stock Option, and if for any reason such Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Non-Qualified Stock Option appropriately granted under the Plan; provided that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to Non-Qualified Stock Options.

(b) Exercise Price. The Committee shall establish the exercise price at the time each Option is granted, which exercise price shall be set forth in the applicable Award Agreement.

(c) Exercise. Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement. The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal or state securities laws, as it may deem necessary or advisable. Options with an exercise price equal to or greater than the Fair Market Value per Share as of the date of grant are intended to qualify as 'performance-based compensation' under Section 162(m) of the Code. In the sole discretion of the Committee, Options may be granted with an exercise price that is less than the Fair Market Value per Share and such Options may, but need not, be intended to qualify as performance-based compensation in accordance with Section 11 hereof.

(d) Payment. (i) No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate exercise price therefor is received by the Company. Such payment may be made in cash, or its equivalent, or (x) by exchanging Shares owned by the optionee (which are not the subject of any pledge or other security interest and which have been owned by such optionee for at least six months) or (y) subject to such rules as may be established by the

Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the aggregate exercise price or by a combination of the foregoing, provided that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the Company as of the date of such tender is at least equal to such aggregate exercise price.

(ii) Wherever in this Plan or any Award Agreement a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

SECTION 7. Stock Appreciation Rights.

(a) Grant. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Stock Appreciation Rights shall be granted, the number of Shares to be covered by each Stock Appreciation Right Award, the grant price thereof and the conditions and limitations applicable to the exercise thereof. Stock Appreciation Rights with a grant price equal to or greater than the Fair Market Value per Share as of the date of grant are intended to qualify as 'performance-based compensation' under Section 162(m) of the Code. In the sole discretion of the Committee, Stock Appreciation Rights may be granted with an exercise price that is less than the Fair Market Value per Share and such Stock Appreciation Rights may, but need not, be intended to qualify as performance-based compensation in accordance with Section 11 hereof. Stock Appreciation Rights may be granted in tandem with another Award, in addition to another Award, or freestanding and unrelated to another Award. Stock Appreciation Rights granted in tandem with or in addition to an Award may be granted either before, at the same time as the Award or at a later time.

(b) Exercise and Payment. A Stock Appreciation Right shall entitle the Participant to receive an amount equal to the excess of the Fair Market Value of a Share on the date of exercise of the Stock Appreciation Right over the grant price thereof. The Committee shall determine in its sole discretion whether a Stock Appreciation Right shall be settled in cash, Shares or a combination of cash and Shares.

(c) Other Terms and Conditions. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine, at the grant of a Stock Appreciation Right, the term, methods of exercise, methods and form of settlement, and any other terms and conditions of any Stock Appreciation Right. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate.

SECTION 8. Restricted Stock and Restricted Stock Units.

(a) Grant. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Shares of Restricted Stock and Restricted Stock Units shall be granted, the number of Shares of Restricted Stock and/or the number of Restricted Stock Units to be granted to each Participant, the duration of the period during which, and the conditions, if any, under which, the Restricted Stock and Restricted Stock Units may be forfeited to the Company, and the other terms and conditions of such Awards.

(b) Transfer Restrictions. Shares of Restricted Stock and Restricted Stock Units may not be sold, assigned, transferred, pledged or otherwise encumbered, except, in the case of Restricted Stock, as provided in the Plan or the applicable Award Agreements. Certificates issued in respect of Shares of Restricted Stock shall be registered in the name of the Participant and deposited by such Participant, together with a stock power endorsed in blank, with the Company. Upon the lapse of the restrictions applicable to such Shares of Restricted Stock, the Company shall deliver such certificates to the Participant or the Participant's legal representative.

(c) Payment. Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a Share. Restricted Stock Units shall be paid in cash, Shares, other securities or other property, as

determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Dividends paid on any Shares of Restricted Stock may be paid directly to the Participant, withheld by the Company subject to vesting of the Restricted Shares pursuant to the terms of the applicable Award Agreement, or may be reinvested in additional Shares of Restricted Stock or in additional Restricted Stock Units, as determined by the Committee in its sole discretion.

