

Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
(collectively, the "Apollo Investors") for \$135 million. In

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addition, the Apollo Investors have granted the Company an option to sell them 650,000 shares of a new class of 9.2% Series B Junior Cumulative Convertible Preferred Stock for \$65 million. The Company expects that the net proceeds from the sale of these securities will provide the Company sufficient funding to continue as a going concern through 1999. Accordingly, PricewaterhouseCoopers, LLP has revised its report on the Company's 1997 Financial Statements. A copy of their revised report is filed herewith as Exhibit 99.1.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

- (a) Not applicable.
 - (b) Not applicable.
 - (c) Exhibits.
- 99.1 Report of PricewaterhouseCoopers, LLP.

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SIGNATURES

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

CD RADIO INC.

By: /s/ Patrick L. Donnelly

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

Dated: December 10, 1998

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EXHIBIT INDEX

Pursuant to Item 601 of Regulation S-K

Exhibit No. -----	Description of Exhibit -----
99.1	Report of PricewaterhouseCoopers, LLP

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of CD Radio Inc.:

We have audited the accompanying consolidated balance sheets of CD Radio Inc. and Subsidiary (a Development Stage Enterprise) as of December 31, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997 and for the period May 17, 1990 (date of inception) to December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our previously issued report, dated March 3, 1998 and October 7, 1998, on our audits of the aforementioned consolidated financial statements, we included an explanatory paragraph describing certain uncertainties with respect to the availability of funds to sustain the Company's activities through 1999. Subsequent to that report, the Company has obtained additional funding as described in Item 5 of the Company's Form 8-K, filed on December 10, 1998. This funding alleviates those uncertainties that the Company may be able to continue as a going concern through 1999.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CD Radio Inc. and Subsidiary as of December 31, 1996 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 and for the period May 17, 1990 (date of inception) to December 31, 1997 in conformity with generally accepted accounting principles.

/s/ PricewaterhouseCoopers LLP

McLean, VA
March 3, 1998, except as to
the third paragraph for which
the date is December 10, 1998.