

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended March 31, 2000

Commission file number 0-24710

SIRIUS SATELLITE RADIO INC.

(Exact name of registrant as specified in its charter)

DELAWARE

52-1700207

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1221 AVENUE OF THE AMERICAS, 36TH FLOOR
NEW YORK, NEW YORK 10020

(Address of principal executive offices)
(Zip code)

212-584-5100

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

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 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK, \$.001 PAR VALUE

41,880,932 SHARES

(Class)

(Outstanding as of May 10, 2000)

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

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SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

<TABLE>
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inception)	For the Three Months Ended March 31,		Cumulative for the period May 17, 1990 (date of
	2000	1999	to March 31,
	-----	-----	-----
2000			
--			
<S>	<C>	<C>	<C>
Revenue	\$ --	\$ --	\$ --
Operating expenses:			
Engineering design and development	(16,898)	(6,911)	(56,448)
General and administrative	(9,878)	(4,964)	(70,806)
Special charges	--	--	(27,682)
Total operating expenses	(26,776)	(11,875)	(154,936)
Other income (expense):			
Interest and investment income	7,831	2,864	36,985
Interest expense	(5,866)	(1,433)	(39,056)
	1,965	1,431	(2,071)
Loss before income taxes	(24,811)	(10,444)	(157,007)
Income taxes:			
Federal	--	--	(1,982)
State	--	--	(313)
Net loss	(24,811)	(10,444)	(159,302)
Preferred stock dividends	(10,838)	(7,330)	(62,877)
Preferred stock deemed dividends	(7,218)	(2,256)	(74,404)

Total liabilities	627,444	710,016
	-----	-----
Commitments and contingencies:		
10 1/2% Series C Convertible Preferred Stock, no par value: 2,025,000 shares authorized, 102,902 and 1,248,776 shares issued and outstanding at March 31, 2000 and December 31, 1999, respectively (liquidation preferences of \$10,290 and \$124,878), at net carrying value including accrued dividends	12,704	149,285
9.2% Series A Junior Cumulative Convertible Preferred Stock, \$.001 par value: 4,300,000 shares authorized, 1,461,270 shares issued and outstanding at March 31, 2000 and December 31, 1999 (liquidation preference of \$146,127), at net carrying value including accrued dividends	152,180	148,894
9.2% Series B Junior Cumulative Convertible Preferred Stock, \$.001 par value: 2,100,000 shares authorized, 655,406 shares issued and outstanding at March 31, 2000 and December 31, 1999 (liquidation preference of \$65,541), at net carrying value including accrued dividends	65,767	64,238
9.2% Series D Junior Cumulative Convertible Preferred Stock, \$.001 par value: 10,700,000 shares authorized 2,000,000 shares issued and outstanding at March 31, 2000 (liquidation preference of \$200,000), at net carrying value including accrued dividends	195,626	--
Stockholders' equity:		
Preferred stock, \$.001 par value: 50,000,000 shares authorized 8,000,000 shares designated as 5% Delayed Convertible Preferred Stock; none issued or outstanding	--	--
Common Stock, \$.001 par value: 200,000,000 shares authorized, 39,079,936 and 28,721,041 shares issued and outstanding at March 31, 2000 and December 31, 1999, respectively	39	29
Additional paid-in capital	502,880	268,641
Deficit accumulated during the development stage	(159,302)	(134,491)
	-----	-----
Total stockholders' equity	343,617	134,179
	-----	-----
Total liabilities and stockholders' equity	\$1,397,338	\$1,206,612
	=====	=====

</TABLE>

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

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

<TABLE>			
<CAPTION>			
Cumulative for			the
period			
1990		For the Three Months Ended March 31,	May 17,
inception)			----- (date of
31, 2000		2000	1999
		-----	-----
<S>	<C>	<C>	
<C>			
Cash flows from development stage activities:			
Net loss	\$ (24,811)	\$ (10,444)	\$
(159,302)			
Adjustments to reconcile net loss to net cash provided by (used in) development stage activities:			
Depreciation expense	471	17	
1,635			
Unrealized loss on marketable securities	(448)	(146)	

(4,330)	Loss on disposal of assets	249	--
364	Special charges	--	--
25,557	Accretion of note payable charged as interest expense	19,517	8,950
103,582	Sales (purchases) of marketable securities and restricted investments, net	(100,850)	14,846
(482,219)	Compensation expense in connection with issuance of Common Stock and stock options	1,730	152
6,272	Expense incurred in connection with induced conversion of debt	--	--
1,776	Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:		
	Prepaid expense and other	13	(566)
(728)	Due to related party	--	--
351	Other assets	160	1,130
(5,896)	Accounts payable and accrued expenses	(3,942)	645
5,629	Deferred taxes	--	--
2,237			
-----		-----	-----
	Net cash provided by (used in) development stage activities	(107,911)	14,584
(505,072)		-----	-----

	Cash flows from investing activities:		
	Purchase of FCC license	--	--
(83,368)	Payments for satellite construction	(38,269)	(29,236)
(355,148)	Payments for launch services	(46,214)	(19,705)
(251,862)	Other capital expenditures	(6,403)	(17,419)
(59,436)	Acquisition of Sky-Highway Radio Corp.	--	--
(2,000)		-----	-----

	Net cash used in investing activities	(90,886)	(66,360)
(751,814)		-----	-----

	Cash flows from financing activities:		
	Proceeds from issuance of notes payable	1,882	8,951
253,144	Proceeds from issuance of Common Stock, net	100,010	--
361,790	Proceeds from issuance of preferred stock, net	192,450	--
505,418	Proceeds from exercise of stock options and warrants	3,919	129
10,502	Proceeds from issuance of promissory notes and units, net	--	--
306,535	Proceeds from issuance of promissory notes to related parties	--	--
2,965	Repayment of promissory notes	--	--
(2,635)	Repayment of notes payable	(115,957)	--
(115,957)	Loan from officer	--	--
440		-----	-----

	Net cash provided by financing activities	182,304	9,080
1,322,202		-----	-----

	Net increase (decrease) in cash and cash equivalents	(16,493)	(42,696)
65,316	Cash and cash equivalents at the beginning of period	81,809	204,753
--		-----	-----

Cash and cash equivalents at the end of period	\$ 65,316	\$ 162,057	\$
65,316			
	=====	=====	

</TABLE>

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

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

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

GENERAL

The accompanying consolidated financial statements and the notes thereto do not include all of the information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles. In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary to fairly state our consolidated financial position and consolidated results of operations have been included. These financial statements should be read in connection with our consolidated financial statements and the notes thereto for the fiscal year ended December 31, 1999 included in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

NET LOSS PER SHARE

Basic loss per share is based on the weighted average number of outstanding shares of our Common Stock. Diluted loss per share adjusts the weighted average for the potential dilution that could occur if common stock equivalents (i.e. convertible stock, convertible debt, warrants and stock options) were exercised or converted into Common Stock. As of March 31, 2000 and 1999, approximately 28,892,000 and 14,234,000 common stock equivalents were outstanding, respectively, and were excluded from the calculation of diluted loss per share as they were antidilutive.

MARKETABLE SECURITIES

Marketable securities consist of fixed income securities and are stated at market value. Marketable securities are defined as trading securities under the provision of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS No. 115"), and unrealized holding gains and losses are reflected in earnings. Unrealized holding gains were \$4,330 and \$3,882 at March 31, 2000 and December 31, 1999, respectively.

RESTRICTED INVESTMENTS

Restricted investments consist of fixed income securities and are stated at amortized cost plus accrued interest. Restricted investments are defined as held-to-maturity securities under the provision of SFAS No. 115 and unrealized holding gains and losses are not reflected in earnings. Unrealized holding losses were \$765 and \$716 at March 31, 2000 and December 31, 1999, respectively. The securities included in restricted investments are restricted to provide for the payment of interest due on our 14 1/2% Senior Secured Notes due 2009 through May 15, 2002.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and include interest on funds borrowed to finance construction. Capitalized interest was \$90,328 and \$72,810 at March 31, 2000 and December 31, 1999, respectively.

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

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

SHORT-TERM NOTES PAYABLE

We entered into a credit agreement with Bank of America and other lenders in July 1998 under which Bank of America and other lenders agreed to provide us a term loan facility of up to \$115,000. The proceeds of this facility were used to fund progress payments for the purchase of launch services and to pay interest, fees and other related expenses. On February 29, 2000, we repaid these loans and cancelled the related credit agreement.

DEFERRED SATELLITE PAYMENTS

Under an amended and restated contract (the "Loral Satellite Contract") with Space Systems/Loral, Inc. ("Loral"), Loral has agreed to defer certain amounts due under the Loral Satellite Contract. The amounts deferred bear interest at 10% per year and are due in quarterly installments beginning in June 2002. We have the right to prepay any deferred payments together with accrued interest, without penalty.

ENGINEERING DESIGN AND DEVELOPMENT COSTS

We have entered into an agreement with Lucent Technologies, Inc. ("Lucent") pursuant to which Lucent has agreed to use commercially reasonable efforts to deliver integrated circuits ("chip sets"), which will be used in consumer electronic devices capable of receiving our broadcasts. In addition, we have entered into agreements with various equipment manufacturers, including Alpine Electronics Inc., Audiovox Corporation, Clarion Co., Ltd., Delphi Delco Electronics Systems, Kenwood Corporation, Matsushita Communication Industrial Corporation of USA, Recoton Corporation, Sanyo Electronic Co. Ltd., and Visteon Automotive Systems, an enterprise of Ford Motor Company, to design and develop equipment that will be used to receive our broadcasts. Pursuant to these agreements, we have agreed to pay certain development costs. We record expenses under these contracts as the work is performed. Total expenses related to these agreements were \$13,903 and \$38,534 for the three months ended March 31, 2000 and the period May 17, 1990 (date of inception) to March 31, 2000, respectively.

RECLASSIFICATIONS

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

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in forward-looking statements made in this Quarterly Report on Form 10-Q and in other reports and documents published by us from time to time. Any statements about our expectations, beliefs, plans, objectives, assumptions, future events or performance are not historical facts and may be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Such 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." Accordingly, these statements involve estimates, assumptions and uncertainties that could cause our actual results to differ materially from those expressed in the forward-looking statements. Any forward-looking statements are qualified in their entirety by reference to other factors discussed throughout our Annual Report on Form 10-K for the year ended December 31, 1999 (the "1999 Form 10-K"), and particularly the risk factors set forth under the caption "Business--Risk Factors" in Part I of the 1999 Form 10-K. Among the significant factors that have a direct bearing on our results of operations are:

- unavailability of receivers and antennas and our dependence upon third parties to design, develop, manufacture and distribute receivers and antennas;
- our dependence on Loral for construction and launch of our satellites;
- the potential risk of delay in implementing our business plan;
- risk of launch failure;
- unproven market for our service and unproven applications of technology; and
- our need for additional financing.

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

OVERVIEW

Sirius Satellite Radio Inc. ("Sirius Radio") was organized in May 1990 and is in its development stage. Our principal activities to date have included developing our technology, obtaining regulatory approval for our service, commencing the construction of four satellites, constructing our production and broadcast facility, acquiring content for our programming, developing our terrestrial repeater system, arranging for the design and development of receivers, strategic planning, market research, recruiting our management team and securing financing for capital expenditures and working capital. We will require funds for working capital, interest on borrowings, acquisition of programming, financing costs and operating expenses until some time after we commence operations. We cannot assure you that we will ever commence operations, that we will attain any particular level of revenues or that we will achieve profitability.

Upon commencing operations, we expect our primary source of revenues to be subscription fees. We currently anticipate that our subscription fee will be \$9.95 per month, with a one time activation fee per subscriber. In addition, we

expect to derive revenues from directly selling or bartering advertising on our non-music channels. We do not expect to recognize revenues from operations until the first quarter of 2001, at the earliest. We do not intend to manufacture the receivers necessary to receive our service and thus we will not receive any revenues from their sale.

We expect that the operating expenses associated with our service will consist primarily of marketing, sales, programming, maintenance of our satellite and broadcasting system and general and administrative costs. Costs to acquire programming are expected to include payments to build and maintain an extensive music library and royalty payments for broadcasting music (which are likely to be calculated based on a percentage of revenues). As of May 10, 2000, we had 107 employees. By commencement of operations, we expect to have approximately 250 employees.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2000 COMPARED WITH THREE MONTHS ENDED MARCH 31, 1999

We recorded net losses of \$24,811 and \$10,444 for the three months ended March 31, 2000 and 1999, respectively. Our total operating expenses were \$26,776 and \$11,875 for the three months ended March 31, 2000 and 1999, respectively.

Engineering design and development costs were \$16,898 and \$6,911 for the three months ended March 31, 2000 and 1999, respectively. Engineering costs incurred in the 2000 quarter and the 1999 quarter represented primarily payments to Lucent in connection with our chip set development effort and payments to consumer electronic manufacturers in connection with our receiver development efforts. The increase in these costs in the 2000 quarter resulted primarily from the increased activity in the receiver development effort as we prepare to launch our service.

General and administrative expenses increased for the three months ended March 31, 2000 to \$9,878 from \$4,964 for the three months ended March 31, 1999. General and administrative expenses increased due to the occupancy of our National Broadcast Studio and the growth of our management team and workforce. The major components of general and administrative expenses in the 2000 quarter were salaries and employment related costs (46%) and rent and occupancy costs (15%), while in the 1999 quarter the major components were salaries and employment related costs (28%) and rent and occupancy costs (30%). The remaining portion of general and administrative expenses (39% in the 2000 quarter and 42% in the 1999 quarter) consisted of other costs such as legal and regulatory, insurance, marketing, consulting, travel, depreciation and supplies, with only marketing expenses (13%) exceeding 10% of the total in the 2000 quarter and only legal and regulatory expenses (15%) exceeding 10% of the total in the 1999 quarter.

The increase in interest and investment income to \$7,831 for the three months ended March 31, 2000 from \$2,864 for the three months ended March 31, 1999 was the result of higher average balances of cash, marketable securities and restricted investments during the 2000 quarter. The higher average balances of cash, marketable securities and restricted investments during the 2000 quarter were due to the proceeds from financing activities in 1999 and the first quarter of 2000, including the issuance of our 14 1/2% Senior Secured Notes due 2009, 8 3/4% Convertible Subordinated Notes due 2009, 9.2% Series B Junior Cumulative Convertible Preferred Stock, 9.2% Series D Junior Cumulative Convertible Preferred Stock and 2,290,322 shares of Common Stock.

Interest expense, net of capitalized interest, was \$5,866 for the three months ended March 31, 2000 and \$1,433 for the three months ended March 31, 1999. This increase in net interest expense was due to interest expense increasing by an amount (\$11,824) greater than the corresponding increase in capitalized interest (\$7,391). The increase in interest expense for the 2000 quarter was due to interest accruing on our 14 1/2% Senior Secured Notes due 2009 issued in May 1999 and our 8 3/4% Convertible Subordinated Notes due 2009 issued in September and October 1999.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2000, we had cash, cash equivalents, marketable securities and restricted investments totaling \$552,762 and working capital of \$482,537 compared with cash, cash equivalents and marketable securities totaling \$467,073 and working capital of \$304,010 at December 31, 1999. These increases reflect the proceeds from the issuance of (1) our 9.2% Series D Cumulative Convertible Preferred Stock to certain affiliates of The Blackstone Group, L.P. on January 31, 2000 for net proceeds of approximately \$192,000 and (2) our Common Stock to DaimlerChrysler Corporation for net proceeds of approximately \$100,000.

FUNDING REQUIREMENTS

We believe we can fund our planned operations, including the construction of our broadcast system, into the third quarter of 2001 from our existing working capital. In addition, we anticipate cash requirements of approximately \$120,000 to fund our operations through the first full year of commercial operations and expect to require additional funds until our revenues grow substantially.

To build and launch the satellites necessary to transmit Sirius Radio we entered into the Loral Satellite Contract. The Loral Satellite Contract provides for Loral to construct, launch and deliver three satellites in-orbit and checked-out, to construct for us a fourth satellite for use as a ground spare and to provide satellite launch services. We are committed to make aggregate payments of approximately \$745,040 under the Loral Satellite Contract, which includes \$15,000 of long-lead time parts for a fifth satellite and \$3,400 for integration analysis of the viability of using the Sea Launch platform as an alternative launch vehicle for our satellites. As of March 31, 2000, \$504,164 of this obligation had been satisfied. Under the Loral Satellite Contract, with the exception of a payment made to Loral in March 1993, payments are made in installments that commenced in April 1997 and will end in December 2003. Approximately half of all payments under the Loral Satellite Contract are contingent upon Loral meeting specified milestones in the construction of our satellites.

We also will require funds for working capital, interest on borrowings, acquisition of programming, financing costs and operating expenses until some time after we commence operations. We expect our interest expense will increase significantly when compared to our 1999 interest expense as a result of the issuance of our 14 1/2% Senior Secured Notes due 2009 in May 1999 and our 8 3/4% Convertible Subordinated Notes due 2009 in September and October 1999. A portion of the net proceeds of the issuance of our 14 1/2% Senior Secured Notes due 2009 was used to purchase a portfolio of U.S. government securities in an amount sufficient to pay interest on these notes through May 15, 2002.

The amount and timing of our actual cash requirements will depend upon numerous factors including costs associated with the construction and deployment of our satellite system and terrestrial repeater network, costs associated with the design and development of chip sets and receivers, the rate of growth of our business after commencing service, costs of financing and the possibility of unanticipated costs. We will require additional funds if there are delays, cost overruns, unanticipated expenses, launch failures, satellite system or launch services change orders or any shortfalls in estimated levels of operating cash flow.

SOURCES OF FUNDING

To date, we have funded our capital needs through the issuance of debt and equity securities. As of March 31, 2000 we had received a total of approximately \$874,000 in equity capital as a result of the following transactions: (1) the sale of shares of our Common Stock prior to the issuance of our FCC license (net proceeds of approximately \$22,000); (2) the sale of 5,400,000 shares of 5% Delayed Convertible Preferred Stock (net proceeds of approximately \$121,000) in April 1997 (in November 1997, we exchanged 1,846,799 shares of our 10 1/2% Series C Convertible Preferred Stock for all the

outstanding shares of 5% Delayed Convertible Preferred Stock); (3) the sale of 4,955,488 shares of our Common Stock (net proceeds of approximately \$71,000) in 1997; (4) the sale of 5,000,000 shares of our Common Stock to Prime 66 Partners, L.P. (net proceeds of approximately \$98,000) in November 1998; (5) the sale of 1,350,000 shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock to the Apollo Investment Fund IV, L.P., a Delaware limited partnership, and Apollo Overseas Partners IV, L.P., a Cayman Islands limited partnership (collectively, the "Apollo Investors") (net proceeds of approximately \$129,000) in December 1998; (6) the sale of 650,000 shares of our 9.2% Series B Junior Cumulative Convertible Preferred Stock to Apollo Investors (net proceeds of approximately \$63,000) in November 1999; (7) the sale of 3,000,000 shares of our Common Stock in an underwritten public offering (net proceeds of approximately \$68,000) in September 1999, and an additional 450,000 shares of our Common Stock in connection with the exercise of the underwriters' over-allotment option (net proceeds of approximately \$10,000) in October 1999; (8) the sale of 2,000,000 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock to certain affiliates of The Blackstone Group, L.P. (net proceeds of approximately \$192,000) in February 2000; and (9) the sale of 2,290,322 shares of our Common Stock to DaimlerChrysler Corporation (net proceeds of approximately \$100,000) in February 2000.

In September 1999, we issued \$125,000 aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 in an underwritten public offering (net proceeds of approximately \$119,000). In October 1999, we issued an additional \$18,750 aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 to the underwriters of this convertible notes offering in connection with their over-allotment option (net proceeds of approximately \$18,000). In May 1999, we received net proceeds of approximately \$190,000 from the issuance of 200,000 units, each consisting of \$1 aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009 and three warrants, each to purchase 3.947 shares of our Common Stock as of March 31, 2000. We invested approximately \$79,300 of these net proceeds in a portfolio of U.S. government securities, which we pledged as security for payment in full of interest on the 14 1/2% Senior Secured Notes due 2009 through May 15, 2002. In November 1997, we received net proceeds of \$116,000 from the issuance of 12,910 units, each consisting of \$20 aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007 and a warrant to purchase additional 15% Senior Secured Discount Notes due 2007 with an aggregate principal amount at maturity of \$3. All of these warrants were exercised in 1997. The aggregate value at maturity of our 15% Senior Secured Discount Notes due 2007 is approximately \$297,000. Our 15% Senior Secured Discount Notes due 2007 mature on December 1, 2007 and the first cash interest payment is due in June 2003. The indentures governing our 14 1/2% Senior Secured Notes due 2009 and our 15% Senior Secured Discount Notes due 2007 contain limitations on our ability to incur additional indebtedness and are secured by a pledge of the stock of Satellite CD Radio Inc., our subsidiary that holds our FCC license.