SECTION 9. Performance Awards.

(a) Grant. The Committee shall have sole and complete authority to determine

the Participants who shall receive a 'Performance Award', which shall consist of a right which is (i) denominated in cash or Shares, (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.

(b) Terms and Conditions. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the Performance Goals to be achieved during any Performance Period, the length of any Performance Period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award.

(c) Payment of Performance Awards. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

SECTION 10. Other Stock-Based Awards.

(a) General. The Committee shall have authority to grant to Participants an 'Other Stock-Based Award', which shall consist of any right which is (i) not an Award described in Sections 6 through 9 above and (ii) an Award of Shares or an Award denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as deemed by the Committee to be consistent with the purposes of the Plan; provided that any such rights must comply, to the extent deemed desirable by the Committee, with Rule 16b-3 and applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of any such Other Stock-Based Award, including the price, if any, at which securities may be purchased pursuant to any Other Stock-Based Award granted under this Plan.

(b) Dividend Equivalents. In the sole and complete discretion of the Committee, an Award, whether made as an Other Stock-Based Award under this Section 10 or as an Award granted pursuant to Sections 6 through 9 hereof, may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis.

SECTION 11. Performance Compensation Awards.

(a) General. The Committee shall have the authority, at the time of grant of any Award described in Sections 6 through 10 (other than Options and Stock Appreciation Rights granted with an exercise price or grant price, as the case may be, equal to or greater than the Fair Market Value per Share on the date of grant), to designate such Award as a Performance Compensation Award in order to qualify such Award as 'performance-based compensation' under Section 162(m) of the Code.

(b) Eligibility. The Committee will, in its sole discretion, designate within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code) which Participants will be eligible to receive Performance Compensation Awards in respect of such Performance Period. Designation of a Participant eligible to receive an Award hereunder for a Performance Period shall not in any manner entitle the Participant to receive payment in respect of any Performance Compensation Award for such Performance Period. The determination as to whether or not such Participant becomes entitled to payment in respect of any Performance

Compensation Award shall be decided solely in accordance with the provisions of this Section 11. Moreover, designation of a Participant eligible to receive an Award hereunder for a particular Performance Period shall not require designation of such Participant eligible to receive an Award hereunder in any subsequent Performance Period and designation of one person as a Participant eligible to receive an Award hereunder shall not require designation of any other person as a Participant eligible to receive an Award hereunder in such period or in any other period.

(c) Discretion of Committee with Respect to Performance Compensation Awards. With regard to a particular Performance Period, the Committee shall have full discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goals(s) is/are to apply to the Company and the Performance Formula. Within the first 90 days of a Performance Period (or, if longer, within the maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence of this Section 11(c) and

record the same in writing.

(d) Payment of Performance Compensation Awards. (i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) Limitation. A Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that: (1) the Performance Goals for such period are achieved; and (2) the Performance Formula as applied against such Performance Goals determines that all or some portion of such Participant's Performance Award has been earned for the Performance Period.

(iii) Certification. Following the completion of a Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the actual size of each Participant's Performance Compensation Award for the Performance Period and, in so doing, may apply Negative Discretion, if and when it deems appropriate.

(iv) Negative Discretion. In determining the actual size of an individual Performance Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion if, in its sole judgement, such reduction or elimination is appropriate.

(v) Timing of Award Payments. The Awards granted for a Performance Period shall be paid to Participants as soon as administratively possible following completion of the certifications required by this Section 11.

(vi) Maximum Award Payable. Notwithstanding any provision contained in the Plan to the contrary, the maximum Performance Compensation Award payable to any one Participant under the Plan for a Performance Period is 40,000,000 Shares or, in the event the Performance Compensation Award is paid in cash, the equivalent cash value thereof on the last day of the Performance Period to which such Award relates. Furthermore, any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (ii) with respect to a Performance Compensation Award that is payable in Shares, by an amount greater than the appreciation of a Share from the date such Award is deferred to the payment date.

