SIRIUS SATELLITE RADIO INC

FORM 10-K
(Annual Report)

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Address	1221 AVENUE OF THE AMERICAS 36TH FLOOR
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Industry	Broadcasting & Cable TV
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549 **FORM 10-K**

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR FISCAL YEAR ENDED DECEMBER 31, 2003
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 0-24710

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

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

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

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (212) 584-5100 SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

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

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

On March 5, 2004, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, using the closing price of the Registrant's common stock on such date, was $2,723,909,711.

The number of shares of the Registrant's common stock outstanding as of March 5, 2004 was 1,230,757,540.

DOCUMENTS INCORPORATED BY REFERENCE

Information included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004 is incorporated by reference in Items 10, 11, 12, 13 and 14 of Part III of this report.

SIRIUS SATELLITE RADIO INC.
2003 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

the unproven market for our service; and

the useful life of our satellites, which have experienced circuit failures on their solar arrays and other component failures and may not be covered by insurance.

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

ITEM 1. BUSINESS

We are a provider of satellite radio service, currently offering over 100 streams -- 61 streams of commercial-free music and over 40 streams of news, sports, talk, entertainment, traffic, weather and children's programming -- to subscribers throughout the continental United States.

Our 61 original streams of commercial-free music are produced at our national broadcast studio in New York City and cover virtually every genre of music. Our non-music streams include programming from CNN, ESPN, NPR, FOX News, The Weather Channel and traffic for America's top 20 markets from Westwood One, a leading provider of traffic reports. We are also the leading satellite radio provider of live sports programming, featuring up to 40 National Hockey League and National Basketball Association games each week, and have agreed to broadcast all National Football League games and become the Official Satellite Radio Partner of the NFL.

Our primary source of revenue is subscription fees, with most of our customers subscribing to SIRIUS on either a monthly or annual basis. We also derive revenue from activation fees, the sale of advertising on our non-music channels and the direct sale of SIRIUS radios. As of December 31, 2003, we had 261,061 subscribers.

To receive our service, subscribers use SIRIUS radios, which are sold by automakers, mobile audio dealers and other retailers. Currently, the majority of our subscribers purchase their SIRIUS radios at Best Buy, Circuit City and other national, regional and local retailers. SIRIUS radios are currently offered under brands such as Kenwood, JVC, Audiovox and Clarion at over 6,500 retail

locations. In addition, we recently announced agreements for SIRIUS radios to be sold in over 7,000 RadioShack stores nationwide and by EchoStar's DISH Network, which has over nine million satellite television subscribers across America.

We expect an increasing number of subscribers to be generated through our relationships with car companies. SIRIUS radios are currently offered as an option in over fifty car models. We have exclusive agreements with DaimlerChrysler, Ford and BMW to offer SIRIUS radios as factory or dealer-installed equipment in Chrysler, Dodge, Jeep, Mercedes, Ford, Lincoln, Mercury, Volvo, Mazda, Jaguar, Land Rover, BMW and MINI vehicles and Freightliner and Sterling heavy trucks. We also have relationships with Nissan, Infiniti, Volkswagen and Audi to offer SIRIUS radios as factory or dealer-installed equipment in their vehicles. In addition, we recently announced agreements with United Auto Group and Penske Automotive Group, which together operate 144 auto dealerships across the United States, to order and sell vehicles equipped with SIRIUS radios and subscriptions to our service. SIRIUS radios are also offered to renters of Hertz vehicles at 53 airport locations.

PROGRAMMING

We currently program 61 streams of 100% commercial-free music under our SIRIUS brand and over 40 streams of news, sports, talk, entertainment, traffic, weather and children's programming. We believe that the heart of our enterprise is programming, and are committed to creating a unique and compelling entertainment experience for our subscribers. During 2003, we focused on enhancing our programming staff, refining our music formats, creating new entertainment streams, and acquiring quality sports and entertainment content. Our programming is dynamic and fluid, with changes designed to both attract new subscribers and satisfy the desires of our existing subscribers.

Music Streams. We design and originate the programming on each of our 61 streams of 100% commercial-free music. Each stream is operated as an individual radio station, with a distinct format and branding. Our line-up currently consists of:

POP

Sirius Hits-1 // Top 40 Hits
Starlite // Lite Pop
Sirius Love // Love Songs
Movin' Easy // Easy Listening
Sirius Gold // The Best of the `50s `60s Vibrations // The Best of the `60s Totally `70s // The Best of the `70s Big `80s // The Best of the `80s
The Pulse // `90s and Now
The Bridge // Mellow Rock
Kids Stuff // Kids
Spirit // Christian Hits

ROCK
Classic Vinyl // Early Classic Rock
(`60s-mid `70s)

Classic Rewind // Later Classic Rock
(Late `70s and on)

The Vault // Deeper Classic Rock
JamON // Jam Bands
The Spectrum // Adult Album Alternative Buzzsaw // Classic Hard Rock
Octane// Pure Rock
Alt Nation // Alternative Rock
First Wave // Classic Alternative
Hair Nation // `80s Hair Bands
Sirius Disorder // Eclectic/Free Form Left of Center // New/College Rock
Hard Attack // Heavy Metal
Faction // Hard Rock, Hip-Hop, Punk mix Reggae Rhythms // Reggae
Sirius Blues // Blues

COUNTRY

New Country // Today's Country Hits Prime Country // `80s and `90s Country Hits Road House // Classic Country
The Border // Alternative Country
Bluegrass // Bluegrass
Folk Town // Folk

HIP HOP

Hip-Hop Nation // New, Raw
and Uncut Hip-Hop
Wax // Hip-Hop mixes, remixes, freestyles Back Spin // Old Skool Rap
Street Beat // New Hip-Hop Hits

R & B/URBAN

Hot Jamz // Hip Hop and R&B Hits
Heart & Soul // R&B Hits
Slow Jamz // Soul Ballads
Soul Revue // Classic Soul and Motown Praise // Gospel

DANCE/ELECTRONIC

Remix // Non-Stop Club Mix
Planet Dance // Mainstream Dance
Chill // Smooth Electronic
The Beat // Dance Hits
The Strobe // Disco

JAZZ/STANDARDS

Planet Jazz // Contemporary Jazz
Jazz Cafe // Smooth Jazz
Pure Jazz // Classic Jazz
Swing Street // Swing
Standard Time // Standards
Broadway's Best // Show Music

CLASSICAL

Symphony Hall // Symphonic and Chamber Classical Voices // Classical Voices Sirius Pops // Classical Pops

LATIN AND WORLD

Universo Latino // Latin Pop Mix
Mexicana // Mexicana
Tropical // Carribean Dance Music
Horizons // World Music

We have assembled an extensive music library consisting of a deep range of recorded music in each genre, which is updated with new recordings as they are released. Our music library also includes exclusive original recordings made by artists who visit our studios. Our music programmers and on-air personalities have been recruited from the broadcasting and entertainment industries to manage and host our music streams.

In connection with our music programming, we must negotiate and enter into royalty arrangements with two sets of rights holders: holders of copyrights in musical works, or songs, and holders of copyrights in sound recordings -- records, cassettes, compact discs or audio files.

Musical works rights holders, generally songwriters and music publishers, are represented by performing rights societies such as the American Society of Composers, Authors and Publishers, or ASCAP, Broadcast Music, Inc., or BMI, and SESAC, Inc. These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders. We have entered into license agreements with ASCAP and SESAC to pay royalties for our public performances of musical works. We have begun discussions with BMI regarding a similar license and hope to execute a reasonable agreement with BMI during 2004. If we are unable to reach an agreement with BMI, a royalty rate may ultimately be established through litigation.

Sound recording rights holders, typically large record companies, are primarily represented by Sound Exchange collective, formerly a division of the Recording Industry Association of America, or the RIAA, which negotiates licenses and collects and distributes royalties. In March 2003, we entered into an agreement with the RIAA which expires at the end of 2006 to pay royalties for our public performances of sound recordings.

News, Sports, Entertainment and Other Streams. In addition to our music streams, we offer over 40 streams of news, sports, talk, entertainment, traffic, weather and children's programming, most of which include limited commercial advertising. Our line-up currently consists of:

SPORTS
NFL
NBA
NHL
ESPN Radio
ESPNEWS

Sports Byline USA
Sirius Sports Action
Radio Deportivo

NEWS
CNBC

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

ENTERTAINMENT

Radio Disney
Our Time // Talk for Women
SIRIUS Trucking Network
WSM Entertainment
RadioClassics
Court TV, Plus
SIRIUS Entertainment
E! Entertainment Radio
A&E Satellite Radio
Discovery Channel Radio
La Red Hispana
Radio Catolica Mundial
EWTN Global Catholic Network
The Word Network
Wisdom Radio
SIRIUS Right
SIRIUS Left
SIRIUS Talk Central
Cracked Up Comedy // Comedy for the Family The Raw Dog // Comedy Uncensored
OutQ // Gay & Lesbian Talk
Preview Channel

We expect live play-by-play sports to be an important part of our programming strategy. During 2003, we entered into agreements with the National Football League, the National Basketball Association and the National Hockey League.

In December 2003, we announced a seven-year agreement with the National Football League to transmit NFL games live. During the NFL's 2004 season, we will carry the entire regular season, as well as select pre-season contests and playoff games. Beginning with the 2005 NFL season, we also will carry the conference championships and the Super Bowl. In most cases, we plan to carry both the home and visiting team game broadcasts. In addition, we will create 'The NFL Satellite Radio Network,' an around-the-clock exclusive stream of NFL content for our subscribers. We have also become the Official Satellite Radio Partner of the NFL, with exclusive rights to use the NFL 'shield' logo and

collective NFL team trademarks. NFL games and the NFL Satellite Radio Network will be offered as part of our standard programming package.

Since February 2003, we have transmitted live play-by-play broadcasts of up to 40 National Basketball Association games each week, including the NBA playoffs and finals, as part of our standard programming package.

Starting in October 2003, we began to transmit live play-by-play broadcasts of up to 40 National Hockey League games each week, and will also transmit the Stanley Cup playoffs and Finals, as part of our standard programming package. We are also an official corporate marketing partner of the NHL.

In February 2004, we entered into a three-year agreement with a subsidiary of Westwood One, a leading provider of traffic reports. Westwood One will provide us with continuous, local traffic reports from up to 20 markets throughout the United States selected by us. We plan to broadcast

all of these reports, together with local weather reports from The Weather Channel, on ten of our streams.

AUTOMAKERS

We have programs with various automakers to provide for factory and dealer-installed SIRIUS radios in their vehicles. During 2003, automakers launched 48 programs to include SIRIUS radios in their vehicles, including 16 factory-installation programs. In 2004, we expect automakers to expand the availability of SIRIUS radios in their vehicles to an aggregate of 75 programs, 48 of which are expected to include the factory-installation of SIRIUS radios.

We have an agreement with DaimlerChrysler Corporation, Mercedes-Benz USA, Inc. and Freightliner LLC, companies that we collectively refer to as DaimlerChrysler. This agreement covers all cars and light trucks manufactured by DaimlerChrysler as well as Freightliner and Sterling heavy trucks. As part of this agreement, we share with DaimlerChrysler a portion of the revenues we derive from subscribers using new DaimlerChrysler vehicles equipped to receive our service ('DaimlerChrysler Enabled Vehicles'). We reimburse DaimlerChrysler for certain advertising expenses and hardware costs of DaimlerChrysler Enabled Vehicles, and have issued to DaimlerChrysler Corporation a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $3.00 per share. This warrant is exercisable based upon the number of DaimlerChrysler Enabled Vehicles that DaimlerChrysler manufactures, and is fully exercisable after 3,200,000 DaimlerChrysler Enabled Vehicles are manufactured. Our agreement with DaimlerChrysler extends to May 12, 2007, unless terminated earlier.

DaimlerChrysler offers SIRIUS radios as both a dealer and factory-installed feature. SIRIUS radios are available at Chrysler, Dodge and Jeep dealerships across the continental United States on 16 different 2004 model-year vehicles. SIRIUS radios are offered as a dealer-installed option on nearly all C-Class, E-Class, S-Class, M-Class, CL-Class, SL-Class, and CLK-Class Mercedes-Benz vehicles, and will be available as factory-installed options on these same vehicles shortly. Nearly all 2004 model-year Mercedes-Benz vehicles contain a SIRIUS-ready head unit and are factory pre-wired for SIRIUS. SIRIUS radios are also available as a factory-installed option on the Chrysler 300M and Dodge Durango, and as standard equipment in the Dodge PT Dream Cruiser II.

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

Ford, Lincoln and Mercury offer SIRIUS radios as a dealer-installed option on the 2004 Ford Thunderbird, Mustang, Explorer, Sport Trac, Expedition, Lincoln Navigator, Lincoln LS, Lincoln Town Car, Lincoln Aviator and Mercury Mountaineer. Mazda has announced plans to make SIRIUS radios available as dealer-installed option during 2004 in its Tribute, MPV, Miata, RX-8, MAZDA3 and MAZDA6 vehicles.

As part of our agreement with BMW, we share with BMW a portion of the revenues we derive from subscribers using BMW and MINI vehicles equipped to receive our service ('BMW Enabled Vehicles'). In addition, we reimburse BMW for certain promotional expenses and hardware costs of BMW Enabled Vehicles. BMW offers SIRIUS radios as a dealer-installed accessory at BMW centers across the country. Most BMW 3 Series sedans, coupes and convertibles, 5 Series sedans, X5 sport activity vehicles and X3 sport activity vehicles are equipped with in-dash stereos that are compatible with SIRIUS radios. Most MINI cars are also factory

equipped with SIRIUS-ready radios. BMW currently offers SIRIUS radios as a factory option, with a bundled one-year subscription to our service, on all 2004 5 Series sedans.

SIRIUS radios are available as a dealer-installed option in the Nissan Maxima, Sentra, 350Z coupe, Murano, Quest, Armada and Altima, and in the Infiniti I35, G35 coupe and sedan, M45, Q45, FX35, FX45 and QX56. SIRIUS radios are available as a factory-installed option in the Nissan Pathfinder, Maxima, Murano and Quest, and in the Infiniti I35, G35 coupe and sedan, M45, Q45, FX35 and FX45. Infiniti also pre-wires all of its vehicles to enable Infiniti retailers to install satellite radios. Nissan pre-wires all of its vehicles, other than its Pathfinder vehicle, to enable Nissan retailers to install satellite radios.

All Audi A4 (A4, A4 Avant, A4 Cabriolet); A6 (A6, A6 Avant); S4 (S4, S4 Avant); and allroad quattro vehicles have been pre-wired for SIRIUS radios, enabling consumers to get a SIRIUS radio installed at Audi dealers nationwide. The all-aluminum Audi A8L and TT will also be pre-wired for SIRIUS radios in 2004. SIRIUS radios will also be offered as a factory and dealer-installed option in the 2005 Volkswagen Beetle and Jetta.

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

PENSKE

In January 2004, we entered into agreements with Penske Automotive Group, Inc., United Auto Group, Inc., Penske Truck Leasing Co. L.P. and Penske Corporation. United Auto Group and Penske Automotive Group own and operate approximately 144 auto dealerships in the United States. Penske Truck Leasing, a leading truck leasing and rental company in the United States, leases heavy trucks on a long-term basis to individual and fleet operators and rents trucks on a short-term basis to individuals. Penske Corporation and its affiliates are active participants in motorsports, with racing teams that participate in NASCAR, IRL and other events.

United Auto Group and Penske Automotive Group have agreed, where available, to order SIRIUS radios in vehicles they purchase from automakers, and to use their best efforts to include a bundled subscription to our service in the sale or lease of these vehicles. Penske Truck Leasing has agreed to order SIRIUS radios in certain trucks it purchases. Penske Truck Leasing has also agreed to install SIRIUS radios in a select number of trucks it leases to consumers. The Penske companies plan to launch a joint marketing effort with us.

We have agreed to pay the Penske companies a commission upon the sale or lease of a vehicle that includes a one-year or longer subscription to our service bundled with the price of the vehicle, share the costs of our joint marketing efforts, reimburse the Penske companies for certain costs of purchasing and, if applicable, installing SIRIUS radios, and issue the Penske companies warrants to purchase an aggregate of 38,000,000 shares of our common stock at an exercise price of $2.392 per share. Two million of these warrants vested upon issuance. The balance of these warrants vest over time and upon achievement of certain milestones by the Penske companies.

SPECIAL MARKETS

Trucks. Sterling and Freightliner offer SIRIUS radios as a factory-installed option. SIRIUS radios are also available nationwide at Travel Centers of America and other truck stops. SIRIUS radios are distributed through Pana-Pacific, a division of The Brix Group and the largest dealer of radios for heavy trucks.

Boats. Genmar Holdings Inc., the world's largest recreational boat builder, offers SIRIUS radios as a standard feature in all CD-head-unit equipped boats throughout its 16 boat brands, including Aquasport, Carver, Champion, Crestliner, Four Winns, Genmar by Zodiac, Glastron,

Hydra-Sports, Larson, Lowe, Lund, Ranger, Seaswirl, Stratos, Triumph and Wellcraft. In 2004, we expect that approximately 20,000 Genmar boats will be equipped with SIRIUS radios. Formula Powerboats will also include a SIRIUS radio and a one-year subscription to our service as a standard feature on all 2004 Formula powerboats.

Recreational Vehicles. Several leading manufacturers of recreational vehicles currently offer factory-installed SIRIUS radios. Winnebago, the leading U.S. manufacturer of motor homes, offers SIRIUS radios as a standard feature in the Winnebago Ultimate Freedom, and as a factory-installed option in the Fleetwood American Coach Line, Gulfstream Sun Voyager, and the Mandalay by Four Winds International. Newmar Corp. and Monaco Coach Corporation have also announced plans to offer SIRIUS radios on various recreational vehicle models they manufacture.

Aircraft. The Federal Aviation Administration has approved the manufacture by Avionics Innovations, Inc. of a satellite radio system for use in aircraft. The Avionics Innovations SIRIUS radio is expected to be available in 2004 for approved aircraft through Avionics Innovations' network of dealers.

HERTZ

We have an agreement with Hertz Corporation to make SIRIUS radios available as an option to its rental car customers. All of the SIRIUS radios currently installed in Hertz vehicles are owned by us, and installed and serviced at our expense. Our service is offered as a premium feature to Hertz customers for a daily fee.

As of December 31, 2003, approximately 24,000 vehicles with SIRIUS radios were available to renters of Hertz's 29 vehicle models, including Ford's Taurus, Windstar, Escape, Expedition, Explorer, Mountaineer, Crown Victoria, and Mercury Sable and Grand Marquis. Hertz offers SIRIUS radios at 53 major airport locations nationwide.

THE SIRIUS SYSTEM

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

The FCC has allocated the portion of the S-band located between 2320 MHz and 2345 MHz exclusively for national satellite radio broadcasts. We use 12.5 MHz of bandwidth in the 2320.0-2332.5 MHz frequency allocation to transmit our signals from our satellites to our subscribers. Uplink transmissions (from the ground to our satellites) use 12.5 MHz of bandwidth in the 7060-7072.5 MHz band.

Our satellite radio system consists of three principal components:

satellites and terrestrial repeaters;

our national broadcast studio; and

SIRIUS radios.

We continually monitor our existing infrastructure and regularly evaluate improvements in technology and other opportunities to enhance our broadcast system.

SATELLITES AND TERRESTRIAL REPEATERS

Satellites. Space Systems/Loral delivered our three operating satellites to us on July 31, 2000, September 29, 2000 and December 20, 2000, following the completion of in-orbit testing of each satellite. Our spare satellite was delivered to ground storage on April 19, 2002.

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

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

Space Systems/Loral, the manufacturer of our satellites, has identified circuit failures in solar arrays on satellites launched since 1997, including our satellites. The circuit failures our satellites have experienced to date do not limit the power of our broadcast signal or otherwise affect our current operations. However, if a substantial number of additional circuit failures occur the estimated useful life of our existing in-orbit satellites could be reduced.

We maintain in-orbit insurance policies covering our satellites from global space insurance underwriters. Our current policies cover in-orbit losses totaling $110 million per satellite in the event of a total or constructive total loss, an amount sufficient to launch our spare satellite as a replacement, but not sufficient to purchase a new spare satellite. We may, in the future, decline to purchase such insurance or purchase less insurance than we currently maintain.

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

If we are required to launch our spare satellite due to the in-orbit failure of one of our orbiting satellites, our operations would be impaired until such time as we successfully launch and commission our spare satellite, which could take six months or more. If two or more of our satellites fail in orbit in close proximity in time, our operations could be suspended for at least 24 months. In such event, our business would be materially impacted and we could default on our commitments and might have to permanently discontinue operations or seek a purchaser for our business or assets.

Terrestrial Repeaters. In some areas with high concentrations of tall buildings, such as urban centers, and in tunnels, signals from our satellites may be blocked and reception of our satellite signal can be adversely affected. In many of these areas, we have deployed terrestrial repeaters to supplement our satellite coverage. To date, we have deployed 133 terrestrial repeaters in 92 urban areas. We may deploy additional terrestrial repeaters in the future.

NATIONAL BROADCAST STUDIO

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

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

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

SIRIUS RADIOS

Numerous consumer electronics manufacturers manufacture and distribute various types of SIRIUS radios.

Plug & Play Radios. Plug & Play radios enable subscribers to transport a radio easily to and from their cars, trucks, homes or boats with available adapter kits. Plug & Play radios adapt to

existing audio systems and can be easily installed by either a retailer or the purchaser. Plug & Play radios from Audiovox, JVC and Kenwood are currently available at retailers nationally. In addition, the Brix STREAMER, a satellite radio system designed for commercial truckers, is available through participating truck manufacturers, truck dealers and truck stops.

For more portable use, a SIRIUS boom box, which enables our subscribers to use their SIRIUS radios virtually anywhere, is available for the Audiovox Plug & Play radio and is expected to be available shortly for the STREAMER Plug & Play radio.

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

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

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

Home and Commercial Units. A SIRIUS home unit from Kenwood that connects to most home stereo systems is available nationally. In addition, a three-zone commercial unit from Antex Electronics, a manufacturer and distributor of specialty electronics products, is available through custom electronics dealers. This unit allows users to listen to different streams in different rooms of the same home or business.

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

As part of this joint development agreement, we and XM Radio have licensed our intellectual property to one another.

Both companies expect to work with their automakers and radio manufacturers to integrate the new unified standard and have agreed that future agreements with automakers and radio manufacturers will specify the unified satellite radio standard. Furthermore, we and XM Radio have agreed that future agreements with retail and automotive distribution partners and content providers will be on a non-exclusive basis.

OTHER

Canada. We have entered into an agreement-in-principle with affiliates of the Canadian Broadcasting Corporation, Canada's national broadcaster, and Standard Broadcasting Corporation, one of the largest multi-media companies in Canada, to form a joint venture to offer a satellite radio service in Canada. The proposed subscription-based service will give Canadians access to a wide range of SIRIUS programming and Canadian content, such as CBC/Radio-Canada's Radio One and La Premiere Chaine. We expect to permit the joint venture to access our existing satellites to transmit its service. Our launch of this service in Canada is subject to receipt of a license from the Canadian Radio-television and Telecommunications Commission, for which the

joint venture has filed an application. The formation of this joint venture is subject to completion of definitive agreements.