In July 1998, we entered into a term loan agreement with a group of financial institutions pursuant to which these lenders provided us \$115,000 of term loans. The proceeds of these loans were used to fund a portion of the progress payments required to be made by us under the Loral Satellite Contract for the purchase of launch services and to pay interest, fees and other expenses related to these loans. On February 29, 2000, we repaid these loans and cancelled the related credit agreement.

Loral has deferred a total of \$50,000 of the payments under the Loral Satellite Contract originally scheduled for payment in 1999. These deferred amounts bear interest at 10% per annum and all interest on these deferred amounts will accrue until December 2001, at which time interest will be payable quarterly in cash. The principal amounts of the deferred payments under the Loral Satellite Contract are required to be paid in six installments between June 2002 and December 2003. As collateral security for these deferred payments, we have granted Loral a security interest in our terrestrial repeater network. If there is a satellite or launch failure, we will be required to pay Loral the deferred amount related to the affected satellite no later than 120 days after the date of the failure. If we elect to put one of our first three satellites into ground storage, rather than having it shipped to the launch site, the deferred amount related to that satellite will become due within 60 days of this election.

Shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock are convertible into shares of our Common Stock at a price of \$30.00 per share. The 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock are callable by us beginning November 15, 2001 at a price of 100% if the current market price, as defined in the Certificate of Designation of the 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock, of our Common Stock exceeds \$60.00 per share for a period of 20 consecutive trading days, will be callable in all events beginning November 15, 2003 at a price of 100% and must be redeemed by us on November 15, 2011. Dividends on our 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock are payable in kind or in cash annually, at our option. Holders of our 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock have the right to vote, on an as-converted basis, on matters in which the holders of our Common Stock have the right to vote.

Shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock are convertible into shares of our Common Stock at a price of \$34.00 per share. The 9.2% Series D Junior Cumulative Convertible Preferred Stock is callable by us beginning December 23, 2002 at a price of 100% if the current market price, as defined in the Certificate of Designation of the 9.2% Series D Junior Cumulative Convertible Preferred Stock, of our Common Stock exceeds \$68.00 per share for a period of 20 consecutive trading days, will be callable in all events beginning December 23, 2004 at a price of 100% and must be redeemed by us on November 15, 2011. Dividends on our 9.2% Series D Junior Cumulative Convertible Preferred Stock are payable in kind or in cash annually, at our option. Holders of our 9.2% Series D Junior Cumulative Convertible Preferred Stock have the right to vote, on an as-converted basis, on matters in which the holders of our Common Stock have the right to vote.

On March 3, 2000, we notified the holders of our 10 1/2% Series C Convertible Preferred Stock and the holders of all outstanding warrants to purchase shares of such 10 1/2% Series C Convertible Preferred Stock that on April 12, 2000 we would redeem these securities. As of April 12, 2000, all of the shares of our 10 1/2% Series C Convertible Preferred Stock and all of the outstanding warrants to purchase shares of such 10 1/2% Series C Convertible Preferred Stock were converted into shares of our Common Stock.

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PART II

OTHER INFORMATION (Dollar amounts in thousands)

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) On January 31, 2000, we sold 2,000,000 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock to Blackstone Capital Partners III Merchant Banking Fund L.P. and certain related parties for an aggregate purchase price of \$200,000. In connection with the sale of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, we paid an aggregate of \$8,000 in fees to an investment banking firm.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

See Exhibit Index attached hereto.

(b) Reports on Form 8-K:

On January 28, 2000, we filed a Current Report on Form 8-K to report that we had entered into an agreement with DaimlerChrysler Corporation pursuant to which DaimlerChrysler Corporation would

purchase 2,290,322 shares of our Common Stock for an aggregate purchase price of approximately \$100,000.

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SIGNATURES

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

SIRIUS SATELLITE RADIO INC.

By: /s/ Edward Weber, Jr.

Edward Weber, Jr.
Vice President and Controller
(Principal Accounting Officer)

May 15, 2000

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EXHIBIT INDEX

<TABLE> <CAPTION> EXHIBIT -----	DESCRIPTION -----
<S>	<C>
3.1.1	Certificate of Amendment, dated June 16, 1997, to the Company's Certificate of Incorporation and the Company's Amended and Restated Certificate of Incorporation, dated January 31, 1994 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
3.1.2	Certificate of Ownership and Merger merging Sirius Satellite Radio Inc. into CD Radio Inc. dated November 18, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-31362)).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 (File No. 33-74782) (the "S-1 Registration Statement")).
3.3	Certificate of Designations of 5% Delayed Convertible Preferred Stock (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K/A for the year ended December 31, 1996 (the "1996 Form 10-K")).
3.4	Form of Certificate of Designations of Series B Preferred Stock (incorporated by reference to Exhibit A to Exhibit 1 to the Company's Registration Statement on Form 8-A filed on October 30, 1997 (the "Form 8-A")).

- 3.5.1 Form of Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of 10 1/2% Series C Convertible Preferred Stock (the "Series C Certificate of Designations") (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (File No. 333-34761)).
- 3.5.2 Certificate of Correction to Series C Certificate of Designations (incorporated by reference to Exhibit 3.5.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K")).
- 3.5.3 Certificate of Increase of 10 1/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.5.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
- 3.6 Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
- 3.7 Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 3.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT - - - - -	DESCRIPTION - - - - -
<S>	<C>
3.8	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of the Company's 9.2% Series D Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed on December 29, 1999).
4.1	Form of Certificate for shares of Common Stock (incorporated by reference to Exhibit 4.3 to the S-1 Registration Statement).
4.2	Form of Certificate for shares of 10 1/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-4 (File No. 333-34761)).
4.3	Form of Certificate for shares of 9.2% Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1998 (the "1998 Form 10-K")).
4.4	Form of Certificate for shares of 9.2% Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.2 to the 1998 Form 10-K).
4.5	Form of Certificate for shares of 9.2% Series D Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (1999 Form 10-K)).
4.6.1	Rights Agreement, dated as of October 22, 1997 (the "Rights Agreement"), between the Company and Continental Stock Transfer & Trust Company, as rights agent (incorporated by reference to Exhibit 1 to the Form 8-A).
4.6.2	Form of Right Certificate (incorporated by reference to Exhibit B to Exhibit 1 to the Form 8-A).
4.6.3	Amendment to the Rights Agreement dated as of October 13, 1998

(incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated October 13, 1998).

- 4.6.4 Amendment to the Rights Agreement dated as of November 13, 1998 (incorporated by reference to Exhibit 99.7 to the Company's Current Report on Form 8-K dated November 17, 1998).
- 4.6.5 Amended and Restated Amendment to the Rights Agreement dated as of December 22, 1998 (incorporated by reference to Exhibit 6 to the Amendment No. 1 to the Form 8-A filed on January 6, 1999).
- 4.6.6 Amendment to the Rights Agreement dated as of June 11, 1999 (incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-4 (File No. 333-82303) filed on July 2, 1999 (the "1999 Units Registration Statement")).

</TABLE>

<TABLE>
<CAPTION>

EXHIBIT	DESCRIPTION
- - - - -	- - - - -
<S>	<C>
4.6.7	Amendment to the Rights Agreement dated as of September 29, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 13, 1999).
4.6.8	Amendment to the Rights Agreement dated as of December 23, 1999 (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed on December 29, 1999).
4.6.9	Amendment to the Rights Agreement dated as of January 28, 2000 (incorporated by reference to Exhibit 4.6.9 to the 1999 Form 10-K).
4.7	Indenture, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 15% Senior Secured Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-34769) (the "1997 Units Registration Statement")).
4.8	Form of 15% Senior Secured Note due 2007 (incorporated by reference to Exhibit 4.2 to the 1997 Units Registration Statement).
4.9	Warrant Agreement, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.3 to the 1997 Units Registration Statement).
4.10	Form of Warrant (incorporated by reference to Exhibit 4.4 to the 1997 Units Registration Statement).
4.11	Form of Preferred Stock Warrant Agreement, dated as of April 9, 1997, between the Company and each warrant holder thereof (incorporated by reference to Exhibit 4.12 to the 1997 Form 10-K).
4.12	Form of Common Stock Purchase Warrant granted by the Company to Everest Capital Master Fund, L.P. and to The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 4.11 to the 1997 Form 10-K).
4.13	Indenture, dated as of May 15, 1999, between the Company and United States Trust Company of New York, as trustee, relating to the Company's 14 1/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.14	Form of 14 1/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.15	Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by

reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 13, 1999).

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT - - - - -	DESCRIPTION - - - - -
<S>	<C>
4.16	First Supplemental Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 1, 1999).
4.17	Form of 8 3/4% Convertible Subordinated Notes 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 11, 1999).
4.18	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).
4.19	Amended and Restated Pledge Agreement, dated as of May 15, 1999, among the Company, as pledgor, IBJ Whitehall Bank & Trust Company, as trustee, United States Trust Company of New York, as trustee, and IBJ Whitehall Bank & Trust Company, as collateral agent (incorporated by reference to Exhibit 4.4.5 to the 1999 Units Registration Statement).
4.20	Collateral Pledge and Security Agreement, dated as of May 15, 1999, between the Company, as pledgor, and United States Trust Company of New York, as trustee (incorporated by reference to Exhibit 4.4.6 to the 1999 Units Registration Statement).
4.21	Intercreditor Agreement, dated May 15, 1999, by and between IBJ Whitehall Bank & Trust Company, as trustee, and United States Trust Company of New York, as trustee (incorporated by reference to Exhibit 4.4.7 to the 1999 Units Registration Statement).
4.22	Common Stock Purchase Warrant granted by the Company to Ford Motor Company, dated June 11, 1999 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.23	Common Stock Purchase Warrant granted by the Company to DaimlerChrysler Corporation, dated January 28, 2000 (incorporated by reference to Exhibit 4.23 to the 1999 Form 10-K).
9.1	Voting Trust Agreement, dated as of August 26, 1997, by and among Darlene Friedland, as Grantor, David Margolese, as Trustee, and the Company (incorporated by reference to Exhibit (c) to the Company's Issuer Tender Offer Statement on Form 13E-4 filed on October 16, 1997).
10.1.1	Lease Agreement, dated as of March 31, 1998, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.1.2	Supplemental Indenture, dated as of March 22, 2000, between Rock-McGraw, Inc. and the Company (filed herewith).

</TABLE>

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<TABLE>
<CAPTION>

EXHIBIT ----- <S>	DESCRIPTION ----- <C>
'D'10.2	Amended and Restated Contract, dated as of June 30, 1998, between the Company and Space Systems/Loral, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q/A for the quarter ended June 30, 1998).
*10.3	Employment Agreement, dated as of January 1, 1999, between the Company and David Margolese (incorporated by reference to Exhibit 10.6 to the 1998 Form 10-K).
*10.4	Employment Agreement, dated as of December 31, 1999, between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.4 to the 1999 Form 10-K).
*10.5	Employment Agreement, dated as of March 28, 2000, between the Company and Joseph S. Capobianco (incorporated by reference to Exhibit 10.5 to the 1999 Form 10-K).
*10.6	Employment Agreement, dated as of March 28, 2000, between the Company and Patrick L. Donnelly (incorporated by reference to Exhibit 10.6 to the 1999 Form 10-K).
*10.7	Employment Agreement, dated as of March 28, 2000, between the Company and Ira H. Bahr (incorporated by reference to Exhibit 10.7 to the 1999 Form 10-K).
*10.8	Employment Agreement, dated as of April 17, 2000, between the Company and Dr. Mircho Davidov (filed herewith).
10.9	Registration Agreement, dated January 2, 1994, between the Company and M.A. Rothblatt and B.A. Rothblatt (incorporated by reference to Exhibit 10.20 to the S-1 Registration Statement).
*10.10	1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).
*10.11	Amended and Restated 1994 Directors' Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
*10.12	CD Radio Inc. 401(k) Savings Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 (File No. 333-65473)).
*10.13	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)).
10.14	Form of Option Agreement, dated as of December 29, 1997, between the Company and each Optionee (incorporated by reference to Exhibit 10.16.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.15.1	Preferred Stock Investment Agreement, dated October 23, 1996, between the Company and certain investors (incorporated by reference to Exhibit 10.24 to the

</TABLE>

<TABLE>

<CAPTION>
EXHIBIT

DESCRIPTION

EXHIBIT	DESCRIPTION
<S>	<C> 1996 Form 10-K).
10.15.2	First Amendment to Preferred Stock Investment Agreement, dated March 7, 1997, between the Company and certain investors (incorporated by reference to Exhibit 10.24.1 to the 1996 Form 10-K).
10.15.3	Second Amendment to Preferred Stock Investment Agreement, dated March 14, 1997, between the Company and certain investors (incorporated by reference to Exhibit 10.24.2 to the 1996 Form 10-K).
10.16	Letter, dated May 29, 1998, terminating Launch Services Agreement dated July 22, 1997 between the Company and Arianespace S.A.; Arianespace Customer Loan Agreements dated July 22, 1997 for Launches #1 and #2 between the Company and Arianespace Finance S.A.; and the Multiparty Agreements dated July 22, 1997 for Launches #1 and #2 among the Company, Arianespace S.A. and Arianespace Finance S.A. (incorporated by reference to Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.17	Summary Term Sheet/Commitment, dated June 15, 1997, among the Company and Everest Capital International, Ltd., Everest Capital Fund, L.P. and The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on July 8, 1997).
10.18.1	Engagement Letter Agreement, dated June 14, 1997, between the Company and Libra Investments, Inc. (incorporated by reference to Exhibit 10.26.1 to the 1997 Form 10-K).
10.18.2	Engagement Letter Agreement, dated August 6, 1997, between the Company and Libra Investments, Inc. (incorporated by reference to Exhibit 10.26.2 to the 1997 Form 10-K).
10.19	Radio License Agreement, dated January 21, 1998, between the Company and Bloomberg Communications Inc. (incorporated by reference to Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
'D'10.20	Amended and Restated Agreement, dated as of February 1, 1999, between Lucent Technologies Inc. and the Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on February 4, 1999).
10.21	Stock Purchase Agreement, dated as of August 5, 1997, between the Company, David Margolese and Loral Space & Communications Ltd. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on August 19, 1997).
10.22	Stock Purchase Agreement, dated as of October 8, 1998, between the Company and Prime 66 Partners, L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated October 8, 1998).
10.23.1	Stock Purchase Agreement, dated as of November 13, 1998 (the "Apollo Stock Purchase Agreement"), by and among the Company, Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (incorporated by reference to Exhibit

</TABLE>

<TABLE>
<CAPTION>

DESCRIPTION

EXHIBIT	DESCRIPTION
<S>	<C> 99.1 to the Company's Current Report on Form 8-K dated November 17, 1998).

- 10.23.2 Amendment No. 1, dated as of December 23, 1998, to the Apollo Stock Purchase Agreement (incorporated by reference to Exhibit 10.28.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999).
- 10.23.3 Second Amendment, dated as of December 23, 1999, to the Apollo Stock Purchase Agreement (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed on December 29, 1999).
- 10.24 Stock Purchase Agreement, dated as of December 23, 1999 (the "Blackstone Stock Purchase Agreement"), by and between the Company and Blackstone Capital Partners III Merchant Banking Fund L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on December 29, 1999).
- 10.25 Stock Purchase Agreement, dated as of January 28, 2000, among the Company, Mercedes-Benz USA, Inc., Freightliner Corporation and DaimlerChrysler Corporation (incorporated by reference to Exhibit 10.24 to the 1999 Form 10-K).
- 10.27 Tag-Along Agreement, dated as of November 13, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., the Company and David Margolese (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K dated November 17, 1998).
- 'D'10.27 Agreement, dated as of June 11, 1999, between the Company and Ford Motor Company (incorporated by reference to Exhibit 10.33 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).
- 'D'10.28 Joint Development Agreement, dated as of February 16, 2000, between the Company and XM Satellite Radio, Inc. (filed herewith).
- 27.1 Financial Data Schedule (filed herewith).

</TABLE>

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

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

STATEMENT OF DIFFERENCES

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

***** Confidential treatment has been requested for portions of this agreement. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this agreement has been filed separately with the Securities and Exchange Commission.

JOINT DEVELOPMENT AGREEMENT

This JOINT DEVELOPMENT AGREEMENT is entered into between XM Satellite Radio Inc., a Delaware corporation with its principal location at 1250 23rd Street, N.W., Washington, DC ("XM"), and Sirius Satellite Radio Inc., a Delaware corporation with its principal location at 1221 Avenue of the Americas, New York, New York ("Sirius") as of February 16th, 2000 ("Effective Date").

RECITALS

WHEREAS, XM is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("XM Radio System") in accordance with the rights under the license issued to XM by the Federal Communications Commission (the "FCC");

WHEREAS, Sirius is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("Sirius Radio System") in accordance with the rights under the license issued to Sirius by the FCC;

WHEREAS, the FCC has mandated that XM and Sirius deploy a final receiver design that is interoperable;

WHEREAS, due to the different technical heritage, satellite design and performance requirements of the XM Radio System and the Sirius Radio System, such systems currently employ different technologies that impede the design and development of an interoperable receiver;

WHEREAS, XM and Sirius and their respective radio equipment suppliers already have expended significant funds in developing Single Mode Radios (as defined below);

WHEREAS, it will take an extensive and expensive joint program to merge the technologies employed by the XM Radio System and the Sirius Radio System in order to design and develop a cost efficient interoperable receiver;

WHEREAS, XM and Sirius are, and will continue to be, competitors in, among other things, the marketing and sale of the satellite broadcasting of radio programming to listeners, the acquisition of rights to broadcast such programming and sale of radio advertising availabilities and other forms of advertising or promotional opportunities in connection with that programming (collectively, "Business Opportunities");

WHEREAS, nothing in this Agreement is intended to, or will in any way, restrain or reduce the competitive rivalry between the parties in the pursuit of Business Opportunities;

WHEREAS, the parties desire to comply with FCC licensing requirements and to enhance efficiency and consumer welfare by jointly developing and deploying certain interoperable technology for the purpose of producing radios capable of receiving broadcasts from both the XM Radio System and the Sirius Radio System;

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

WHEREAS, in jointly developing such interoperable technology in the most cost effective manner, the parties believe it necessary and desirable to integrate some of their economic activities to develop and bring to market Interoperable Radios (as defined below); and

WHEREAS, the parties wish to set forth the terms and conditions under which they will jointly develop and deploy such interoperable technology;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

1.01. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms below:

"Aftermarket" shall mean the market for radios that are (a) sold to a customer for use in a vehicle, aircraft or vessel, after such vehicle, aircraft or vessel has been manufactured and sold to a customer; or (b) sold separately as stand alone devices.

"Agreement" shall mean this Joint Development Agreement, including all Exhibits attached hereto, as amended, supplemented or otherwise modified from time to time.

"Auditor" shall have the meaning specified in Section 14.10.

"Business Opportunities" shall have the meaning specified in the recitals to this Agreement.

"Confidential Information" shall have the meaning specified in Section 9.01.

"Consultant" shall have the meaning specified in Section 3.02(b).

"Consulting Agreement" shall have the meaning specified in Section 3.02(b).

"Content Provider" shall have the meaning specified in Section 6.06.

"Distribution Partners" shall have the meaning specified in Section 6.01.

"Effective Date" shall have the meaning specified in the introductory paragraph of this Agreement.

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****]

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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[*****], as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****].

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****], or any of their respective subsidiaries or affiliates, as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****] and [*****].

"Expedited Rules" shall have the meaning specified in Section 13.02.

"FCC" shall have the meaning specified in the recitals to this

Agreement, together with any successor agency or agencies.

"FCC License" shall mean the license granted by the FCC to Sirius or

XM, as the context may require, to launch and operate satellites to provide a radio communications service in which audio programming is digitally transmitted by one or more space stations directly to fixed, mobile and/or portable stations which may involve complementary repeating terrestrial transmitters and telemetry, tracking and control facilities.

"Interoperable Chipset" shall mean integrated circuits which are

capable of receiving, decoding, decompressing and outputting to a user interface the digital audio radio broadcast, transmitted from both satellites and terrestrial repeaters, of both the XM Radio System and the Sirius Radio System.

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*****Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"Interoperable Radio" shall mean a radio that, at a minimum, (a)

receives and processes the audio portion of both the Sirius Radio System signal and the XM Radio System signal, either as a result of an Interoperable Chipset contained in the unit itself or as a result of an Interoperable Chipset contained in an outboard location which interfaces directly with the unit, and (b) which is capable of providing the user interface for both Sirius Radio System broadcasts and XM Radio System broadcasts, including displaying the artist and title information transmitted as part of such broadcasts, in each case, without the consumer purchasing additional hardware or software.