SECTION 12. Amendment and Termination.

(a) Amendments to the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the Plan; and provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would impair the rights of any Participant or any holder or beneficiary of any Award previously granted shall not be effective without the consent of the affected Participant, holder or beneficiary.

(b) Amendments to Awards. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would impair the rights of any Participant or any holder or beneficiary of any Award previously granted shall not be effective without the consent of the affected Participant, holder or beneficiary.

(c) Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make equitable adjustments in the terms and conditions of, and the criteria included in, all outstanding Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(b) hereof) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or

potential benefits intended to be made available under the Plan; provided that no such adjustment shall be authorized to the extent that such authority or adjustment would cause an Award designated by the Committee as a Performance Compensation Award under Section 11 of the Plan to fail to qualify as 'performance-based compensation' under Section 162(m) of the Code.

SECTION 13. Change of Control. In the event of a Change of Control, any outstanding Awards then held by Participants which are unexercisable or otherwise unvested shall automatically be deemed exercisable or otherwise vested, as the case may be, effective as of immediately prior to such Change of Control.

SECTION 14. General Provisions.

(a) Nontransferability.

(i) Each Award, and each right under any Award, shall be exercisable only by the Participant during the Participant's lifetime, or, if permissible under applicable law, by the Participant's legal guardian or representative.

(ii) No Award may be sold, assigned, alienated, pledged, attached or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported sale, assignment, alienation, pledge, attachment, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute a sale, assignment, alienation, pledge, attachment, transfer or encumbrance.

(iii) Notwithstanding the foregoing, the Committee may in the applicable Award Agreement evidencing an Option granted under the Plan or at any time thereafter in an amendment to an Award Agreement provide that Options granted hereunder which are not intended to qualify as Incentive Options may be transferred by the Participant to whom such Option was granted (the 'Grantee') without consideration, subject to such rules as the Committee may adopt to preserve the purposes of the Plan, to: (1) the Grantee's spouse, children or grandchildren (including adopted and stepchildren and grandchildren) (collectively, the 'Immediate Family'); (2) a trust solely for the benefit of the Grantee and his or her Immediate Family; or (3) a partnership, corporation or limited liability company whose only partners, members or shareholders are the Grantee and his or her Immediate Family; (each transferee described in clauses (1), (2) and (3) above is hereinafter referred to as a 'Permitted

Transferee'); provided that the Grantee gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Grantee in writing that such a transfer would comply with the requirements of the Plan and any applicable Award Agreement evidencing the Option.

The terms of any Option transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan or in an Award Agreement to an optionee, Grantee or Participant shall be deemed to refer to the Permitted Transferee, except that (a) Permitted Transferees shall not be entitled to transfer any Options, other than by will or the laws of descent and distribution; (b) Permitted Transferees shall not be entitled to exercise any transferred Options unless there shall be in effect a registration statement on an appropriate form covering the Shares to be acquired pursuant to the exercise of such Option if the Committee determines that such a registration statement is necessary or appropriate, (c) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Grantee under the Plan or otherwise and (d) the consequences of termination of the Grantee's employment by, or services to, the Company under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Grantee, following which the Options shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(b) No Rights to Awards. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

(c) Share Certificates. All certificates for Shares or other securities of

the Company or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) Withholding. (i) A Participant may be required to pay to the Company or any Affiliate and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Awards to defray or offset any tax arising from the grant, vesting, exercise or payments of any Award.

(ii) Without limiting the generality of clause (i) above, a Participant may satisfy, in whole or in part, the foregoing withholding liability by delivery of Shares owned by the Participant (which are not subject to any pledge or other security interest and which have been owned by the Participant for at least six months) with a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Shares otherwise issuable pursuant to the exercise of the option a number of Shares with a Fair Market Value equal to such withholding liability.