Mexico. We are in discussion with various parties regarding a joint venture to offer a satellite radio service in Mexico.

We continue to explore various opportunities to acquire additional radio spectrum that would enable us to expand our service offerings in the future.

GOVERNMENT REGULATION

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

the licensing of our satellite system;

preventing interference with or to other users of radio frequencies; and

compliance with FCC rules established specifically for U.S. satellites and satellite radio services.

On April 2, 1997, we were one of two winning bidders for an FCC license to operate a satellite digital audio radio service and provide other ancillary services. Our FCC license expires on February 14, 2010. Prior to the expiration of the term, we will be required to apply for a renewal of our FCC license. We anticipate that, absent significant misconduct on our part, our FCC license will be renewed to permit operation of our satellites for their useful lives, and that a license would be granted for any replacement satellites.

In some areas with high concentrations of tall buildings, such as urban centers, signals from our satellites may be blocked and reception can be adversely affected. In many of these areas, we have installed terrestrial repeaters to supplement our signal coverage. The FCC has not yet established rules governing terrestrial repeaters. A rulemaking on the subject was initiated by the FCC on March 3, 1997 and is still pending. Many comments have been filed as part of this rulemaking, including comments from the National Association of Broadcasters, major cellular telephone system operators and other holders of spectrum adjoining ours. The comments cover many topics relating to the operation of our terrestrial repeaters, but principally seek to protect adjoining wireless services from interference. We cannot predict the outcome or timing of these FCC proceedings and the final rules adopted by the FCC may limit our ability to deploy additional terrestrial repeaters and/or require us to reduce the power of our existing terrestrial repeaters. In the interim, the FCC has granted us special temporary authority to operate up to 200 terrestrial repeaters and offer our service. This special temporary authority is being challenged by one of the holders of spectrum adjoining ours. This authority is effective until such time as the FCC acts to terminate it and requires us not to cause harmful interference to other wireless services.

Our FCC license is conditioned on us certifying that our system includes a receiver design that will permit end users to access XM Radio's system. On February 16, 2000, we signed an agreement with XM Radio to jointly develop a unified standard for satellite radios to facilitate the ability of consumers to purchase one radio capable of receiving both our and XM Radio's services. We believe that this agreement, and our efforts with XM Radio to develop this unified standard for satellite radios, satisfies the interoperability condition contained in our FCC license. We notified the FCC of this agreement on October 6, 2000. In that notice, we anticipated that integrated circuits capable of receiving both services would be available in mid-2004 and that manufacturers could begin producing interoperable radios thereafter; however, we do not anticipate that these integrated circuits will be available on this timetable. We also asked the FCC to concur that our efforts to develop this unified standard satisfied the conditions to our license. The FCC has not responded to this request.

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

The Communications Act prohibits the issuance of a license to a foreign government or a representative of a foreign government, and contains limitations on the ownership of common carrier, broadcast and some other radio licenses by non-U.S. citizens. We are regulated as a subscription-based, non-common carrier by the FCC and are not a broadcast service. As such, we are not bound by the foreign ownership provisions of the Communications Act. As a private carrier, we are free to set our own prices and serve customers according to our own business judgment, without economic regulation.

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

THE SIRIUS TRADEMARK

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

PERSONNEL

As of March 5, 2004, we had 375 employees. In addition, we rely upon a number of consultants and other advisors. None of our employees are represented by a labor union, and we believe that our relationship with our employees is good.

CORPORATE INFORMATION

Sirius Satellite Radio Inc. was incorporated in the State of Delaware as Satellite CD Radio, Inc. on May 17, 1990. On December 7, 1992, we changed our name to CD Radio Inc., and we formed a wholly owned subsidiary, Satellite CD Radio, Inc., that is the holder of our FCC license. On November 18, 1999, we changed our name to Sirius Satellite Radio Inc. Our executive offices are located at 1221 Avenue of the Americas, New York, New York 10020 and our telephone number is (212) 584-5100.

Our internet address is SIRIUS.com. Our annual, quarterly and current reports, and amendments to those reports, filed or furnished pursuant to Section 14(a) or 15(d) of the Securities Exchange Act of 1934 may be accessed free of charge through our website as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. SIRIUS.com is an inactive textual reference only, meaning that the information contained on the website is not part of this Annual Report on Form 10-K and is not incorporated in this report by reference.

RISK FACTORS

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

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

We compete with many entertainment providers for both listeners and advertising revenues, including XM Radio, the other satellite radio provider; traditional and digital AM/FM radio; internet based audio providers; direct broadcast satellite television audio services; and cable systems that carry audio services.

XM Radio offers its service for a monthly charge of $9.99, features 68 channels of commercial-free music, 32 channels of news, sports, talk and variety programming and up to 21 channels of traffic and weather information, and has acquired a significant number of subscribers. If consumers or other third parties perceive that XM Radio offers more attractive service, enhanced features or superior equipment alternatives, or has stronger marketing or distribution channels, it may gain a long-term competitive advantage over us. As of December 31, 2003, we had a total of 261,061 subscribers, while XM Radio had reported over 1.3 million subscribers.

We compete vigorously with XM Radio for subscribers and in all other aspects of our business, including retail and automotive distribution arrangements, programming acquisitions and technology. Competition with XM Radio may increase our operating expenses as we seek arrangements with third parties, such as programming providers, and may cause us to reach cash flow breakeven with more subscribers or later than we currently estimate.

Unlike satellite radio, traditional AM/FM radio has a well established and dominant market presence for its services and offers free broadcasts supported by commercial advertising rather than by a subscription fee. Many radio stations also offer consumers well known on-air personalities and information programming of a local nature, which we do not offer as broadly as local radio. To the extent that consumers place a high value on these features of traditional AM/FM radio, we are at a competitive disadvantage.

In October 2002, the FCC approved technology enabling digital broadcasting in the AM and FM bands. In October 2003, a company that develops and licenses digital radio broadcast technology announced that over 280 radio stations in over 100 markets had licensed its technology and begun digital broadcasting or were in the process of converting to digital broadcasting. To the extent that traditional AM/FM radio stations adopt digital transmission technology, and to the extent such technology allows signal quality that rivals our own, any competitive advantage that we enjoy over traditional radio because of our digital signal would be lessened. In addition, other technologies in the mobile audio environment, such as MP3 devices, could emerge to compete with our service.

OUR BUSINESS MIGHT NEVER BECOME PROFITABLE.

We were a development stage company until early 2002. As of December 31, 2003, we had an accumulated deficit of approximately $1.2 billion. We expect our cumulative net losses and cumulative negative cash flow to grow as we make payments under our various contracts, incur marketing and subscriber acquisition costs and make interest payments on our debt. We began generating revenues on February 14, 2002, although, to date, these revenues have not been significant. Our ability to generate significant revenues and ultimately to become profitable will depend upon several factors, including whether we can attract and retain a sufficient number of subscribers and advertisers to our satellite radio service and whether we compete successfully. If we are unable ultimately to generate sufficient revenues to become profitable and have positive

cash flow, we could default on our commitments and may have to discontinue operations or seek a purchaser for our business or assets.

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

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

Third-party content is an important part of the marketing of our service and may be expensive. We compete with many parties, including XM Radio, for content arrangements. We may not be able to obtain the third-party content we need at all or within the costs contemplated by our business plan. We also must negotiate and enter into music programming royalty arrangements with BMI, and in the future will have to re-negotiate our existing arrangements with ASCAP, SESAC and the RIAA. Our ability to obtain third-party content at a reasonable cost and negotiate royalty arrangements will impact our financial performance and operating results.

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

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

We are experiencing, and expect to experience in the future, some subscriber turnover, or churn. We cannot predict the amount of churn we will experience or how successful we will be at retaining subscribers. High subscriber turnover, or our inability to attract customers to our service, would adversely affect our financial performance and operating results.

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

Based upon our current plans, we believe we have sufficient cash to achieve cash flow breakeven, the point at which our revenues are sufficient to fund expected operating expenses, capital expenditures, interest and principal payments and taxes. However, our actual cash requirements could vary materially from our current estimates. As a result, we may have to raise more funds to remain in business and continue to develop and market our satellite radio service. We may not be able to raise additional funds. If we fail to obtain necessary financing on a timely basis, then our business would be materially impacted and we could default on our commitments and may have to discontinue operations or seek a purchaser for our business or assets.

Our financial projections are based on assumptions that we believe are reasonable but contain significant uncertainties, including estimates relating to prepaid subscriptions, hardware costs, subscriber acquisition costs, subscription pricing, the length of time a person will remain a subscriber and the rate at which we expect to acquire subscribers. A change in any number of factors could adversely affect our business and our ability to achieve cash flow breakeven when we estimate. At December 31, 2003, we had 261,061 subscribers. We currently expect that we will need approximately two million subscribers before we achieve cash flow breakeven, which we estimate will occur by the end of 2005.

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

Our business depends in large part on the efforts of third parties, especially the efforts of:

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

consumer electronics manufacturers that develop, manufacture, distribute and market SIRIUS radios;

retailers that market and sell SIRIUS radios and promote subscriptions to our service; and

other third party vendors that have designed, built or operate important elements of our system, such as the integrated circuits for SIRIUS radios, our call center, our subscriber management system, our back-up tracking, telemetry and control facilities and our satellite uplink facility.

If one or more of these third parties does not perform in a sufficient or timely manner, our business will be adversely affected and we could be placed at a long-term disadvantage.

FAILURE OF OUR SATELLITES COULD DAMAGE OUR BUSINESS.

Each of our satellites is designed to have a useful life of approximately 15 years from the time of its launch, and after this period its performance in delivering our satellite radio service will deteriorate. Our three satellites were launched in 2000. However, the useful life of any particular satellite may vary from this estimate. Our operating results would be adversely affected if the useful life of our satellites is significantly shorter than we expect, whether as a result of a satellite failure or technical obsolescence.

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

degradation and durability of solar panels;

quality of construction;

amount of fuel our satellites consume;

durability of component parts;

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

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

Space Systems/Loral, the manufacturer of our satellites, has identified circuit failures in solar arrays on satellites launched since 1997, including our satellites. The circuit failures our satellites have experienced to date do not limit the power of our broadcast signal or otherwise affect our current operations. However, if a substantial number of additional circuit failures occur the useful life of our existing in-orbit satellites could be reduced.

In the ordinary course of operation, satellites experience failures of component parts and operational and performance anomalies. Components on our in-orbit satellites have failed, and from time to time we have experienced anomalies in the operation and performance of our satellites. These failures and anomalies are expected to continue in the ordinary course, and it is impossible to predict if any of these future events will have a material adverse effect on our operations or the useful life of our existing in-orbit satellites.

If one of our three satellites fails in orbit, our service would be impaired until such time as we successfully launch and commission our spare satellite, which would take six months or more. If two or more of our satellites fail in orbit in close proximity in time, our service could be suspended for at least 24 months. In such event, our business would be materially impacted and we could default on our commitments and might have to permanently discontinue operations or seek a purchaser for our business or assets.

THE LOSS OF ONE OR MORE OF OUR SATELLITES MAY NOT BE COVERED BY INSURANCE.

We currently maintain in-orbit insurance policies from global space insurance underwriters covering in-orbit losses totaling $110 million per satellite in the event of a total or constructive total loss, an amount sufficient to launch our replacement satellite, but not sufficient to purchase a new spare satellite.

We may decline to renew this insurance, or we may elect to purchase less insurance than we currently maintain. In the event we decline to purchase in-orbit satellite insurance, a failure of any of our in-orbit satellites would not be covered by insurance. Further, if we insure our in-orbit satellites for an amount less than the cost of replacing the satellites and launching the replacements, a failure of any of our satellites may only be covered in part by insurance.

WE MAY FROM TIME TO TIME MODIFY OUR BUSINESS PLAN, AND THESE CHANGES COULD ADVERSELY AFFECT OUR FINANCIAL CONDITION.

Our business is in its relative infancy, and we regularly evaluate our plans and strategy. These evaluations often result in changes to our plans and strategy, some of which may be material and significantly change our cash requirements or cause us to achieve cash flow breakeven at a later time. These changes in our plans or strategy may include: the acquisition of unique or compelling programming; the introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and acquisitions that could include programming, distribution, infrastructure, or any combination of the foregoing.

Changes in our plans or strategy could also result in our issuing significant equity based compensation, including in the form of our common stock and warrants to purchase our common stock.

FAILURE TO COMPLY WITH FCC REQUIREMENTS COULD DAMAGE OUR BUSINESS.

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

Non-compliance by us with these conditions could result in fines, additional license conditions, license revocation or other detrimental FCC actions. We may also be subject to interference from adjacent radio frequency users if the FCC does not adequately protect us against such interference in its rulemaking process.

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

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

An earthquake, tornado, flood, terrorist attack or other catastrophic event could damage our national broadcast studio, terrestrial repeater network or satellite uplink facility, interrupt our service and harm our business. We do not have replacement or redundant facilities that can be used to assume the functions of our terrestrial repeater network, national broadcast studio or satellite uplink facility in the event of a catastrophic event. Any damage to the satellite that transmits to our terrestrial repeater network would likely result in degradation of our service for some subscribers and could result in complete loss of service in certain areas. Damage to our national broadcast studio would restrict our programming production and require us to obtain programming from third parties to continue our service. Damage to our satellite uplink facility could result in a complete loss of service until we could identify a suitable replacement facility and transfer our operations to that site.

CONSUMERS COULD PIRATE OUR SERVICE.

Like all radio transmissions, our signal is subject to interception. Individuals who engage in piracy may be able to obtain or rebroadcast our satellite radio service without paying the subscription fee. Although we use encryption technology to mitigate the risk of signal theft, such technology may not be adequate to prevent theft of our signal. If signal theft becomes widespread, it could harm our business.

RAPID TECHNOLOGICAL AND INDUSTRY CHANGES COULD MAKE OUR SERVICE OBSOLETE.

The satellite industry and the audio entertainment industry are both characterized by rapid technological change, frequent new product innovations, changes in customer requirements and expectations, and evolving industry standards. If we are unable to keep pace with these changes, our business may be unsuccessful. Products using new technologies, or emerging industry standards, could make our technologies obsolete. In addition, we may face unforeseen problems in operating our system that could harm our business.

Further, XM Radio may acquire more radio spectrum or technologies not available to us, which may enable it to offer more services, produce entertainment products of greater interest to consumers, or operate at a more competitive cost.

EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information regarding our executive officers is provided below:

NAME	AGE	POSITION
Joseph P. Clayton	54	President and Chief Executive Officer
Patrick L. Donnelly	42	Executive Vice President, General Counsel and Secretary
David J. Frear	47	Executive Vice President and Chief Financial Officer
Guy D. Johnson	42	Executive Vice President, Sales
Joseph A. LaPlante	61	Executive Vice President, Programming
Michael S. Ledford	53	Executive Vice President, Engineering
Mary Patricia Ryan	46	Executive Vice President, Marketing

Mr. Johnson will resign as our Executive Vice President, Sales, on April 1, 2004. We expect him to remain involved in our sales strategy after that date as our Chief Marketing Officer. Mr. Ledford will resign as our Executive Vice President, Engineering, on April 1, 2004. We anticipate that he will serve in a strategic capacity after that date as our Chief Technical Officer. Accordingly, Messrs. Johnson and Ledford will each cease to be executive officers of our company on April 1, 2004.

JOSEPH P. CLAYTON has served as our President and Chief Executive Officer and a director since November 2001. Mr. Clayton served as President of Global Crossing North America, a global internet and long distance services provider, from September 1999 until November 2001. Mr. Clayton also served as a member of the board of directors of Global Crossing Ltd. from September 1999 until May 2002. On January 28, 2002, Global Crossing Ltd. and certain of its affiliates filed petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. From August 1997 to September 1999, Mr. Clayton was President and Chief Executive Officer of Frontier Corporation, a Rochester, New York-based national provider of local telephone, long distance, data, conferencing and wireless communications services, which was acquired by Global Crossing in September 1999. Prior to joining Frontier, Mr. Clayton was Executive Vice President, Marketing and Sales -- Americas and Asia, of Thomson S.A., a leading consumer electronics company. Mr. Clayton is a member of the board of directors of Transcend Services Inc., a trustee of Bellarmine University and The Rochester Institute of Technology and a member of the advisory board of Indiana University School of Business.

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

DAVID J. FREAR has served as our Executive Vice President and Chief Financial Officer since June 2003. From July 1999 through February 2003, Mr. Frear was Executive Vice President and Chief Financial Officer of Savvis Communications Corporation, a global managed service provider, delivering internet protocol applications for business customers. From October 1999 through February 2003, Mr. Frear also served as a director of Savvis. Mr. Frear was an independent consultant in the telecommunications industry from August 1998 until June 1999. From October 1993 to July 1998, Mr. Frear was Senior Vice President and Chief Financial Officer of Orion Network Systems Inc., an international satellite communications company that was acquired by Loral Space & Communications Ltd. in March 1998. From 1990 to 1993, Mr. Frear was Chief Financial Officer of Millicom Incorporated, a cellular paging and cable television company. Prior to joining Millicom, he was an investment banker at Bear, Stearns & Co., Inc. and Credit Suisse.

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

JOSEPH A. LAPLANTE has served as our Executive Vice President, Programming, since June 2003. From April 2002 until June 2003, he served as our Vice President, Entertainment Programming. From April 2001 to April 2002, Mr. LaPlante was Programming Director of WRKO, an AM talk-radio station located in Boston, Massachusetts owned by Entercom Communications, a broadcast media company. From February 2000 to March 2001, he served as Vice President, Terrestrial Radio, for Comedy World, a television, radio and internet programming service. From July 1998 to February 2000, Mr. LaPlante served as Vice President, Programming, for Winstar Radio Networks, a division of Winstar Communications, a telephone service provider, and as Vice President and General Manager, of SportsFan Radio Network, a provider of syndicated sports programming. Mr. LaPlante is known professionally as Jay Clark.

MICHAEL S. LEDFORD has served as our Executive Vice President, Engineering, since December 2002 and served as our Senior Vice President, Engineering, from September 2001 until December 2002. From July 2000 to September 2001, Mr. Ledford was Vice President of Automotive Strategy at Wingcast, a joint venture between Ford Motor Company and Qualcomm developing advanced wireless vehicle applications, or telematics. Prior to Wingcast, he was the Executive Director of Telematics at Ford, and prior to that was Corporate Executive Director for Process Engineering responsible for overseeing Ford's worldwide introduction of new technologies.

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

EMPLOYMENT AGREEMENTS

We have entered into employment agreements with Joseph P. Clayton, Patrick L. Donnelly, David J. Frear, Guy D. Johnson, Joseph A. LaPlante, Michael S. Ledford and Mary Patricia Ryan.

EMPLOYMENT AGREEMENT WITH JOSEPH P. CLAYTON

On November 26, 2001, we entered into an employment agreement with Joseph P. Clayton to serve as our President and Chief Executive Officer for three years. This agreement provides for an annual base salary of $600,000, subject to increase from time to time by our board of directors. We have also agreed to reimburse Mr. Clayton for the reasonable costs of an apartment in New York City and for the reasonable costs of commercial travel to and from his home in Rochester, New York, to our headquarters in New York City. In connection with this agreement, we agreed to grant Mr. Clayton options to purchase 3,000,000 shares of our common stock at an exercise price of $5.25 per share. 2,250,000 of these options have been issued and are fully exercisable. The remaining options will be issued and become exercisable on November 26, 2004.

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

If, following the occurrence of a 'change of control,' Mr. Clayton is terminated without cause or he terminates his employment for good reason, we are obligated to pay Mr. Clayton an amount equal to 5.25 times his base salary and continue his medical and life insurance benefits until the third anniversary of his termination date. If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Clayton to pay an excise tax under the United States Internal Revenue Code on any amounts received by him, we have agreed to pay Mr. Clayton the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed. Under the terms of the employment agreement, Mr. Clayton may not disclose any of our proprietary information or, during his employment with us and for three years thereafter, engage in any business involving the transmission of radio entertainment programming in North America.

EMPLOYMENT AGREEMENT WITH PATRICK L. DONNELLY

In March 2004, we reached agreement with Patrick L. Donnelly to continue to serve as our Executive Vice President, General Counsel and Secretary. Pursuant to this agreement, we pay Mr. Donnelly an annual base salary of $358,000 per year.

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

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

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

EMPLOYMENT AGREEMENT WITH DAVID J. FREAR

In June 2003, we entered in an employment agreement with David J. Frear to serve as our Executive Vice President and Chief Financial Officer for three years. Under this agreement, we pay Mr. Frear a annual base salary of $331,500. We have also agreed to pay expenses associated with Mr. Frear's relocation to the New York metropolitan area, and have reimbursed him for approximately $206,000 of such expenses.

In connection with this agreement, we granted Mr. Frear options to purchase 1,400,000 shares of our common stock at an exercise price of $1.85 per share, and 600,000 restricted stock units. 400,000 of these options are expected to vest on March 14, 2004, as a result of satisfaction of performance milestones established by the board of directors for the year ended December 31, 2003. 600,000 of these options will vest on July 1, 2008; however, this vesting will accelerate if we achieve performance milestones to be established by the board of directors for the year ending December 31, 2004. The balance of Mr. Frear's options, 400,000, will vest in equal installments on July 1, 2004, July 1, 2005 and July 1, 2006. Mr. Frear's 600,000 restricted stock units will also vest on July 1, 2008; however, this vesting will accelerate if performance milestones to be established by the board of directors for the year ending December 31, 2005 are met. Each restricted stock unit entitles Mr. Frear to one share of our common stock on the vesting date.

Under the terms of this agreement, if Mr. Frear's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), we are obligated to pay Mr. Frear an amount equal to his annual salary and the annual bonus last paid to him; provided that until bonuses, if any, are paid with respect to the year ending December 31, 2004 such bonus amount will be not less than $97,500.

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

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

EMPLOYMENT AGREEMENT WITH GUY D. JOHNSON

In October 2003, we entered into a new employment agreement with Guy D. Johnson to serve as our Executive Vice President, Sales, until April 1, 2004. On April 1, 2004, Mr. Johnson will resign as our Executive Vice President, Sales, and will continue to be employed by us as our Chief Marketing Officer. This agreement provides for an annual base salary of $400,000 until April 1, 2004, and an annual base salary of $266,000 during the period from April 1, 2004 until January 5, 2005. In connection with this agreement, we granted Mr. Johnson options to purchase 2,000,000 shares of our common stock at an exercise price of $1.04 per share. Options with respect to 1,500,000 of these shares are expected to vest on March 14, 2004, as a result of satisfaction of

performance milestones established by the board of directors for the year ended December 31, 2003. The remaining options become exercisable on March 14, 2005 if we achieve performance milestones to be established by the board of directors for the year ending December 31, 2004.