"Interoperability Technology" shall mean the technology, including

the technology which is jointly funded and developed by Sirius and XM pursuant to this Agreement or owned and/or licensed by either party, which is required to design, develop and/or manufacture an Interoperable Radio, as well as any enhancements and modifications jointly funded and developed for such technology pursuant to this Agreement (including the industry standards jointly developed by the parties pursuant to Section 3.03), but shall not include Non-core Technology.

"JV" shall have the meaning specified in Article XI.

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[*****] shall have the meaning specified in Section 6.02(a).

[*****] shall have the meaning specified in Section 6.04(a).

"Non-core Technology" shall have the meaning specified in Section

5.02.

"Non-owning Party" shall have the meaning specified in Section 8.05.

"OEM Automobile Partners" shall mean an original equipment

manufacturer of vehicles (including trucks and/or other specialty vehicles), such as General Motors Corporation, Ford Motor Company, DaimlerChrysler AG, Honda Motor Company, Toyota, BMW AG and their respective divisions, affiliates and subsidiaries.

"Owning Party" shall have the meaning specified in Section 8.05.

"Project Leader" shall have the meaning specified in Section

3.02(d).

"Project Plan" shall have the meaning specified in Section 3.02(b).

"Radio Manufacturing Partners" shall have the meaning specified in

Section 5.04.

"Recipient" shall have the meaning specified in Section 9.01.

"RFP" shall have the meaning specified in Section 3.02(e).

"SDARS Mark" shall have the meaning specified in Section 4.04(a).

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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"Single Mode Radio" shall mean a radio that (a) receives and

processes the Sirius Radio System signal or the XM Radio System signal, but not both, and (b) which is capable of providing the user interface for either Sirius Radio System broadcasts or XM Radio System broadcasts, but not both.

"Sirius" shall have the meaning specified in the first paragraph of

this Agreement.

"Sirius Radio System" shall have the meaning specified in the

recitals to this Agreement.

"Specifications" shall have the meaning specified in Section

3.02(c).

[*****]

"Third Party Technology" shall mean any patents, know-how or other

intellectual property rights owned or controlled by any person or entity other than Sirius, XM and their respective affiliates that may be included within the XM Radio System or the Sirius Radio System or in Interoperability Technology from time to time.

"XM" shall have the meaning specified in the first paragraph of this
--
Agreement.

"XM Radio System" shall have the meaning specified in the recitals

to this Agreement.

1.02. Other Definitional Matters. Definitions in this Agreement apply

equally to the singular and plural forms of the defined terms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation" or "but not limited to" when such phrase does not otherwise appear. The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All article, section, paragraph, clause, exhibit or schedule references not attributed to a particular document shall be references to such parts of this Agreement.

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ARTICLE II

Term of this Agreement -----

Unless terminated in accordance with Section 12.01, this Agreement shall commence on the Effective Date and continue until the termination of each of the parties' respective FCC Licenses, and shall be automatically renewed upon the renewal or extension of the FCC Licenses.

ARTICLE III

Joint Technology Development.

3.01. Interoperability Technology Development. XM and Sirius hereby agree

to develop Interoperability Technology for the purpose of producing (or having produced by others) Interoperable Radios.

3.02. Project Plan. Unless otherwise agreed by the parties in writing:

(a) As soon as practicable, the parties shall exchange, on a mutually agreed date, appropriate technical documentation relating to the XM Radio System and the Sirius Radio System, as the case may be.

(b) The parties shall use commercially reasonable efforts to execute, within 90 days following the Effective Date, a consulting agreement (the "Consulting Agreement") with a third party consultant

reasonably acceptable to both parties (the "Consultant") to manage the

project development activities relating to the Interoperability Technology. The Consultant shall have responsibility for creating a budget and project plan for developing the Interoperability Technology (the "Project Plan").

(c) The Consultant shall work with representatives of the parties to develop the Project Plan, including the development and preparation of a written document containing agreed upon engineering and other specifications for the Interoperable Chipset (the "Specifications"). The

Specifications shall be in form and substance acceptable to both Sirius and XM.

(d) The parties shall negotiate in good faith to determine the Project Plan and Specifications. Each party agrees to use commercially reasonable efforts to meet any deliverables and/or timetables set forth in the Project Plan. Each party shall provide commercially reasonable support to facilitate the exchange of information during the development of the Project Plan and Specifications, as well as during the development of the Interoperability Technology. In addition, each party shall designate a project leader (each, a "Project Leader"), who shall be designated in the

Project Plan, and who shall coordinate such party's development activities.

(e) As part of the Project Plan, upon completion of the Specifications, the Consultant shall issue to chipset design and fabrication firms reasonably acceptable

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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to XM and Sirius, a request for (the "RFP") to design, develop and

manufacture Interoperable Chipsets. However, the Consultant shall [*****] Similarly, the Consultant shall [*****]. As soon as practicable after responses to the RFP have been received by the Consultant and reviewed by XM and Sirius, the Consultant, with the consent of Sirius and XM (which shall not be unreasonably withheld, delayed or conditioned), shall use commercially reasonable efforts to negotiate one or more agreements to design and develop Interoperable Chipsets.

(f) The parties shall use commercially reasonable efforts to develop an antenna or series of antennas which function with both the Sirius Radio System and the XM Radio System for deployment with Interoperable Radios.

(g) Nothing contained in this Agreement shall be interpreted or construed to limit in any way Sirius' or XM's ability to continue its existing integrated circuit development efforts for Single Mode Radios.

(h) XM and Sirius shall each use commercially reasonable efforts to design and develop Interoperable Radios that are backward compatible with then existing Single Mode Radios.

(i) XM and Sirius agree that [*****], as the case may be.

3.03. SDARS Industry Standards Publication. In order to direct that the

development work performed pursuant to this Agreement results in the quality of

reception on Interoperable Radios of either party's programming being comparable to the quality of reception of such party's programming on a Single Mode Radio, XM and Sirius shall jointly develop and publish industry standards for Interoperable Radios. Such standards shall contain parameters relating to Interoperable Radios, including, but not limited to user-interface and communication protocols.

3.04. Enhancement and Support of the Interoperability Technologies. Each party agrees to use commercially reasonable efforts to maintain and enhance the Interoperability Technology to ensure its proper functioning and commercial usefulness.

3.05. Implementation of Non-core Technologies. Nothing in this Agreement shall prevent the development, manufacturing, marketing, sale and distribution of Interoperable Radios with respect to which the Non-core Technologies, if any, used by or relating to customers of one of the parties differ from the Non-core Technologies, if any, used by or relating to customers of the other party.

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ARTICLE IV

Intellectual Property Rights and Ownership

4.01. XM Radio System. The parties agree that XM owns, or has license rights to, the XM Radio System and shall at all times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the XM Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.02. Sirius Radio System. The parties agree that Sirius owns, or has license rights to, the Sirius Radio System and shall at times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the Sirius Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.03. Interoperability Technology. (a) Subject to each party's rights set forth in Sections 4.01 and 4.02, the parties agree that XM and Sirius shall jointly own the Interoperability Technology jointly developed by the parties and jointly funded hereunder, and any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how. Each party shall give the other party all reasonable assistance and shall, at the other party's request and expense, execute and deliver all documents and assignments which may be necessary to establish the joint ownership rights in the Interoperability Technology.

(b) If any patentable inventions are created as a result of the parties' joint development activities hereunder, the parties agree to cooperate in the filing and prosecution of patent applications for such inventions with the costs to be shared equally by the parties. Any resulting patent shall be jointly owned by Sirius and XM.

(c) Each party agrees to require each of its employees to assign to such party all of such employee's right, title and interest in and to Interoperability Technology and all related intellectual property rights, including patents, patent applications, copyright, derivative works, trademarks, trade secrets, know-how and other proprietary rights.

4.04. Logo or Service Mark for Interoperability Technology. (a) Sirius and XM shall jointly select and file for federal trademark protection a new name, logo and/or service mark (collectively, the "SDARS Mark") relating to digital satellite radios for the purposes of promoting and identifying Interoperable Radios and Single Mode Radios, and the parties shall share equally in any profits relating to the SDARS Mark. The parties will work cooperatively to design the SDARS Mark(s) so as to minimize consumer confusion regarding whether a given radio is a Single Mode Radio or Interoperable Radio.

(b) From and after the joint selection thereof, Sirius and XM shall prominently use and/or display the SDARS Mark in all communications that mention

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(c) Each of the parties agrees not to change its name to, or adopt the use of a trade name or trademark that is likely to cause confusion with (i) the corporate name, trade names and trademarks employed by the other party hereto, or (ii) following the joint selection thereof, the SDARS Mark.

(d) Each party shall license the SDARS Mark to its Radio Manufacturing Partners, Distribution Partners and OEM Automobile Partners for use on Single Mode Radios and Interoperable Radios. Each party shall require, as part of any agreement, arrangement or understanding entered into with any Radio Manufacturing Partner, Distribution Partner or OEM Automobile Partner after the Effective Date, the use of the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not apply to any radio if no logo,

trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof. In addition, each party shall use commercially reasonable efforts to require its [*****] Partners and [*****] Partners to use the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not

apply to any radio if no logo, trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof.

(e) Each party acknowledges that the quality of use of the SDARS Mark will have an important effect on goodwill associated with the SDARS Mark and on the resulting value of the SDARS Mark and each party agrees that the nature and quality of all uses of the SDARS Mark shall be of high quality, and be adequately suited to exploitation of the SDARS Mark to the best advantage and enhancement of the SDARS Mark and consistent with quality control standards mutually established by the parties.

ARTICLE V

Licensing Matters

5.01. Independent Developments. (a) In the event that either party

independently develops technology, including any technology existing on the Effective Date, that is included in Interoperability Technology, such party shall retain full right, title and interest in and to such technology, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow its Distribution Partners and Radio Manufacturing Partners to sublicense such technology for the purpose of manufacturing Interoperable Radios and marketing and distributing Interoperable Radios in North America.

(b) In addition, each party shall retain full right, title and interest in and to its technology included in the digital satellite radio system of such party as of the Effective Date, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party

Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow such other party's Distribution Partners and Radio Manufacturing Partners to sublicense such technology (including any other technology relevant to a satellite digital audio radio system that such party, or any officer, employee or affiliate of such party, may own or have a license to use) for the purpose of manufacturing, marketing and distributing such other party's satellite digital audio radio system in North America, including any Single Mode Radios used in connection therewith; provided that the technology covered by

such license shall exclude all Non-core Technology.

5.02. Independent Development of Non-core Technology. In the event that

either party independently develops or licenses technology that is not included in the definition of Interoperability Technology ("Non-core Technology"), such

Non-core Technology shall remain the property of the developing or licensing party; and all right, title and interest in and to such Non-core Technology, including any intellectual property rights therein, shall reside with the developing or licensing party. In such event, the developing or licensing party shall make available (or, in the case of licensed technology, use commercially reasonable efforts (which shall not include the payment of additional license fees) to make available) to the other party, upon written request, a license for such Non-core Technology on commercially reasonable terms. In the event that the non-developing party does not accept such commercially reasonable terms, no license shall be granted. In no event shall either party be entitled to any equitable relief with regard to Non-core Technology.

5.03. Third Party Technology. Each party shall be responsible, at its

cost, for licensing any Third Party Technology to the extent that such Third Party Technology is used in the digital satellite radio system of such party. All licenses granted hereunder shall be subject to existing agreements entered into by the parties for such Third Party Technology. A listing of the Third Party Technology included within each party's satellite digital audio radio system as of the Effective Date shall be provided to the other party within 30 days of the Effective Date. Each party shall, within 30 days of the Effective Date, provide to the other party copies of any agreements executed by such party relating to Third Party Technology, to the extent such party is legally entitled to disclose such agreement. Each party shall use commercially reasonable efforts to obtain all consents necessary to disclose such agreements to the other party in accordance with the terms of this Agreement.

5.04. Licensing of the Interoperability Technology to Third Parties.

Subject to any restrictions in the Third Party Technology agreements, as joint owners of the Interoperability Technology, the parties shall each have authority to license (and permit the sublicense of) the Interoperability Technology to third parties, including, but not limited to, manufacturers of integrated circuits and receivers ("Radio Manufacturing Partners"), for the purpose of

manufacturing, marketing, distributing and/or selling Interoperable Radios. The parties shall share equally in any licensing, technical assistance or other revenue recognized from such third party licensing of, or technical or other assistance relating to, Interoperability Technology.

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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ARTICLE VI

Marketing Matters -----

6.01. Distribution Partners. Commencing on the Effective Date, neither

party shall enter into any agreement, arrangement or understanding with any [*****] distribution partner (collectively, "Distribution Partners") for the

distribution of either the XM Radio System or Sirius Radio System that [*****]. In addition, commencing on the Effective Date neither party shall enter into any agreement, arrangement or understanding which [*****].

6.02. [*****] Deals. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that, other than their respective [*****] Deals, all agreements, arrangements and understandings made by either party after the Effective Date that [*****] shall specify the [*****]; provided

that, in the period before [*****]; and provided further, that neither party

shall enter into any agreement, arrangement or understanding to [*****].

(b) Neither party shall after the Effective Date enter into any agreement, arrangement or understanding with [*****] in circumvention of the terms of this Agreement and neither party shall [*****], other than in accordance with the terms of this Agreement.

6.03. [*****] Deals. (a) Notwithstanding anything to the contrary in

Section 6.02, both XM and Sirius shall be free to [*****]. The parties

acknowledge that any [*****] Deals. After the Effective Date, each of the parties shall work cooperatively with one another and with its [*****], enter into any agreement relating to Interoperable Radios with any [*****] Deal unless such agreement (i) is either (A) [*****]

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[*****] and (ii) shall become effective as soon as practicable after [*****]; provided, that until such an agreement is established with a given [*****] of a

party, the other party shall not [*****].

(b) Notwithstanding Sections 6.02(a) and 6.03(a), in the period [*****].

6.04. [*****] Partners. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that all agreements, arrangements and understandings made by either party after the Effective Date that contemplate [*****]; provided that, for the avoidance of doubt, it is understood that each

of the parties may [*****].

(b) Notwithstanding Section 6.04(a), in the period [*****].

(c) Neither party shall [*****] Deal in circumvention of the terms of this Agreement nor shall it [*****] in violation of the terms of Section 6.04(a).

6.05. [*****] Partners. (a) Notwithstanding anything to the contrary in

Section 6.04, the parties agree that each may [*****]. The parties acknowledge that [*****]. Nothing in this Agreement shall, or shall be construed to, require either party to [*****].

(b) XM and Sirius shall each [*****].

6.06. New Content Arrangements. (a) Commencing on the Effective Date,

neither party shall enter into any agreement, arrangement or understanding with any provider of content or programming, including celebrity talent (a "Content Provider") that (i) [*****]

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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[*****] or (ii) rewards any such Content Provider for [*****]. This Section 6.06(a) shall not apply to contracts between either party and its employees, other than celebrity talent. To implement this provision, each party agrees, [*****].

(b) Commencing on the Effective Date, neither party shall enter into any agreement, arrangement or understanding [*****].

ARTICLE VII

Consideration -----

7.01. Resources. Each party agrees to devote its resources to the joint

development of the Interoperability Technology in accordance with the Project Plan, or as mutually agreed by the parties in writing.

7.02. Existing Technology. Each party shall negotiate in good faith the

financial value of the intellectual property licenses granted hereunder for the technology of such party that is included in (a) the Interoperability Technology; and/or (b) the satellite digital audio radio system of the other party. The applicability, validity, value, use, importance and available alternatives of each party's intellectual property rights with respect to (i) the Interoperability Technology; and (ii) the other party's satellite digital audio radio system shall be considered in determining the financial value of

such intellectual property licenses. In the event that the parties fail to reach agreement regarding the financial value of such intellectual property licenses within ninety days of the Effective Date, the parties shall resolve the dispute through binding arbitration in accordance with Section 13.02. The financial value agreed by the parties or determined by arbitration to be attributed to each party's existing technology licenses granted hereunder shall be set forth on a schedule which shall be approved in writing by both parties. Each party shall receive a credit against its contribution to fees, costs and expenses that this Agreement may require equal to the value attributed to its technology pursuant to this Section.

7.03. Fees, Costs and Expenses. Subject to Section 7.02, each party shall

share equally in the fee, costs and expenses associated with the following activities:

- (a) contracting with the Consultant pursuant to the Consulting Agreement, as further described in Section 3.02(b);
- (b) publication of the industry standards set forth in Section 3.03;
- (c) joint trademark activities set forth in Section 4.04;

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(d) development, enhancement and support of the Interoperability Technology as described in Section 3.04.

(e) royalties, if applicable, due after the Effective Date for Third Party Technology that the parties mutually agree shall be included in Interoperability Technology;

(f) the parties' activities pursuant to this Agreement to jointly market the Interoperability Technology;

(g) the parties' activities relating to the filing and prosecution of patent applications for the jointly owned Interoperability Technology; and

(h) any other joint activities undertaken in furtherance of this Agreement as mutually agreed by the parties in writing.

7.04. Stipulation of Dismissal of Patent Litigation. Subject to the terms

of this Agreement, XM and Sirius shall cause to be filed, within five business days of the Effective Date, a stipulation substantially in the form set forth in Exhibit A for dismissal, without prejudice, of the patent litigation

currently pending between XM and Sirius.

ARTICLE VIII

Infringement Action Defense and General Indemnity -----

8.01. XM Defense. (a) Subject to Section 8.03 and 8.04, XM shall defend

at its expense any action brought against Sirius, or any of its officers or directors, to the extent such action is based upon the claim that the XM Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) XM has sole control of any such action or settlement negotiations, (ii) Sirius notifies XM promptly in writing of such claim, suit or proceeding, and (iii) Sirius uses commercially reasonable efforts, at XM's expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. Sirius may, at its option and expense, elect to participate in such settlement and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the XM Radio System is likely to result in, or is subject to, a claim hereunder, XM shall, at its option, modify the XM Radio System so that it becomes non-infringing, or procure the right to continue using the XM Radio System without modification. Notwithstanding the foregoing, XM shall not be liable for any claim arising from or based upon the combination of the XM Radio System with another system, including the Sirius Radio System, unless Sirius establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent XM knew, or reasonably should have known, that such modifications or combination could give rise to such claim and failed to so inform Sirius.

8.02. Sirius Defense. (a) Subject to Section 8.03 and 8.04, Sirius shall

defend at its expense any action brought against XM, or any of its officers or directors, to the extent such action is based upon the claim that the Sirius Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) Sirius has sole control of any such action or settlement negotiations, (ii) XM notifies Sirius promptly in writing of such claims, suit or proceeding, and (iii) XM uses commercially reasonable efforts, at Sirius' expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. XM may, at its option and expense, elect to participate in such settlement, and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the Sirius Radio System is likely to result in, or is subject to, a claim hereunder, Sirius shall, at its option, modify the Sirius Radio System so that it becomes non-infringing, or procure the right to continue using the Sirius Radio System without modification. Notwithstanding the foregoing, Sirius shall not be liable for any claim arising from or based upon the combination of the Sirius Radio System with another system, including the XM Radio System, unless XM establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent Sirius knew, or reasonably should have known, that such modification or combination could give rise to such claim and failed to so inform XM.

8.03. No Indemnification for Interoperability Technology. Except to the

extent indemnification is available pursuant to Section 8.01 or 8.02, neither party shall be liable to the other for any intellectual property infringement claim, action, proceeding or suit brought against such party relating to the Interoperability Technology.

8.04. Non-Core Technology. In the event that either party licenses Non-

core Technology to the other party, any indemnification rights and obligations shall be as set forth in the licensing agreement between the parties relating to such Non-core Technology.

8.05. General Indemnity for Third Party Actions Based on Use of the Other

Party's System. Subject to Section 8.01 through 8.04, each party (in such

context, the "Owning Party") owns a satellite digital radio system and such

Owning Party shall defend, indemnify and hold harmless the other party (in such context, the "Non-owning Party") from all damages, liabilities and expenses,

including reasonable attorney's fees, arising out of, connected with, or resulting in any way from a claim or action by a third party against the Non-owning Party due to the performance or use of the satellite digital radio system of the Owning Party.

ARTICLE IX

Confidential Information.