(iii) Notwithstanding any provision of this Plan to the contrary, in connection with the transfer of an Option to a Permitted Transferee pursuant to Section 14(a), the Grantee shall remain liable for any withholding taxes required to be withheld upon the exercise of such Option by the Permitted Transferee.

(e) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including but not limited to the effect on such Award of the death, disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Committee.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted stock, Shares and other types of Awards provided for hereunder (subject to stockholder approval if such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of, or in any consulting relationship to, the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan, any Award Agreement or any applicable employment contract or agreement.

(h) No Rights as Stockholder. Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Stock hereunder, the applicable Award shall specify if and to what extent the Participant shall not be entitled to the rights of a stockholder in respect of such Restricted Stock.

(i) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of New York, applied without giving effect to its conflict of laws principles.

(j) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform the applicable laws, or if it cannot be construed or deemed

amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(k) Other Laws. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal securities laws.

(l) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(m) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(n) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

SECTION 15. Term of the Plan.

(a) Effective Date. The Plan shall be effective as of the date of its approval by the stockholders of the Company.

(b) Expiration Date. No Award shall be granted under the Plan after December 31, 2012. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after December 31, 2012.

Exhibit 21.1

List of Subsidiaries

Satellite CD Radio, Inc.

Exhibit 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the: (i)Registration Statements (Form S-8 No. 333-81914, No. 333-74752, No. 333-65473, No. 333-15085, No. 33-95118, No. 33-92588, No. 333-31362, No. 333-62818, No. 333-81914, No. 333-100083 and No. 333-101515) pertaining to the Sirius Satellite Radio Inc. 401(k) Savings Plan and (ii) Registration Statements (Form S-3 No. 333-64344, No. 333-65602, No. 333-52893, No. 333-85847 and No. 333-86003) of Sirius Satellite Radio Inc. and Subsidiary and in the related Prospectuses of our report dated February 7, 2003, except for Note 2 as to which the date is March 17, 2003, with respect to the consolidated financial statements of Sirius Satellite Radio Inc. and Subsidiary included in this Annual Report on Form 10-K for the year ended December 31, 2002.

ERNST & YOUNG LLP

New York, New York
March 28, 2003

Exhibit 23.2

NOTICE REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended, provides that if a registration statement at the time it becomes effective contains an untrue statement of a material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement.

On April 11, 2002, Sirius Satellite Radio Inc. dismissed Arthur Andersen LLP ("Andersen") as its independent auditors and appointed Ernst & Young LLP as its independent auditors. Prior to the date of this Annual Report on Form 10-K which is incorporated by reference into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083 and 333-101515) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847 and 333-86003), the Andersen partner responsible for the audit of the financial statements of Sirius Satellite Radio Inc. as of December 31, 2001 and for the year then ended resigned from Andersen. As a result, after reasonable efforts, Sirius Satellite Radio Inc. has been unable to obtain Andersen's written consent to the incorporation by reference into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083 and 333-101515) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847 and 333-86003) of its audit reports with respect to Sirius Satellite Radio Inc.'s financial statements as of December 31, 2001 and for the year then ended. Under these circumstances, Rule 437a under the Securities Act permits us to file this Annual Report on Form 10-K without a written consent from Andersen. However, as a result, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act because it has not consented to the incorporation by reference of its previously issued report into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083 and 333-101515) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847 and 333-86003).

Exhibit 99.1

SIRIUS SATELLITE RADIO INC.

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

In connection with the Annual Report of Sirius Satellite Radio Inc. (the "Company") on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph P. Clayton, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ Joseph P. Clayton

Joseph P. Clayton
President and Chief Executive Officer
(Principal Executive Officer)

March 28, 2003

Exhibit 99.2

SIRIUS SATELLITE RADIO INC.

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

In connection with the Annual Report of Sirius Satellite Radio Inc. (the "Company") on Form 10-K for the period ending December 31, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John J. Scelfo, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

By: /s/ John J. Scelfo

John J. Scelfo
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

March 28, 2003