Under the terms of this agreement, if Mr. Johnson's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), he is entitled to receive a lump sum amount equal to (1) his base salary in effect in October 2003 from the termination date through January 5, 2005 and (2) any annual bonuses, at a level equal to 75% of his base salary in effect in October 2003, that would have been customarily paid during the period from the termination date through January 5, 2005; provided that in no event shall this amount be less than 1.00 times his base salary. In the event Mr. Johnson's employment is terminated without cause or he terminates his employment for good reason, we are also obligated to continue his medical and life insurance benefits until January 5, 2005.

If, following the occurrence of a 'change of control', Mr. Johnson is terminated without cause or he terminates his employment for good reason, we are obligated to pay Mr. Johnson an amount equal to 1.75 times his base salary in effect in October 2003 and continue his medical and life insurance benefits until the third anniversary of his termination date. If, in the opinion of a nationally recognized accounting firm, a 'change of control' would require Mr. Johnson to pay an excise tax under the United States Internal Revenue Code on any amounts received by him, we have agreed to pay Mr. Johnson the amount of such taxes and such additional amount as may be necessary to place him in the exact same financial position that he would have been in if the excise tax was not imposed.

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

EMPLOYMENT AGREEMENT WITH JOSEPH A. LAPLANTE

In August 2003, we entered in an employment agreement with Joseph A. LaPlante to serve as our Executive Vice President, Programming, for three years. Under this agreement, we pay Mr. LaPlante an annual base salary of $286,000.

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

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

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

EMPLOYMENT AGREEMENT WITH MICHAEL S. LEDFORD

In December 2003, we entered into a new employment agreement with Michael S. Ledford to serve as our Executive Vice President, Engineering, until April 1, 2004. On April 1, 2004, Mr. Ledford will resign as our Executive Vice President, Engineering, and will continue to be employed by us as our Chief Technical Officer. This agreement provides for an annual base salary of $340,000 until January 1, 2004, and an annual base salary of $255,000 during the period from January 1, 2004 until April 1, 2005.

In connection with this agreement, we granted Mr. Ledford options to purchase 2,100,000 shares of our common stock at an exercise price of $1.04 per share, and 900,000 restricted stock units. 600,000 of these options are expected to vest on March 14, 2004, as a result of satisfaction of performance milestones established by the board of directors for the year ended December 31, 2003. 900,000 of these options will vest on July 1, 2008; however, this vesting will accelerate if we achieve performance milestones to be established by the board of directors for the year ending December 31, 2004. The balance of Mr. Ledford's options, 600,000, will vest in equal installments on July 1, 2004, July 1, 2005 and July 1, 2006 if Mr. Ledford continues to be employed by us on those dates. Mr. Ledford's 900,000 restricted stock units will also vest on July 1, 2008; however, this vesting will accelerate if performance milestones to be established by the board of directors for the year ending December 31, 2005 are met. Each restricted stock unit entitles Mr. Ledford to one share of our common stock on the vesting date.

Under the terms of this agreement, if Mr. Ledford's employment is terminated without cause or he terminates his employment for good reason (as defined in the employment agreement), we are obligated to pay Mr. Ledford an amount equal to the sum of his annual salary then in effect and the annual cash bonus, if any, paid to him with respect to the immediately preceding calendar year.

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

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

EMPLOYMENT AGREEMENT WITH MARY PATRICIA RYAN

In May 2002, we entered into an employment agreement with Mary Patricia Ryan to serve as our Executive Vice President, Marketing, for three years. Under this agreement. we pay Ms. Ryan an annual base salary of $332,800. In connection with this agreement, we granted Ms. Ryan options to purchase 240,000 shares of our common stock at an exercise price of $3.67 per share. Options with respect to 120,000 of these shares are exercisable and the remaining options become exercisable in equal installments on June 10, 2004 and June 10, 2005.

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

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

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

ITEM 2. PROPERTIES

In March 1998, we signed a lease for the 36th and 37th floors and portions of the roof at 1221 Avenue of the Americas, New York, New York, to house our headquarters and national

broadcast studio. We use portions of the roof for satellite transmission equipment and an emergency generator. The term of the lease is 15 years and 10 months, with an option to renew for an additional five years at fair market value. The annual base rent relating to this lease is approximately $4.9 million, with specified increases and escalations based on operating expenses. In March 2004, we also subleased the 19th floor at 1221 Avenue of the Americas to house additional personnel.

We also lease office space in Lawrenceville, New Jersey; Milford, Michigan; and Farmington Hills, Michigan. The aggregate annual rent for these properties was approximately $413,000 for the year ended December 31, 2003. None of these latter leases are material to our business or operations.

ITEM 3. LEGAL PROCEEDINGS

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

On June 13, 2002, we filed a motion with the United States District Court for the Southern District of New York requesting the Court to dismiss the complaint in this class action lawsuit with prejudice pursuant to Federal Rules of Civil Procedure and the provisions of the Private Securities Litigation Reform Act. On January 6, 2004, the Court denied our motion to dismiss this action.

In the ordinary course of business, we are a defendant in various lawsuits and arbitration proceedings, including actions filed by former employees, parties to contracts or leases and owners of patents, trademarks or other intellectual property. None of these actions are, in our opinion, likely to have a material adverse effect on our business or financial results.

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

At our annual meeting of stockholders held on November 25, 2003, the persons set forth below were elected as directors. The relevant voting information for each person is set forth opposite such person's name:

	VOTES CAST	
	FOR	AGAINST
Leon D. Black	933,543,334	7,621,501
Joseph P. Clayton	920,154,683	21,010,152
Lawrence F. Gilberti	933,818,969	7,345,866
James P. Holden	933,942,367	7,222,468
Michael J. McGuiness	935,428,894	5,735,941
James F. Mooney	935,540,200	5,624,635
Warren N. Lieberfarb	935,439,284	5,725,551

Prior to our annual meeting of stockholders, we voluntarily withdrew our proposal to amend the Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan to include directors as eligible participants. We expect to submit this item, or a substantially similar item, for stockholder approval at our 2004 annual meeting of stockholders.

PART II

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

Our common stock is traded on the Nasdaq National Market under the symbol 'SIRI.' The following table sets forth the high and low closing bid price for our common stock, as reported by Nasdaq, for the periods indicated below:

	HIGH	LOW
YEAR ENDED DECEMBER 31, 2002		
First Quarter	$10.88	$4.14
Second Quarter	5.78	3.28
Third Quarter	3.77	0.76
Fourth Quarter	1.32	0.52
YEAR ENDED DECEMBER 31, 2003		
First Quarter	$ 1.36	$0.41
Second Quarter	2.35	0.63
Third Quarter	2.02	1.53
Fourth Quarter	3.16	1.85

On March 5, 2004, the closing bid price of our common stock on the Nasdaq National Market was $3.05 per share. On February 25, 2004, there were approximately 400,000 beneficial holders of our common stock. We have never paid cash dividends on our capital stock. We currently intend to retain earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Our selected consolidated financial data set forth below with respect to the consolidated statements of operations for the years ended December 31, 2001, 2002 and 2003, and with respect to the consolidated balance sheets at December 31, 2002 and 2003 are derived from our consolidated financial statements, audited by Arthur Andersen LLP and Ernst & Young LLP, independent auditors, included in Item 8 of this report. Our selected consolidated financial data with respect to the consolidated balance sheets at December 31, 1999, 2000 and 2001, and with respect to the consolidated statement of operations for the years ended December 31, 1999 and 2000, are derived from our consolidated financial statements audited by Arthur Andersen LLP, which are not included in this report. This selected consolidated financial data should be read in conjunction with the Consolidated Financial Statements and related notes thereto included in Item 8 of this report and 'Management's Discussion and Analysis of Financial Condition and Results of Operations.'

STATEMENTS OF OPERATIONS DATA

	FOR THE YEARS ENDED DECEMBER 31,				
	1999	2000	2001	2002	2003
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
Total revenue	$ --	$ --	$ --	$ 805	$ 12,872
Net loss	(62,822)	(134,744)	(235,763)	(422,481)	(226,215)
Net loss applicable to common stockholders	(96,981)	(183,715)	(277,919)	(468,466)	(314,423)
Net loss per share applicable to common stockholders (basic and diluted)	$ (3.96)	$ (4.72)	$ (5.30)	$ (6.13)	$ (0.38)
Weighted average common shares outstanding (basic and diluted)	24,470	38,889	52,427	76,394	827,186

BALANCE SHEET DATA

	AS OF DECEMBER 31,				
	1999	2000	2001	2002	2003
	(IN THOUSANDS)				
Cash and cash equivalents.....	$ 81,809	$ 14,397	$ 4,726	$ 18,375	$ 520,979
Restricted investments, at amortized cost.....	67,454	48,801	21,998	7,200	8,747
Marketable securities, at market.....	317,810	121,862	304,218	155,327	28,904
Working capital(1).....	303,865	143,981	275,732	151,289	497,661
Total assets.....	1,206,612	1,323,582	1,527,605	1,340,940	1,617,317
Long-term debt, net of current portion.....	538,690	522,602	639,990	670,357	194,803
Accrued interest, net of current portion.....	5,140	10,881	17,201	46,914	--
Preferred stock.....	362,417	443,012	485,168	531,153	--
Accumulated deficit.....	(134,491)	(269,235)	(504,998)	(927,479)	(1,153,694)
Stockholders' equity(2).....	$ 134,179	$ 290,483	$ 322,649	$ 36,846	$ 1,325,194

(1) The calculation of working capital includes current portions of long-term debt and accrued interest. Certain portions of long-term debt and accrued interest, which would have been classified as current absent our restructuring in March 2003, are classified as long-term as of December 31, 2002, as they were exchanged for shares of our common stock in March 2003.
(2) No cash dividends were declared or paid in any of the periods presented.

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

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

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

EXECUTIVE SUMMARY

We are one of two satellite radio service providers in the United States. We broadcast over 100 streams of digital-quality entertainment: 61 streams of 100% commercial-free music and over 40 streams of sports, news, entertainment, traffic, weather and children's programming for an effective monthly subscription fee of $11.15 for a three year plan and up to $12.95 for a monthly plan. We offer discounts for pre-paid and long-term subscriptions as well as discounts for multiple subscriptions. Approximately 65% of our subscribers have purchased an annual plan with an effective monthly subscription fee of $11.87.

Since inception, we have used substantial resources to develop our satellite radio system. Our satellite radio system consists of our FCC license, satellite system, national broadcast studio, terrestrial repeater network and satellite telemetry, tracking and control facilities. Our satellites were successfully launched on June 30, 2000, September 5, 2000 and November 30, 2000. On February 14, 2002, we launched our service in select markets and on July 1, 2002, we launched our service nationwide.

Our primary source of revenue is subscription fees, with most of our customers subscribing to SIRIUS on either a monthly or annual basis. We also derive revenue from activation fees, the sale of advertising on our non-music streams and the direct sale of SIRIUS radios.

Our costs of services include satellite and transmission, programming and content, customer service and billing, and costs associated with the sale of equipment. Satellite and transmission expenses consist primarily of in-orbit satellite insurance and costs associated with the operation and maintenance of our satellite tracking, telemetry and control system, terrestrial repeater network

and national broadcast studio. Programming and content expenses include costs to acquire programming from third parties, on-air talent costs and broadcast royalties. Customer service and billing costs include costs associated with the operation of our customer service center and subscriber management system.

As of December 31, 2003, we had 261,061 subscribers as compared to 29,947 as of December 31, 2002. Subscriptions, including those currently in promotional periods and those which have been prepaid, and active SIRIUS radios under our agreement with Hertz, are included in our subscriber totals.

The following chart contains a breakdown of our subscribers as of the dates set forth below:

	DECEMBER 31, 2003	SEPTEMBER 30, 2003	JUNE 30, 2003	MARCH 31, 2003	DECEMBER 31, 2002
Retail	197,650	110,821	77,713	51,969	26,203
OEM and Special Markets	39,400	15,358	7,630	4,252	1,800
Hertz	24,011	23,433	19,843	11,838	1,944
Total subscribers	261,061	149,612	105,186	68,059	29,947

SIRIUS radios are primarily distributed through automakers and retailers. We have agreements with Ford Motor Company, DaimlerChrysler Corporation, BMW of North America, LLC, Nissan North America, Inc. and Volkswagen of America, Inc. that contemplate the manufacture and sale of vehicles that include SIRIUS radios. In the autosound aftermarket, SIRIUS radios are available for sale at national and regional retailers, including Best Buy, Circuit City, Ultimate Electronics, Tweeter Home Entertainment Group, Crutchfield and Good Guys. On December 31, 2003, SIRIUS radios were available at approximately 6,500 retail locations. SIRIUS radios are also offered to renters of Hertz vehicles at 53 airport locations. We believe our ability to attract and retain subscribers depends in large part on creating and sustaining distribution channels for SIRIUS radios, both in the retail aftermarket and with automakers, and on the quality and entertainment value of our programming.

During 2003 and to date, we have improved our financial position and our brand awareness, acquired programming and expanded the distribution of SIRIUS radios. Specifically,

we completed a series of transactions to restructure our debt and equity capitalization. As part of these transactions, we issued 545,012,162 shares of our common stock in exchange for approximately 91% of our then outstanding debt; we issued 76,992,865 shares of our common stock and warrants to purchase 87,577,114 shares of our common stock in exchange for all outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, 9.2% Series B Junior Cumulative Convertible Preferred Stock and 9.2% Series D Junior Cumulative Convertible Preferred Stock; and we sold 211,730,379 shares of our common stock for an aggregate of $200,000;

we sold 159,420,732 shares of our common stock in underwritten public offerings resulting in net proceeds of $294,497;

we issued $201,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 in an underwritten public offering resulting in net proceeds of $194,224;

we signed agreements with Penske Automotive Group, Inc., United Auto Group, Inc., Penske Truck Leasing Co. L.P. and Penske Corporation. The Penske companies have agreed, where available, to order SIRIUS radios with the vehicles they purchase from automakers, and to use their best efforts to include a bundled subscription to our service in the sale or lease of these vehicles;

we signed a seven-year agreement with the National Football League to broadcast NFL games live nationwide, and to become the Official Satellite Radio Partner of the National Football League, with exclusive rights to use the NFL 'shield' logo and collective NFL team trademarks. We plan to create 'The NFL Satellite Radio Network,' an around-the-

clock exclusive stream of NFL content featuring both league-wide programs and team-specific shows;

we announced an agreement with RadioShack to distribute, market and sell SIRIUS radios. Our agreement with RadioShack is expected to significantly increase our retail distribution;

we executed an agreement with affiliates of EchoStar Communications Corporation. EchoStar has agreed to purchase, distribute, market and sell SIRIUS radios through its extensive network of satellite television dealers and through certain other retailers and distributors; and

we issued $250,000 in aggregate principal amount of our 2 1/2% Convertible Notes due 2009 resulting in net proceeds of $244,625.

We have incurred operating losses since inception and expect to continue to incur operating losses until the number of our subscribers increases substantially and we develop cash flows sufficient to cover our operating costs. We also have significant contracts and commercial commitments over the next several years, including subsidies and distribution costs, programming costs, repayment of long-term debt and lease payments as further described below under the heading 'Contractual Commitments.' Our ability to become profitable also depends upon other factors identified below under the heading 'Liquidity and Capital Resources.'

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2003 COMPARED WITH YEAR ENDED DECEMBER 31, 2002

Total Revenue. Total revenue increased $12,067 to $12,872 for the year ended December 31, 2003 from $805 for the year ended December 31, 2002. Total revenue for the year ended December 31, 2003 included subscriber revenue of $12,615, consisting of subscription and non-refundable activation fees, net advertising revenue of $116, equipment revenue of $61 and revenue from other sources of $80. Total revenue for the year ended December 31, 2002 included subscriber revenue of $623, net advertising revenue of $146 and revenue from other sources of $36.

Subscriber Revenue. The increase in subscriber revenue of $11,992 was attributable to the growth of subscribers to our service. We added 231,114 net new subscribers during the year ended December 31, 2003 and had 261,061 subscribers as of December 31, 2003. We added 29,947 net new subscribers during the year ended December 31, 2002 and had 29,947 subscribers as of December 31, 2002. Subscriber revenue for the year ended December 31, 2003 included subscription revenue of $13,759 and activation revenue of $534, which was offset by $1,678 of costs associated with mail-in rebate programs. Subscriber revenue for the year ended December 31, 2002 included subscription revenue of $1,016 and activation revenue of $33, which was offset by $426 of costs associated with mail-in rebate programs. Activation fees are recognized ratably over the term of the subscriber relationship, currently estimated to be 3.5 years. An estimate of mail-in rebates that are paid by us directly to subscribers are recorded as a reduction to subscription revenue in the period the subscriber activates our service. In subsequent periods estimates are adjusted when necessary. Future subscription revenue will be dependent upon, among other things, the growth of our subscriber base, discounts and mail-in rebates offered to subscribers and the identification of additional revenue streams from subscribers.

Average monthly revenue per subscriber, or ARPU. ARPU, which is not a measure of financial performance under accounting principles generally accepted in the United States, is derived from total subscriber revenue over the daily weighted average number of subscribers for the period and is used by us as a measure of operational performance. ARPU for the year ended December 31, 2003 was $9.39. This amount included the negative effects of mail-in rebate programs of $1.25 and the negative effects of Hertz subscribers of $1.38. The Hertz program generated $3.13 of revenue per subscriber per month for the year ended December 31, 2003, resulting in dilution to ARPU. ARPU for the year ended December 31, 2002 was $7.47. This amount included the negative effects of mail-in rebate programs of $5.11 and the negative effects of Hertz subscribers of $0.06.

The Hertz program generated $5.11 of revenue per subscriber per month for the year ended December 31, 2002, resulting in dilution to ARPU. Future ARPU will be dependent upon the amount and timing of subscriber discounts, mail-in rebate programs, and the identification of additional revenue streams from subscribers.

Set forth below is a chart showing the calculation of ARPU and the average monthly revenue per Hertz subscriber for the years ended December 31, 2003 and 2002:

	2003	2002
Average monthly revenue per subscriber	$12.02	$12.64
Effects of Hertz subscribers	(1.38)	(0.06)
ARPU before effects of rebates	$10.64	12.58
Effects of rebate programs	(1.25)	(5.11)
Reported ARPU	$ 9.39	$ 7.47
Average monthly revenue per Hertz subscriber	$ 3.13	$ 5.11

Satellite and Transmission. Satellite and transmission expenses decreased $6,704 to $32,604 for the year ended December 31, 2003 from $39,308 for the year ended December 31, 2002. Satellite and transmission expenses consist of in-orbit satellite insurance and costs associated with the operation and maintenance of our satellite tracking, telemetry and control system, terrestrial repeater network and national broadcast studio. The decrease in satellite and transmission expenses is primarily attributable to a decrease of $3,147 in our in-orbit satellite insurance as a result of reduced insurance coverage, and a decrease of $3,977 related to the write-off of costs previously capitalized in connection with our terrestrial repeater network. During 2003, we recorded a loss of $1,028 as a result of the write-off of site acquisition costs capitalized in prior periods for terrestrial repeater sites that will not be placed in operation. During 2002, we recorded a loss of $5,005 related to the disposal of certain terrestrial repeater equipment as a result of the optimization of our terrestrial repeater network. In addition, broadcast operations expense decreased $273, primarily as a result of reduced costs associated with system testing, the majority of which took place prior to and immediately following the launch of our service in February 2002, offset by an increase of $455 for royalties associated with the use of security software to prevent the theft of our service. Satellite operations expense increased $155, which was primarily attributable to a full year of storage costs for our spare satellite that was delivered in April 2002, and an increase of $538 primarily for site related costs as a result of additions to our terrestrial repeater network. As of December 31, 2003, we had 133 terrestrial repeaters in operation as compared to 98 as of December 31, 2002.

We expect a significant portion of our satellite and transmission expenses to remain relatively constant. Any increases or decreases in these expenses will be due to costs of insuring our in-orbit satellites and additions to our terrestrial repeater network.

Programming and Content. Programming and content expenses increased $7,670 to $30,398 for the year ended December 31, 2003 from $22,728 for the year ended December 31, 2002. Programming and content expenses include costs to create, produce and acquire content, on-air talent costs and broadcast royalties. We have entered into various agreements with third parties for music and non-music programming. These agreements require us to share advertising revenue, pay license fees and purchase advertising on media properties owned or controlled by the licensor. In addition, certain agreements include guaranteed obligations, which we recognize on a straight-line basis over the term of the applicable agreement. Advertising revenue share is expensed as the associated revenue is recognized; license fees are expensed as the programming is aired; and purchased advertising is recorded as a sales and marketing expense when the advertising is aired. The costs of sports programming agreements which are for a specified number of events are amortized on an event-by-event basis; and those which are for specified seasons are amortized over the seasons on a straight-line basis. The increase in programming and content expenses was attributable to an increase of $5,319 for costs to create, produce and acquire content primarily as a result of the acquisition of additional content from third parties and consultant costs incurred to

assist us with the acquisition of content and an increase of $1,216 for additional on-air talent. We have also entered into agreements with various rights organizations pursuant to which we pay royalties for public performances of music. These agreements include fixed and variable payment obligations. We record variable broadcast royalties as they are incurred and fixed obligations on a straight-line basis over the term of the applicable agreement. Broadcast royalties increased $1,135 as a result of a full year of operations in 2003.

We anticipate that our programming and content costs will increase significantly as we continue to develop our streams. Our agreement with the NFL will result in additional programming and content expenses over the next seven years. We have agreed to pay the NFL an aggregate of $188,000 in license fees and we have issued to the NFL 15,173,070 shares of our common stock (which were originally valued at $32,000) and warrants, which we refer to as media-based warrants, to purchase 16,666,665 shares of our common stock at a price of $2.50 per share, which vest upon delivery to us of media assets by the NFL and its member clubs. A portion of the expense associated with the media-based warrants we granted the NFL will be allocated to programming and content expense as NFL member clubs deliver to us content for use on the NFL Satellite Radio Network. Expense associated with these warrants is based on the fair market value of our common stock. Fair market value could fluctuate at each reporting date until the final measurement date when the performance criteria are met; therefore, our expense is not readily predictable.

Customer Service and Billing. Customer service and billing costs increased $15,795 to $23,657 for the year ended December 31, 2003 from $7,862 for the year ended December 31, 2002. Customer service and billing costs include costs associated with the operation of our customer service center and subscriber management system. Customer service center costs increased $2,036, which is primarily a result of an increase in the number of representatives at our customer service center needed to support the growth of our subscriber base. Subscriber management and billing expense increased $13,759, which was primarily due to a $14,465 loss on the disposal of our prior subscriber management system upon termination of our agreement with the provider. Excluding this one-time charge, subscriber management and billing expense decreased $706 as a result of reduced operation fees associated with our new subscriber management system, which we began using in May 2003.