9.01. General. Each party acknowledges that in the course of performance

of this Agreement, either of them may disclose to the other (such other party, together with its directors, officers, employees, agents and other representatives, a "Recipient") information

about the disclosing party's technology, products, business or activities which such party considers proprietary and confidential, including, without limitation, information regarding the XM Radio System, the Sirius Radio System, Interoperability Technology, other trade secrets and information concerning the existence and terms of this Agreement and the joint development arrangements contemplated hereunder, as well as the characterization and use of any of the intellectual property rights of the parties described in this Agreement, and any

financial valuations, determinations, or settlements relating to either party's intellectual property rights in any patent or other disputes between the parties, in any form, including, without limitation, oral, written, graphic, demonstrative, machine recognizable or sample form (all of such proprietary and confidential information, and all summaries, analyses and other material and data generated by Recipient from any such information, is hereinafter referred to as "Confidential Information"). Confidential Information shall be retained

in confidence and shall not be disclosed or caused or permitted to be disclosed directly or indirectly to any third party without the prior written approval of the disclosing party, and shall not be used by Recipient for any reason other than in accordance with the terms of this Agreement. Notwithstanding the foregoing, in no event shall either party exchange information on the subjects as to which the parties compete, and nothing in this Section 9.01 shall be construed to require the sharing of any information other than information necessary to effectuate the purposes of this Agreement. The obligation of Recipient to retain Confidential Information in confidence shall not apply to Confidential Information which is (a) now in or hereafter enters the public domain beyond the control of Recipient and without its violation of this Agreement; (b) rightfully known to Recipient prior to the time of disclosure by the disclosing party hereunder, or independently developed by Recipient personnel without access to Confidential Information; (c) disclosed in good faith to Recipient by a third party legally entitled to disclose the same; or (d) which Recipient discloses under operation of law, rule or legal process; provided, that (i) the burden shall be on Recipient to prove the applicability

of one or more of the foregoing exceptions by documentary evidence should the disclosing party question the applicability of such exceptions; (ii) as to exception (b), Recipient makes known to the disclosing party within five (5) days of receipt of information from the disclosing party that such information was already known to Recipient and (iii) as to exception (d), Recipient provides the disclosing party with prompt written notice of any request or legal proceeding through which Recipient may be required to disclose such Confidential Information.

9.02. Transmission of Confidential Information. Recipient agrees to

transmit Confidential Information only to those of its directors, officers, employees, agents or other representatives who need access to the Confidential Information for the purposes of this Agreement, and who are informed by Recipient of the confidential nature of such Confidential Information, and who agree to be bound by the terms of this Agreement or an agreement containing substantially similar terms in regards to Confidential Information. Recipient further agrees to be responsible for any breach of this Agreement by any director, officer, employee or other representative of Recipient.

9.03. Return or Destruction of Confidential Information. Recipient agrees

that all Confidential Information disclosed to Recipient hereunder shall be and remain the property of the disclosing party, unless otherwise agreed hereunder. Any tangible form of such Confidential Information including, but not limited to, documents, papers, computer diskettes and electronically transmitted information shall be destroyed by Recipient or returned, together with all copies thereof, to the disclosing party upon request. If such tangible

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form of Confidential Information is destroyed, a certification of such destruction executed by a duly authorized officer of Recipient shall be delivered to the disclosing party.

9.04. Survival of Confidentiality Obligations. Recipient's obligations

under this Article IX shall survive the termination of this Agreement, regardless of the manner of such termination, and shall be binding upon its successors and assigns.

9.05. Publicity. (a) Each party agrees that it shall not make any public

statement concerning the existence of this Agreement, the contemplated joint development efforts, the intellectual property rights of either party relating to the development of Interoperable Radios or statements regarding the settlement of any patent or other disputes between the parties, without the prior written consent of the other party.

(b) The parties shall promptly issue a press release announcing this Agreement, in the form attached hereto as Exhibit B.

(c) The parties hereby agree to cooperate with one another with regard to any disclosures required by the Securities and Exchange Commission ("SEC") and

the FCC relating to this Agreement, and each shall afford the other party as much advance notice as practicable for such party's review and comment prior to the filing of such SEC or FCC disclosure document.

ARTICLE X

Warranty; Disclaimers; Limitation of Liability

10.01. Warranties. Each party hereby represents and warrants to the other

that (subject to agreements for Third Party Technology as set forth in Section 5.03):

(a) it has the right and power to enter into this Agreement;

(b) to the best of its knowledge, the information which it may disclose to the other party, and the process of disclosure and the use of such information in accordance with the provisions of this Agreement, will not violate any trade secret right, trademark, issued United States patent, copyright or other proprietary right of any third party; and

(c) it holds good title or right, free and clear of all liens and encumbrances, to technology or other information which it is providing under this Agreement.

In addition to the foregoing, each party warrants that its development efforts relating to the Interoperability Technology shall be performed in accordance with those standards of care, skill and diligence, and those practices and procedures, which are commonly accepted in connection with the performance of the same or similar services, and that any development work performed by such party pursuant to this Agreement shall substantially conform to the Specifications.

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10.02. DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NEITHER PARTY

MAKES ANY OTHER WARRANTY TO THE OTHER PARTY UNDER THIS AGREEMENT, EITHER EXPRESS, IMPLIED, OR ARISING BY COURSE OF CONDUCT OR PERFORMANCE, CUSTOM OR USAGE IN THE TRADE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10.03 LIMITATION OF LIABILITY. EACH PARTY SHALL BE LIABLE TO THE OTHER IN

THE EVENT OF A MATERIAL BREACH OF THIS AGREEMENT IN AN AMOUNT EQUAL TO DIRECT DAMAGES ACTUALLY SUFFERED BY THE OTHER PARTY. EXCEPT FOR WILLFUL MISCONDUCT AND/OR LACK OF GOOD FAITH, NEITHER PARTY HEREUNDER SHALL BE LIABLE FOR ANY LOST PROFITS, LOST SAVINGS, OR INCIDENTAL DAMAGES, OR OTHER ECONOMIC CONSEQUENTIAL DAMAGES RESULTING FROM THIS AGREEMENT. WHERE A PARTY IS LIABLE FOR CONSEQUENTIAL DAMAGES UNDER THIS PROVISION, SUCH PARTY'S LIABILITY THEREFOR SHALL NOT EXCEED \$100 MILLION.

ARTICLE XI

Establishment of Joint Venture

The parties contemplate that they may form a joint venture or limited liability corporation ("JV") to pursue the development of the Interoperability
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Technology. If a JV is established, the parties agree that any agreements between the parties relating to establishing the JV and/or addressing any of the terms or conditions included in this Agreement shall supersede the terms of this Agreement. The parties anticipate that the JV may contract with the Consultant to undertake the parties' activities pursuant to this Agreement to jointly develop the Interoperability Technology, including preparing the RFP for third parties and licensing the Interoperability Technology to third parties, including, but not limited to, chipset manufacturers, OEM Automobile Partners, Distribution Partners and Radio Manufacturing Partners. The parties further anticipate that all development and other costs of such JV will be split equally between XM and Sirius. In the event that the parties elect not to form such JV, this Agreement shall continue in full force and effect.

ARTICLE XII

Termination

12.01. Termination Events. Either party may terminate this Agreement upon

the occurrence of any of the following events:

(a) the other party becomes the subject of a bankruptcy petition filed in a court in any jurisdiction, whether voluntary or involuntary, and, in the case of an involuntary proceeding, is not dismissed within 90 days; or

(b) a receiver or a trustee is appointed for all or a substantial portion of the other party's assets; or

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(c) the other party makes an assignment for the benefit of its creditors; or

(d) Sirius Radio and XM agree in writing that the design and development of an Interoperable Receiver is technically impracticable; or

(e) the other party fails to begin digital audio broadcasting for sale to consumers using the XM Radio System or the Sirius Radio System, as applicable, on or before June 30, 2002 and is not reasonably likely to commence such broadcasts on or before December 31, 2002; or

(f) the other party or any of its subsidiaries defaults in the payment of principal of or premium, if any, on any indebtedness aggregating \$25 million or more, when the same becomes due and payable, and such default or defaults shall have continued after any applicable grace period and shall not have been cured or waived; or

(g) the other party fails to perform any material covenant or obligation contained in this Agreement, and such failure continues unremedied for a period of ninety days following receipt of written notice describing in reasonable detail such failure.

12.02. Effects of Termination. Upon termination of this Agreement pursuant

to Section 12.01, the licenses granted to each party pursuant to Section 5.01 shall survive such termination and each party shall continue to maintain joint ownership rights in the Interoperability Technology; provided that if this Agreement is terminated by a party pursuant to Section 12.01(g) prior to the time that the value of the intellectual property licensed under Section 5.01 shall have been determined, either through negotiated agreement or decision of an arbitrator, then the licenses granted to the other party under Section 5.01 shall terminate.

12.03. Mutual Covenant Prior to Termination. Other than a party which has

terminated this Agreement pursuant to Section 12.01(g), neither party shall take any legal action, including, but not limited to, arbitration, that seeks to enjoin the other party's use of any intellectual property rights which relate to or are useful in a digital satellite radio system or any enhancements, modifications, and derivative works thereof.

ARTICLE XIII

Dispute Resolution and Arbitration

13.01. Dispute Resolution. The parties shall attempt to settle any

dispute between them amicably and agree to exercise their commercially reasonable efforts to resolve such controversy or dispute prior to seeking an arbitrated resolution. To invoke the dispute resolution process, the invoking party shall give to the other party written notice of its decision to do so, including a description of the issues subject to the controversy or dispute and a proposed resolution thereof. Designated representatives of both parties with the closest responsibility for this Agreement shall attempt to resolve the controversy or dispute within five business days after receipt of such notice. If those designated representatives

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cannot resolve the controversy or dispute, the parties shall describe their controversy or dispute and their respective proposals for resolution to their respective Chief Executive Officers or other designated persons with comparable authority who shall meet in good faith to resolve the controversy or dispute.

Except as provided in Section 7.02, if any controversy or dispute is not resolved within ten business days after such meeting, the parties shall seek a resolution through arbitration as set forth in Section 13.02.

13.02. Arbitration. Any controversy or claim arising out of or relating

to this Agreement shall be settled by arbitration in Washington, DC, by one or more arbitrators, as mutually agreed by the parties, and such arbitrator(s) will be persons with sufficient expertise to evaluate the subject of the dispute. In the event that the dispute relates to intellectual property, such arbitrators shall have sufficient technical, engineering and legal knowledge to evaluate the applicability, validity and value of the intellectual property that is the subject of the dispute. The arbitration shall be conducted in accordance with the Expedited Arbitration Rules of JAMS/Endispute ("Expedited Rules"). In the

event that the parties do not agree on the arbitrators, or other procedures or standards concerning the arbitration, such choice of arbitrator(s) or other procedures shall be determined under the Expedited Rules. The award of the arbitrator shall be binding upon the parties. The arbitrator(s) shall be entitled to award reasonable attorneys' fees and expenses to the prevailing party.

ARTICLE XIV

Miscellaneous

14.01. Non-Solicitation. During the term of this Agreement, and for a

period of twelve months following termination of this Agreement, neither party shall, without the prior written consent of the other party, directly or indirectly solicit for employment, employ or otherwise engage the services of employees or individual consultants of the other party.

14.02. Catastrophic Loss Backup. XM and Sirius shall negotiate in good

faith with respect to an agreement to provide service to the other's subscribers in the event of a catastrophic failure of the XM Radio System or the Sirius Radio System.

14.03. Governing Law. This Agreement shall be governed by, and

interpreted in accordance with, the laws of the State of New York, without giving effect to any provisions which would require the application of the laws of another jurisdiction.

14.04. Assignment. Any assignment of this Agreement by either party

(except to an entity controlling, controlled by or in common control with such party) without the written consent of the other party shall be void. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the respective successors and assigns of the parties.

14.05. Entire Agreement. This Agreement and all exhibits hereto shall

constitute the entire agreement between the parties with regard to the subject matter of this Agreement and supersede all previous communications, whether oral or written, between the parties with respect to such subject matter. No modification of any provision of this Agreement

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shall be binding unless in writing and signed by duly authorized representatives of XM and Sirius.

14.06. Severability. Each party agrees that, in the event any court shall

determine that any provision of this Agreement is invalid, such determination shall not affect the validity of any other provisions of this Agreement, which shall remain in full force and effect and shall be construed so as to be valid under applicable law only to the extent that such construction maintains the economic balance of the parties under this Agreement.

14.07. Waiver. Each party agrees that no failure or delay by any party in

exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.

14.08. Notices. Any notice required or permitted to be sent under this

Agreement shall be sent by certified mail, overnight mail with receipt requested or telefax with written confirmation to the following addresses:

For XM:

XM Satellite Radio Inc.
1250 23rd Street, N.W.
Washington, DC 20037
Attention: General Counsel
Telecopier: 202-969-7050

For Sirius:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: General Counsel
Telecopier: 212-584-5353

14.09. Independent Parties. The parties hereto are independent parties, and

neither shall be liable for the performance or failure to perform of the other party.

14.10. Records and Audits. Either party may, up to twice within any

twelve month period at such party's expense and upon five (5) days written notice to the other party, hire an independent audit firm or other independent representative reasonably acceptable to the other party ("Auditor"), to inspect

or audit any or all of the other party's records solely relating to this Agreement, for the purposes of verifying the other party's compliance with its obligations hereunder. Such Auditor shall not disclose any information relating to the business of the other party other than that information required to determine the other party's compliance, and in such event, only to those employees, agents or representatives of the other party having a need-to-know for the purpose of the verification.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

Accepted by XM Satellite Radio Inc.

Accepted by Sirius Satellite Radio Inc.

By: /s/ Stephen R. Cook

By: /s/ Patrick L. Donnelly

Name: Stephen R. Cook
Title: SVP Sales and Marketing

Name: Patrick L. Donnelly
Title: Senior Vice President
and General Counsel

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EXHIBIT A

STIPULATION OF DISMISSAL

James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
805 Third Avenue
New York, New York 10022
Tel.: (212) 751-5700

Attorneys for Plaintiff
Sirius Radio Inc.

Robert C. Morgan (RM 0245)
Mark H. Bloomberg (MB 5614)
FISH & NEAVE
1251 Avenue of the Americas, 50th Fl.
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Defendant

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SIRIUS RADIO INC.,)
))
 Plaintiff,) Civ. No. 99-0230 (LMM)
))
v.))
))
XM SATELLITE RADIO, INC.,)
))
 Defendant.))

STIPULATION OF DISMISSAL

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Pursuant to Rule 41, Fed. R. Civ. P., Plaintiff Sirius Radio Inc. and Defendant XM Satellite Radio, Inc., by their undersigned attorneys, stipulate that this action be dismissed, without prejudice, each party bearing its own costs and attorney fees.

Respectfully submitted,

Respectfully submitted,

By _____
James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
805 Third Avenue
New York, New York 10022
Tel.: (212) 751-5700

By _____
Robert C. Morgan (RM 0245)
Mark H. Bloomberg (MB 5614)
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Plaintiff,
Sirius Radio Inc.

Attorneys for Defendant,
XM Satellite Radio Inc.

Dated: _____

Dated: _____

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EXHIBIT B

PRESS RELEASE

PRESS RELEASE

For Immediate Release

Sirius Radio and XM Radio Form Alliance to Develop
Unified Standard for Satellite Radios

New York, NY and Washington, DC -- February 16, 2000 -- Sirius Satellite Radio (Nasdaq: SIRI) and XM Satellite Radio (Nasdaq: XMSR) today announced an agreement to develop a unified standard for satellite radios.

The standard is expected to accelerate growth of the satellite radio category by enabling consumers to purchase one radio capable of receiving both companies' broadcasts. XM Radio and Sirius will jointly fund development of the technology and work together to proliferate the new standard by creating a service mark for satellite radio. As part of the agreement, each company will contribute its intellectual property to the initiative and have agreed to resolve any pending patent litigation.

"This standard is good news both for consumers and for the category," said David Margolese, Sirius Chairman and CEO, and High Panero, XM President and CEO, in a joint statement. "This will allow for reduced subscriber acquisition costs, more satellite radios in the marketplace, and a simplified choice for consumers."

The unified standard will represent a second generation of satellite radios.

At the time of the commercial launches of XM Radio and Sirius, consumers will be able to purchase radios capable of receiving one of the two companies' broadcasts. These radios are already being developed by leading electronics and automotive manufacturers. XM and Sirius will work with their existing automobile and radio manufacturing partners to integrate the new standard under the terms of their existing agreements. All future agreements with automakers and radio partners will specify the new satellite radio standard.

XM Radio and Sirius are each building a digital satellite radio service for consumers, offering up to 100 channels of audio entertainment for a monthly subscription fee of \$9.95. For more information about the companies, visit XM Satellite Radio at www.xmradio.com and Sirius Satellite Radio at

www.siriusradio.com.

continues...

Sirius Radio and XM Radio Form Alliance
Page Two

Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance with respect to Sirius Satellite Radio Inc. or XM Satellite Radio Inc. are not historical facts and may be forward-looking and, accordingly, such statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to the factors discussed, as the case may be, in XM Satellite Radio Inc.'s registration statement on Form S-1 (File No. 333-93529) filed with the Securities and Exchange Commission or Sirius Satellite Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998, filed under the company's former name, CD Radio Inc. Among the key factors that have a direct bearing on the companies' results of operations are the potential risk of delay in implementing the companies' business plans; increased costs of construction and launch of necessary satellites; dependence on satellite construction and launch contractors; dependence on third-party technology partners; risk of launch failure; unproven market and unproven applications of existing technology; unavailability of satellite radio receivers; and the companies' need for additional financing.

#####

For more information, please call:

Sirius Satellite Radio:
Mindy Kramer
212-584-5138

XM Satellite Radio:
Vicki Stearn
202-969-7070

***** Confidential treatment has been requested for portions of this agreement. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this agreement has been filed separately with the Securities and Exchange Commission.

JOINT DEVELOPMENT AGREEMENT

This JOINT DEVELOPMENT AGREEMENT is entered into between XM Satellite Radio Inc., a Delaware corporation with its principal location at 1250 23rd Street, N.W., Washington, DC ("XM"), and Sirius Satellite Radio Inc., a Delaware corporation with its principal location at 1221 Avenue of the Americas, New York, New York ("Sirius") as of February 16th, 2000 ("Effective Date").

RECITALS

WHEREAS, XM is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("XM Radio System") in accordance with the rights under the license issued to XM by the Federal Communications Commission (the "FCC");

WHEREAS, Sirius is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("Sirius Radio System") in accordance with the rights under the license issued to Sirius by the FCC;

WHEREAS, the FCC has mandated that XM and Sirius deploy a final receiver design that is interoperable;

WHEREAS, due to the different technical heritage, satellite design and performance requirements of the XM Radio System and the Sirius Radio System, such systems currently employ different technologies that impede the design and development of an interoperable receiver;

WHEREAS, XM and Sirius and their respective radio equipment suppliers already have expended significant funds in developing Single Mode Radios (as defined below);

WHEREAS, it will take an extensive and expensive joint program to merge the technologies employed by the XM Radio System and the Sirius Radio System in order to design and develop a cost efficient interoperable receiver;

WHEREAS, XM and Sirius are, and will continue to be, competitors in, among other things, the marketing and sale of the satellite broadcasting of radio programming to listeners, the acquisition of rights to broadcast such programming and sale of radio advertising availabilities and other forms of advertising or promotional opportunities in connection with that programming (collectively, "Business Opportunities");

WHEREAS, nothing in this Agreement is intended to, or will in any way, restrain or reduce the competitive rivalry between the parties in the pursuit of Business Opportunities;

WHEREAS, the parties desire to comply with FCC licensing requirements and to enhance efficiency and consumer welfare by jointly developing and deploying certain interoperable technology for the purpose of producing radios capable of receiving broadcasts from both the XM Radio System and the Sirius Radio System;

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

WHEREAS, in jointly developing such interoperable technology in the most cost effective manner, the parties believe it necessary and desirable to integrate some of their economic activities to develop and bring to market Interoperable Radios (as defined below); and

WHEREAS, the parties wish to set forth the terms and conditions under which they will jointly develop and deploy such interoperable technology;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

1.01. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms below:

"Aftermarket" shall mean the market for radios that are (a) sold to a customer for use in a vehicle, aircraft or vessel, after such vehicle, aircraft or vessel has been manufactured and sold to a customer; or (b) sold separately as stand alone devices.

"Agreement" shall mean this Joint Development Agreement, including all Exhibits attached hereto, as amended, supplemented or otherwise modified from time to time.

"Auditor" shall have the meaning specified in Section 14.10.

"Business Opportunities" shall have the meaning specified in the recitals to this Agreement.

"Confidential Information" shall have the meaning specified in Section 9.01.

"Consultant" shall have the meaning specified in Section 3.02(b).

"Consulting Agreement" shall have the meaning specified in Section 3.02(b).

"Content Provider" shall have the meaning specified in Section 6.06.

"Distribution Partners" shall have the meaning specified in Section 6.01.

"Effective Date" shall have the meaning specified in the introductory paragraph of this Agreement.

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****]

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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[*****], as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****].

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****], or any of their respective subsidiaries or affiliates, as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****] and [*****].

"Expedited Rules" shall have the meaning specified in Section 13.02.

"FCC" shall have the meaning specified in the recitals to this

Agreement, together with any successor agency or agencies.

"FCC License" shall mean the license granted by the FCC to Sirius or

XM, as the context may require, to launch and operate satellites to provide a radio communications service in which audio programming is digitally transmitted by one or more space stations directly to fixed, mobile and/or portable stations which may involve complementary repeating terrestrial transmitters and telemetry, tracking and control facilities.