Our new system effectively manages our subscriber data, bills subscribers and interfaces with our conditional access system. We continue to evaluate the effectiveness of our new system, and implement enhancements to the system. We expect our total customer care and billing costs to increase and our costs per gross activation to decrease as our subscriber base grows.

Sales and Marketing. Sales and marketing expenses increased $33,869 to $121,216 for the year ended December 31, 2003 from $87,347 for the year ended December 31, 2002. Sales and marketing expenses include advertising media and production activities and payments to reimburse retailers, distributors, radio manufacturers and automakers for marketing and promotional activities.

Advertising Media and Production. Advertising media and production expense includes promotional events, sponsorships, media, advertising production and market research. Media is expensed when it is aired and advertising production costs are expensed as incurred. Advertising media and production expense increased $18,555 as a result of increased cable and network television, magazine advertising and sponsorship activities.

Retail and Distribution. Retail and distribution expense includes the costs of advertising, residual payments, and the costs of market development funds and in-store merchandising. Advertising is expensed as incurred. Residuals are monthly fees paid based upon the number of subscribers using a SIRIUS radio purchased from a retailer and are expensed as incurred. Market development funds are fixed and variable payments to reimburse retailers and radio manufacturers for the cost of advertising and other product awareness activities. Fixed market development funds are expensed over the periods specified in the applicable agreement; variable costs are expensed at the time a subscriber is activated. Retail and distribution expense increased $5,278, which is primarily a result of an increase in advertising in retailer circulars, offset by a decrease in retailer and radio manufacturer market development funds.

Automakers. We have entered into agreements with DaimlerChrysler, Ford, BMW and other automakers pursuant to which such automakers may manufacture, market and sell vehicles which are equipped with SIRIUS radios ('Enabled Vehicles'). Under many of these agreements, we share a portion of the revenue we derive from subscribers using Enabled Vehicles. This revenue share is expensed as the corresponding subscription revenue is earned. We also reimburse automakers for certain advertising, promotional, hardware and engineering costs. We record expenses associated with these reimbursements as incurred or on a straight-line basis over the contract period for guaranteed obligations. Costs associated with the distribution of SIRIUS radios through automakers increased $10,036 as a result of an increase in cooperative advertising with automakers and an increase in the maintenance costs of SIRIUS radios associated with our Hertz program.

We have issued a warrant to purchase 4,000,000 shares of our common stock to each of DaimlerChrysler and Ford. These warrants become exercisable based on, among other conditions, the number of Enabled Vehicles the automakers manufacture. We record warrant expense based upon the performance of the automakers in manufacturing Enabled Vehicles and the fair value of the warrants at each reporting date. The final measurement date of these warrants will be the date that each performance commitment for such warrants is satisfied. We recorded $445 of expense associated with these warrants during the year ended December 31, 2003. We did not recognize any costs associated with these warrants during the year ended December 31, 2002.

We expect sales and marketing expenses to increase significantly in the future as we continue to build brand awareness through national advertising and promotional activities and expand the distribution of SIRIUS radios. Such increase will include the impact of the agreements we entered into in January and February 2004 with Penske, RadioShack, EchoStar and the NFL. Pursuant to these agreements, we expect to incur additional expense in connection with joint marketing efforts and the issuance of warrants to purchase our common stock. Expense associated with joint marketing efforts will be expensed as incurred, while expense associated with the issuance of warrants will be recognized based on the fair value of the warrants as certain targets or milestones are achieved. A portion of the fair value of the media-based warrants issued in connection with our NFL agreement will be expensed over the NFL season to sales and marketing expense with respect to that portion of the warrants attributable to marketing activities only. Expense associated with warrants is based on the fair market value of our common stock. Fair market value could fluctuate at each reporting date until the final measurement date when the performance criteria are met; therefore, our expense is not readily predictable.

Subscriber Acquisition Costs. Subscriber acquisition costs increased $53,822 to $74,860 for the year ended December 31, 2003 from $21,038 for the year ended December 31, 2002. Subscriber acquisition costs include incentives to purchase, install and activate SIRIUS radios as well as subsidies paid to radio manufacturers, automakers, retailers and payments to Agere Systems, Inc., or Agere, for chip sets. Certain subscriber acquisition costs are incurred in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising, loyalty payments to distributors and dealers of SIRIUS radios and revenue sharing payments to manufacturers of SIRIUS radios. We retain ownership of the SIRIUS radios used in our agreement with Hertz; as a result, amounts capitalized in connection with this program are not included in our subscriber acquisition costs.

The increase in subscriber acquisition costs is attributable to higher shipments of SIRIUS radios to support sales in the period; an increase in commissions as a result of higher activations in 2003; an increase in chip set subsidies as a result of purchase commitments under our contract with Agere, which were not required to support 2003 sales; and the effect of promotional activities. In addition to chip set subsidies included in subscriber acquisition costs, for the year ended December 31, 2003, approximately $4,000 of chip sets delivered to us by Agere under our agreement will be shipped to radio manufacturers in future periods, and are included in other current assets on our consolidated balance sheets as of December 31, 2003.

Subscriber acquisition costs per gross activation, which is not a measure of financial performance under accounting principles generally accepted in the United States, is derived from total subscriber acquisition costs and the negative margins from the sale of SIRIUS radios over the

number of gross activations for the period and is used by us as a key operating performance indicator. Total subscriber acquisition costs per gross activation for the year ended December 31, 2003 was $293. Of this amount, approximately $81 per gross activation represented the costs of promotional activities. Subscriber acquisition costs per gross activation, net of promotional activities, was approximately $212 per gross activation for the year ended December 31, 2003.

We expect total subscriber acquisition costs to increase in the future as our gross activations increase and we continue to offer subsidies, commissions and other incentives to acquire subscribers. Subscriber acquisition costs in future periods are also expected to include expense for the fair value of the bounty-based warrants we granted to the NFL. These warrants are earned by the NFL as we acquire subscribers which are directly trackable through efforts of the NFL. Expense associated with these warrants is based on the fair market value of our common stock. Fair market value could fluctuate at each reporting date until the final measurement date when the subscriber targets are met; therefore, our expense is not readily predictable. We do anticipate that the costs of certain subsidized components of SIRIUS radios will decrease in the future as manufacturers experience economies of scale in production and we secure additional manufacturers of these components.

General and Administrative. General and administrative expenses increased $5,529 to $36,211 for the year ended December 31, 2003 from $30,682 for the year ended December 31, 2002. General and administrative expenses include rent and occupancy, accounting, legal and investor relations costs. The increase was primarily a result of $6,846 of legal fees and settlement costs associated with the termination of our agreement with the prior provider of our subscriber management system and a $1,158 increase in corporate insurance. This increase was partially offset by $432 of reduced rent and occupancy costs as a result of the termination of leases for non-essential office space during 2002 for which we recognized a loss on disposal of assets of $924. This loss was included in general and administrative expense for the year ended December 31, 2002.

Research and Development. Research and development expense decreased $5,553 to $24,534 for the year ended December 31, 2003 from $30,087 for the year ended December 31, 2002. Research and development costs include the costs to develop our next generation chip sets and new products and costs associated with the incorporation of SIRIUS radios into vehicles manufactured by automakers. Our agreement with Agere to develop and produce chip sets for use in SIRIUS radios requires Agere to manufacture a minimum quantity of chip sets during each year of the agreement, and requires us to pay Agere fixed monthly payments. These costs are allocated between research and development and subscriber acquisition costs for development work and chip set production, respectively. The decrease in research and development expense is primarily a result of $8,134 paid to Panasonic in 2002 to release us from a radio purchase commitment and to reduce the factory price of SIRIUS radios. Excluding this one-time item, research and development expense increased $2,581 primarily as a result of $6,997 in costs associated with the incorporation of SIRIUS radios into vehicles manufactured by automakers offset by a decrease of $4,575 in chip set development costs as we completed our first generation of chip sets.

We expect our research and development expense to increase as automakers continue their efforts to incorporate SIRIUS radios across a broad range of their vehicles and as we develop future generations of chip sets and new products.

Depreciation Expense. Depreciation expense increased $12,606 to $95,353 for the year ended December 31, 2003 from $82,747 for the year ended December 31, 2002. The increase was due to a full period of depreciation of our satellite radio system, which began in February 2002, offset by reduced depreciation expense as a result of the disposal of our prior subscriber management system.

Non-Cash Stock Compensation. We recognized non-cash stock compensation expense of $11,454 and a non-cash stock compensation benefit of $7,867 for the years ended December 31, 2003 and 2002, respectively. Non-cash stock compensation includes charges and benefits associated with the grant of certain stock options and restricted stock units and the issuance of our common

stock to employees and employee benefit plans. The increase in 2003 is a result of the issuance of approximately 48 million stock-based awards to employees and consultants, which include a combination of stock options with an exercise price of $1.04 per share and restricted stock units. The difference between the exercise price and the market price on the date of grant is recorded to non-cash stock compensation expense over the applicable vesting period. Included in non-cash stock compensation expense for the year ended December 31, 2003 is $5,251 associated with the accelerated vesting of options upon the satisfaction of performance criteria in 2003. Future non-cash stock compensation is contingent upon a number of factors, including the price of our common stock and the vesting date of stock options and restricted stock units, and could materially change.

Debt Restructuring. We recorded a gain of $256,538 in connection with the restructuring of our long-term debt in March 2003. This gain represents the difference between the carrying value of our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009, Lehman term loans and Loral term loans, including accrued interest, and the fair market value of the common stock issued, adjusted for unamortized debt issuance costs and direct costs associated with the restructuring. This gain is net of a loss on our 8 3/4% Convertible Subordinated Notes due 2009 exchanged in the restructuring. The loss represents the difference between the fair market value of the common stock issued in the exchange and the fair market value of the common stock which would have been issued under the original conversion ratio, including accrued interest, adjusted for unamortized debt issuance costs and direct costs associated with the restructuring.

Interest Expense. Interest expense decreased $55,653 to $50,510 for the year ended December 31, 2003 from $106,163 for the year ended December 31, 2002. We capitalized $5,426 of interest costs during the year ended December 31, 2002. We did not capitalize any interest costs during the year ended December 31, 2003. The decrease in interest expense was primarily attributable to the exchange of approximately $636,000 in aggregate principal amount at maturity of our outstanding long-term debt for common stock in March 2003. Interest expense also includes costs incurred as a result of the exchange of debt for our common stock. Such debt conversion costs represent the loss on conversion and the write-off of unamortized debt issuance costs associated with the debt exchanged. Debt conversion costs were $19,439 and $9,650 for the years ended December 31, 2003 and 2002, respectively. Debt conversion costs for 2003 were a result of the issuance of 54,805,993 shares of our common stock for $65,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. Conversion costs for 2002 were a result of the issuance of 2,913,483 shares of our common stock in exchange for $29,475 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest.

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

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

Subscriber Revenue. The increase in subscriber revenue was attributable to the growth of subscribers to our service. We added 29,947 net new subscribers during the year ended December 31, 2002 and had 29,947 subscribers as of December 31, 2002. Subscriber revenue for the year ended December 31, 2002 included subscription revenue of $1,016 and activation revenue of $33, which was offset by $426 of costs associated with our mail-in rebate program.

Average monthly revenue per subscriber, or ARPU. ARPU for the year ended December 31, 2002 was $7.47. This amount included the negative effects of mail-in rebate programs of $5.11 and the negative effects of Hertz subscribers of $0.06. The Hertz program generated $5.11 of revenue per subscriber per month for the year ended December 31, 2002, resulting in dilution to ARPU.

Set forth below is a chart showing the calculation of ARPU and the average monthly revenue per Hertz subscriber for the year ended December 31, 2002:

	2002
Average monthly revenue per subscriber	$12.64
Effects of Hertz subscribers	(0.06)
ARPU before effects of rebates	12.58
Effects of rebate programs	(5.11)
Reported ARPU	$ 7.47
Average monthly revenue per Hertz subscriber	$ 5.11

Satellite and Transmission. Satellite and transmission expenses increased $8,252 to $39,308 for the year ended December 31, 2002 from $31,056 for the year ended December 31, 2001. The increase in satellite and transmission expenses is primarily attributable to an increase of $6,601 in expense related to our terrestrial repeater network operations, which included a loss of $5,005 related to the disposal of equipment as a result of the optimization of our terrestrial repeater network and an additional $1,596 of expense related to the expansion of our terrestrial repeater network resulting in additional site leases and utilities costs. In addition, our in-orbit satellite insurance increased $886 as a result of higher costs to insure our in-orbit satellites and broadcast operations expense increased $796 as a result of costs associated with system testing, the majority of which took place prior to and immediately following the launch of our service in February 2002. These increases were offset by a decrease of $31 in satellite operations expense.

Programming and Content. Programming and content expenses increased $12,892 to $22,728 for the year ended December 31, 2002 from $9,836 for the year ended December 31, 2001. The increase in programming and content expenses was attributable to an additional $4,052 for the acquisition of content from third parties to expand our stream lineup, $2,619 in on-air talent costs as a result of the launch of commercial operations in February 2002, and $6,221 in broadcast royalties. We did not incur any broadcast royalties during 2001 as we commenced commercial operations in February 2002.

Customer Service and Billing. Customer service and billing costs increased $1,290 to $7,862 for the year ended December 31, 2002 from $6,572 for the year ended December 31, 2001. Customer service center costs increased $1,218 as a result of an increase in the number of representatives at our customer service center to support the growth of our subscriber base. Subscriber management and billing expense increased $72 for the year ended December 31, 2002.

Sales and Marketing. Sales and marketing expenses increased $65,781 to $87,347 for the year ended December 31, 2002 from $21,566 for the year ended December 31, 2001.

Advertising Media and Production. Advertising media and production expense increased $31,101 as a result of cable and network television, radio and magazine advertising and sponsorship activities.

Retail and Distribution. Retail and distribution expense increased $30,889 as a result of increases in development funds paid to retailers and radio manufacturers, the cost of point-of-sale materials and the cost of outsourced retail services.

Automakers. Costs associated with the distribution of SIRIUS radios through our automotive partners increased $3,791 as a result of development funds paid to automakers to reimburse them for costs associated with the marketing and sale of SIRIUS radios.

Subscriber Acquisition Costs. Subscriber acquisition costs were approximately $21,038 for the year ended December 31, 2002. We did not incur any subscriber acquisition costs during the year ended December 31, 2001 as we were in our development stage.

General and Administrative. General and administrative expenses increased $2,146 to $30,682 for the year ended December 31, 2002 from $28,536 for the year ended December 31, 2001. The increase in 2002 was associated with increased consulting, legal and investor relations costs and a loss of $924 on the disposal of assets associated with terminating a lease on non-essential office space. This increase was offset by a reduction in rent and occupancy costs of approximately $4,500 primarily attributable to the lease termination.

Research and Development. Research and development costs decreased $17,707 to $30,087 for the year ended December 31, 2002 from $47,794 for the year ended December 31, 2001. The decrease in 2002 is primarily a result of a decrease in chip set development costs of $14,728. This decrease is a result of the completion of development work for our first generation of chip sets.

Depreciation Expense. Depreciation expense increased $73,695 to $82,747 for the year ended December 31, 2002 from $9,052 for the year ended December 31, 2001. The increase is due to the depreciation of our satellite system and terrestrial repeater network, which began during 2002, our first year of commercial operations.

Non-Cash Stock Compensation. We recognized a non-cash stock compensation benefit of $7,867 and non-cash stock compensation expense of $14,044 for the years ended December 31, 2002 and 2001, respectively. The non-cash stock compensation benefit for 2002 and expense for 2001 was principally due to the repricing of certain employee stock options in April 2001. We may record future non-cash stock compensation benefit or expense related to the repriced stock options based on the market value of our common stock at the end of each reporting period.

Debt Restructuring. Expenses associated with the restructuring of our debt, consisting primarily of advisory and legal fees, totaled $8,448 for the year ended December 31, 2002. In addition, we incurred costs of $4,259 related to the sale of common stock in connection with our recapitalization, which costs were used in determining the net proceeds from the sale of common stock.

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

Interest and Investment Income. Interest and investment income decreased $11,809 to $5,257 for the year ended December 31, 2002 from $17,066 for the year ended December 31, 2001. This decrease was attributable to lower returns on our investments in U.S. government securities and lower average balances of cash, cash equivalents and marketable securities during 2002.

Interest Expense. Interest expense increased $16,477 to $106,163 for the year ended December 31, 2002 from $89,686 for the year ended December 31, 2001. We capitalized interest costs of $5,426 and $19,270 for the years ended December 31, 2002 and 2001, respectively. Interest expense increased $15,086 primarily as a result of reduced capitalized interest associated with the completion of our satellite system and terrestrial repeater network. Debt conversion costs in 2002 increased $1,391 as a result of the issuance of 2,913,483 shares of our common stock in exchange for $29,475 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest. Debt conversion costs for 2001 were a result of the issuance of 2,283,979 shares of our common stock in exchange for $34,900 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our operations through the sale of debt and equity securities. As of December 31, 2003, we had cash, cash equivalents and marketable securities totaling $549,883 and working capital of $497,661, compared with cash, cash equivalents and marketable securities totaling $173,702 and working capital of $151,289 as of December 31, 2002. During 2003, our recapitalization and our issuance of convertible debt and common stock in exchange for net proceeds of $686,883 substantially improved our liquidity.

In February 2004, we signed a seven-year programming and marketing agreement with the NFL. In connection with this agreement, we paid $5,000 in December 2003, $5,000 in February 2004 and $85,000 was deposited in escrow. We are not required to make further payments to the NFL until August 2009. In February 2004, we also issued $250,000 in aggregate principal amount of our 2 1/2% Convertible Notes due 2009, resulting in net proceeds of $244,625. We intend to use these proceeds for general corporate purposes, including investments in programming and infrastructure and to pay the costs of retail and automotive distribution arrangements. In January

2004, we also issued 21,027,512 shares of our common stock for $19,850 in net proceeds in connection with Blackstone's exercise of certain warrants.

Based upon our current plans, we believe that our cash, cash equivalents and marketable securities will be sufficient to cover our estimated funding needs through cash flow breakeven, the point at which our revenues are sufficient to fund expected operating expenses, capital expenditures, working capital requirements, interest and principal payments and taxes. Our financial projections are based on assumptions, which we believe are reasonable but contain significant uncertainties. As of December 31, 2003, we had 261,061 subscribers. We currently expect that we will need approximately two million subscribers before we achieve cash flow breakeven, which we estimate will occur by the end of 2005. We may change our plans and, as a result, our actual funding requirements could vary materially. We may need to raise additional funds through the sale of additional debt and equity securities to fund costs that are not contemplated by our business plan. Such costs may include the costs of acquiring new programming as well as distribution costs and subscriber acquisition costs, investing in our infrastructure and/or potential acquisitions. The sale of additional equity or convertible debt securities could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fiscal obligations and could result in operating covenants that would restrict our operations. We cannot provide assurance that these additional sources of funds will be available, or, if available, would have reasonable terms.

CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2003 COMPARED WITH YEAR ENDED
DECEMBER 31, 2002

Net cash used in operating activities decreased $36,324 to $284,487 for the year ended December 31, 2003 from $320,811 for the year ended December 31, 2002. The decrease in cash used in operations is primarily attributable to the change in the classification of our marketable securities in the second quarter of 2002 to available-for-sale securities from trading securities. Transactions relating to trading securities are considered operating activities; transactions relating to available-for-sale securities are considered investing activities. Excluding our transactions in marketable securities, cash used in operating activities increased to $283,303 for the year ended December 31, 2003 from $244,249 for the year ended December 31, 2002. This increase in cash used in operations was primarily attributable to the growth of our business. We experienced increases in our cost of services and other operating expenses primarily to obtain additional content on our music and non-music streams and to market our service to potential future subscribers. In addition, our cash outflows increased as we continued to pay incentives and subsidies to acquire new subscribers. We expect to continue to use cash during 2004 to fund our operations. These net outflows of cash were offset by the net inflow of cash from subscribers on annual subscription plans and certain other prepaid subscription programs for which we recorded additional deferred revenue for the year ended December 31, 2003. We expect such deferred revenue balances to increase in future periods as our subscriber base grows.

Net cash provided by investing activities decreased $94,623 to $105,056 for the year ended December 31, 2003 from $199,679 for the year ended December 31, 2002. The change from the prior period was principally due to the effect of purchases and maturities of marketable securities and maturities of restricted investments. Excluding such transactions, net cash used in investing activities decreased to $20,118 for the year ended December 31, 2003 from $41,625 for the year ended December 31, 2002. This decrease was a result of a reduction in capital expenditures in 2003 as we substantially completed the build-out of our terrestrial repeater network during 2002.

Net cash provided by financing activities increased $547,254 to $682,035 for the year ended December 31, 2003 from $134,781 for the year ended December 31, 2002. During 2003, we sold 371,151,111 shares of common stock in various offerings resulting in net proceeds of $491,609. In addition, we issued $201,250 in principal amount of our 3 1/2% Convertible Notes due 2008 resulting in net proceeds of $194,224, and incurred costs associated with our debt restructuring of $4,737. During the year ended December 31, 2002, we sold 16,000,000 shares of common stock resulting in net proceeds of $147,500 and paid fees associated with our recapitalization of $12,707.

CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2002 COMPARED WITH YEAR ENDED DECEMBER 31, 2001

Net cash used in operating activities decreased $13,943 to $320,811 for the year ended December 31, 2002 from $334,754 for the year ended December 31, 2001. The decrease in cash used in operations was primarily attributable to the nature of our transactions in marketable securities during 2002 and the change in the classification of our marketable securities in the second quarter of 2002 to available-for-sale securities from trading securities. Transactions relating to trading securities are considered operating activities; transactions relating to available-for-sale securities are considered investing activities. Excluding our transactions in marketable securities, cash used in operating activities increased to $244,249 for the year ended December 31, 2002 from $152,439 for the year ended December 31, 2001. This increase was primarily due to the cost of our sales and marketing campaign in 2002 in connection with the launch of our service, the costs of acquiring subscribers and the cost of producing our music and non-music programming. In addition, during 2002 we paid for certain subscriber acquisition costs, advertising media and in-orbit satellite insurance in advance of incurring the expense.

Net cash provided by investing activities increased $249,825 to $199,679 for the year ended December 31, 2002 from net cash used in investing activities of $50,146 for the year ended December 31, 2001. The change from the prior period was principally due to a change in the classification of our marketable securities from trading securities to available-for-sale securities during the second quarter of 2002. Excluding our transactions in restricted investments and available-for-sale securities, cash used in investing activities decreased to $41,625 for the year ended December 31, 2002 from $78,696 for the year ended December 31, 2001. This decrease was a result of reduced capital expenditures during the year ended December 31, 2002 for the construction of our satellite system, which was substantially completed by December 31, 2001, offset by expenditures for the build-out of our terrestrial repeater network during 2002.