"Interoperable Chipset" shall mean integrated circuits which are

capable of receiving, decoding, decompressing and outputting to a user interface the digital audio radio broadcast, transmitted from both satellites and terrestrial repeaters, of both the XM Radio System and the Sirius Radio System.

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*****Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"Interoperable Radio" shall mean a radio that, at a minimum, (a)

receives and processes the audio portion of both the Sirius Radio System signal and the XM Radio System signal, either as a result of an Interoperable Chipset contained in the unit itself or as a result of an Interoperable Chipset contained in an outboard location which interfaces directly with the unit, and (b) which is capable of providing the user interface for both Sirius Radio System broadcasts and XM Radio System broadcasts, including displaying the artist and title information transmitted as part of such broadcasts, in each case, without the consumer purchasing additional hardware or software.

"Interoperability Technology" shall mean the technology, including

the technology which is jointly funded and developed by Sirius and XM pursuant to this Agreement or owned and/or licensed by either party, which is required to design, develop and/or manufacture an Interoperable Radio, as well as any enhancements and modifications jointly funded and developed for such technology pursuant to this Agreement (including the industry standards jointly developed by the parties pursuant to Section 3.03), but shall not include Non-core Technology.

"JV" shall have the meaning specified in Article XI.

--

[*****] shall have the meaning specified in Section 6.02(a).

[*****] shall have the meaning specified in Section 6.04(a).

"Non-core Technology" shall have the meaning specified in Section

5.02.

"Non-owning Party" shall have the meaning specified in Section 8.05.

"OEM Automobile Partners" shall mean an original equipment

manufacturer of vehicles (including trucks and/or other specialty vehicles), such as General Motors Corporation, Ford Motor Company, DaimlerChrysler AG, Honda Motor Company, Toyota, BMW AG and their respective divisions, affiliates and subsidiaries.

"Owning Party" shall have the meaning specified in Section 8.05.

"Project Leader" shall have the meaning specified in Section

3.02(d).

"Project Plan" shall have the meaning specified in Section 3.02(b).

"Radio Manufacturing Partners" shall have the meaning specified in

Section 5.04.

"Recipient" shall have the meaning specified in Section 9.01.

"RFP" shall have the meaning specified in Section 3.02(e).

"SDARS Mark" shall have the meaning specified in Section 4.04(a).

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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"Single Mode Radio" shall mean a radio that (a) receives and

processes the Sirius Radio System signal or the XM Radio System signal, but not both, and (b) which is capable of providing the user interface for either Sirius Radio System broadcasts or XM Radio System broadcasts, but not both.

"Sirius" shall have the meaning specified in the first paragraph of

this Agreement.

"Sirius Radio System" shall have the meaning specified in the

recitals to this Agreement.

"Specifications" shall have the meaning specified in Section

3.02(c).

[*****]

"Third Party Technology" shall mean any patents, know-how or other

intellectual property rights owned or controlled by any person or entity other than Sirius, XM and their respective affiliates that may be included within the XM Radio System or the Sirius Radio System or in Interoperability Technology from time to time.

"XM" shall have the meaning specified in the first paragraph of this
--
Agreement.

"XM Radio System" shall have the meaning specified in the recitals

to this Agreement.

1.02. Other Definitional Matters. Definitions in this Agreement apply

equally to the singular and plural forms of the defined terms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation" or "but not limited to" when such phrase does not otherwise appear. The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All article, section, paragraph, clause, exhibit or schedule references not attributed to a particular document shall be references to such parts of this Agreement.

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ARTICLE II

Term of this Agreement -----

Unless terminated in accordance with Section 12.01, this Agreement shall commence on the Effective Date and continue until the termination of each of the parties' respective FCC Licenses, and shall be automatically renewed upon the renewal or extension of the FCC Licenses.

ARTICLE III

Joint Technology Development.

3.01. Interoperability Technology Development. XM and Sirius hereby agree

to develop Interoperability Technology for the purpose of producing (or having produced by others) Interoperable Radios.

3.02. Project Plan. Unless otherwise agreed by the parties in writing:

(a) As soon as practicable, the parties shall exchange, on a mutually agreed date, appropriate technical documentation relating to the XM Radio System and the Sirius Radio System, as the case may be.

(b) The parties shall use commercially reasonable efforts to execute, within 90 days following the Effective Date, a consulting agreement (the "Consulting Agreement") with a third party consultant

reasonably acceptable to both parties (the "Consultant") to manage the

project development activities relating to the Interoperability Technology. The Consultant shall have responsibility for creating a budget and project plan for developing the Interoperability Technology (the "Project Plan").

(c) The Consultant shall work with representatives of the parties to develop the Project Plan, including the development and preparation of a written document containing agreed upon engineering and other specifications for the Interoperable Chipset (the "Specifications"). The

Specifications shall be in form and substance acceptable to both Sirius and XM.

(d) The parties shall negotiate in good faith to determine the Project Plan and Specifications. Each party agrees to use commercially reasonable efforts to meet any deliverables and/or timetables set forth in the Project Plan. Each party shall provide commercially reasonable support to facilitate the exchange of information during the development of the Project Plan and Specifications, as well as during the development of the Interoperability Technology. In addition, each party shall designate a project leader (each, a "Project Leader"), who shall be designated in the

Project Plan, and who shall coordinate such party's development activities.

(e) As part of the Project Plan, upon completion of the Specifications, the Consultant shall issue to chipset design and fabrication firms reasonably acceptable

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to XM and Sirius, a request for (the "RFP") to design, develop and

manufacture Interoperable Chipsets. However, the Consultant shall [*****] Similarly, the Consultant shall [*****]. As soon as practicable after responses to the RFP have been received by the Consultant and reviewed by XM and Sirius, the Consultant, with the consent of Sirius and XM (which shall not be unreasonably withheld, delayed or conditioned), shall use commercially reasonable efforts to negotiate one or more agreements to design and develop Interoperable Chipsets.

(f) The parties shall use commercially reasonable efforts to develop an antenna or series of antennas which function with both the Sirius Radio System and the XM Radio System for deployment with Interoperable Radios.

(g) Nothing contained in this Agreement shall be interpreted or construed to limit in any way Sirius' or XM's ability to continue its existing integrated circuit development efforts for Single Mode Radios.

(h) XM and Sirius shall each use commercially reasonable efforts to design and develop Interoperable Radios that are backward compatible with then existing Single Mode Radios.

(i) XM and Sirius agree that [*****], as the case may be.

3.03. SDARS Industry Standards Publication. In order to direct that the

development work performed pursuant to this Agreement results in the quality of

reception on Interoperable Radios of either party's programming being comparable to the quality of reception of such party's programming on a Single Mode Radio, XM and Sirius shall jointly develop and publish industry standards for Interoperable Radios. Such standards shall contain parameters relating to Interoperable Radios, including, but not limited to user-interface and communication protocols.

3.04. Enhancement and Support of the Interoperability Technologies. Each party agrees to use commercially reasonable efforts to maintain and enhance the Interoperability Technology to ensure its proper functioning and commercial usefulness.

3.05. Implementation of Non-core Technologies. Nothing in this Agreement shall prevent the development, manufacturing, marketing, sale and distribution of Interoperable Radios with respect to which the Non-core Technologies, if any, used by or relating to customers of one of the parties differ from the Non-core Technologies, if any, used by or relating to customers of the other party.

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ARTICLE IV

Intellectual Property Rights and Ownership

4.01. XM Radio System. The parties agree that XM owns, or has license rights to, the XM Radio System and shall at all times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the XM Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.02. Sirius Radio System. The parties agree that Sirius owns, or has license rights to, the Sirius Radio System and shall at times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the Sirius Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.03. Interoperability Technology. (a) Subject to each party's rights set forth in Sections 4.01 and 4.02, the parties agree that XM and Sirius shall jointly own the Interoperability Technology jointly developed by the parties and jointly funded hereunder, and any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how. Each party shall give the other party all reasonable assistance and shall, at the other party's request and expense, execute and deliver all documents and assignments which may be necessary to establish the joint ownership rights in the Interoperability Technology.

(b) If any patentable inventions are created as a result of the parties' joint development activities hereunder, the parties agree to cooperate in the filing and prosecution of patent applications for such inventions with the costs to be shared equally by the parties. Any resulting patent shall be jointly owned by Sirius and XM.

(c) Each party agrees to require each of its employees to assign to such party all of such employee's right, title and interest in and to Interoperability Technology and all related intellectual property rights, including patents, patent applications, copyright, derivative works, trademarks, trade secrets, know-how and other proprietary rights.

4.04. Logo or Service Mark for Interoperability Technology. (a) Sirius and XM shall jointly select and file for federal trademark protection a new name, logo and/or service mark (collectively, the "SDARS Mark") relating to digital satellite radios for the purposes of promoting and identifying Interoperable Radios and Single Mode Radios, and the parties shall share equally in any profits relating to the SDARS Mark. The parties will work cooperatively to design the SDARS Mark(s) so as to minimize consumer confusion regarding whether a given radio is a Single Mode Radio or Interoperable Radio.

(b) From and after the joint selection thereof, Sirius and XM shall prominently use and/or display the SDARS Mark in all communications that mention

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(c) Each of the parties agrees not to change its name to, or adopt the use of a trade name or trademark that is likely to cause confusion with (i) the corporate name, trade names and trademarks employed by the other party hereto, or (ii) following the joint selection thereof, the SDARS Mark.

(d) Each party shall license the SDARS Mark to its Radio Manufacturing Partners, Distribution Partners and OEM Automobile Partners for use on Single Mode Radios and Interoperable Radios. Each party shall require, as part of any agreement, arrangement or understanding entered into with any Radio Manufacturing Partner, Distribution Partner or OEM Automobile Partner after the Effective Date, the use of the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not apply to any radio if no logo,

trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof. In addition, each party shall use commercially reasonable efforts to require its [*****] Partners and [*****] Partners to use the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not

apply to any radio if no logo, trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof.

(e) Each party acknowledges that the quality of use of the SDARS Mark will have an important effect on goodwill associated with the SDARS Mark and on the resulting value of the SDARS Mark and each party agrees that the nature and quality of all uses of the SDARS Mark shall be of high quality, and be adequately suited to exploitation of the SDARS Mark to the best advantage and enhancement of the SDARS Mark and consistent with quality control standards mutually established by the parties.

ARTICLE V

Licensing Matters

5.01. Independent Developments. (a) In the event that either party

independently develops technology, including any technology existing on the Effective Date, that is included in Interoperability Technology, such party shall retain full right, title and interest in and to such technology, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow its Distribution Partners and Radio Manufacturing Partners to sublicense such technology for the purpose of manufacturing Interoperable Radios and marketing and distributing Interoperable Radios in North America.

(b) In addition, each party shall retain full right, title and interest in and to its technology included in the digital satellite radio system of such party as of the Effective Date, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party

Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow such other party's Distribution Partners and Radio Manufacturing Partners to sublicense such technology (including any other technology relevant to a satellite digital audio radio system that such party, or any officer, employee or affiliate of such party, may own or have a license to use) for the purpose of manufacturing, marketing and distributing such other party's satellite digital audio radio system in North America, including any Single Mode Radios used in connection therewith; provided that the technology covered by

such license shall exclude all Non-core Technology.

5.02. Independent Development of Non-core Technology. In the event that

either party independently develops or licenses technology that is not included in the definition of Interoperability Technology ("Non-core Technology"), such

Non-core Technology shall remain the property of the developing or licensing party; and all right, title and interest in and to such Non-core Technology, including any intellectual property rights therein, shall reside with the developing or licensing party. In such event, the developing or licensing party shall make available (or, in the case of licensed technology, use commercially reasonable efforts (which shall not include the payment of additional license fees) to make available) to the other party, upon written request, a license for such Non-core Technology on commercially reasonable terms. In the event that the non-developing party does not accept such commercially reasonable terms, no license shall be granted. In no event shall either party be entitled to any equitable relief with regard to Non-core Technology.

5.03. Third Party Technology. Each party shall be responsible, at its

cost, for licensing any Third Party Technology to the extent that such Third Party Technology is used in the digital satellite radio system of such party. All licenses granted hereunder shall be subject to existing agreements entered into by the parties for such Third Party Technology. A listing of the Third Party Technology included within each party's satellite digital audio radio system as of the Effective Date shall be provided to the other party within 30 days of the Effective Date. Each party shall, within 30 days of the Effective Date, provide to the other party copies of any agreements executed by such party relating to Third Party Technology, to the extent such party is legally entitled to disclose such agreement. Each party shall use commercially reasonable efforts to obtain all consents necessary to disclose such agreements to the other party in accordance with the terms of this Agreement.

5.04. Licensing of the Interoperability Technology to Third Parties.

Subject to any restrictions in the Third Party Technology agreements, as joint owners of the Interoperability Technology, the parties shall each have authority to license (and permit the sublicense of) the Interoperability Technology to third parties, including, but not limited to, manufacturers of integrated circuits and receivers ("Radio Manufacturing Partners"), for the purpose of

manufacturing, marketing, distributing and/or selling Interoperable Radios. The parties shall share equally in any licensing, technical assistance or other revenue recognized from such third party licensing of, or technical or other assistance relating to, Interoperability Technology.

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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ARTICLE VI

Marketing Matters -----

6.01. Distribution Partners. Commencing on the Effective Date, neither

party shall enter into any agreement, arrangement or understanding with any [*****] distribution partner (collectively, "Distribution Partners") for the

distribution of either the XM Radio System or Sirius Radio System that [*****]. In addition, commencing on the Effective Date neither party shall enter into any agreement, arrangement or understanding which [*****].

6.02. [*****] Deals. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that, other than their respective [*****] Deals, all agreements, arrangements and understandings made by either party after the Effective Date that [*****] shall specify the [*****]; provided

that, in the period before [*****]; and provided further, that neither party

shall enter into any agreement, arrangement or understanding to [*****].

(b) Neither party shall after the Effective Date enter into any agreement, arrangement or understanding with [*****] in circumvention of the terms of this Agreement and neither party shall [*****], other than in accordance with the terms of this Agreement.

6.03. [*****] Deals. (a) Notwithstanding anything to the contrary in

Section 6.02, both XM and Sirius shall be free to [*****]. The parties

acknowledge that any [*****] Deals. After the Effective Date, each of the parties shall work cooperatively with one another and with its [*****], enter into any agreement relating to Interoperable Radios with any [*****] Deal unless such agreement (i) is either (A) [*****]

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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[*****] and (ii) shall become effective as soon as practicable after [*****]; provided, that until such an agreement is established with a given [*****] of a

party, the other party shall not [*****].

(b) Notwithstanding Sections 6.02(a) and 6.03(a), in the period [*****].

6.04. [*****] Partners. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that all agreements, arrangements and understandings made by either party after the Effective Date that contemplate [*****]; provided that, for the avoidance of doubt, it is understood that each

of the parties may [*****].

(b) Notwithstanding Section 6.04(a), in the period [*****].

(c) Neither party shall [*****] Deal in circumvention of the terms of this Agreement nor shall it [*****] in violation of the terms of Section 6.04(a).

6.05. [*****] Partners. (a) Notwithstanding anything to the contrary in

Section 6.04, the parties agree that each may [*****]. The parties acknowledge that [*****]. Nothing in this Agreement shall, or shall be construed to, require either party to [*****].

(b) XM and Sirius shall each [*****].

6.06. New Content Arrangements. (a) Commencing on the Effective Date,

neither party shall enter into any agreement, arrangement or understanding with any provider of content or programming, including celebrity talent (a "Content Provider") that (i) [*****]

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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[*****] or (ii) rewards any such Content Provider for [*****]. This Section 6.06(a) shall not apply to contracts between either party and its employees, other than celebrity talent. To implement this provision, each party agrees, [*****].

(b) Commencing on the Effective Date, neither party shall enter into any agreement, arrangement or understanding [*****].

ARTICLE VII

Consideration -----

7.01. Resources. Each party agrees to devote its resources to the joint

development of the Interoperability Technology in accordance with the Project Plan, or as mutually agreed by the parties in writing.

7.02. Existing Technology. Each party shall negotiate in good faith the

financial value of the intellectual property licenses granted hereunder for the technology of such party that is included in (a) the Interoperability Technology; and/or (b) the satellite digital audio radio system of the other party. The applicability, validity, value, use, importance and available alternatives of each party's intellectual property rights with respect to (i) the Interoperability Technology; and (ii) the other party's satellite digital audio radio system shall be considered in determining the financial value of

such intellectual property licenses. In the event that the parties fail to reach agreement regarding the financial value of such intellectual property licenses within ninety days of the Effective Date, the parties shall resolve the dispute through binding arbitration in accordance with Section 13.02. The financial value agreed by the parties or determined by arbitration to be attributed to each party's existing technology licenses granted hereunder shall be set forth on a schedule which shall be approved in writing by both parties. Each party shall receive a credit against its contribution to fees, costs and expenses that this Agreement may require equal to the value attributed to its technology pursuant to this Section.

7.03. Fees, Costs and Expenses. Subject to Section 7.02, each party shall

share equally in the fee, costs and expenses associated with the following activities:

- (a) contracting with the Consultant pursuant to the Consulting Agreement, as further described in Section 3.02(b);
- (b) publication of the industry standards set forth in Section 3.03;
- (c) joint trademark activities set forth in Section 4.04;

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(d) development, enhancement and support of the Interoperability Technology as described in Section 3.04.

(e) royalties, if applicable, due after the Effective Date for Third Party Technology that the parties mutually agree shall be included in Interoperability Technology;

(f) the parties' activities pursuant to this Agreement to jointly market the Interoperability Technology;

(g) the parties' activities relating to the filing and prosecution of patent applications for the jointly owned Interoperability Technology; and

(h) any other joint activities undertaken in furtherance of this Agreement as mutually agreed by the parties in writing.

7.04. Stipulation of Dismissal of Patent Litigation. Subject to the terms

of this Agreement, XM and Sirius shall cause to be filed, within five business days of the Effective Date, a stipulation substantially in the form set forth in Exhibit A for dismissal, without prejudice, of the patent litigation

currently pending between XM and Sirius.

ARTICLE VIII

Infringement Action Defense and General Indemnity -----

8.01. XM Defense. (a) Subject to Section 8.03 and 8.04, XM shall defend

at its expense any action brought against Sirius, or any of its officers or directors, to the extent such action is based upon the claim that the XM Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) XM has sole control of any such action or settlement negotiations, (ii) Sirius notifies XM promptly in writing of such claim, suit or proceeding, and (iii) Sirius uses commercially reasonable efforts, at XM's expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. Sirius may, at its option and expense, elect to participate in such settlement and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the XM Radio System is likely to result in, or is subject to, a claim hereunder, XM shall, at its option, modify the XM Radio System so that it becomes non-infringing, or procure the right to continue using the XM Radio System without modification. Notwithstanding the foregoing, XM shall not be liable for any claim arising from or based upon the combination of the XM Radio System with another system, including the Sirius Radio System, unless Sirius establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent XM knew, or reasonably should have known, that such modifications or combination could give rise to such claim and failed to so inform Sirius.

8.02. Sirius Defense. (a) Subject to Section 8.03 and 8.04, Sirius shall

defend at its expense any action brought against XM, or any of its officers or directors, to the extent such action is based upon the claim that the Sirius Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) Sirius has sole control of any such action or settlement negotiations, (ii) XM notifies Sirius promptly in writing of such claims, suit or proceeding, and (iii) XM uses commercially reasonable efforts, at Sirius' expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. XM may, at its option and expense, elect to participate in such settlement, and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the Sirius Radio System is likely to result in, or is subject to, a claim hereunder, Sirius shall, at its option, modify the Sirius Radio System so that it becomes non-infringing, or procure the right to continue using the Sirius Radio System without modification. Notwithstanding the foregoing, Sirius shall not be liable for any claim arising from or based upon the combination of the Sirius Radio System with another system, including the XM Radio System, unless XM establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent Sirius knew, or reasonably should have known, that such modification or combination could give rise to such claim and failed to so inform XM.

8.03. No Indemnification for Interoperability Technology. Except to the

extent indemnification is available pursuant to Section 8.01 or 8.02, neither party shall be liable to the other for any intellectual property infringement claim, action, proceeding or suit brought against such party relating to the Interoperability Technology.

8.04. Non-Core Technology. In the event that either party licenses Non-

core Technology to the other party, any indemnification rights and obligations shall be as set forth in the licensing agreement between the parties relating to such Non-core Technology.

8.05. General Indemnity for Third Party Actions Based on Use of the Other

Party's System. Subject to Section 8.01 through 8.04, each party (in such

context, the "Owning Party") owns a satellite digital radio system and such

Owning Party shall defend, indemnify and hold harmless the other party (in such context, the "Non-owning Party") from all damages, liabilities and expenses,

including reasonable attorney's fees, arising out of, connected with, or resulting in any way from a claim or action by a third party against the Non-owning Party due to the performance or use of the satellite digital radio system of the Owning Party.