Net cash provided by financing activities decreased $240,448 to $134,781 for the year ended December 31, 2002 from $375,229 for the year ended December 31, 2001. During 2002, we sold 16,000,000 shares of common stock resulting in net proceeds of $147,500 and paid fees associated with our recapitalization of $12,707. During 2001, we completed an equity offering resulting in net proceeds of $229,300 and had net borrowings under our Lehman term loan facility of $145,000.

RECENT DEBT AND EQUITY TRANSACTIONS; RECAPITALIZATION

We entered into debt and equity transactions in 2004 to improve our financial position. Specifically,

in February 2004, we issued $250,000 in aggregate principal amount of our 2 1/2% Convertible Notes due 2009 in a private placement pursuant to Rule 144A under the Securities Act resulting in net proceeds of $244,625. Our 2 1/2% Convertible Notes due 2009 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 226.7574 shares of common stock for each $1,000.00 principal amount, or $4.41 per share of common stock, subject to certain adjustments;

in February 2004, Blackstone exercised 25,296 warrants, with an exercise price of $1.04 per share, and 16,864 warrants, with an exercise price of $0.92 per share, through a cashless exercise. In connection with these exercises, we issued 28,432 shares of common stock to Blackstone;

in January 2004, Blackstone exercised 4,205,503 warrants, with an exercise price of $1.04 per share, and 16,822,009 warrants, with an exercise price of $0.92 per share. In connection with these exercises, we issued 21,027,512 shares of common stock for $19,850 in net proceeds; and

in January 2004, we issued 56,409,853 shares of common stock in exchange for $69,000 in principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. Following this exchange, $67,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 was outstanding.

After giving effect for these transactions, our cash, cash equivalents and marketable securities and total outstanding debt would have been as follows:

	AS OF DECEMBER 31, 2003	
	ACTUAL	AS ADJUSTED
		(UNAUDITED)
Cash, cash equivalents and marketable securities...	$549,883	$814,358
Total outstanding debt.....	$194,803	$375,803

Debt and equity transactions that occurred during 2003 and 2002 which impacted our liquidity and capital resources to improve our financial position included the following:

in December 2003, we issued 54,805,993 shares of our common stock in exchange for $65,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. In connection with this transaction, we incurred debt conversion costs of $19,439;

in November 2003, we sold 73,170,732 shares of our common stock in an underwritten public offering resulting in net proceeds of $149,600;

in June 2003, we sold 86,250,000 shares of our common stock in an underwritten public offering resulting in net proceeds of $144,897;

in May 2003, we issued $201,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 in an underwritten public offering resulting in net proceeds of $194,224. Our 3 1/2% Convertible Notes due 2008 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 724.6377 shares of common stock for each $1,000.00 principal amount, or $1.38 per share of common stock, subject to certain adjustments;

in March 2003, we completed a series of transactions to restructure our debt and equity capitalization. As part of these transactions, we issued 545,012,162 shares of our common stock in exchange for approximately 91% of our then outstanding debt; we issued 76,992,865 shares of our common stock and warrants to purchase 87,577,114 shares of our common stock in exchange for all outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, 9.2% Series B Junior Cumulative Convertible Preferred Stock and 9.2% Series D Junior Cumulative Convertible Preferred Stock; and we sold 211,730,379 shares of our common stock for an aggregate of $200,000. In March 2003, we recorded a gain of $256,538 and a deemed dividend of $79,510 as a result of the exchange transactions. In connection with the exchange offer relating to our debt, we also amended the indentures under which our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and 8 3/4% Convertible Subordinated Notes due 2009 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring; and

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

2003 LONG-TERM INCENTIVE PLAN

In January 2003, our board of directors adopted the Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan (the '2003 Plan'), and on March 4, 2003 our stockholders approved this plan. The purpose of the 2003 Plan is to promote our long-term financial success by enhancing our ability to attract, retain and reward individuals who contribute to our success and to further align our personnel with stockholders. Employees and consultants are eligible to receive awards under the 2003 Plan. As of December 31, 2003, approximately 114,206,000 shares of our common stock were available for grant under the 2003 Plan.

The 2003 Plan provides for the grant of stock options, restricted stock, restricted stock units and other stock-based awards that the compensation committee of our board of directors may deem appropriate. Vesting and other terms of stock-based awards are set forth in the agreements

with the individuals receiving the awards. Stock-based awards granted under the 2003 Plan generally vest over three to five years from the date of grant and expire in ten years.

During the year ended December 31, 2003, we granted a total of 47,707,250 stock options to employees and consultants with an exercise price of $1.04 per share. Approximately 42% of these options vest ratably over three years, 25% vest in July 2008 with acceleration to March 2004 if performance criteria are satisfied in 2003 and 33% vest in July 2008 with acceleration to March 2005 if performance criteria are satisfied in 2004. During the year ended December 31, 2003, the vesting provisions of certain options accelerated to March 15, 2004 upon the satisfaction of performance criteria. The exercise of vested options could potentially result in an inflow of cash in future periods.

CONTRACTUAL COMMITMENTS

We have entered into various contracts which have resulted in significant cash obligations in future periods. The following table summarizes our expected contractual commitments as of December 31, 2003:

	2004	2005	2006	2007	2008	THEREAFTER	TOTAL
Long-term debt obligations	$ 13,688	$13,688	$13,688	$42,888	$145,558	$36,542	$266,052
Lease obligations	7,870	7,193	6,393	6,181	6,121	30,121	63,879
Satellite and transmission	2,374	2,374	2,374	2,374	2,374	16,621	28,491
Programming and content	28,296	32,591	23,750	2,002	1,000	--	87,639
Customer service and billing	2,984	1,440	360	--	--	--	4,784
Sales and marketing	17,190	7,511	6,216	4,500	--	--	35,417
Research and development	13,736	4,129	--	--	--	--	17,865
Chip set development and production	14,400	--	--	--	--	--	14,400
Total contractual commitments	$100,538	$68,926	$52,781	$57,945	$155,053	$83,284	$518,527

LONG-TERM DEBT OBLIGATIONS

Long-term debt obligations include principal and interest payments. As of December 31, 2003, we had $197,452 in aggregate principal amount of outstanding debt, consisting of $29,200 in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007, $30,258 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009, $136,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 and $1,744 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009.

OPERATING LEASES

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

SATELLITE AND TRANSMISSION

We have entered into an agreement with a provider of satellite services to operate our off-site satellite telemetry, tracking and control facilities.

PROGRAMMING AND CONTENT

We have entered into agreements with licensors of music and non-music programming and, in certain instances, are obligated to pay license fees, guarantee minimum advertising revenue share or purchase advertising on properties owned or controlled by these licensors. In addition, we have agreements with various rights organizations pursuant to which we pay royalties for public performances of music. We have agreed to pay the NFL an aggregate of $188,000 in license fees.

Since this commitment was not effective as of December 31, 2003, this amount is not reflected in the contractual commitments table.

CUSTOMER SERVICE AND BILLING

We have entered into agreements with third parties to provide customer service, billing and subscriber management services.

SALES AND MARKETING

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

RESEARCH AND DEVELOPMENT

We have entered into agreements with automakers that anticipate the incorporation of SIRIUS radios into vehicles manufactured by these automakers. We have agreed to reimburse them for certain engineering and development costs.

CHIP SET DEVELOPMENT AND PRODUCTION

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

JOINT DEVELOPMENT AGREEMENT

Under the terms of a joint development agreement with XM Radio, the other holder of a FCC satellite radio license, each party is obligated to fund one half of the development cost for a unified standard for satellite radios. During the year ended December 31, 2003, we incurred costs of $306 under this agreement. We did not incur any costs associated with the joint development agreement during the year ended December 31, 2002. The costs related to the joint development agreement are being expensed as incurred in research and development. We are currently unable to determine the expenditures necessary to complete this process, but they may be significant.

OTHER COMMITMENTS

We have agreed to use reasonable efforts to assist certain manufacturers of SIRIUS radios and components for those radios in the event that production of such radios and components are greater than sales. In certain circumstances, these reasonable efforts may include the purchase of unsold SIRIUS radios or components. In addition to the contractual commitments described above, we have also entered into agreements with automakers, radio manufacturers and others that include per-radio and per-subscriber required payments and revenue sharing arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into additional programming, marketing and other agreements that contain provisions similar to our current agreements.

We are required under the terms of certain agreements to provide letters of credit which place restrictions on our cash and cash equivalents. As of December 31, 2003 and 2002, $8,747 and $7,200, respectively, were classified as restricted investments to secure our reimbursement obligations under these letters of credit.

We have not entered into any off-balance sheet arrangements or transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates and

assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods. We have disclosed all significant accounting policies in note 2 to the consolidated financial statements included in this report. We have identified the following policies, which were discussed with the audit committee of our board of directors, as critical to our business and understanding our results of operations.

Subscription Revenue Recognition. Revenue from subscribers consists of subscription fees, including revenue derived from our agreement with Hertz, and non-refundable activation fees. We recognize subscription fees as our service is provided. Activation fees are recognized ratably over the term of the subscriber relationship, currently estimated to be 3.5 years. The estimated term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available. As required by Emerging Issues Task Force No. 01-09, 'Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products),' an estimate of mail-in rebates that are paid by us directly to subscribers is recorded as a reduction to subscription revenue in the period the subscriber activates our service.

Stock-Based Compensation. In accordance with Accounting Principles Board ('APB') Opinion No. 25, 'Accounting for Stock Issued to Employees,' we use the intrinsic value method to measure the compensation costs of stock-based awards granted to employees. Accordingly, we record non-cash compensation expense for stock-based awards granted to employees and directors over the vesting period equal to the excess of the market price of the underlying common stock at the date of grant over the exercise price of the stock-based award. The intrinsic value of restricted stock units as of the date of grant is amortized to non-cash stock compensation expense over the vesting period. To the extent any performance criteria are satisfied and the vesting of any stock options and/or restricted stock units accelerate, the unamortized non-cash stock compensation expense associated with these options is also accelerated.

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

In accordance with Financial Accounting Standards Board ('FASB') Interpretation No. 44, 'Accounting for Certain Transactions Involving Stock Compensation,' we record compensation charges or benefits related to repriced stock options based on the market value of our common stock until the repriced stock options are exercised, forfeited or expire.

In accordance with Emerging Issues Task Force 96-18, 'Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,' we record expense based upon performance and the fair value of equity instruments issued to other than employees at each reporting date. The final measurement date of equity instruments is the date that each performance commitment for such equity instrument is satisfied. These costs are classified in our accompanying statements of operations according to the nature of the services performed.

Subscriber Acquisition Costs. Subscriber acquisition costs include incentives to purchase, install and activate SIRIUS radios as well as subsidies paid to radio manufacturers, automakers and retailers and payments to Agere for chip set production. Certain subscriber acquisition costs are incurred in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising, loyalty payments to distributors and dealers of SIRIUS radios and revenue sharing payments to manufacturers of SIRIUS radios. Subscriber acquisition costs are expensed as incurred. We retain ownership of the SIRIUS radios used in our agreement with Hertz; as a result, amounts capitalized in connection with this program are not included in our subscriber acquisition costs.

We have an agreement with Agere to develop and produce chip sets for use in SIRIUS radios. This agreement requires Agere to manufacture a minimum quantity of chip sets during each year of the agreement, and requires us to pay Agere fixed monthly payments. These costs are allocated between research and development and subscriber acquisition costs for development work and chip set production, respectively. Costs allocated to chip set production are expensed as subscriber

acquisition costs when the chip sets are shipped to radio manufacturers. Chip sets that are shipped to us are recorded as inventory and expensed as subscriber acquisition costs when shipped to radio manufacturers.

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

Useful Life of Satellite System. Our satellite system includes the cost of satellite construction, launch vehicles, launch insurance, capitalized interest, our spare satellite and our terrestrial repeater network. In accordance with SFAS No. 144, we monitor our satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable. The expected useful lives of our in-orbit satellites are fifteen years from the date they were placed into orbit. We are depreciating our three in-orbit satellites over their respective remaining useful lives beginning February 14, 2002 or, in the case of our spare satellite, from the date it was delivered to ground storage in April 2002. If placed into orbit, our spare satellite is expected to operate effectively for fifteen years. Space Systems/Loral, the manufacturer of our satellites, has identified circuit failures in solar arrays on satellites since 1997, including our satellites. We continue to monitor these failures, which we believe have not affected the expected useful lives of our satellites. If events or circumstances indicate that the useful lives of our satellites have changed, we will modify the depreciable life accordingly.

FCC License. We carry our FCC license at cost. Our FCC license has an indefinite life and will be evaluated for impairment on an annual basis. In accordance with SFAS No. 142, 'Goodwill and Other Intangible Assets,' we completed an impairment analysis of our FCC license on November 1, 2003, and determined that there was no impairment. We use projections regarding estimated future cash flows and other factors in assessing the fair value of our FCC license. If these estimates or projections change in the future, we may be required to record an impairment charge related to our FCC license.

Accrued Expenses. Payments owed to our manufacturing and distribution partners and other service providers are expensed during the month in which the applicable service is performed. The amount of these expenses is dependent upon information provided by our internal systems and processes and partner systems and processes. Due to the length of time necessary to receive accurate information from these partners, estimates of amounts due are necessary in order to record monthly expenses. In subsequent months expenses are reconciled, and adjusted where necessary. Since launching commercial operations, we continue to refine the estimation process based on an increased understanding of the time requirements, and close working relationships with our partners.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued Interpretation No. 46 (Revised 2003), 'Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51.' This Interpretation, which replaces FASB Interpretation No. 46, 'Consolidation of Variable Interest Entities,' addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. This Interpretation is effective no later than the end of the first reporting period that ends after March 15, 2004 and did not have an impact on our consolidated results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, 'Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,' which is effective for all financial instruments created or modified after May 31, 2003 and otherwise effective at the beginning of the first interim period after June 15, 2003. SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics

of both liabilities and equity. The adoption of SFAS No. 150 did not have an impact on our consolidated results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, 'Amendment of Statement 133 on Derivative Instruments and Hedging Activities.' SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, 'Accounting for Derivative Instruments and Hedging Activities.' SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships after June 30, 2003. All provisions of SFAS No. 149 should be applied prospectively. This statement did not have an impact on our consolidated results of operations or financial position.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

As of December 31, 2003, we did not have any derivative financial instruments and do not intend to use derivatives. We do not hold or issue any free-standing derivatives. We invest our cash in short-term commercial paper, investment-grade corporate and government obligations and money market funds. Our long-term debt includes fixed interest rates and the fair market value of the debt is sensitive to changes in interest rates. Under our current policies, we do not use interest rate derivative instruments to manage our exposure to interest rate fluctuations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Financial Statements contained in Item 15 herein.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

As of December 31, 2003, an evaluation was performed under the supervision and with the participation of our management, including Joseph P. Clayton, our President and Chief Executive Officer, and David J. Frear, our Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure and control procedures. Based on that evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of December 31, 2003.

There have been no significant changes in our internal controls or in other factors that could significantly affect our internal controls subsequent to December 31, 2003.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item for executive officers is set forth under the heading 'Executive Officers of the Registrant' in Part I, Item 1, of this report. The other information required by Item 10 is included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004, and is incorporated herein by reference.

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

The information required by this item is included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is included in our definitive proxy statement for our 2004 annual meeting of stockholders to be held on May 25, 2004, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Financial Statements, Financial Statement Schedules and Exhibits

(1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

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

(b) Reports on Form 8-K

On October 29, 2003, we filed a Current Report on Form 8-K reporting our results for the quarter ended September 30, 2003.

On December 3, 2003, we filed a Current Report on Form 8-K to report that we had entered into a Terms Agreement, which incorporated by reference our Form Underwriting Agreement attached thereto, with UBS Securities LLC (the 'Terms Agreement'). Pursuant to the Terms Agreement, we issued 73,170,732 shares of our common stock, par value $.001 per share, under our Registration Statement on Form S-3 (File No. 333-108387) on November 24, 2003.

On December 16, 2003, we filed a Current Report on Form 8-K to announce that we had signed a seven-year agreement with the National Football League to broadcast NFL games live nationwide, and to become the Official Satellite Radio Partner of the NFL, with exclusive rights to use the NFL 'shield' logo and collective NFL team trademarks.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 12th day of March 2004.

SIRIUS SATELLITE RADIO INC.

By: /s/ DAVID J. FREAR
DAVID J. FREAR
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL OFFICER)

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

SIGNATURE	TITLE	DATE
/s/ JOSEPH P. CLAYTON (JOSEPH P. CLAYTON)	President and Chief Executive Officer and Director (Principal Executive Officer)	March 12, 2004
/s/ DAVID J. FREAR (DAVID J. FREAR)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 12, 2004
/s/ EDWARD WEBER, JR. (EDWARD WEBER, JR.)	Vice President and Controller (Principal Accounting Officer)	March 12, 2004
/s/ LEON D. BLACK (LEON D. BLACK)	Director	March 12, 2004
/s/ LAWRENCE F. GILBERTI (LAWRENCE F. GILBERTI)	Director	March 12, 2004
/s/ JAMES P. HOLDEN (JAMES P. HOLDEN)	Director	March 12, 2004
/s/ WARREN N. LIEBERFARB (WARREN N. LIEBERFARB)	Director	March 12, 2004
 (MICHAEL J. MCGUINESS)	Director	March 12, 2004
/s/ JAMES F. MOONEY (JAMES F. MOONEY)	Director	March 12, 2004

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

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of Sirius Satellite Radio Inc. and Subsidiary (the 'Company') as of December 31, 2003 and 2002 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and the schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits. The consolidated financial statements of the Company for the year ended December 31, 2001 was audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those consolidated financial statements in their report dated March 26, 2002.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2003 and 2002 and the consolidated results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

ERNST & YOUNG LLP

New York, New York
January 23, 2004

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

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

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

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

ARTHUR ANDERSEN LLP

New York, New York
March 26, 2002

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Revenue:			
Subscriber revenue, including effects of mail-in rebates	$ 12,615	$ 623	$ --
Advertising revenue, net of agency fees	116	146	--
Equipment revenue	61	--	--
Other revenue	80	36	--
Total revenue	12,872	805	--
Operating expenses:			
Cost of services (excludes depreciation expense shown separately below):			
Satellite and transmission	32,604	39,308	31,056
Programming and content	30,398	22,728	9,836
Customer service and billing	23,657	7,862	6,572
Cost of equipment	115	--	--
Sales and marketing	121,216	87,347	21,566
Subscriber acquisition costs	74,860	21,038	--
General and administrative	36,211	30,682	28,536
Research and development	24,534	30,087	47,794
Depreciation expense	95,353	82,747	9,052
Non-cash stock compensation expense (benefit) (1)	11,454	(7,867)	14,044
Total operating expenses	450,402	313,932	168,456
Loss from operations	(437,530)	(313,127)	(168,456)
Other income (expense):			
Debt restructuring	256,538	(8,448)	--
Gain on extinguishment of debt	--	--	5,313
Interest and investment income	5,287	5,257	17,066
Interest expense, net of amounts capitalized	(50,510)	(106,163)	(89,686)
Total other income (expense)	211,315	(109,354)	(67,307)
Net loss	(226,215)	(422,481)	(235,763)
Preferred stock dividends	(8,574)	(45,300)	(41,476)
Preferred stock deemed dividends	(79,634)	(685)	(680)
Net loss applicable to common stockholders	$(314,423)	$(468,466)	$(277,919)
Net loss per share applicable to common stockholders (basic and diluted)	$ (0.38)	$ (6.13)	$ (5.30)
Weighted average common shares outstanding (basic and diluted)	827,186	76,394	52,427

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

Satellite and transmission	$ 508	$ (1,403)	$ 1,936
Programming and content	1,032	(1,807)	2,256
Customer service and billing	136	(172)	223
Sales and marketing	4,399	(1,046)	2,051
General and administrative	4,210	(1,616)	3,831
Research and development	1,169	(1,823)	3,747
Total non-cash stock compensation expense (benefit)	$ 11,454	$ (7,867)	$ 14,044

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

SIRIUS SATELLITE RADIO INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	AS OF DECEMBER 31,	
	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 520,979	$ 18,375
Marketable securities	28,904	155,327
Prepaid expenses	18,745	24,562
Restricted investments	1,997	--
Other current assets	9,039	1,345
Total current assets	579,664	199,609
Property and equipment, net	941,052	1,032,874
FCC license	83,654	83,654
Restricted investments, net of current portion	6,750	7,200
Deferred financing fees	5,704	12,803
Other long-term assets	493	4,800
Total assets	$1,617,317	$1,340,940
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 65,919	$ 43,336
Accrued interest	1,349	3,234
Deferred revenue	14,735	1,750
Total current liabilities	82,003	48,320
Long-term debt	194,803	670,357
Accrued interest, net of current portion	--	46,914
Deferred revenue, net of current portion	3,724	--
Other long-term liabilities	11,593	7,350
Total liabilities	292,123	772,941
Commitments and contingencies:		
9.2% Series A Junior Cumulative Convertible Preferred Stock, $.001 par value: 4,300,000 shares authorized, no shares and 1,902,823 shares issued and outstanding at December 31, 2003 and December 31, 2002, respectively (liquidation preference of $ -- and $190,282), at net carrying value including accrued dividends	--	193,230
9.2% Series B Junior Cumulative Convertible Preferred Stock, $.001 par value: 2,100,000 shares authorized, no shares and 853,450 shares issued and outstanding at December 31, 2003 and December 31, 2002, respectively (liquidation preference of $ -- and $85,345), at net carrying value including accrued dividends	--	84,781
9.2% Series D Junior Cumulative Convertible Preferred Stock, $.001 par value: 10,700,000 shares authorized, no shares and 2,558,655 shares issued and outstanding at December 31, 2003 and December 31, 2002, respectively (liquidation preference of $ -- and $255,866), at net carrying value including accrued dividends	--	253,142
Stockholders' equity:		
Common stock, $.001 par value: 2,500,000,000 shares authorized, 1,137,758,947 and 77,454,197 shares issued and outstanding at December 31, 2003 and December 31, 2002, respectively	1,138	77
Additional paid-in capital	2,525,135	963,335
Deferred compensation	(47,411)	--
Accumulated other comprehensive income	26	913
Accumulated deficit	(1,153,694)	(927,479)
Total stockholders' equity	1,325,194	36,846
Total liabilities and stockholders' equity	$1,617,317	$1,340,940