ARTICLE IX

Confidential Information.

9.01. General. Each party acknowledges that in the course of performance

of this Agreement, either of them may disclose to the other (such other party, together with its directors, officers, employees, agents and other representatives, a "Recipient") information

about the disclosing party's technology, products, business or activities which such party considers proprietary and confidential, including, without limitation, information regarding the XM Radio System, the Sirius Radio System, Interoperability Technology, other trade secrets and information concerning the existence and terms of this Agreement and the joint development arrangements contemplated hereunder, as well as the characterization and use of any of the intellectual property rights of the parties described in this Agreement, and any

financial valuations, determinations, or settlements relating to either party's intellectual property rights in any patent or other disputes between the parties, in any form, including, without limitation, oral, written, graphic, demonstrative, machine recognizable or sample form (all of such proprietary and confidential information, and all summaries, analyses and other material and data generated by Recipient from any such information, is hereinafter referred to as "Confidential Information"). Confidential Information shall be retained

in confidence and shall not be disclosed or caused or permitted to be disclosed directly or indirectly to any third party without the prior written approval of the disclosing party, and shall not be used by Recipient for any reason other than in accordance with the terms of this Agreement. Notwithstanding the foregoing, in no event shall either party exchange information on the subjects as to which the parties compete, and nothing in this Section 9.01 shall be construed to require the sharing of any information other than information necessary to effectuate the purposes of this Agreement. The obligation of Recipient to retain Confidential Information in confidence shall not apply to Confidential Information which is (a) now in or hereafter enters the public domain beyond the control of Recipient and without its violation of this Agreement; (b) rightfully known to Recipient prior to the time of disclosure by the disclosing party hereunder, or independently developed by Recipient personnel without access to Confidential Information; (c) disclosed in good faith to Recipient by a third party legally entitled to disclose the same; or (d) which Recipient discloses under operation of law, rule or legal process; provided, that (i) the burden shall be on Recipient to prove the applicability

of one or more of the foregoing exceptions by documentary evidence should the disclosing party question the applicability of such exceptions; (ii) as to exception (b), Recipient makes known to the disclosing party within five (5) days of receipt of information from the disclosing party that such information was already known to Recipient and (iii) as to exception (d), Recipient provides the disclosing party with prompt written notice of any request or legal proceeding through which Recipient may be required to disclose such Confidential Information.

9.02. Transmission of Confidential Information. Recipient agrees to

transmit Confidential Information only to those of its directors, officers, employees, agents or other representatives who need access to the Confidential Information for the purposes of this Agreement, and who are informed by Recipient of the confidential nature of such Confidential Information, and who agree to be bound by the terms of this Agreement or an agreement containing substantially similar terms in regards to Confidential Information. Recipient further agrees to be responsible for any breach of this Agreement by any director, officer, employee or other representative of Recipient.

9.03. Return or Destruction of Confidential Information. Recipient agrees

that all Confidential Information disclosed to Recipient hereunder shall be and remain the property of the disclosing party, unless otherwise agreed hereunder. Any tangible form of such Confidential Information including, but not limited to, documents, papers, computer diskettes and electronically transmitted information shall be destroyed by Recipient or returned, together with all copies thereof, to the disclosing party upon request. If such tangible

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form of Confidential Information is destroyed, a certification of such destruction executed by a duly authorized officer of Recipient shall be delivered to the disclosing party.

9.04. Survival of Confidentiality Obligations. Recipient's obligations

under this Article IX shall survive the termination of this Agreement, regardless of the manner of such termination, and shall be binding upon its successors and assigns.

9.05. Publicity. (a) Each party agrees that it shall not make any public

statement concerning the existence of this Agreement, the contemplated joint development efforts, the intellectual property rights of either party relating to the development of Interoperable Radios or statements regarding the settlement of any patent or other disputes between the parties, without the prior written consent of the other party.

(b) The parties shall promptly issue a press release announcing this Agreement, in the form attached hereto as Exhibit B.

(c) The parties hereby agree to cooperate with one another with regard to any disclosures required by the Securities and Exchange Commission ("SEC") and

the FCC relating to this Agreement, and each shall afford the other party as much advance notice as practicable for such party's review and comment prior to the filing of such SEC or FCC disclosure document.

ARTICLE X

Warranty; Disclaimers; Limitation of Liability

10.01. Warranties. Each party hereby represents and warrants to the other

that (subject to agreements for Third Party Technology as set forth in Section 5.03):

- (a) it has the right and power to enter into this Agreement;
- (b) to the best of its knowledge, the information which it may disclose to the other party, and the process of disclosure and the use of such information in accordance with the provisions of this Agreement, will not violate any trade secret right, trademark, issued United States patent, copyright or other proprietary right of any third party; and
- (c) it holds good title or right, free and clear of all liens and encumbrances, to technology or other information which it is providing under this Agreement.

In addition to the foregoing, each party warrants that its development efforts relating to the Interoperability Technology shall be performed in accordance with those standards of care, skill and diligence, and those practices and procedures, which are commonly accepted in connection with the performance of the same or similar services, and that any development work performed by such party pursuant to this Agreement shall substantially conform to the Specifications.

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10.02. DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NEITHER PARTY

MAKES ANY OTHER WARRANTY TO THE OTHER PARTY UNDER THIS AGREEMENT, EITHER EXPRESS, IMPLIED, OR ARISING BY COURSE OF CONDUCT OR PERFORMANCE, CUSTOM OR USAGE IN THE TRADE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10.03 LIMITATION OF LIABILITY. EACH PARTY SHALL BE LIABLE TO THE OTHER IN

THE EVENT OF A MATERIAL BREACH OF THIS AGREEMENT IN AN AMOUNT EQUAL TO DIRECT DAMAGES ACTUALLY SUFFERED BY THE OTHER PARTY. EXCEPT FOR WILLFUL MISCONDUCT AND/OR LACK OF GOOD FAITH, NEITHER PARTY HEREUNDER SHALL BE LIABLE FOR ANY LOST PROFITS, LOST SAVINGS, OR INCIDENTAL DAMAGES, OR OTHER ECONOMIC CONSEQUENTIAL DAMAGES RESULTING FROM THIS AGREEMENT. WHERE A PARTY IS LIABLE FOR CONSEQUENTIAL DAMAGES UNDER THIS PROVISION, SUCH PARTY'S LIABILITY THEREFOR SHALL NOT EXCEED \$100 MILLION.

ARTICLE XI

Establishment of Joint Venture

The parties contemplate that they may form a joint venture or limited liability corporation ("JV") to pursue the development of the Interoperability
--
Technology. If a JV is established, the parties agree that any agreements between the parties relating to establishing the JV and/or addressing any of the terms or conditions included in this Agreement shall supersede the terms of this Agreement. The parties anticipate that the JV may contract with the Consultant to undertake the parties' activities pursuant to this Agreement to jointly develop the Interoperability Technology, including preparing the RFP for third parties and licensing the Interoperability Technology to third parties, including, but not limited to, chipset manufacturers, OEM Automobile Partners, Distribution Partners and Radio Manufacturing Partners. The parties further anticipate that all development and other costs of such JV will be split equally between XM and Sirius. In the event that the parties elect not to form such JV, this Agreement shall continue in full force and effect.

ARTICLE XII

Termination

12.01. Termination Events. Either party may terminate this Agreement upon

the occurrence of any of the following events:

(a) the other party becomes the subject of a bankruptcy petition filed in a court in any jurisdiction, whether voluntary or involuntary, and, in the case of an involuntary proceeding, is not dismissed within 90 days; or

(b) a receiver or a trustee is appointed for all or a substantial portion of the other party's assets; or

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(c) the other party makes an assignment for the benefit of its creditors; or

(d) Sirius Radio and XM agree in writing that the design and development of an Interoperable Receiver is technically impracticable; or

(e) the other party fails to begin digital audio broadcasting for sale to consumers using the XM Radio System or the Sirius Radio System, as applicable, on or before June 30, 2002 and is not reasonably likely to commence such broadcasts on or before December 31, 2002; or

(f) the other party or any of its subsidiaries defaults in the payment of principal of or premium, if any, on any indebtedness aggregating \$25 million or more, when the same becomes due and payable, and such default or defaults shall have continued after any applicable grace period and shall not have been cured or waived; or

(g) the other party fails to perform any material covenant or obligation contained in this Agreement, and such failure continues unremedied for a period of ninety days following receipt of written notice describing in reasonable detail such failure.

12.02. Effects of Termination. Upon termination of this Agreement pursuant

to Section 12.01, the licenses granted to each party pursuant to Section 5.01 shall survive such termination and each party shall continue to maintain joint ownership rights in the Interoperability Technology; provided that if this Agreement is terminated by a party pursuant to Section 12.01(g) prior to the time that the value of the intellectual property licensed under Section 5.01 shall have been determined, either through negotiated agreement or decision of an arbitrator, then the licenses granted to the other party under Section 5.01 shall terminate.

12.03. Mutual Covenant Prior to Termination. Other than a party which has

terminated this Agreement pursuant to Section 12.01(g), neither party shall take any legal action, including, but not limited to, arbitration, that seeks to enjoin the other party's use of any intellectual property rights which relate to or are useful in a digital satellite radio system or any enhancements, modifications, and derivative works thereof.

ARTICLE XIII

Dispute Resolution and Arbitration

13.01. Dispute Resolution. The parties shall attempt to settle any

dispute between them amicably and agree to exercise their commercially reasonable efforts to resolve such controversy or dispute prior to seeking an arbitrated resolution. To invoke the dispute resolution process, the invoking party shall give to the other party written notice of its decision to do so, including a description of the issues subject to the controversy or dispute and a proposed resolution thereof. Designated representatives of both parties with the closest responsibility for this Agreement shall attempt to resolve the controversy or dispute within five business days after receipt of such notice. If those designated representatives

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cannot resolve the controversy or dispute, the parties shall describe their controversy or dispute and their respective proposals for resolution to their respective Chief Executive Officers or other designated persons with comparable authority who shall meet in good faith to resolve the controversy or dispute.

Except as provided in Section 7.02, if any controversy or dispute is not resolved within ten business days after such meeting, the parties shall seek a resolution through arbitration as set forth in Section 13.02.

13.02. Arbitration. Any controversy or claim arising out of or relating

to this Agreement shall be settled by arbitration in Washington, DC, by one or more arbitrators, as mutually agreed by the parties, and such arbitrator(s) will be persons with sufficient expertise to evaluate the subject of the dispute. In the event that the dispute relates to intellectual property, such arbitrators shall have sufficient technical, engineering and legal knowledge to evaluate the applicability, validity and value of the intellectual property that is the subject of the dispute. The arbitration shall be conducted in accordance with the Expedited Arbitration Rules of JAMS/Endispute ("Expedited Rules"). In the

event that the parties do not agree on the arbitrators, or other procedures or standards concerning the arbitration, such choice of arbitrator(s) or other procedures shall be determined under the Expedited Rules. The award of the arbitrator shall be binding upon the parties. The arbitrator(s) shall be entitled to award reasonable attorneys' fees and expenses to the prevailing party.

ARTICLE XIV

Miscellaneous

14.01. Non-Solicitation. During the term of this Agreement, and for a

period of twelve months following termination of this Agreement, neither party shall, without the prior written consent of the other party, directly or indirectly solicit for employment, employ or otherwise engage the services of employees or individual consultants of the other party.

14.02. Catastrophic Loss Backup. XM and Sirius shall negotiate in good

faith with respect to an agreement to provide service to the other's subscribers in the event of a catastrophic failure of the XM Radio System or the Sirius Radio System.

14.03. Governing Law. This Agreement shall be governed by, and

interpreted in accordance with, the laws of the State of New York, without giving effect to any provisions which would require the application of the laws of another jurisdiction.

14.04. Assignment. Any assignment of this Agreement by either party

(except to an entity controlling, controlled by or in common control with such party) without the written consent of the other party shall be void. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the respective successors and assigns of the parties.

14.05. Entire Agreement. This Agreement and all exhibits hereto shall

constitute the entire agreement between the parties with regard to the subject matter of this Agreement and supersede all previous communications, whether oral or written, between the parties with respect to such subject matter. No modification of any provision of this Agreement

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shall be binding unless in writing and signed by duly authorized representatives of XM and Sirius.

14.06. Severability. Each party agrees that, in the event any court shall

determine that any provision of this Agreement is invalid, such determination shall not affect the validity of any other provisions of this Agreement, which shall remain in full force and effect and shall be construed so as to be valid under applicable law only to the extent that such construction maintains the economic balance of the parties under this Agreement.

14.07. Waiver. Each party agrees that no failure or delay by any party in

exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.

14.08. Notices. Any notice required or permitted to be sent under this

Agreement shall be sent by certified mail, overnight mail with receipt requested or telefax with written confirmation to the following addresses:

For XM:

XM Satellite Radio Inc.
1250 23rd Street, N.W.
Washington, DC 20037
Attention: General Counsel
Telecopier: 202-969-7050

For Sirius:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: General Counsel
Telecopier: 212-584-5353

14.09. Independent Parties. The parties hereto are independent parties, and

neither shall be liable for the performance or failure to perform of the other party.

14.10. Records and Audits. Either party may, up to twice within any

twelve month period at such party's expense and upon five (5) days written notice to the other party, hire an independent audit firm or other independent representative reasonably acceptable to the other party ("Auditor"), to inspect

or audit any or all of the other party's records solely relating to this Agreement, for the purposes of verifying the other party's compliance with its obligations hereunder. Such Auditor shall not disclose any information relating to the business of the other party other than that information required to determine the other party's compliance, and in such event, only to those employees, agents or representatives of the other party having a need-to-know for the purpose of the verification.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

Accepted by XM Satellite Radio Inc.

Accepted by Sirius Satellite Radio Inc.

By: /s/ Stephen R. Cook

By: /s/ Patrick L. Donnelly

Name: Stephen R. Cook
Title: SVP Sales and Marketing

Name: Patrick L. Donnelly
Title: Senior Vice President
and General Counsel

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EXHIBIT A

STIPULATION OF DISMISSAL

James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
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New York, New York 10022
Tel.: (212) 751-5700

Attorneys for Plaintiff
Sirius Radio Inc.

Robert C. Morgan (RM 0245)
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FISH & NEAVE
1251 Avenue of the Americas, 50th Fl.
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Defendant

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SIRIUS RADIO INC.,)
)
 Plaintiff,) Civ. No. 99-0230 (LMM)
)
v.)
)
XM SATELLITE RADIO, INC.,)
)
 Defendant.)

STIPULATION OF DISMISSAL

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Pursuant to Rule 41, Fed. R. Civ. P., Plaintiff Sirius Radio Inc. and Defendant XM Satellite Radio, Inc., by their undersigned attorneys, stipulate that this action be dismissed, without prejudice, each party bearing its own costs and attorney fees.

Respectfully submitted,

Respectfully submitted,

By _____
James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
805 Third Avenue
New York, New York 10022
Tel.: (212) 751-5700

By _____
Robert C. Morgan (RM 0245)
Mark H. Bloomberg (MB 5614)
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Plaintiff,
Sirius Radio Inc.

Attorneys for Defendant,
XM Satellite Radio Inc.

Dated: _____

Dated: _____

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EXHIBIT B

PRESS RELEASE

PRESS RELEASE

For Immediate Release

Sirius Radio and XM Radio Form Alliance to Develop
Unified Standard for Satellite Radios

New York, NY and Washington, DC -- February 16, 2000 -- Sirius Satellite Radio (Nasdaq: SIRI) and XM Satellite Radio (Nasdaq: XMSR) today announced an agreement to develop a unified standard for satellite radios.

The standard is expected to accelerate growth of the satellite radio category by enabling consumers to purchase one radio capable of receiving both companies' broadcasts. XM Radio and Sirius will jointly fund development of the technology and work together to proliferate the new standard by creating a service mark for satellite radio. As part of the agreement, each company will contribute its intellectual property to the initiative and have agreed to resolve any pending patent litigation.

"This standard is good news both for consumers and for the category," said David Margolese, Sirius Chairman and CEO, and High Panero, XM President and CEO, in a joint statement. "This will allow for reduced subscriber acquisition costs, more satellite radios in the marketplace, and a simplified choice for consumers."

The unified standard will represent a second generation of satellite radios.

At the time of the commercial launches of XM Radio and Sirius, consumers will be able to purchase radios capable of receiving one of the two companies' broadcasts. These radios are already being developed by leading electronics and automotive manufacturers. XM and Sirius will work with their existing automobile and radio manufacturing partners to integrate the new standard under the terms of their existing agreements. All future agreements with automakers and radio partners will specify the new satellite radio standard.

XM Radio and Sirius are each building a digital satellite radio service for consumers, offering up to 100 channels of audio entertainment for a monthly subscription fee of \$9.95. For more information about the companies, visit XM Satellite Radio at www.xmradio.com and Sirius Satellite Radio at

www.siriusradio.com.

continues...

Sirius Radio and XM Radio Form Alliance
Page Two

Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance with respect to Sirius Satellite Radio Inc. or XM Satellite Radio Inc. are not historical facts and may be forward-looking and, accordingly, such statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to the factors discussed, as the case may be, in XM Satellite Radio Inc.'s registration statement on Form S-1 (File No. 333-93529) filed with the Securities and Exchange Commission or Sirius Satellite Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998, filed under the company's former name, CD Radio Inc. Among the key factors that have a direct bearing on the companies' results of operations are the potential risk of delay in implementing the companies' business plans; increased costs of construction and launch of necessary satellites; dependence on satellite construction and launch contractors; dependence on third-party technology partners; risk of launch failure; unproven market and unproven applications of existing technology; unavailability of satellite radio receivers; and the companies' need for additional financing.

#####

For more information, please call:

Sirius Satellite Radio:
Mindy Kramer
212-584-5138

XM Satellite Radio:
Vicki Stearn
202-969-7070

***** Confidential treatment has been requested for portions of this agreement. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this agreement has been filed separately with the Securities and Exchange Commission.

JOINT DEVELOPMENT AGREEMENT

This JOINT DEVELOPMENT AGREEMENT is entered into between XM Satellite Radio Inc., a Delaware corporation with its principal location at 1250 23rd Street, N.W., Washington, DC ("XM"), and Sirius Satellite Radio Inc., a Delaware corporation with its principal location at 1221 Avenue of the Americas, New York, New York ("Sirius") as of February 16th, 2000 ("Effective Date").

RECITALS

WHEREAS, XM is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("XM Radio System") in accordance with the rights under the license issued to XM by the Federal Communications Commission (the "FCC");

WHEREAS, Sirius is engaged in designing, developing, marketing and licensing the technology relating to its satellite digital audio radio system ("Sirius Radio System") in accordance with the rights under the license issued to Sirius by the FCC;

WHEREAS, the FCC has mandated that XM and Sirius deploy a final receiver design that is interoperable;

WHEREAS, due to the different technical heritage, satellite design and performance requirements of the XM Radio System and the Sirius Radio System, such systems currently employ different technologies that impede the design and development of an interoperable receiver;

WHEREAS, XM and Sirius and their respective radio equipment suppliers already have expended significant funds in developing Single Mode Radios (as defined below);

WHEREAS, it will take an extensive and expensive joint program to merge the technologies employed by the XM Radio System and the Sirius Radio System in order to design and develop a cost efficient interoperable receiver;

WHEREAS, XM and Sirius are, and will continue to be, competitors in, among other things, the marketing and sale of the satellite broadcasting of radio programming to listeners, the acquisition of rights to broadcast such programming and sale of radio advertising availabilities and other forms of advertising or promotional opportunities in connection with that programming (collectively, "Business Opportunities");

WHEREAS, nothing in this Agreement is intended to, or will in any way, restrain or reduce the competitive rivalry between the parties in the pursuit of Business Opportunities;

WHEREAS, the parties desire to comply with FCC licensing requirements and to enhance efficiency and consumer welfare by jointly developing and deploying certain interoperable technology for the purpose of producing radios capable of receiving broadcasts from both the XM Radio System and the Sirius Radio System;

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

WHEREAS, in jointly developing such interoperable technology in the most cost effective manner, the parties believe it necessary and desirable to integrate some of their economic activities to develop and bring to market Interoperable Radios (as defined below); and

WHEREAS, the parties wish to set forth the terms and conditions under which they will jointly develop and deploy such interoperable technology;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I

Definitions

1.01. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms below:

"Aftermarket" shall mean the market for radios that are (a) sold to a customer for use in a vehicle, aircraft or vessel, after such vehicle, aircraft or vessel has been manufactured and sold to a customer; or (b) sold separately as stand alone devices.

"Agreement" shall mean this Joint Development Agreement, including all Exhibits attached hereto, as amended, supplemented or otherwise modified from time to time.

"Auditor" shall have the meaning specified in Section 14.10.

"Business Opportunities" shall have the meaning specified in the recitals to this Agreement.

"Confidential Information" shall have the meaning specified in Section 9.01.

"Consultant" shall have the meaning specified in Section 3.02(b).

"Consulting Agreement" shall have the meaning specified in Section 3.02(b).

"Content Provider" shall have the meaning specified in Section 6.06.

"Distribution Partners" shall have the meaning specified in Section 6.01.

"Effective Date" shall have the meaning specified in the introductory paragraph of this Agreement.

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****]

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[*****], as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****].

"[*****] Deals" shall mean the agreements, arrangements and understandings in effect as of the Effective Date among [*****], or any of their respective subsidiaries or affiliates, as such agreements, arrangements and understandings may be amended, supplemented or otherwise modified from time to time.

"[*****] Partner" shall mean [*****] and [*****].

"Expedited Rules" shall have the meaning specified in Section 13.02.

"FCC" shall have the meaning specified in the recitals to this

Agreement, together with any successor agency or agencies.

"FCC License" shall mean the license granted by the FCC to Sirius or

XM, as the context may require, to launch and operate satellites to provide a radio communications service in which audio programming is digitally transmitted by one or more space stations directly to fixed, mobile and/or portable stations which may involve complementary repeating terrestrial transmitters and telemetry, tracking and control facilities.

"Interoperable Chipset" shall mean integrated circuits which are

capable of receiving, decoding, decompressing and outputting to a user interface the digital audio radio broadcast, transmitted from both satellites and terrestrial repeaters, of both the XM Radio System and the Sirius Radio System.

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"Interoperable Radio" shall mean a radio that, at a minimum, (a)

receives and processes the audio portion of both the Sirius Radio System signal and the XM Radio System signal, either as a result of an Interoperable Chipset contained in the unit itself or as a result of an Interoperable Chipset contained in an outboard location which interfaces directly with the unit, and (b) which is capable of providing the user interface for both Sirius Radio System broadcasts and XM Radio System broadcasts, including displaying the artist and title information transmitted as part of such broadcasts, in each case, without the consumer purchasing additional hardware or software.

"Interoperability Technology" shall mean the technology, including

the technology which is jointly funded and developed by Sirius and XM pursuant to this Agreement or owned and/or licensed by either party, which is required to design, develop and/or manufacture an Interoperable Radio, as well as any enhancements and modifications jointly funded and developed for such technology pursuant to this Agreement (including the industry standards jointly developed by the parties pursuant to Section 3.03), but shall not include Non-core Technology.

"JV" shall have the meaning specified in Article XI.

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[*****] shall have the meaning specified in Section 6.02(a).

[*****] shall have the meaning specified in Section 6.04(a).

"Non-core Technology" shall have the meaning specified in Section

5.02.

"Non-owning Party" shall have the meaning specified in Section 8.05.

"OEM Automobile Partners" shall mean an original equipment

manufacturer of vehicles (including trucks and/or other specialty vehicles), such as General Motors Corporation, Ford Motor Company, DaimlerChrysler AG, Honda Motor Company, Toyota, BMW AG and their respective divisions, affiliates and subsidiaries.

"Owning Party" shall have the meaning specified in Section 8.05.

"Project Leader" shall have the meaning specified in Section

3.02(d).

"Project Plan" shall have the meaning specified in Section 3.02(b).

"Radio Manufacturing Partners" shall have the meaning specified in

Section 5.04.

"Recipient" shall have the meaning specified in Section 9.01.

"RFP" shall have the meaning specified in Section 3.02(e).

"SDARS Mark" shall have the meaning specified in Section 4.04(a).

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"Single Mode Radio" shall mean a radio that (a) receives and

processes the Sirius Radio System signal or the XM Radio System signal, but not both, and (b) which is capable of providing the user interface for either Sirius Radio System broadcasts or XM Radio System broadcasts, but not both.

"Sirius" shall have the meaning specified in the first paragraph of

this Agreement.

"Sirius Radio System" shall have the meaning specified in the

recitals to this Agreement.

"Specifications" shall have the meaning specified in Section

3.02(c).

[*****]

"Third Party Technology" shall mean any patents, know-how or other

intellectual property rights owned or controlled by any person or entity other than Sirius, XM and their respective affiliates that may be included within the XM Radio System or the Sirius Radio System or in Interoperability Technology from time to time.

"XM" shall have the meaning specified in the first paragraph of this
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Agreement.

"XM Radio System" shall have the meaning specified in the recitals

to this Agreement.

1.02. Other Definitional Matters. Definitions in this Agreement apply

equally to the singular and plural forms of the defined terms. The words "include" and "including" shall be deemed to be followed by the phrase "without limitation" or "but not limited to" when such phrase does not otherwise appear. The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. All article, section, paragraph, clause, exhibit or schedule references not attributed to a particular document shall be references to such parts of this Agreement.

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ARTICLE II

Term of this Agreement -----

Unless terminated in accordance with Section 12.01, this Agreement shall commence on the Effective Date and continue until the termination of each of the parties' respective FCC Licenses, and shall be automatically renewed upon the renewal or extension of the FCC Licenses.

ARTICLE III

Joint Technology Development.

3.01. Interoperability Technology Development. XM and Sirius hereby agree

to develop Interoperability Technology for the purpose of producing (or having produced by others) Interoperable Radios.

3.02. Project Plan. Unless otherwise agreed by the parties in writing:

(a) As soon as practicable, the parties shall exchange, on a mutually agreed date, appropriate technical documentation relating to the XM Radio System and the Sirius Radio System, as the case may be.

(b) The parties shall use commercially reasonable efforts to execute, within 90 days following the Effective Date, a consulting agreement (the "Consulting Agreement") with a third party consultant

reasonably acceptable to both parties (the "Consultant") to manage the

project development activities relating to the Interoperability Technology. The Consultant shall have responsibility for creating a budget and project plan for developing the Interoperability Technology (the "Project Plan").

(c) The Consultant shall work with representatives of the parties to develop the Project Plan, including the development and preparation of a written document containing agreed upon engineering and other specifications for the Interoperable Chipset (the "Specifications"). The

Specifications shall be in form and substance acceptable to both Sirius and XM.

(d) The parties shall negotiate in good faith to determine the Project Plan and Specifications. Each party agrees to use commercially reasonable efforts to meet any deliverables and/or timetables set forth in the Project Plan. Each party shall provide commercially reasonable support to facilitate the exchange of information during the development of the Project Plan and Specifications, as well as during the development of the Interoperability Technology. In addition, each party shall designate a project leader (each, a "Project Leader"), who shall be designated in the

Project Plan, and who shall coordinate such party's development activities.

(e) As part of the Project Plan, upon completion of the Specifications, the Consultant shall issue to chipset design and fabrication firms reasonably acceptable

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to XM and Sirius, a request for (the "RFP") to design, develop and

manufacture Interoperable Chipsets. However, the Consultant shall [*****] Similarly, the Consultant shall [*****]. As soon as practicable after responses to the RFP have been received by the Consultant and reviewed by XM and Sirius, the Consultant, with the consent of Sirius and XM (which shall not be unreasonably withheld, delayed or conditioned), shall use commercially reasonable efforts to negotiate one or more agreements to design and develop Interoperable Chipsets.

(f) The parties shall use commercially reasonable efforts to develop an antenna or series of antennas which function with both the Sirius Radio System and the XM Radio System for deployment with Interoperable Radios.

(g) Nothing contained in this Agreement shall be interpreted or construed to limit in any way Sirius' or XM's ability to continue its existing integrated circuit development efforts for Single Mode Radios.

(h) XM and Sirius shall each use commercially reasonable efforts to design and develop Interoperable Radios that are backward compatible with then existing Single Mode Radios.

(i) XM and Sirius agree that [*****], as the case may be.

3.03. SDARS Industry Standards Publication. In order to direct that the

development work performed pursuant to this Agreement results in the quality of

reception on Interoperable Radios of either party's programming being comparable to the quality of reception of such party's programming on a Single Mode Radio, XM and Sirius shall jointly develop and publish industry standards for Interoperable Radios. Such standards shall contain parameters relating to Interoperable Radios, including, but not limited to user-interface and communication protocols.

3.04. Enhancement and Support of the Interoperability Technologies. Each party agrees to use commercially reasonable efforts to maintain and enhance the Interoperability Technology to ensure its proper functioning and commercial usefulness.

3.05. Implementation of Non-core Technologies. Nothing in this Agreement shall prevent the development, manufacturing, marketing, sale and distribution of Interoperable Radios with respect to which the Non-core Technologies, if any, used by or relating to customers of one of the parties differ from the Non-core Technologies, if any, used by or relating to customers of the other party.

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ARTICLE IV

Intellectual Property Rights and Ownership

4.01. XM Radio System. The parties agree that XM owns, or has license rights to, the XM Radio System and shall at all times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the XM Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.02. Sirius Radio System. The parties agree that Sirius owns, or has license rights to, the Sirius Radio System and shall at times continue to retain full and exclusive right, title and ownership and/or license, as the case may be, in and to the Sirius Radio System, and in any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how.

4.03. Interoperability Technology. (a) Subject to each party's rights set forth in Sections 4.01 and 4.02, the parties agree that XM and Sirius shall jointly own the Interoperability Technology jointly developed by the parties and jointly funded hereunder, and any and all intellectual property rights therein, including, but not limited to, all rights in related patents, trademarks, copyrights, derivative works and proprietary and trade secret rights and know-how. Each party shall give the other party all reasonable assistance and shall, at the other party's request and expense, execute and deliver all documents and assignments which may be necessary to establish the joint ownership rights in the Interoperability Technology.

(b) If any patentable inventions are created as a result of the parties' joint development activities hereunder, the parties agree to cooperate in the filing and prosecution of patent applications for such inventions with the costs to be shared equally by the parties. Any resulting patent shall be jointly owned by Sirius and XM.

(c) Each party agrees to require each of its employees to assign to such party all of such employee's right, title and interest in and to Interoperability Technology and all related intellectual property rights, including patents, patent applications, copyright, derivative works, trademarks, trade secrets, know-how and other proprietary rights.

4.04. Logo or Service Mark for Interoperability Technology. (a) Sirius and XM shall jointly select and file for federal trademark protection a new name, logo and/or service mark (collectively, the "SDARS Mark") relating to digital satellite radios for the purposes of promoting and identifying Interoperable Radios and Single Mode Radios, and the parties shall share equally in any profits relating to the SDARS Mark. The parties will work cooperatively to design the SDARS Mark(s) so as to minimize consumer confusion regarding whether a given radio is a Single Mode Radio or Interoperable Radio.

(b) From and after the joint selection thereof, Sirius and XM shall prominently use and/or display the SDARS Mark in all communications that mention

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(c) Each of the parties agrees not to change its name to, or adopt the use of a trade name or trademark that is likely to cause confusion with (i) the corporate name, trade names and trademarks employed by the other party hereto, or (ii) following the joint selection thereof, the SDARS Mark.

(d) Each party shall license the SDARS Mark to its Radio Manufacturing Partners, Distribution Partners and OEM Automobile Partners for use on Single Mode Radios and Interoperable Radios. Each party shall require, as part of any agreement, arrangement or understanding entered into with any Radio Manufacturing Partner, Distribution Partner or OEM Automobile Partner after the Effective Date, the use of the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not apply to any radio if no logo,

trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof. In addition, each party shall use commercially reasonable efforts to require its [*****] Partners and [*****] Partners to use the SDARS Mark on the face or another static component of the user interface of all Single Mode Radios and Interoperable Radios; provided that such requirement shall not

apply to any radio if no logo, trade name or trademark relating to XM, Sirius or satellite digital audio radio service is displayed on the face or any other static component of the user interface thereof.

(e) Each party acknowledges that the quality of use of the SDARS Mark will have an important effect on goodwill associated with the SDARS Mark and on the resulting value of the SDARS Mark and each party agrees that the nature and quality of all uses of the SDARS Mark shall be of high quality, and be adequately suited to exploitation of the SDARS Mark to the best advantage and enhancement of the SDARS Mark and consistent with quality control standards mutually established by the parties.

ARTICLE V

Licensing Matters

5.01. Independent Developments. (a) In the event that either party

independently develops technology, including any technology existing on the Effective Date, that is included in Interoperability Technology, such party shall retain full right, title and interest in and to such technology, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow its Distribution Partners and Radio Manufacturing Partners to sublicense such technology for the purpose of manufacturing Interoperable Radios and marketing and distributing Interoperable Radios in North America.

(b) In addition, each party shall retain full right, title and interest in and to its technology included in the digital satellite radio system of such party as of the Effective Date, including any and all intellectual property rights therein; however, each party hereby grants to the other party, to the fullest extent possible, subject to any Third Party

Technology restrictions as described in Section 5.03, a perpetual, non-exclusive, royalty-free, worldwide license to use, copy, distribute, sublicense and allow such other party's Distribution Partners and Radio Manufacturing Partners to sublicense such technology (including any other technology relevant to a satellite digital audio radio system that such party, or any officer, employee or affiliate of such party, may own or have a license to use) for the purpose of manufacturing, marketing and distributing such other party's satellite digital audio radio system in North America, including any Single Mode Radios used in connection therewith; provided that the technology covered by

such license shall exclude all Non-core Technology.

5.02. Independent Development of Non-core Technology. In the event that

either party independently develops or licenses technology that is not included in the definition of Interoperability Technology ("Non-core Technology"), such

Non-core Technology shall remain the property of the developing or licensing party; and all right, title and interest in and to such Non-core Technology, including any intellectual property rights therein, shall reside with the developing or licensing party. In such event, the developing or licensing party shall make available (or, in the case of licensed technology, use commercially reasonable efforts (which shall not include the payment of additional license fees) to make available) to the other party, upon written request, a license for such Non-core Technology on commercially reasonable terms. In the event that the non-developing party does not accept such commercially reasonable terms, no license shall be granted. In no event shall either party be entitled to any equitable relief with regard to Non-core Technology.

5.03. Third Party Technology. Each party shall be responsible, at its

cost, for licensing any Third Party Technology to the extent that such Third Party Technology is used in the digital satellite radio system of such party. All licenses granted hereunder shall be subject to existing agreements entered into by the parties for such Third Party Technology. A listing of the Third Party Technology included within each party's satellite digital audio radio system as of the Effective Date shall be provided to the other party within 30 days of the Effective Date. Each party shall, within 30 days of the Effective Date, provide to the other party copies of any agreements executed by such party relating to Third Party Technology, to the extent such party is legally entitled to disclose such agreement. Each party shall use commercially reasonable efforts to obtain all consents necessary to disclose such agreements to the other party in accordance with the terms of this Agreement.

5.04. Licensing of the Interoperability Technology to Third Parties.

Subject to any restrictions in the Third Party Technology agreements, as joint owners of the Interoperability Technology, the parties shall each have authority to license (and permit the sublicense of) the Interoperability Technology to third parties, including, but not limited to, manufacturers of integrated circuits and receivers ("Radio Manufacturing Partners"), for the purpose of

manufacturing, marketing, distributing and/or selling Interoperable Radios. The parties shall share equally in any licensing, technical assistance or other revenue recognized from such third party licensing of, or technical or other assistance relating to, Interoperability Technology.

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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ARTICLE VI

Marketing Matters -----

6.01. Distribution Partners. Commencing on the Effective Date, neither

party shall enter into any agreement, arrangement or understanding with any [*****] distribution partner (collectively, "Distribution Partners") for the

distribution of either the XM Radio System or Sirius Radio System that [*****]. In addition, commencing on the Effective Date neither party shall enter into any agreement, arrangement or understanding which [*****].

6.02. [*****] Deals. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that, other than their respective [*****] Deals, all agreements, arrangements and understandings made by either party after the Effective Date that [*****] shall specify the [*****]; provided

that, in the period before [*****]; and provided further, that neither party

shall enter into any agreement, arrangement or understanding to [*****].

(b) Neither party shall after the Effective Date enter into any agreement, arrangement or understanding with [*****] in circumvention of the terms of this Agreement and neither party shall [*****], other than in accordance with the terms of this Agreement.

6.03. [*****] Deals. (a) Notwithstanding anything to the contrary in

Section 6.02, both XM and Sirius shall be free to [*****]. The parties

acknowledge that any [*****] Deals. After the Effective Date, each of the parties shall work cooperatively with one another and with its [*****], enter into any agreement relating to Interoperable Radios with any [*****] Deal unless such agreement (i) is either (A) [*****]

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[*****] and (ii) shall become effective as soon as practicable after [*****]; provided, that until such an agreement is established with a given [*****] of a

party, the other party shall not [*****].

(b) Notwithstanding Sections 6.02(a) and 6.03(a), in the period [*****].

6.04. [*****] Partners. (a) Notwithstanding anything to the contrary in

this Agreement, XM and Sirius each agree that all agreements, arrangements and understandings made by either party after the Effective Date that contemplate [*****]; provided that, for the avoidance of doubt, it is understood that each

of the parties may [*****].

(b) Notwithstanding Section 6.04(a), in the period [*****].

(c) Neither party shall [*****] Deal in circumvention of the terms of this Agreement nor shall it [*****] in violation of the terms of Section 6.04(a).

6.05. [*****] Partners. (a) Notwithstanding anything to the contrary in

Section 6.04, the parties agree that each may [*****]. The parties acknowledge that [*****]. Nothing in this Agreement shall, or shall be construed to, require either party to [*****].

(b) XM and Sirius shall each [*****].

6.06. New Content Arrangements. (a) Commencing on the Effective Date,

neither party shall enter into any agreement, arrangement or understanding with any provider of content or programming, including celebrity talent (a "Content Provider") that (i) [*****]

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[*****] or (ii) rewards any such Content Provider for [*****]. This Section 6.06(a) shall not apply to contracts between either party and its employees, other than celebrity talent. To implement this provision, each party agrees, [*****].

(b) Commencing on the Effective Date, neither party shall enter into any agreement, arrangement or understanding [*****].

ARTICLE VII

Consideration -----

7.01. Resources. Each party agrees to devote its resources to the joint

development of the Interoperability Technology in accordance with the Project Plan, or as mutually agreed by the parties in writing.

7.02. Existing Technology. Each party shall negotiate in good faith the

financial value of the intellectual property licenses granted hereunder for the technology of such party that is included in (a) the Interoperability Technology; and/or (b) the satellite digital audio radio system of the other party. The applicability, validity, value, use, importance and available alternatives of each party's intellectual property rights with respect to (i) the Interoperability Technology; and (ii) the other party's satellite digital audio radio system shall be considered in determining the financial value of

such intellectual property licenses. In the event that the parties fail to reach agreement regarding the financial value of such intellectual property licenses within ninety days of the Effective Date, the parties shall resolve the dispute through binding arbitration in accordance with Section 13.02. The financial value agreed by the parties or determined by arbitration to be attributed to each party's existing technology licenses granted hereunder shall be set forth on a schedule which shall be approved in writing by both parties. Each party shall receive a credit against its contribution to fees, costs and expenses that this Agreement may require equal to the value attributed to its technology pursuant to this Section.

7.03. Fees, Costs and Expenses. Subject to Section 7.02, each party shall

share equally in the fee, costs and expenses associated with the following activities:

- (a) contracting with the Consultant pursuant to the Consulting Agreement, as further described in Section 3.02(b);
- (b) publication of the industry standards set forth in Section 3.03;
- (c) joint trademark activities set forth in Section 4.04;

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(d) development, enhancement and support of the Interoperability Technology as described in Section 3.04.

(e) royalties, if applicable, due after the Effective Date for Third Party Technology that the parties mutually agree shall be included in Interoperability Technology;

(f) the parties' activities pursuant to this Agreement to jointly market the Interoperability Technology;

(g) the parties' activities relating to the filing and prosecution of patent applications for the jointly owned Interoperability Technology; and

(h) any other joint activities undertaken in furtherance of this Agreement as mutually agreed by the parties in writing.

7.04. Stipulation of Dismissal of Patent Litigation. Subject to the terms

of this Agreement, XM and Sirius shall cause to be filed, within five business days of the Effective Date, a stipulation substantially in the form set forth in Exhibit A for dismissal, without prejudice, of the patent litigation

currently pending between XM and Sirius.

ARTICLE VIII

Infringement Action Defense and General Indemnity -----

8.01. XM Defense. (a) Subject to Section 8.03 and 8.04, XM shall defend

at its expense any action brought against Sirius, or any of its officers or directors, to the extent such action is based upon the claim that the XM Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) XM has sole control of any such action or settlement negotiations, (ii) Sirius notifies XM promptly in writing of such claim, suit or proceeding, and (iii) Sirius uses commercially reasonable efforts, at XM's expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. Sirius may, at its option and expense, elect to participate in such settlement and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the XM Radio System is likely to result in, or is subject to, a claim hereunder, XM shall, at its option, modify the XM Radio System so that it becomes non-infringing, or procure the right to continue using the XM Radio System without modification. Notwithstanding the foregoing, XM shall not be liable for any claim arising from or based upon the combination of the XM Radio System with another system, including the Sirius Radio System, unless Sirius establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent XM knew, or reasonably should have known, that such modifications or combination could give rise to such claim and failed to so inform Sirius.