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

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

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	DEFERRED COMPENSATION	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	ACCUMULATED DEFICIT	TOTAL
	SHARES	AMOUNT					
BALANCES, DECEMBER 31, 2000.....	42,107,957	$ 42	$ 559,676	$ --	$--	$ (269,235)	$ 290,483
Net loss.....	--	--	--	--	--	(235,763)	(235,763)
Sale of common stock to employee benefit plans.....	38,720	--	334	--	--	--	334
Compensation in connection with the issuance of stock options....	--	--	11,395	--	--	--	11,395
Sale of $.001 par value common stock, $21.00 per share, net of expenses.....	11,500,000	12	229,288	--	--	--	229,300
Exchange of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest.....	2,283,979	2	42,676	--	--	--	42,678
Acquisition of 15% Senior Secured Discount Notes due 2007.....	948,565	1	8,588	--	--	--	8,589
Exercise of stock options, between $1.00 and $26.875 per share.....	185,221	--	611	--	--	--	611
Issuance of common stock to employees and employee benefit plans.....	391,489	--	5,299	--	--	--	5,299
Issuance of warrants in connection with Lehman term loan.....	--	--	11,879	--	--	--	11,879
Preferred stock dividends.....	--	--	(41,476)	--	--	--	(41,476)
Preferred stock deemed dividends.....	--	--	(680)	--	--	--	(680)
BALANCES, DECEMBER 31, 2001.....	57,455,931	57	827,590	--	--	(504,998)	322,649
Net loss.....	--	--	--	--	--	(422,481)	(422,481)
Unrealized gain on available-for-sale securities....	--	--	--	--	913	--	913
Total comprehensive loss.....							(421,568)
Issuance of common stock to employees and employee benefit plans.....	910,204	1	3,347	--	--	--	3,348
Compensation in connection with the issuance of stock options....	--	--	(9,495)	--	--	--	(9,495)
Warrant expense associated with acquisition of programming.....	--	--	20	--	--	--	20
Sale of $.001 par value common stock, $9.85 per share, net of expenses.....	16,000,000	16	147,484	--	--	--	147,500
Exchange of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest.....	2,913,483	3	39,297	--	--	--	39,300
Exercise of stock options, $7.50 per share.....	3,000	--	22	--	--	--	22
Issuance of common stock in connection with marketing agreement.....	150,000	--	129	--	--	--	129
Reduction of warrant exercise price in connection with the amendment to Lehman term loan....	--	--	926	--	--	--	926
Issuance of common stock in connection with conversion of 10 1/2% Series C Convertible Preferred Stock in prior period.....	21,579	--	--	--	--	--	--
Preferred stock dividends.....	--	--	(45,300)	--	--	--	(45,300)

Preferred stock deemed dividends.....	--	--	(685)	--	--	--	(685)
BALANCES, DECEMBER 31, 2002.....	77,454,197	77	963,335	--	913	(927,479)	36,846

(table continued on next page)

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

(table continued from previous page)

	COMMON STOCK		ADDITIONAL PAID-IN	DEFERRED	ACCUMULATED OTHER COMPREHENSIVE	ACCUMULATED	
	SHARES	AMOUNT	CAPITAL	COMPENSATION	INCOME (LOSS)	DEFICIT	TOTAL
Net loss	--	--	--	--	--	(226,215)	(226,215)
Change in unrealized gain on available-for-sale securities	--	--	--	--	(887)	--	(887)
Total comprehensive loss							(227,102)
Issuance of common stock to employees and employee benefit plans	810,814	1	537	--	--	--	538
Compensation in connection with the issuance of stock options	--	--	535	--	--	--	535
Issuance of stock-based awards	--	--	58,110	(58,110)	--	--	--
Cancellation of stock-based awards	--	--	(135)	135	--	--	--
Amortization of deferred compensation	--	--	--	10,564	--	--	10,564
Warrant expense associated with sales and marketing agreement	--	--	445	--	--	--	445
Sale of common stock, par value $.001 per share, at $0.92 and $1.04 per share, net of expenses	211,730,379	212	192,641	--	--	--	192,853
Exchange of Lehman term loans, including accrued interest	120,988,793	121	85,781	--	--	--	85,902
Exchange of Loral term loans, including accrued interest	58,964,981	59	41,806	--	--	--	41,865
Exchange of 15% Senior Secured Discount Notes due 2007, including accrued interest	204,319,915	204	144,863	--	--	--	145,067
Exchange of 14 1/2% Senior Secured Notes due 2009, including accrued interest	148,301,817	148	105,146	--	--	--	105,294
Exchange of 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	12,436,656	13	24,342	--	--	--	24,355
Exchange of 9.2% Series A and B Junior Cumulative Convertible Preferred Stock, including accrued dividends	39,927,796	40	304,807	--	--	--	304,847
Exchange of 9.2% Series D Junior Cumulative Convertible Preferred Stock, including accrued dividends	37,065,069	37	283,748	--	--	--	283,785
Issuance of warrants in connection with the exchange of 9.2% Series A, B and D Junior Cumulative Convertible Preferred Stock, at $0.92 and $1.04 per share	--	--	30,731	--	--	--	30,731
Sale of common stock, par value $.001 per share, $1.80 per share, net of expenses	86,250,000	86	144,811	--	--	--	144,897
Sale of common stock, par value $.001 per share, $2.10 per share, net of expenses	73,170,732	73	149,527	--	--	--	149,600
Exercise of warrants, $1.04 per share	11,531,805	12	(12)	--	--	--	--
Exchange of 3 1/2% Convertible Notes due 2008, including accrued interest	54,805,993	55	82,325	--	--	--	82,380
Preferred stock dividends	--	--	(8,574)	--	--	--	(8,574)
Preferred stock deemed dividends	--	--	(79,634)	--	--	--	(79,634)
BALANCES, DECEMBER 31, 2003	1,137,758,947	$1,138	$2,525,135	$(47,411)	$ 26	$(1,153,694)	$1,325,194

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

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

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net loss	$(226,215)	$(422,481)	$(235,763)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation expense	95,353	82,747	9,052
Non-cash interest expense	22,708	58,957	54,889
Non-cash stock compensation expense (benefit)	11,454	(7,867)	14,044
Loss on disposal of assets	15,493	8,919	--
Non-cash gain associated with debt restructuring	(261,275)	--	--
Gain on extinguishment of long-term debt	--	--	(5,313)
Costs associated with debt restructuring	4,737	8,448	--
Expense associated with the issuance of equity securities to third parties	629	149	--
Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:			
Marketable securities	(1,184)	(76,562)	(182,315)
Prepaid expenses	5,817	(12,401)	5,946
Other assets	(7,773)	(1,377)	3,245
Accounts payable and accrued expenses	21,996	5,254	(5,493)
Accrued interest	12,821	28,587	6,907
Deferred revenue	16,709	1,750	--
Other long-term liabilities	4,243	5,066	47
Net cash used in operating activities	(284,487)	(320,811)	(334,754)
Cash flows from investing activities:			
Additions to property and equipment	(20,118)	(41,625)	(78,423)
Additions to FCC license	--	--	(286)
Proceeds from the sale of assets	--	--	13
Purchases of restricted investments	--	--	(450)
Maturities of restricted investments	--	14,500	29,000
Purchases of available-for-sale securities	(24,826)	(273,196)	--
Maturities of available-for-sale securities	150,000	500,000	--
Net cash provided by (used in) investing activities	105,056	199,679	(50,146)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net	194,224	--	145,000
Proceeds from issuance of common stock, net	492,659	147,500	229,635
Costs associated with debt restructuring	(4,737)	(12,707)	--
Proceeds from exercise of stock options and warrants	--	22	610
Other	(111)	(34)	(16)
Net cash provided by financing activities	682,035	134,781	375,229
Net increase (decrease) in cash and cash equivalents	502,604	13,649	(9,671)
Cash and cash equivalents at the beginning of period	18,375	4,726	14,397
Cash and cash equivalents at the end of period	$ 520,979	$ 18,375	$ 4,726

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

1. BUSINESS

Sirius Satellite Radio Inc. broadcasts over 100 streams of digital-quality entertainment: 61 streams of 100% commercial-free music and over 40 streams of news, sports, talk, entertainment, traffic, weather and children's programming for an effective monthly subscription fee of $11.15 for a three year plan and up to $12.95 for a monthly plan. We offer discounts for pre-paid and long-term subscriptions as well as discounts for multiple subscriptions. Approximately 65% of our subscribers have purchased an annual plan with an effective monthly subscription fee of $11.87.

Since inception, we have used substantial resources to develop our satellite radio system. Our satellite radio system consists of our FCC license, satellite system, national broadcast studio, terrestrial repeater network and satellite telemetry, tracking and control facilities. On February 14, 2002, we launched our service in select markets and on July 1, 2002, we launched our service nationwide.

As of December 31, 2003, we had 261,061 subscribers. Our subscriber totals included subscribers currently in promotional periods and those which have been prepaid, and active SIRIUS radios under our agreement with Hertz.

Our primary source of revenue is subscription and activation fees. In addition, we derive revenues from selling advertising on our non-music streams and from the direct sale of SIRIUS radios.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements, including the accounts of Sirius Satellite Radio Inc. and our wholly owned subsidiary, have been prepared in accordance with accounting principles generally accepted in the United States. All intercompany transactions have been eliminated in consolidation.

USE OF ESTIMATES

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

REVENUE RECOGNITION

Revenue from subscribers consists of subscription fees, including revenue derived from our agreement with Hertz, and non-refundable activation fees. We recognize subscription fees as our service is provided. We record deferred revenue for prepaid subscription fees and amortize these prepayments to revenue ratably over the term of the respective subscription plan. Activation fees are recognized ratably over the estimated term of a subscriber relationship, currently 3.5 years. The estimated term of a subscriber relationship is based on market research and management's judgment and, if necessary, will be refined in the future as historical data becomes available. We record an estimate of mail-in rebates that are paid by us directly to subscribers as a reduction to subscription revenue in the period the subscriber activates our service. In subsequent periods, estimates are adjusted when necessary.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

We recognize revenues from the sale of advertising on our non-music streams as the advertising is broadcast. Agency fees are calculated based on a stated percentage applied to gross billing revenue for our advertising inventory and are reported as a reduction of advertising revenue.

Equipment revenue from the direct sale of SIRIUS radios is recognized upon shipment of the radios.

STOCK-BASED COMPENSATION

In accordance with Accounting Principles Board ('APB') Opinion No. 25, 'Accounting for Stock Issued to Employees,' we use the intrinsic value method to measure the compensation costs of stock-based awards granted to employees. Accordingly, we record non-cash compensation expense for stock-based awards granted to employees and directors over the vesting period equal to the excess of the market price of the underlying common stock at the date of grant over the exercise price of the stock-based award. The intrinsic value of restricted stock units as of the date of grant is amortized to non-cash stock compensation expense over the vesting period. To the extent any performance criteria are satisfied and the vesting of any stock options and/or restricted stock units accelerate, the unamortized non-cash stock compensation expense associated with these options is also accelerated.

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

In accordance with Financial Accounting Standards Board ('FASB') Interpretation No. 44, 'Accounting for Certain Transactions Involving Stock Compensation,' we record compensation charges or benefits related to repriced stock options based on the market value of our common stock until the repriced stock options are exercised, forfeited or expire.

In accordance with Emerging Issues Task Force 96-18, 'Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services,' we record expense based upon performance and the fair value of equity instruments issued to other than employees at each reporting date. The final measurement date of equity instruments is the date that each performance commitment for such equity instrument is satisfied. These costs are classified in our accompanying statements of operations according to the nature of the services performed.

We have adopted the disclosure provisions of SFAS No. 148, 'Accounting for Stock-Based Compensation -- Transition and Disclosure -- An Amendment of FASB Statement No. 123.' The following table illustrates the effect on net loss applicable to common stockholders and net loss per share applicable to common stockholders had stock-based employee compensation been recorded based on the fair value method under SFAS No. 123:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Net loss applicable to common stockholders -- as reported...	$(314,423)	$(468,466)	$(277,919)
Non-cash stock compensation expense (benefit) -- as reported.....	11,454	(7,867)	14,044
Stock-based compensation -- pro forma.....	(43,198)	(33,834)	(40,666)
Net loss applicable to common stockholders -- pro forma.....	$(346,167)	$(510,167)	$(304,541)
Net loss per share applicable to common stockholders:			
Basic and diluted -- as reported.....	$ (0.38)	$ (6.13)	$ (5.30)
Basic and diluted -- pro forma.....	$ (0.42)	$ (6.68)	$ (5.81)

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

The measure of fair value most often employed under SFAS No. 123, and used by us, is the Black-Scholes option valuation model ('Black-Scholes'). Black-Scholes has become the standard for estimating the fair value of traded options. Traded options, unlike our stock-based awards, are not subject to vesting restrictions, are fully transferable and use significantly lower expected stock price volatility measures than those assumed below. It is our opinion that this model (and other similar option valuation models) does not produce a single reliable measure of the fair value of our stock-based awards. The pro forma stock-based employee compensation was estimated using Black-Scholes with the following assumptions for each period:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Risk-free interest rate	0.91-3.25%	2.48%	4.05%
Expected life of options -- years	4.89-5.88	4.75	4.48
Expected stock price volatility	115-118%	110%	78%
Expected dividend yield	N/A	N/A	N/A

SPORTS PROGRAMMING COSTS

In accordance with SFAS No. 63, 'Financial Reporting by Broadcasters,' the costs of sports programming agreements which are for a specified number of events are amortized on an event-by-event basis; those agreements which are for a specified season are amortized over the season on a straight-line basis.

SUBSCRIBER ACQUISITION COST

Subscriber acquisition costs include incentives to purchase, install and activate SIRIUS radios as well as subsidies paid to radio manufacturers, automakers and retailers and payments to Agere Systems, Inc. ('Agere') for chip sets. Certain subscriber acquisition costs are incurred in advance of acquiring a subscriber. Subscriber acquisition costs do not include advertising, loyalty payments to distributors and dealers of SIRIUS radios and revenue sharing payments to manufacturers of SIRIUS radios. Subscriber acquisition costs are expensed as incurred. We retain ownership of the SIRIUS radios used in our agreement with Hertz; as a result, amounts capitalized in connection with this program are not included in our subscriber acquisition costs.

We have an agreement with Agere to develop and produce chip sets for use in SIRIUS radios. This agreement requires Agere to manufacture a minimum quantity of chip sets during each year of the agreement. We pay Agere fixed monthly payments under this agreement. These costs are allocated between research and development and subscriber acquisition costs for development work and chip set production, respectively. Costs allocated to chip set production are expensed as subscriber acquisition costs when the chip sets are shipped to radio manufacturers. Chip sets that are shipped to us are recorded as inventory and expensed as subscriber acquisition costs when shipped to radio manufacturers.

RESEARCH AND DEVELOPMENT COSTS

Costs associated with the development of the next generation of chip sets and new products and development and tooling costs associated with the incorporation of SIRIUS radios in vehicles manufactured by our automotive partners are expensed as incurred.

ADVERTISING COSTS

Media is expensed when it is aired and advertising production costs are expensed as incurred. Market development funds are fixed and variable payments to reimburse retailers and radio manufacturers for the cost of advertising and other product awareness activities. Fixed market development funds are expensed over the periods specified in the applicable agreement; variable costs are expensed at the time a subscriber is activated.

GAIN ON EARLY EXTINGUISHMENT OF DEBT

We have adopted SFAS No. 145, 'Rescission of SFAS Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections,' which requires gains and losses from the extinguishment of debt to be classified as extraordinary only if they meet the criteria in APB Opinion No. 30, 'Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions.' During 2001, we recognized an extraordinary gain of $5,313, or $0.10 per share, on the extinguishment of $16,500 in principal amount at maturity of our 15% Senior Secured Discount Notes due 2007. Our adoption of SFAS No. 145 required us to classify the gain on early extinguishment of debt as other income in the accompanying consolidated statement of operations for the year ended December 31, 2001.

DEBT RESTRUCTURING

We recorded a gain of $256,538 in connection with the restructuring of our long-term debt in March 2003. This gain represents the difference between the carrying value of our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009, Lehman term loans and Loral term loans, including accrued interest, and the fair market value of the common stock issued, adjusted for unamortized debt issuance costs and direct costs associated with the restructuring. This gain is net of a loss on our 8 3/4% Convertible Subordinated Notes due 2009 exchanged in the restructuring. This loss represents the difference between the fair market value of the common stock issued in the exchange and the fair market value of the common stock which would have been issued under the original conversion ratio, including accrued interest, adjusted for unamortized debt issuance costs and direct costs associated with the restructuring.

PREFERRED STOCK DEEMED DIVIDEND

We recorded a deemed dividend of $79,510 in connection with the exchange in March 2003 of all outstanding shares of our preferred stock for shares of our common stock and warrants to purchase our common stock. This deemed dividend represents the difference between the fair market value of the common stock and warrants issued in exchange for all outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, 9.2% Series B Junior Cumulative Convertible Preferred Stock and 9.2% Series D Junior Cumulative Convertible Preferred Stock and the fair market value of the common stock which would have been issued under the original conversion ratios, adjusted for unamortized issuance costs and direct costs associated with the exchange of the preferred stock.

NET LOSS PER SHARE

Basic net loss per share is based on the weighted average common shares outstanding during each reporting period. Diluted net loss per share adjusts the weighted average for the potential dilution that could occur if common stock equivalents (convertible debt, warrants, stock options and restricted stock units) were exercised or converted into common stock. Common stock

equivalents of approximately 122,155,000, 17,486,000 and 18,872,000 were not considered in the calculation of diluted net loss per share for the years ended December 31, 2003, 2002 and 2001, respectively, as the effect would have been anti-dilutive.

COMPREHENSIVE INCOME (LOSS)

We report comprehensive income (loss) in accordance with SFAS No. 130, 'Reporting Comprehensive Income.' SFAS 130 established a standard for reporting and displaying other comprehensive income (loss) and its components within financial statements. Unrealized gains and losses on available-for-sale securities is the only component of our other comprehensive loss.

INCOME TAXES

We account for income taxes in accordance with SFAS No. 109, 'Accounting for Income Taxes.' Deferred income taxes are recognized for the tax consequences related to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes at each year-end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the sum of current income tax plus the change in deferred assets and liabilities.

CASH AND CASH EQUIVALENTS

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

MARKETABLE SECURITIES

We account for marketable securities in accordance with the provisions of SFAS No. 115, 'Accounting for Certain Investments in Debt and Equity Securities.' Marketable securities consist of U.S. government notes and U.S. government agency obligations. Effective April 2002, we began classifying marketable securities as available-for-sale securities rather than trading securities because we no longer intend to actively buy and sell marketable securities with the objective of generating trading profits. Available-for-sale securities are carried at fair market value and unrealized gains and losses are included as a component of stockholders' equity. Prior to April 2002, marketable securities were classified as trading securities and unrealized holding gains and losses were recognized in earnings. We recognized gains on the sale or maturity of marketable securities of $1,184, $7,328 and $13,183 for the years ended December 31, 2003, 2002 and 2001, respectively. Marketable securities held at December 31, 2003 and 2002 mature within one year from the date of purchase. We had unrealized holding gains on marketable securities of $26 and $913 as of December 31, 2003 and 2002, respectively.

RESTRICTED INVESTMENTS

Restricted investments consist of fixed income securities, which are stated at amortized cost plus accrued interest. As of December 31, 2003, long-term restricted investments included certificates of deposit of $6,750. As of December 31, 2003, short-term restricted investments included certificates of deposit and United States government obligations of $1,997. As of December 31, 2002, long-term restricted investments included certificates of deposit of $7,200. These certificates of deposit and United States government obligations are pledged to secure our

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

reimbursement obligations under letters of credit issued primarily for the benefit of the lessor of our headquarters.

PROPERTY AND EQUIPMENT

Costs incurred to prepare our satellite radio system for use were capitalized. Such costs consist of interest, satellite and launch vehicle construction, broadcast studio equipment, terrestrial repeater network, and satellite telemetry, tracking and control facilities.

The estimated useful lives of our property and equipment are as follows:

Customer care, billing and conditional access	1-7 years
Furniture, fixtures, equipment and other	3-7 years
Broadcast studio equipment	3-8 years
Satellite telemetry, tracking and control facilities	3-15 years
Terrestrial repeater network	5-15 years
Leasehold improvements	15 years
Satellite system	15 years

The estimated useful lives of our satellites are fifteen years from the date that they were placed into orbit. We depreciate our satellite system on a straight-line basis over the respective remaining useful lives of our satellites from the date we launched our service in February 2002 or, in the case of our spare satellite, from the date it was delivered to ground storage in April 2002. Space Systems/Loral, the manufacturer of our satellites, has identified circuit failures in solar arrays on satellites since 1997, including our satellites. We continue to monitor these failures, which we believe have not affected the expected useful lives of our satellites. If events or changes in circumstances indicate that the useful lives of our satellites have changed, we will modify the depreciable life accordingly. All other property and equipment is depreciated on a straight-line basis over the estimated useful lives stated above. Expenditures for maintenance and repairs are charged to expense as incurred. Major expenditures for renewals and asset improvements are capitalized and depreciated over their useful lives.

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

FCC LICENSE

In June 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets.' SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives be tested for impairment at least annually. In accordance with SFAS No. 142, we determined that our FCC license has an indefinite life and will be evaluated for impairment on an annual basis. We completed an impairment analysis in November 2003, and concluded that there was no impairment loss related to our FCC license. We use projections of estimated future cash flows and other factors in assessing the fair value of our FCC license. If these estimates or projections change in the future, we may be required to record an impairment charge related to our FCC license. To date, we have not recorded any amortization expense related to our FCC license.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

DEFERRED FINANCING FEES

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

CLASSIFICATION OF LONG-TERM DEBT AND ACCRUED INTEREST

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts and other receivables, and accounts payable approximate fair value due to the short-term maturity of these instruments. The carrying amounts of outstanding capital lease obligations approximate fair value based on the terms and interest rates available to us for similar transactions.

We determined the estimated fair values of our debt and preferred stock using available market information and commonly accepted valuation methods. Considerable judgment is necessary to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that could be realized upon disposition. The use of alternative valuation methods and/or estimates may have resulted in materially different estimates from those presented. The estimated fair values were based on available information as of December 31, 2003 and 2002.

Quoted market prices were used to estimate the fair market values of our 3 1/2% Convertible Notes due 2008, 14 1/2% Senior Secured Notes due 2009 and 15% Senior Secured Discount Notes due 2007. A discounted cash flow analysis was used to estimate the fair market value of our term loan facilities. Quoted market prices were used to estimate the fair market value of our 8 3/4% Convertible Subordinated Notes due 2009 as of December 31, 2002 and a discounted cash flow analysis was used to estimate the fair market value of these notes as of December 31, 2003 as there is no longer an active market for these notes. The fair value of our preferred stock was estimated on an as-converted basis using the market price of our common stock on December 31, 2002.