8.02. Sirius Defense. (a) Subject to Section 8.03 and 8.04, Sirius shall

defend at its expense any action brought against XM, or any of its officers or directors, to the extent such action is based upon the claim that the Sirius Radio System, including the technology contributed pursuant to Section 5.01, constitutes direct infringement of any duly issued United States patent, copyright, trademark or trade secret and will pay any reasonable expenses and settlements or judgments to the extent based thereon, provided that (i) Sirius has sole control of any such action or settlement negotiations, (ii) XM notifies Sirius promptly in writing of such claims, suit or proceeding, and (iii) XM uses commercially reasonable efforts, at Sirius' expense, to assist in the settlement and/or defense of any such claim, suit or proceeding. XM may, at its option and expense, elect to participate in such settlement, and/or defense with its own counsel. Neither party shall be liable for any costs or expenses incurred by the other party without its prior written authorization.

(b) In the event that the Sirius Radio System is likely to result in, or is subject to, a claim hereunder, Sirius shall, at its option, modify the Sirius Radio System so that it becomes non-infringing, or procure the right to continue using the Sirius Radio System without modification. Notwithstanding the foregoing, Sirius shall not be liable for any claim arising from or based upon the combination of the Sirius Radio System with another system, including the XM Radio System, unless XM establishes that the modifications or combination of the systems did not contribute to the infringement, except to the extent Sirius knew, or reasonably should have known, that such modification or combination could give rise to such claim and failed to so inform XM.

8.03. No Indemnification for Interoperability Technology. Except to the

extent indemnification is available pursuant to Section 8.01 or 8.02, neither party shall be liable to the other for any intellectual property infringement claim, action, proceeding or suit brought against such party relating to the Interoperability Technology.

8.04. Non-Core Technology. In the event that either party licenses Non-

core Technology to the other party, any indemnification rights and obligations shall be as set forth in the licensing agreement between the parties relating to such Non-core Technology.

8.05. General Indemnity for Third Party Actions Based on Use of the Other

Party's System. Subject to Section 8.01 through 8.04, each party (in such

context, the "Owning Party") owns a satellite digital radio system and such

Owning Party shall defend, indemnify and hold harmless the other party (in such context, the "Non-owning Party") from all damages, liabilities and expenses,

including reasonable attorney's fees, arising out of, connected with, or resulting in any way from a claim or action by a third party against the Non-owning Party due to the performance or use of the satellite digital radio system of the Owning Party.

ARTICLE IX

Confidential Information.

9.01. General. Each party acknowledges that in the course of performance

of this Agreement, either of them may disclose to the other (such other party, together with its directors, officers, employees, agents and other representatives, a "Recipient") information

about the disclosing party's technology, products, business or activities which such party considers proprietary and confidential, including, without limitation, information regarding the XM Radio System, the Sirius Radio System, Interoperability Technology, other trade secrets and information concerning the existence and terms of this Agreement and the joint development arrangements contemplated hereunder, as well as the characterization and use of any of the intellectual property rights of the parties described in this Agreement, and any

financial valuations, determinations, or settlements relating to either party's intellectual property rights in any patent or other disputes between the parties, in any form, including, without limitation, oral, written, graphic, demonstrative, machine recognizable or sample form (all of such proprietary and confidential information, and all summaries, analyses and other material and data generated by Recipient from any such information, is hereinafter referred to as "Confidential Information"). Confidential Information shall be retained

in confidence and shall not be disclosed or caused or permitted to be disclosed directly or indirectly to any third party without the prior written approval of the disclosing party, and shall not be used by Recipient for any reason other than in accordance with the terms of this Agreement. Notwithstanding the foregoing, in no event shall either party exchange information on the subjects as to which the parties compete, and nothing in this Section 9.01 shall be construed to require the sharing of any information other than information necessary to effectuate the purposes of this Agreement. The obligation of Recipient to retain Confidential Information in confidence shall not apply to Confidential Information which is (a) now in or hereafter enters the public domain beyond the control of Recipient and without its violation of this Agreement; (b) rightfully known to Recipient prior to the time of disclosure by the disclosing party hereunder, or independently developed by Recipient personnel without access to Confidential Information; (c) disclosed in good faith to Recipient by a third party legally entitled to disclose the same; or (d) which Recipient discloses under operation of law, rule or legal process; provided, that (i) the burden shall be on Recipient to prove the applicability

of one or more of the foregoing exceptions by documentary evidence should the disclosing party question the applicability of such exceptions; (ii) as to exception (b), Recipient makes known to the disclosing party within five (5) days of receipt of information from the disclosing party that such information was already known to Recipient and (iii) as to exception (d), Recipient provides the disclosing party with prompt written notice of any request or legal proceeding through which Recipient may be required to disclose such Confidential Information.

9.02. Transmission of Confidential Information. Recipient agrees to

transmit Confidential Information only to those of its directors, officers, employees, agents or other representatives who need access to the Confidential Information for the purposes of this Agreement, and who are informed by Recipient of the confidential nature of such Confidential Information, and who agree to be bound by the terms of this Agreement or an agreement containing substantially similar terms in regards to Confidential Information. Recipient further agrees to be responsible for any breach of this Agreement by any director, officer, employee or other representative of Recipient.

9.03. Return or Destruction of Confidential Information. Recipient agrees

that all Confidential Information disclosed to Recipient hereunder shall be and remain the property of the disclosing party, unless otherwise agreed hereunder. Any tangible form of such Confidential Information including, but not limited to, documents, papers, computer diskettes and electronically transmitted information shall be destroyed by Recipient or returned, together with all copies thereof, to the disclosing party upon request. If such tangible

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form of Confidential Information is destroyed, a certification of such destruction executed by a duly authorized officer of Recipient shall be delivered to the disclosing party.

9.04. Survival of Confidentiality Obligations. Recipient's obligations

under this Article IX shall survive the termination of this Agreement, regardless of the manner of such termination, and shall be binding upon its successors and assigns.

9.05. Publicity. (a) Each party agrees that it shall not make any public

statement concerning the existence of this Agreement, the contemplated joint development efforts, the intellectual property rights of either party relating to the development of Interoperable Radios or statements regarding the settlement of any patent or other disputes between the parties, without the prior written consent of the other party.

(b) The parties shall promptly issue a press release announcing this Agreement, in the form attached hereto as Exhibit B.

(c) The parties hereby agree to cooperate with one another with regard to any disclosures required by the Securities and Exchange Commission ("SEC") and

the FCC relating to this Agreement, and each shall afford the other party as much advance notice as practicable for such party's review and comment prior to the filing of such SEC or FCC disclosure document.

ARTICLE X

Warranty; Disclaimers; Limitation of Liability

10.01. Warranties. Each party hereby represents and warrants to the other

that (subject to agreements for Third Party Technology as set forth in Section 5.03):

(a) it has the right and power to enter into this Agreement;

(b) to the best of its knowledge, the information which it may disclose to the other party, and the process of disclosure and the use of such information in accordance with the provisions of this Agreement, will not violate any trade secret right, trademark, issued United States patent, copyright or other proprietary right of any third party; and

(c) it holds good title or right, free and clear of all liens and encumbrances, to technology or other information which it is providing under this Agreement.

In addition to the foregoing, each party warrants that its development efforts relating to the Interoperability Technology shall be performed in accordance with those standards of care, skill and diligence, and those practices and procedures, which are commonly accepted in connection with the performance of the same or similar services, and that any development work performed by such party pursuant to this Agreement shall substantially conform to the Specifications.

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10.02. DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NEITHER PARTY

MAKES ANY OTHER WARRANTY TO THE OTHER PARTY UNDER THIS AGREEMENT, EITHER EXPRESS, IMPLIED, OR ARISING BY COURSE OF CONDUCT OR PERFORMANCE, CUSTOM OR USAGE IN THE TRADE, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10.03 LIMITATION OF LIABILITY. EACH PARTY SHALL BE LIABLE TO THE OTHER IN

THE EVENT OF A MATERIAL BREACH OF THIS AGREEMENT IN AN AMOUNT EQUAL TO DIRECT DAMAGES ACTUALLY SUFFERED BY THE OTHER PARTY. EXCEPT FOR WILLFUL MISCONDUCT AND/OR LACK OF GOOD FAITH, NEITHER PARTY HEREUNDER SHALL BE LIABLE FOR ANY LOST PROFITS, LOST SAVINGS, OR INCIDENTAL DAMAGES, OR OTHER ECONOMIC CONSEQUENTIAL DAMAGES RESULTING FROM THIS AGREEMENT. WHERE A PARTY IS LIABLE FOR CONSEQUENTIAL DAMAGES UNDER THIS PROVISION, SUCH PARTY'S LIABILITY THEREFOR SHALL NOT EXCEED \$100 MILLION.

ARTICLE XI

Establishment of Joint Venture

The parties contemplate that they may form a joint venture or limited liability corporation ("JV") to pursue the development of the Interoperability
--
Technology. If a JV is established, the parties agree that any agreements between the parties relating to establishing the JV and/or addressing any of the terms or conditions included in this Agreement shall supersede the terms of this Agreement. The parties anticipate that the JV may contract with the Consultant to undertake the parties' activities pursuant to this Agreement to jointly develop the Interoperability Technology, including preparing the RFP for third parties and licensing the Interoperability Technology to third parties, including, but not limited to, chipset manufacturers, OEM Automobile Partners, Distribution Partners and Radio Manufacturing Partners. The parties further anticipate that all development and other costs of such JV will be split equally between XM and Sirius. In the event that the parties elect not to form such JV, this Agreement shall continue in full force and effect.

ARTICLE XII

Termination

12.01. Termination Events. Either party may terminate this Agreement upon

the occurrence of any of the following events:

(a) the other party becomes the subject of a bankruptcy petition filed in a court in any jurisdiction, whether voluntary or involuntary, and, in the case of an involuntary proceeding, is not dismissed within 90 days; or

(b) a receiver or a trustee is appointed for all or a substantial portion of the other party's assets; or

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(c) the other party makes an assignment for the benefit of its creditors; or

(d) Sirius Radio and XM agree in writing that the design and development of an Interoperable Receiver is technically impracticable; or

(e) the other party fails to begin digital audio broadcasting for sale to consumers using the XM Radio System or the Sirius Radio System, as applicable, on or before June 30, 2002 and is not reasonably likely to commence such broadcasts on or before December 31, 2002; or

(f) the other party or any of its subsidiaries defaults in the payment of principal of or premium, if any, on any indebtedness aggregating \$25 million or more, when the same becomes due and payable, and such default or defaults shall have continued after any applicable grace period and shall not have been cured or waived; or

(g) the other party fails to perform any material covenant or obligation contained in this Agreement, and such failure continues unremedied for a period of ninety days following receipt of written notice describing in reasonable detail such failure.

12.02. Effects of Termination. Upon termination of this Agreement pursuant

to Section 12.01, the licenses granted to each party pursuant to Section 5.01 shall survive such termination and each party shall continue to maintain joint ownership rights in the Interoperability Technology; provided that if this Agreement is terminated by a party pursuant to Section 12.01(g) prior to the time that the value of the intellectual property licensed under Section 5.01 shall have been determined, either through negotiated agreement or decision of an arbitrator, then the licenses granted to the other party under Section 5.01 shall terminate.

12.03. Mutual Covenant Prior to Termination. Other than a party which has

terminated this Agreement pursuant to Section 12.01(g), neither party shall take any legal action, including, but not limited to, arbitration, that seeks to enjoin the other party's use of any intellectual property rights which relate to or are useful in a digital satellite radio system or any enhancements, modifications, and derivative works thereof.

ARTICLE XIII

Dispute Resolution and Arbitration

13.01. Dispute Resolution. The parties shall attempt to settle any

dispute between them amicably and agree to exercise their commercially reasonable efforts to resolve such controversy or dispute prior to seeking an arbitrated resolution. To invoke the dispute resolution process, the invoking party shall give to the other party written notice of its decision to do so, including a description of the issues subject to the controversy or dispute and a proposed resolution thereof. Designated representatives of both parties with the closest responsibility for this Agreement shall attempt to resolve the controversy or dispute within five business days after receipt of such notice. If those designated representatives

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cannot resolve the controversy or dispute, the parties shall describe their controversy or dispute and their respective proposals for resolution to their respective Chief Executive Officers or other designated persons with comparable authority who shall meet in good faith to resolve the controversy or dispute.

Except as provided in Section 7.02, if any controversy or dispute is not resolved within ten business days after such meeting, the parties shall seek a resolution through arbitration as set forth in Section 13.02.

13.02. Arbitration. Any controversy or claim arising out of or relating

to this Agreement shall be settled by arbitration in Washington, DC, by one or more arbitrators, as mutually agreed by the parties, and such arbitrator(s) will be persons with sufficient expertise to evaluate the subject of the dispute. In the event that the dispute relates to intellectual property, such arbitrators shall have sufficient technical, engineering and legal knowledge to evaluate the applicability, validity and value of the intellectual property that is the subject of the dispute. The arbitration shall be conducted in accordance with the Expedited Arbitration Rules of JAMS/Endispute ("Expedited Rules"). In the

event that the parties do not agree on the arbitrators, or other procedures or standards concerning the arbitration, such choice of arbitrator(s) or other procedures shall be determined under the Expedited Rules. The award of the arbitrator shall be binding upon the parties. The arbitrator(s) shall be entitled to award reasonable attorneys' fees and expenses to the prevailing party.

ARTICLE XIV

Miscellaneous

14.01. Non-Solicitation. During the term of this Agreement, and for a

period of twelve months following termination of this Agreement, neither party shall, without the prior written consent of the other party, directly or indirectly solicit for employment, employ or otherwise engage the services of employees or individual consultants of the other party.

14.02. Catastrophic Loss Backup. XM and Sirius shall negotiate in good

faith with respect to an agreement to provide service to the other's subscribers in the event of a catastrophic failure of the XM Radio System or the Sirius Radio System.

14.03. Governing Law. This Agreement shall be governed by, and

interpreted in accordance with, the laws of the State of New York, without giving effect to any provisions which would require the application of the laws of another jurisdiction.

14.04. Assignment. Any assignment of this Agreement by either party

(except to an entity controlling, controlled by or in common control with such party) without the written consent of the other party shall be void. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the respective successors and assigns of the parties.

14.05. Entire Agreement. This Agreement and all exhibits hereto shall

constitute the entire agreement between the parties with regard to the subject matter of this Agreement and supersede all previous communications, whether oral or written, between the parties with respect to such subject matter. No modification of any provision of this Agreement

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shall be binding unless in writing and signed by duly authorized representatives of XM and Sirius.

14.06. Severability. Each party agrees that, in the event any court shall

determine that any provision of this Agreement is invalid, such determination shall not affect the validity of any other provisions of this Agreement, which shall remain in full force and effect and shall be construed so as to be valid under applicable law only to the extent that such construction maintains the economic balance of the parties under this Agreement.

14.07. Waiver. Each party agrees that no failure or delay by any party in

exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof.

14.08. Notices. Any notice required or permitted to be sent under this

Agreement shall be sent by certified mail, overnight mail with receipt requested or telefax with written confirmation to the following addresses:

For XM:

XM Satellite Radio Inc.
1250 23rd Street, N.W.
Washington, DC 20037
Attention: General Counsel
Telecopier: 202-969-7050

For Sirius:

Sirius Satellite Radio Inc.
1221 Avenue of the Americas
36th Floor
New York, New York 10020
Attention: General Counsel
Telecopier: 212-584-5353

14.09. Independent Parties. The parties hereto are independent parties, and

neither shall be liable for the performance or failure to perform of the other party.

14.10. Records and Audits. Either party may, up to twice within any

twelve month period at such party's expense and upon five (5) days written notice to the other party, hire an independent audit firm or other independent representative reasonably acceptable to the other party ("Auditor"), to inspect

or audit any or all of the other party's records solely relating to this Agreement, for the purposes of verifying the other party's compliance with its obligations hereunder. Such Auditor shall not disclose any information relating to the business of the other party other than that information required to determine the other party's compliance, and in such event, only to those employees, agents or representatives of the other party having a need-to-know for the purpose of the verification.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

Accepted by XM Satellite Radio Inc.

Accepted by Sirius Satellite Radio Inc.

By: /s/ Stephen R. Cook

By: /s/ Patrick L. Donnelly

Name: Stephen R. Cook
Title: SVP Sales and Marketing

Name: Patrick L. Donnelly
Title: Senior Vice President
and General Counsel

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EXHIBIT A

STIPULATION OF DISMISSAL

James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
805 Third Avenue
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Tel.: (212) 751-5700

Attorneys for Plaintiff
Sirius Radio Inc.

Robert C. Morgan (RM 0245)
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FISH & NEAVE
1251 Avenue of the Americas, 50th Fl.
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Defendant

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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SIRIUS RADIO INC.,      )
                        )
                        )
      Plaintiff,      )   Civ. No. 99-0230 (LMM)
                        )
v.                      )
                        )
XM SATELLITE RADIO, INC., )
                        )
      Defendant.    )
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STIPULATION OF DISMISSAL

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Pursuant to Rule 41, Fed. R. Civ. P., Plaintiff Sirius Radio Inc. and Defendant XM Satellite Radio, Inc., by their undersigned attorneys, stipulate that this action be dismissed, without prejudice, each party bearing its own costs and attorney fees.

Respectfully submitted,

Respectfully submitted,

By _____
James David Jacobs (JJ 7731)
Robert B. Davidson (RD 7158)
Jonathan S. Caplan (JC 1039)
BAKER & MCKENZIE
805 Third Avenue
New York, New York 10022
Tel.: (212) 751-5700

By _____
Robert C. Morgan (RM 0245)
Mark H. Bloomberg (MB 5614)
FISH & NEAVE
1251 Avenue of the Americas
New York, New York 10020
Tel.: (212) 596-9000

Attorneys for Plaintiff,
Sirius Radio Inc.

Attorneys for Defendant,
XM Satellite Radio Inc.

Dated: _____

Dated: _____

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EXHIBIT B

PRESS RELEASE

PRESS RELEASE

For Immediate Release

Sirius Radio and XM Radio Form Alliance to Develop
Unified Standard for Satellite Radios

New York, NY and Washington, DC -- February 16, 2000 -- Sirius Satellite Radio (Nasdaq: SIRI) and XM Satellite Radio (Nasdaq: XMSR) today announced an agreement to develop a unified standard for satellite radios.

The standard is expected to accelerate growth of the satellite radio category by enabling consumers to purchase one radio capable of receiving both companies' broadcasts. XM Radio and Sirius will jointly fund development of the technology and work together to proliferate the new standard by creating a service mark for satellite radio. As part of the agreement, each company will contribute its intellectual property to the initiative and have agreed to resolve any pending patent litigation.

"This standard is good news both for consumers and for the category," said David Margolese, Sirius Chairman and CEO, and High Panero, XM President and CEO, in a joint statement. "This will allow for reduced subscriber acquisition costs, more satellite radios in the marketplace, and a simplified choice for consumers."

The unified standard will represent a second generation of satellite radios.

At the time of the commercial launches of XM Radio and Sirius, consumers will be able to purchase radios capable of receiving one of the two companies' broadcasts. These radios are already being developed by leading electronics and automotive manufacturers. XM and Sirius will work with their existing automobile and radio manufacturing partners to integrate the new standard under the terms of their existing agreements. All future agreements with automakers and radio partners will specify the new satellite radio standard.

XM Radio and Sirius are each building a digital satellite radio service for consumers, offering up to 100 channels of audio entertainment for a monthly subscription fee of \$9.95. For more information about the companies, visit XM Satellite Radio at www.xmradio.com and Sirius Satellite Radio at

www.siriusradio.com.

continues...

Sirius Radio and XM Radio Form Alliance
Page Two

Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance with respect to Sirius Satellite Radio Inc. or XM Satellite Radio Inc. are not historical facts and may be forward-looking and, accordingly, such statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to the factors discussed, as the case may be, in XM Satellite Radio Inc.'s registration statement on Form S-1 (File No. 333-93529) filed with the Securities and Exchange Commission or Sirius Satellite Radio Inc.'s Annual Report on Form 10-K for the year ended December 31, 1998, filed under the company's former name, CD Radio Inc. Among the key factors that have a direct bearing on the companies' results of operations are the potential risk of delay in implementing the companies' business plans; increased costs of construction and launch of necessary satellites; dependence on satellite construction and launch contractors; dependence on third-party technology partners; risk of launch failure; unproven market and unproven applications of existing technology; unavailability of satellite radio receivers; and the companies' need for additional financing.

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For more information, please call:

Sirius Satellite Radio:
Mindy Kramer
212-584-5138

XM Satellite Radio:
Vicki Stearn
202-969-7070

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