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

	AS OF DECEMBER 31,			
	2003		2002	
	BOOK VALUE	FAIR VALUE	BOOK VALUE	FAIR VALUE
3 1/2% Convertible Notes due 2008	$136,250	$347,438	$ --	$ --
8 3/4% Convertible Subordinated Notes due 2009	1,744	1,632	16,461	6,749
14 1/2% Senior Secured Notes due 2009	27,609	31,052	179,382	79,000
15% Senior Secured Discount Notes due 2007	29,200	29,967	280,430	102,357
Lehman term loan facility	--	--	144,084	113,855
Loral term loan facility	--	--	50,000	42,759
9.2% Series A Junior Cumulative Convertible Preferred Stock	--	--	193,230	4,059
9.2% Series B Junior Cumulative Convertible Preferred Stock	--	--	84,781	1,821
9.2% Series D Junior Cumulative Convertible Preferred Stock	--	--	253,142	4,816

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

ASSET RETIREMENT OBLIGATION

In accordance with SFAS No. 143, 'Accounting for Asset Retirement Obligations,' we recorded costs equal to the present value of the future obligation associated with the retirement of our terrestrial repeater network. These costs, which are included in other long-term liabilities, include an amount that we estimate will be sufficient to satisfy our obligations under leases to remove our terrestrial repeater equipment and restore the sites to their original condition. The following table reconciles the beginning and ending aggregate carrying amount of this asset retirement obligation:

	ASSET RETIREMENT OBLIGATION
Balance, December 31, 2002	$--
Present value of asset retirement obligation	195
Accretion expense	84
Balance, December 31, 2003	$279

RECLASSIFICATIONS

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

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued Interpretation No. 46 (Revised 2003), 'Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51.' This Interpretation, which replaces FASB Interpretation No. 46, 'Consolidation of Variable Interest Entities,' addresses the consolidation by business enterprises of variable interest entities as defined in the Interpretation. This Interpretation is effective no later than the end of the first reporting period that ends after March 15, 2004. This Interpretation did not have an impact on our consolidated results of operations or financial position.

In May 2003, the FASB issued SFAS No. 150, 'Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,' which is effective for all financial instruments created or modified after May 31, 2003 and otherwise effective at the beginning of the first interim period after June 15, 2003. SFAS No. 150 establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. The adoption of SFAS No. 150 did not have an impact on our consolidated results of operations or financial position.

In April 2003, the FASB issued SFAS No. 149, 'Amendment of Statement 133 on Derivative Instruments and Hedging Activities.' SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, 'Accounting for Derivative Instruments and Hedging Activities.' SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships after June 30, 2003. All provisions of SFAS No. 149 should be applied prospectively. This statement did not have an impact on our consolidated results of operations or financial position.

3. RECENT DEBT AND EQUITY TRANSACTIONS; RECAPITALIZATION

In December 2003, we issued 54,805,993 shares of common stock in exchange for $65,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. As of December 31, 2003, $136,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 was outstanding. In connection with this transaction we incurred debt conversion costs of $19,439.

In November 2003, we sold 73,170,732 shares of our common stock in an underwritten public offering resulting in net proceeds of $149,600.

In June 2003, we sold 86,250,000 shares of our common stock in an underwritten public offering resulting in net proceeds of $144,897.

In May 2003, we issued $201,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 in an underwritten public offering resulting in net proceeds of $194,224. Our 3 1/2% Convertible Notes due 2008 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 724.6377 shares of common stock for each $1,000.00 principal amount, or $1.38 per share of common stock, subject to certain adjustments.

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

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

we issued 39,927,796 shares of our common stock and warrants to purchase 45,416,690 shares of our common stock in exchange for all outstanding shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock held by affiliates of Apollo Management, L.P. ('Apollo');

we issued 37,065,069 shares of our common stock and warrants to purchase 42,160,424 shares of our common stock in exchange for all outstanding shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock held by affiliates of The Blackstone Group L.P. ('Blackstone');

we sold 24,060,271 shares of our common stock to Apollo for an aggregate of $25,000;

we sold 24,060,271 shares of our common stock to Blackstone for an aggregate of $25,000; and

we sold 163,609,837 shares of our common stock to affiliates of OppenheimerFunds, Inc. ('Oppenheimer') for an aggregate of $150,000.

In March 2003, we recorded a gain of $256,538 and a deemed dividend of $79,510 as a result of the exchange transactions. In connection with the exchange offer relating to our debt, we also amended the indentures under which our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and 8 3/4% Convertible Subordinated Notes due 2009 were issued to eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

4. SUBSCRIBER REVENUE

Subscriber revenue consists of subscription revenue, non-refundable activation revenue and the effects of mail-in rebate programs. An estimate of mail-in rebates that are paid by us directly to subscribers are recorded as a reduction to subscriber revenue in the period the subscriber activates service. In subsequent periods estimates are adjusted when necessary. Subscriber revenue consists of the following:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Subscription revenue	$13,759	$1,016	$ --
Activation revenue	534	33	--
Effects of mail-in rebates	(1,678)	(426)	--
Total subscriber revenue, including effects of mail-in rebates	$12,615	$ 623	$ --

5. NON-CASH STOCK COMPENSATION

We record non-cash stock compensation expense or benefit in connection with the grant of certain stock options and restricted stock units, and the issuance of common stock to employees and employee benefit plans. We recognized non-cash stock compensation expense of $11,454, a non-cash stock compensation benefit of $7,867 and non-cash stock compensation expense of $14,044 for the years ended December 31, 2003, 2002 and 2001, respectively.

The non-cash stock compensation expense for the year ended December 31, 2003 includes $5,251 as a result of the accelerated vesting of options due to the satisfaction of 2003 performance criteria. The non-cash stock compensation benefit and expense for the years ended December 31, 2002 and 2001, respectively, are primarily a result of options that were repriced in April 2001.

6. INTEREST COST

During the years ended December 31, 2002 and 2001, we capitalized a portion of the interest on funds borrowed to finance our construction in process. The following is a summary of our interest cost:

	FOR THE YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Interest costs charged to expense	$31,071	$ 96,513	$ 81,427
Debt conversion costs charged to expense	19,439	9,650	8,259
Total interest expense	50,510	106,163	89,686
Interest costs capitalized	--	5,426	19,270
Total interest costs incurred	$50,510	$111,589	$108,956

Debt conversion costs for the year ended December 31, 2003 are a result of the exchange of $65,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 for shares of our common stock. Debt conversion costs for the years ended December 31, 2002 and 2001 are a result of the exchange of $29,475 and $34,900, respectively, in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009 for shares of our common stock.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

7. SUPPLEMENTAL CASH FLOW DISCLOSURES

The following represents supplemental cash flow information:

	FOR THE YEARS ENDED DECEMBER 31,	
	2003	2002
Cash paid for interest	$ 14,998	$24,042
Supplemental non-cash operating activities:		
Common stock issued in satisfaction of accrued compensation	--	1,720
Supplemental non-cash investing and financing activities:		
Capitalized interest	--	5,426
Common stock issued in exchange for 15% Senior Secured Discount Notes due 2007, including accrued interest	145,067	--
Common stock issued in exchange for 14 1/2% Senior Secured Notes due 2009, including accrued interest	105,294	--
Common stock issued in exchange for Lehman term loans, including accrued interest	85,902	--
Common stock issued in exchange for Loral term loans, including accrued interest	41,865	--
Common stock issued in exchange for 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest	24,355	39,300
Common stock issued in exchange for 3 1/2% Convertible Notes due 2008, including accrued interest	82,380	--
Common stock issued in exchange for 9.2% Series A and B Junior Cumulative Convertible Preferred Stock, including accrued dividends	304,847	--
Common stock issued in exchange for 9.2% Series D Junior Cumulative Convertible Preferred Stock, including accrued dividends	283,785	--
Warrants issued in exchange for 9.2% Series A, B and D Junior Cumulative Convertible Preferred Stock, including accrued dividends	30,731	--

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	AS OF DECEMBER 31,	
	2003	2002
Satellite system	$ 945,548	$ 945,548
Terrestrial repeater network	69,342	64,036
Leasehold improvements	26,210	25,348
Broadcast studio equipment	25,847	23,332
Customer care, billing and conditional access	6,436	19,984
Satellite telemetry, tracking and control facilities	16,570	16,418
Furniture, fixtures, equipment and other	34,842	25,908
Construction in process	2,221	5,769
Total property and equipment	1,127,016	1,126,343
Accumulated depreciation	(185,964)	(93,469)
Property and equipment, net	$ 941,052	$1,032,874

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

Construction in process consisted of the following:

	AS OF DECEMBER 31,	
	2003	2002
Construction of terrestrial repeater network	1,949	5,769
Other	272	--
Construction in process	$2,221	$5,769

Our satellites were successfully launched on June 30, 2000, September 5, 2000 and November 30, 2000. We received title to our satellites on July 31, 2000, September 29, 2000 and December 20, 2000, following the completion of in-orbit testing of each satellite. Our spare satellite was delivered to ground storage on April 19, 2002. Our three-satellite constellation and terrestrial repeater network were placed into service on February 14, 2002.

SUBSCRIBER MANAGEMENT SYSTEM

In April 2003, we terminated our agreement with Sentraliant, the company that developed and operated our prior subscriber management system. Pursuant to that agreement, we paid Sentraliant $5,000 to terminate our agreement, of which approximately $1,000 related to fees for operating the system through the date of termination. As a result of this termination, we recorded a non-cash charge of $14,465 related to the write-off of the net book value of our subscriber management system. These costs are included in customer service and billing in the accompanying consolidated statements of operations for the year ended December 31, 2003.

In May 2003, we began using our new subscriber management system. The new system effectively manages our subscriber data, bills subscribers and interfaces with our conditional access system. We continue to evaluate the effectiveness of our new system and implement enhancements to the system.

TERRESTRIAL REPEATER NETWORK

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

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following:

	AS OF DECEMBER 31,	
	2003	2002
Accounts payable	$ 1,630	$ 3,848
Accrued compensation	5,247	4,869
Accrued capital expenditures	2,469	7,566
Accrued research and development costs	4,400	6,590
Accrued subsidies and distribution	30,770	8,221
Accrued broadcast royalties	3,478	1,095
Other accrued expenses	17,925	11,147
	$65,919	$43,336

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

10. LONG-TERM DEBT AND ACCRUED INTEREST

Our long-term debt consists of the following:

	AS OF DECEMBER 31,	
	2003	2002
3 1/2% Convertible Notes due 2008	$136,250	$ --
8 3/4% Convertible Subordinated Notes due 2009	1,744	16,461
14 1/2% Senior Secured Notes due 2009	27,609	179,382
15% Senior Secured Discount Notes due 2007	29,200	280,430
Lehman term loans	--	144,084
Loral term loans	--	50,000
Total long-term debt	$194,803	$670,357

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

	AS OF DECEMBER 31,	
	2003	2002
3 1/2% Convertible Notes due 2008	$ 397	$ --
8 3/4% Convertible Subordinated Notes due 2009	38	1,088
14 1/2% Senior Secured Notes due 2009	549	18,206
15% Senior Secured Discount Notes due 2007	365	3,505
Lehman term loan facility	--	3,170
Loral term loan facility	--	24,179
Total accrued interest	$ 1,349	$50,148
Less: current portion	(1,349)	(3,234)
Total long-term accrued interest	$ --	$46,914

The maturities of our long-term debt are as follows:

	AS OF DECEMBER 31, 2003
2004	$--
2005	--
2006	--
2007	29,200
2008	136,250
Thereafter	32,002
Total Debt	$197,452

DEBT RESTRUCTURING

In March 2003, we issued 545,012,162 shares of our common stock in exchange for approximately 91% of our then outstanding debt, including all of our Lehman term loans, all of our Loral term loans and $435,689 in aggregate principal amount at maturity of our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and 8 3/4% Convertible Subordinated Notes due 2009. In March 2003, we recorded a gain of $256,538 as a result of the exchange transactions. In connection with the exchange offer relating to our debt, we also amended the indentures under which our 15% Senior Secured Discount Notes due 2007, 14 1/2% Senior Secured Notes due 2009 and 8 3/4% Convertible Subordinated Notes due 2009 were issued to

eliminate substantially all of the restrictive covenants. Holders of our debt also waived any existing events of default or events of default caused by the restructuring.

3 1/2% CONVERTIBLE NOTES DUE 2008

In May 2003, we issued $201,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 in an underwritten public offering resulting in net proceeds of $194,224. Our 3 1/2% Convertible Notes due 2008 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 724.6377 shares of common stock for each $1,000.00 principal amount, or $1.38 per share of common stock, subject to certain adjustments. Our 3 1/2% Convertible Notes due 2008 mature on June 1, 2008 and interest is payable semi-annually on June 1 and December 1 of each year. The obligations under our 3 1/2% Convertible Subordinated Notes due 2008 are not secured by any of our assets.

In December 2003, we issued 54,805,993 shares of common stock in exchange for $65,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. In connection with this transaction we incurred debt conversion costs of $19,439.

8 3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2009

Our 8 3/4% Convertible Subordinated Notes mature on September 29, 2009 and interest is payable semi-annually on March 29 and September 29 of each year. Our 8 3/4% Convertible Notes due 2009 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 35.134 shares of common stock for each $1,000.00 principal amount, or $28.4625 per share of common stock, subject to certain adjustments. The obligations under our 8 3/4% Convertible Subordinated Notes due 2009 are not secured by any of our assets.

During the year ended December 31, 2002, we issued 2,913,483 shares of our common stock in exchange for $29,475 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest. During the year ended December 31, 2001, we issued 2,283,979 shares of our common stock in exchange for $34,900 in aggregate principal amount of our 8 3/4% Convertible Subordinated Notes due 2009, including accrued interest. In connection with these transactions we incurred debt conversion costs of $9,650 and $8,259, respectively, for the years ended December 31, 2002 and 2001.

14 1/2% SENIOR SECURED NOTES DUE 2009

Our 14 1/2% Senior Secured Notes mature on May 15, 2009 and interest is payable semi-annually on May 15 and November 15 of each year. As of December 31, 2003, $30,258 in aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009 was outstanding. The aggregate principal amount of our 14 1/2% Senior Secured Notes due 2009 is reduced by $2,649, the unamortized portion of the fair market value of warrants issued in connection with these notes. The obligations under our 14 1/2% Senior Secured Notes due 2009 are secured by a lien on the stock of our subsidiary that holds our FCC license and a lien on our spare satellite.

15% SENIOR SECURED DISCOUNT NOTES DUE 2007

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

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

LEHMAN TERM LOAN FACILITY

On June 1, 2000, we entered into a term loan agreement with Lehman Commercial Paper Inc. ('LCPI') and Lehman Brothers Inc. On March 7, 2001, we borrowed $150,000 from LCPI under this agreement. Interest on the term loan was based on an annual rate equal to the eurodollar rate plus 5% or a base rate, typically the prime rate, plus 4%. The term loan was secured by the stock of our subsidiary that holds our FCC license and a lien on our spare satellite. On March 26, 2002, we entered into an amendment to this term loan agreement adjusting the financial covenants, accelerating the amortization schedule of the term loan and reducing the exercise price of the warrants to $15.00 per share. In connection with this exercise price reduction, we adjusted the book value of our term loan and future amortization schedule. In March 2003, we issued 120,988,793 shares of our common stock in exchange for all of our outstanding Lehman term loans, including accrued interest.

LORAL TERM LOAN FACILITY

Loral deferred $50,000 due under our amended and restated satellite contract. The amount deferred was originally due in quarterly installments beginning in June 2002. Loral's delay in delivering our spare satellite resulted in a revision to our payment schedule. Our obligations under our Loral term loan facility were secured by a security interest in our terrestrial repeater network. In March 2003, we issued 58,964,981 shares of our common stock in exchange for all of our outstanding Loral term loans, including accrued interest.

11. STOCKHOLDERS' EQUITY

COMMON STOCK, PAR VALUE $.001 PER SHARE

As of December 31, 2003, approximately 376,105,000 shares of our common stock were reserved for issuance in connection with outstanding convertible debt, warrants and incentive stock plans.

In November 2003, we sold 73,170,732 shares of our common stock in an underwritten public offering resulting in net proceeds of $149,600. In June 2003, we sold 86,250,000 shares of our common stock in an underwritten public offering resulting in net proceeds of $144,897. In March 2003, we sold 24,060,271 shares of our common stock to Apollo for an aggregate of $25,000; 24,060,271 shares of our common stock to Blackstone for an aggregate of $25,000; and 163,609,837 shares of our common stock to Oppenheimer for an aggregate of $150,000. We received net proceeds of $197,112 in connection with these sales. In January 2002, we sold 16,000,000 shares of our common stock in a public offering for net proceeds of $147,500. In February 2001, we sold 11,500,000 shares of our common stock in a public offering for net proceeds of $229,300.

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

PREFERRED STOCK

In December 1998, we sold Apollo, 1,350,000 shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $135,000. Each share of our 9.2% Series A Junior Cumulative Convertible Preferred Stock was convertible into a number of shares of our common stock calculated by dividing the $100.00 per share liquidation preference by a conversion price of $30.00. This conversion price was subject to adjustment for certain corporate events. Dividends on our 9.2% Series A Junior Cumulative Convertible Preferred Stock were payable annually in cash or additional shares of our 9.2% Series A Junior Cumulative Convertible Preferred Stock, at our option.

In December 1998, Apollo granted to us an option to sell to Apollo 650,000 shares of our 9.2% Series B Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $65,000. We exercised this option on December 23, 1999. The terms of our 9.2% Series B Junior Cumulative Convertible Preferred Stock were similar to those of our 9.2% Series A Junior Cumulative Convertible Preferred Stock.

In January 2000, we sold Blackstone 2,000,000 shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, par value $.001 per share, for an aggregate purchase price of $200,000. Each share of our 9.2% Series D Junior Cumulative Convertible Preferred Stock was convertible into a number of shares of our common stock calculated by dividing the $100.00 per share liquidation preference by a conversion price of $34.00. This conversion price was subject to adjustment for certain corporate events. Dividends on our 9.2% Series D Junior Cumulative Convertible Preferred Stock were payable annually in cash or additional shares of our 9.2% Series D Junior Cumulative Convertible Preferred Stock, at our option.

In March 2003, we issued 39,927,796 shares of our common stock to Apollo in exchange for all of our outstanding 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock, and 37,065,069 shares of our common stock to Blackstone in exchange for all of our outstanding 9.2% Series D Junior Cumulative Convertible Preferred Stock, including, in each case, accrued dividends. In March 2003, we recorded a deemed dividend of $79,510 as a result of these exchange transactions.

WARRANTS

In March 2003, we issued warrants to purchase 45,416,690 shares of our common stock in exchange for all our outstanding 9.2% Series A Junior Cumulative Convertible Preferred Stock and 9.2% Series B Junior Cumulative Convertible Preferred Stock held by Apollo. Warrants to purchase 27,250,013 shares of our common stock have an exercise price of $1.04 per share, and warrants to purchase 18,166,677 shares of our common stock have an exercise price of $0.92 per share. These warrants are exercisable and expire on March 7, 2005.

In March 2003, we issued warrants to purchase 42,160,424 shares of our common stock in exchange for all our outstanding 9.2% Series D Junior Cumulative Convertible Preferred Stock held by Blackstone. Warrants to purchase 25,296,255 shares of our common stock have an exercise price of $1.04 per share, and warrants to purchase 16,864,169 shares of our common stock have an exercise price of $0.92 per share. These warrants are exercisable and expire on September 7, 2004. In November 2003, Blackstone exercised 21,027,512 warrants, each with an exercise price of $1.04 per share, through a cashless exercise. In connection with this exercise, we issued 11,531,805 shares of our common stock to Blackstone.

In January 2000, we issued DaimlerChrysler a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $60.00 per share. In October 2002, we cancelled the warrant previously issued to DaimlerChrysler and issued a new warrant which entitles DaimlerChrysler to

purchase up to 4,000,000 shares of our common stock at a purchase price of $3.00 per share. This warrant is exercisable based upon the number of new vehicles equipped to receive our broadcasts DaimlerChrysler manufactures, and is fully exercisable after 3,200,000 new DaimlerChrysler vehicles equipped to receive our broadcasts are manufactured. There was no accounting impact associated with the cancellation of the original warrant and subsequent issuance of the new warrant as DaimlerChrysler had not begun to perform under the agreement. We record warrant expense based upon the satisfaction of certain performance criteria and the fair value of the warrants at each reporting date. The final measurement date of these warrants will be the date that each performance commitment for such warrants is satisfied. We recorded $205 associated with these warrants during the year ended December 31, 2003. We did not recognize any costs associated with these warrants during the years ended December 31, 2002 and 2001.

In June 1999, we issued Ford a warrant to purchase 4,000,000 shares of our common stock at an exercise price of $30.00 per share. In October 2002, we cancelled the warrant previously issued to Ford and issued a new warrant which entitles Ford to purchase up to 4,000,000 shares of our common stock at a purchase price of $3.00 per share. The new warrant is exercisable based upon certain corporate events and the number of new vehicles equipped to receive our broadcasts Ford manufactures, and is fully exercisable after 1,500,000 new Ford vehicles equipped to receive our broadcasts are manufactured. There was no accounting impact associated with the cancellation of the original warrant and subsequent issuance of the new warrant as Ford had not begun to perform under the agreement. We recorded $240 associated with these warrants during the year ended December 31, 2003. We did not recognize any costs associated with these warrants during the years ended December 31, 2002 and 2001.

In connection with the Lehman term loan facility, we granted Lehman Commercial Paper Inc. 2,100,000 warrants, each to purchase one share of our common stock, at an exercise price of $29.00 per share. In March 2002, we entered into an amendment to our term loan agreement with Lehman that reduced the exercise price of these warrants from $29.00 to $15.00 per share. These warrants remained outstanding following our restructuring.

In connection with the issuance of our 14 1/2% Senior Secured Notes due 2009 in May 1999, we issued 600,000 warrants, each to purchase 3.65 shares of our common stock at an exercise price of $28.60 per share. As of December 31, 2003, these warrants may be exercised to purchase 4.189 shares of our common stock at an exercise price of $24.92 per share. As of December 31, 2003, 578,990 of these warrants were outstanding.

We granted an investor warrants to purchase 1,800,000 shares of our common stock at $50.00 per share during the period from June 15, 1998 until June 15, 2005, subject to certain conditions. After June 15, 2000, we may redeem all of these warrants, provided that the price of our common stock is at least $75.00 per share during a specified period. As of December 31, 2003, all of these warrants were outstanding.

12. EMPLOYEE BENEFIT PLANS

STOCK OPTION PLANS

In February 1994, we adopted our 1994 Stock Option Plan (the '1994 Plan') and our 1994 Directors' Nonqualified Stock Option Plan (the 'Directors' Plan'). In June 1999, we adopted our 1999 Long-Term Stock Incentive Plan (the '1999 Plan'). In March 2003, we adopted the Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan (the '2003 Plan'). As of December 31, 2003, approximately 114,206,000 shares of our common stock were available for grant under these plans. Employees and consultants are eligible to receive awards under the 2003 Plan.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

The 2003 Plan provides for the grant of stock options, restricted stock, restricted stock units and other stock-based awards that the compensation committee of our board of directors may deem appropriate. Vesting and other terms of stock-based awards are set forth in the agreements with the individuals receiving the awards. Stock-based awards granted under the 2003 Plan generally vest over three to five years from the date of grant and expire in ten years.

During the year ended December 31, 2003, we granted a total of 47,707,250 nonqualified stock options to employees and consultants with an exercise price of $1.04 per share. Since the exercise price of these stock-based awards was less than the fair market value of the underlying common stock on the date of grant, we recorded deferred compensation, a component of stockholders' equity, of $30,299 during the year ended December 31, 2003. This deferred compensation is amortized to non-cash stock compensation expense over the vesting period. Approximately 42% of these options vest ratably over three years, 25% vest in July 2008 with acceleration to March 2004 if performance criteria are satisfied in 2003 and 33% vest in July 2008 with acceleration to March 2005 if performance criteria are satisfied in 2004. During the year ended December 31, 2003, we recognized non-cash stock compensation associated with these stock options of $8,569, including $5,251 of non-cash stock compensation expense related to the accelerated vesting of stock options as result of the satisfaction of performance criteria in 2003.

The following table summarizes the stock option activity under all of our plans (shares in 000's):

	FOR THE YEARS ENDED DECEMBER 31,					
	2003		2002		2001	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year.....	13,341	$12.16	11,117	$13.58	7,510	$29.12
Granted.....	53,379	1.17	3,240	5.78	4,233	9.23
Exercised.....	--	--	(3)	7.50	(185)	3.30
Cancelled.....	(1,989)	6.27	(1,013)	7.34	(441)	17.35
Cancelled under repricing.....	--	--	--	--	(3,982)	32.24
Granted under repricing.....	--	--	--	--	3,982	7.50
Outstanding at end of year.....	64,731	$ 3.28	13,341	$12.16	11,117	$13.58

Exercise prices for stock options outstanding as of December 31, 2003 ranged from $0.49 to $57.00 per share. The weighted average grant date fair value of stock options granted during the years ended December 31, 2003, 2002 and 2001, was $1.49, $3.74 and $5.33 per share, respectively. The following table provides certain information with respect to stock options outstanding and exercisable at December 31, 2003:

	STOCK OPTIONS OUTSTANDING			STOCK OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE PER SHARE	SHARES	AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAGE EXERCISE PRICE
$0.49 - $1.00.....	97	9.0	$ 0.78	9	$ 0.95
$1.01 - $4.99.....	53,633	9.6	1.18	754	3.48
$5.00 - $14.99.....	8,377	6.8	7.90	7,389	7.89
$15.00 - $34.99.....	2,526	4.3	31.01	2,526	31.01
$35.00 - $57.00.....	98	6.5	45.89	87	45.68
Total.....	64,731	9.0	$ 3.28	10,765	$13.31

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

RESTRICTED STOCK UNITS

We granted 16,860,000 restricted stock units, with a weighted average grant date fair value of $1.65 per share to certain employees during the year ended December 31, 2003. Each restricted stock unit entitles the holder to receive one share of common stock upon vesting in July 2008 with acceleration to March 2006 if performance criteria are satisfied with respect to the year ending December 31, 2005. We recorded deferred compensation of $27,811 during the year ended December 31, 2003 in connection with these restricted stock units, which will be amortized to non-cash stock compensation expense over the vesting period. During the year ended December 31, 2003, we recognized non-cash stock compensation expense associated with these restricted stock units of $2,211.

401(k) SAVINGS PLAN

We sponsor the Sirius Satellite Radio 401(k) Savings Plan (the 'Plan') for eligible employees. The Plan allows eligible employees to voluntarily contribute from 1% to 16% of their pre-tax salary subject to certain defined limits. Currently we match 50% of employee voluntary contributions, up to 6% of an employee's pre-tax salary, in the form of shares of our common stock. Our matching contribution vests at a rate of 33 1/3% for each year of employment and is fully vested after three years of employment. Contribution expense resulting from our matching contribution to the Plan was $801, $1,231, and $1,224 for the years ended December 31, 2003, 2002 and 2001, respectively.

We may also elect to contribute to the profit sharing portion of the Plan based upon the total compensation of all participants eligible to receive an allocation. These additional contributions, referred to as regular employer contributions, will be determined by the compensation committee of our board of directors. Employees are only eligible to share in regular employer contributions during any year in which they are employed on the last day of the year. Profit sharing contribution expense was approximately $913 for the year ended December 31, 2003. There was no profit sharing contribution expense for the years ended December 31, 2002 and 2001, respectively.

13. INCOME TAXES

Our income tax provision (benefit) consists of the following:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Current taxes:			
Federal	$ --	$ --	$ --
State	--	--	--
Total current taxes	$ --	$ --	$ --
Deferred taxes:			
Federal	$ --	$ --	$ --
State	--	--	--
Total deferred taxes	$ --	$ --	$ --
Total income tax provision (benefit)	$ --	$ --	$ -

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

The following table indicates the significant elements contributing to the difference between the federal tax provision (benefit) at the statutory rate and at our effective rate:

	FOR THE YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Federal tax benefit at statutory rate	79,175	147,868	82,517
State income taxes, net of federal benefit	11,644	21,747	13,439
Increase in taxes resulting from permanent differences, net	(9,162)	(3,508)	(9,797)
Other	--	(2,571)	--
Change in valuation allowance	(81,657)	(163,536)	(86,159)
Income tax provision (benefit)	$ --	$ --	$ --

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

	DECEMBER 31,	
	2003	2002
Deferred tax assets:		
Start-up costs capitalized for tax purposes	$ 73,903	$ 95,547
Net operating loss carryforwards	449,942	277,761
Capitalized interest expense	10,032	28,389
Other	14,365	2,221
Total deferred tax asset	548,242	403,918
Deferred tax liabilities:		
Depreciation and amortization	(60,244)	(51,086)
Other	(2,237)	(2,281)
Total deferred tax liabilities	(62,481)	(53,367)
Net deferred tax assets before valuation allowance	485,761	350,551
Valuation allowance	(487,998)	(352,788)
Net deferred tax liability	$ (2,237)	$ (2,237)

A significant portion of our costs incurred to date have been capitalized for tax purposes as a result of our status as a start-up enterprise. Total unamortized start-up costs as of December 31, 2003 were $184,081. These capitalized costs are being amortized over 60 months. The total deferred tax asset includes approximately $8,107, which, if realized, would not affect financial statement income but would be recorded directly to stockholders' equity.

At December 31, 2003, we had net operating loss ('NOL') carryforwards of approximately $1,120,731 for federal and state income tax purposes available to offset future taxable income. These NOL carryforwards expire on various dates beginning in 2008. We have had several ownership changes under Section 382 of the Internal Revenue Code which may limit our ability to utilize tax deductions. Furthermore, future changes in our ownership may limit our ability to utilize our deferred tax asset. Realization of deferred tax assets is dependent upon future earnings; accordingly, a full valuation allowance was recorded against the assets.

14. RELATED PARTIES

During the year ended December 31, 2001, we made payments of $200 to a financial advisory firm, of which a related party was a partner. There were no related party transactions during the years ended December 31, 2003 and 2002, respectively.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

15. LEASE OBLIGATIONS

We have entered into non-cancelable operating leases for office space, equipment and terrestrial repeater sites. These leases provide for minimum lease payments, additional operating expense charges, have initial terms ranging from one to fifteen years, and certain leases have options to renew. Total rent expense recognized in connection with these leases for the years ended December 31, 2003, 2002 and 2001 was $12,275, $12,792, and $10,972, respectively. In addition, we have entered into non-cancelable capital leases for equipment. These leases have been capitalized using interest rates of approximately 16% and expire on various dates through 2005. Depreciation on the capitalized assets acquired pursuant to capital leases has been included in depreciation expense in the accompanying statements of operations.

Future minimum lease payments under these non-cancelable leases as of December 31, 2003 were as follows:

	OPERATING	CAPITAL
2004	$ 7,795	$ 75
2005	7,185	8
2006	6,393	--
2007	6,181	--
2008	6,121	--
Thereafter	30,121	--
Total minimum lease payments	$63,796	$ 83
Less amount representing interest		(1)
Present value of net minimum lease payments		82
Less current portion		(74)
Total long-term capital lease obligations		$ 8

16. COMMITMENTS AND CONTINGENCIES

We have entered into various contracts which have resulted in significant cash obligations in future periods. The following table summarizes our contractual commitments as of December 31, 2003:

	2004	2005	2006	2007	2008	THEREAFTER	TOTAL
Satellite and transmission	$ 2,374	$ 2,374	$ 2,374	$2,374	$2,374	$16,621	$ 28,491
Programming and content	28,296	32,591	23,750	2,002	1,000	--	87,639
Customer service and billing	2,984	1,440	360	--	--	--	4,784
Sales and marketing	17,190	7,511	6,216	4,500	--	--	35,417
Research and development	13,736	4,129	--	--	--	--	17,865
Chip set production	14,400	--	--	--	--	--	14,400
Total contractual commitments	$78,980	$48,045	$32,700	$8,876	$3,374	$16,621	$188,596

SATELLITE AND TRANSMISSION

We have entered into an agreement with a provider of satellite services to operate our off-site satellite telemetry, tracking and control facilities.

PROGRAMMING AND CONTENT

We have entered into agreements with licensors of music and non-music programming and, in certain instances, are obligated to pay license fees, guarantee minimum advertising revenue share or purchase advertising on properties owned or controlled by these licensors. In addition, we have agreements with various rights organizations pursuant to which we pay royalties for public performances of music.

CUSTOMER SERVICE AND BILLING

We have entered into agreements with third parties to provide customer service, billing and subscriber management services.

SALES AND MARKETING

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

RESEARCH AND DEVELOPMENT

We have entered into agreements with automakers that anticipate the incorporation of SIRIUS radios into vehicles manufactured by these automakers. We have agreed to reimburse them for certain engineering and development costs.

CHIP SET DEVELOPMENT AND PRODUCTION

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

JOINT DEVELOPMENT AGREEMENT

Under the terms of a joint development agreement with XM Radio, the other holder of a FCC satellite radio license, each party is obligated to fund one half of the development cost for a unified standard for satellite radios. During the year ended December 31, 2003, we incurred costs of $306 under this agreement. We did not incur any costs associated with the joint development agreement during the year ended December 31, 2002. The costs related to the joint development agreement are being expensed as incurred in research and development. We are currently unable to determine the expenditures necessary to complete this process, but they may be significant.

OTHER COMMITMENTS

We have agreed to use reasonable efforts to assist certain manufacturers of SIRIUS radios and components for those radios in the event that production of such radios and components are greater than sales. In certain circumstances, these reasonable efforts may include the purchase of unsold SIRIUS radios or components. In addition, we have also entered into agreements with automakers, radio manufacturers and others that include per-radio and per-subscriber required payments and revenue sharing arrangements. These future costs are dependent upon many factors and are difficult to anticipate; however, these costs may be substantial. We may enter into additional programming, marketing and other agreements that contain provisions similar to our current agreements.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

Through December 31, 2003, we have not entered into any off-balance sheet arrangements or transactions.

RISKS AND UNCERTAINTIES

We have an agreement with Agere to develop and produce chip sets for use in SIRIUS radios. Agere is currently the sole supplier of chip sets to our radio manufacturers. Although there are a limited number of manufacturers of these chip sets, we believe that other suppliers could provide similar chip sets on comparable terms. A change of suppliers could cause a delay in manufacturing and a possible loss of sales, which would adversely affect our operating results.

A significant number of SIRIUS radios are produced by a single vendor due to technology, availability, price, quality and other considerations. In the event that supply of these SIRIUS radios were delayed or reduced, the ability of radio manufacturers to ship SIRIUS radios in the desired quantities and in a timely manner would adversely affect our operating results.

17. QUARTERLY FINANCIAL DATA (UNAUDITED)

Our quarterly results of operations are summarized below:

	FOR THE THREE MONTHS ENDED,			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
2003:				
Revenue	$ 1,591	$ 2,073	$ 4,258	$ 4,950
Cost of services	(16,643)	(31,647)	(17,720)	(20,764)
Net income (loss) applicable to common stockholders(1)	51,880	(111,836)	(106,689)	(147,778)
Net income (loss) per share applicable to common stockholders	$ 0.16	$ (0.12)	$ (0.11)	$ (0.14)
2002:				
Revenue	$ 33	$ 70	$ 17	$ 685
Cost of services	(14,382)	(14,457)	(14,194)	(26,865)
Net loss applicable to common stockholders	(90,124)	(124,603)	(119,675)	(134,064)
Net loss per share applicable to common stockholders	$ (1.22)	$ (1.62)	$ (1.56)	$ (1.74)

(1) Net income for the three months ended March 31, 2003 includes other income of $256,538 related to our debt restructuring.

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

18. SUBSEQUENT EVENTS (UNAUDITED)

In January 2004, Blackstone exercised 4,205,503 warrants, with an exercise price of $1.04 per share, and 16,822,009 warrants, with an exercise price of $0.92. In connection with these exercises, we issued 21,027,512 shares of our common stock for $19,850 in net proceeds.

In January 2004, we issued 56,409,853 shares of our common stock in exchange for $69,000 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008, including accrued interest. Following the exchange, $67,250 in aggregate principal amount of our 3 1/2% Convertible Notes due 2008 was outstanding. We incurred debt conversion costs of $21,896 in connection with this transaction.

In January 2004, we signed agreements with Penske Automotive Group, Inc., United Auto Group, Inc., Penske Truck Leasing Co. L.P. and Penske Corporation. We have agreed to pay the Penske companies a commission upon the sale or lease of a vehicle that includes a one-year or more subscription to our service bundled with the price of the vehicle; share the costs of our joint marketing efforts; reimburse the Penske companies for certain costs of purchasing and, if applicable, installing SIRIUS radios; and issue the Penske companies warrants to purchase an aggregate of 38 million shares of our common stock at an exercise price of $2.392 per share. Two million of these warrants vest upon issuance and the balance of these warrants vest over time and upon achievement of certain milestones by the Penske companies.

In February 2004, we signed a seven-year agreement with the National Football League to broadcast NFL games live nationwide, and to become the Official Satellite Radio Partner of the National Football League, with exclusive rights to use the NFL 'shield' logo and collective NFL team trademarks. We have agreed to pay the NFL an aggregate of $188 million in cash during the term of the agreement. $10 million of this amount was paid in connection with the announcement and execution of our agreement with the NFL, $85 million was deposited in escrow, and we are not required to make further payments to the NFL until August 2009. We have delivered to the NFL 15,173,070 shares of our common stock and warrants to purchase 50,000,000 shares of our common stock at an exercise price of $2.50 per share. The shares of common stock are subject to certain transfer restrictions which lapse over time. The warrants vest and become exercisable upon satisfaction of performance criteria.

In February 2004, we announced an agreement with RadioShack Corporation, one of the nation's largest consumer electronics retailers with more than 7,000 outlets nationwide, to distribute, market and sell SIRIUS radios. We have agreed to pay RadioShack compensation based upon the number of subscribers to our service that RadioShack activates, reimburse it for costs of certain joint marketing efforts, and pay it other customary compensation. We have also agreed to issue RadioShack warrants to purchase up to 10,000,000 shares of our common stock. All of these warrants will have an exercise price of $5.00 per share and will vest and become exercisable only if RadioShack achieves specified activation targets during the five year term of the agreement.

In February 2004, we also announced an agreement with affiliates of EchoStar Communications Corporation, which serves over nine million satellite television customers through its DISH Network and is a leading provider of advanced digital television services. EchoStar has agreed to purchase, distribute, market and sell SIRIUS radios through its extensive network of satellite television dealers and through certain other retailers and distributors. In connection with the purchase, distribution, marketing and sale of SIRIUS radios, we have agreed to pay EchoStar compensation based upon the number of subscribers to our service that it activates. EchoStar has also agreed to broadcast on its DISH Network satellite television service substantially all of our commercial-free music channels as part of its America's Top 120 and America's Top 180 programming packages, packages that are received by a majority of DISH Network subscribers.

In February 2004, we issued $250,000 in aggregate principal amount of our 2 1/2% Convertible Notes due 2009 pursuant to Rule 144A under the Securities Act resulting in net proceeds of $244,625. Our 2 1/2% Convertible Notes due 2009 are convertible, at the option of the holder, into shares of our common stock at any time at a conversion rate of 226.7574 shares of common stock for each $1,000.00 principal amount, or $4.41 per share of common stock, subject to certain adjustments.

(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

SCHEDULE II -- SCHEDULE OF VALUATION AND QUALIFYING ACCOUNTS

	BALANCE AT BEGINNING OF YEAR	CHARGE TO EXPENSE	BALANCE AT END OF YEAR
For the year ended December 31, 2002.....			
Deferred Tax Assets -- Valuation Allowance.....	$189,252	$163,536	$352,788
For the year ended December 31, 2003.....			
Deferred Tax Assets -- Valuation Allowance.....	$352,788	$135,210	$487,998

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
3.1	--Amended and Restated Certificate of Incorporation dated March 4, 2003 (incorporated by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
3.2	--Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
3.3	--Form of Certificate of Designations of Series B Preferred Stock (incorporated by reference to Exhibit A to Exhibit 1 to the Company's Registration Statement on Form 8-A filed on October 30, 1997 (the 'Form 8-A')).
4.1	--Form of certificate for shares of Common Stock (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1 (File No. 33-74782) (the 'S-1 Registration Statement')).
4.2.1	--Rights Agreement, dated as of October 22, 1997 (the 'Rights Agreement'), between the Company and Continental Stock Transfer & Trust Company, as rights agent (incorporated by reference to Exhibit 1 to the Form 8-A).
4.2.2	--Form of Right Certificate (incorporated by reference to Exhibit B to Exhibit 1 to the Form 8-A).
4.2.3	--Amendment to the Rights Agreement dated as of October 13, 1998 (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated October 13, 1998).
4.2.4	--Amendment to the Rights Agreement dated as of November 13, 1998 (incorporated by reference to Exhibit 99.7 to the Company's Current Report on Form 8-K dated November 17, 1998).
4.2.5	--Amended and Restated Amendment to the Rights Agreement dated as of December 22, 1998 (incorporated by reference to Exhibit 6 to Amendment No. 1 to the Form 8-A filed on January 6, 1999).
4.2.6	--Amendment to the Rights Agreement dated as of June 11, 1999 (incorporated by reference to Exhibit 4.1.8 to the Company's Registration Statement on Form S-4 (File No. 333-82303) (the '1999 Units Registration Statement')).
4.2.7	--Amendment to the Rights Agreement dated as of September 29, 1999 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on October 13, 1999).
4.2.8	--Amendment to the Rights Agreement dated as of December 23, 1999 (incorporated by reference to Exhibit 99.4 to the Company's Current Report on Form 8-K filed on December 29, 1999).
4.2.9	--Amendment to the Rights Agreement dated as of January 28, 2000 (incorporated by reference to Exhibit 4.6.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (the '1999 Form 10-K')).
4.2.10	--Amendment to the Rights Agreement dated as of August 7, 2000 (incorporated by reference to Exhibit 4.6.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).
4.2.11	--Amendment to the Rights Agreement dated as of January 8, 2002 (incorporated by reference to Exhibit 4.6.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the '2001 Form 10-K')).
4.2.12	--Amendment to the Rights Agreement dated as of October 22, 2002 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on October 24, 2002).
4.2.13	--Amendment to the Rights Agreement dated as of March 6,

2003 (incorporated by reference to Exhibit 4.2.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).

4.2.14 --Amendment to the Rights Agreement dated as of March 31, 2003 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated March 31, 2003).

4.2.15 --Amendment to the Rights Agreement dated as of July 30, 2003 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated July 30, 2003).

4.2.16 --Amendment to the Rights Agreement dated as of January 14, 2004 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated January 15, 2004).

EXHIBIT	DESCRIPTION
4.3	--Indenture, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as trustee, relating to the Company's 15% Senior Secured Discount Notes due 2007 (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-34769) (the '1997 Units Registration Statement')).
4.4	--Supplemental Indenture, dated as of March 7, 2003, between the Company and The Bank of New York (as successor to IBJ Schroder Bank & Trust Company), as trustee, relating to the Company's 15% Senior Secured Discount Notes due 2007 (incorporated by reference to Exhibit 4.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.5	--Form of 15% Senior Secured Discount Note due 2007 (incorporated by reference to Exhibit 4.2 to the 1997 Units Registration Statement).
4.6	--Warrant Agreement, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as warrant agent (incorporated by reference to Exhibit 4.3 to the 1997 Units Registration Statement).
4.7	--Form of Warrant (incorporated by reference to Exhibit 4.4 to the 1997 Units Registration Statement).
4.8	--Form of Common Stock Purchase Warrant granted by the Company to Everest Capital Master Fund, L.P. and to The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
4.9	--Indenture, dated as of May 15, 1999, between the Company and United States Trust Company of New York, as trustee, relating to the Company's 14 1/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.4.2 to the 1999 Units Registration Statement).
4.10	--Supplemental Indenture, dated as of March 7, 2003, between the Company and The Bank of New York (as successor to United States Trust Company of New York), as trustee, relating to the Company's 14 1/2% Senior Secured Notes due 2009 (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.11	--Form of 14 1/2% Senior Secured Note due 2009 (incorporated by reference to Exhibit 4.4.3 to the 1999 Units Registration Statement).
4.12	--Warrant Agreement, dated as of May 15, 1999, between the Company and United States Trust Company of New York, as warrant agent (incorporated by reference to Exhibit 4.4.4 to the 1999 Units Registration Statement).
4.13	--Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., as trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on October 13, 1999).
4.14	--First Supplemental Indenture, dated as of September 29, 1999, between the Company and United States Trust Company of Texas, N.A., as trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.01 to the Company's Current Report on Form 8-K filed on October 1, 1999).
4.15	--Second Supplemental Indenture, dated as of March 4, 2003, among the Company, The Bank of New York (as successor to United States Trust Company of Texas, N.A.), as resigning trustee, and HSBC Bank USA, as successor trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).

4.16 --Third Supplemental Indenture, dated as of March 7, 2003, between the Company and HSBC Bank USA, as trustee, relating to the Company's 8 3/4% Convertible Subordinated Notes due 2009 (incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).

4.17 --Form of 8 3/4% Convertible Subordinated Note due 2009 (incorporated by reference to Article VII of Exhibit 4.01 to the Company's Current Report on Form 8-K filed on October 1, 1999).

4.18 --Indenture, dated as of May 23, 2003, between the Company and The Bank of New York, as trustee (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated May 30, 2003).

EXHIBIT	DESCRIPTION
4.19	--Supplemental Indenture, dated as of May 23, 2003, between the Company and The Bank of New York, as trustee, relating to the Company's 3 1/2% Convertible Notes due 2008 (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K dated May 30, 2003).
4.20	--Second Supplemental Indenture, dated as of February 20, 2004, between the Company and The Bank of New York, as trustee, relating to the Company's 2 1/2% Convertible Notes due 2009 (filed herewith).
4.21	--Common Stock Purchase Warrant granted by the Company to DaimlerChrysler Corporation dated October 25, 2002 (incorporated by reference to Exhibit 4.20 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
4.22	--Common Stock Purchase Warrant granted by the Company to Ford Motor Company dated October 7, 2002 (incorporated by reference to Exhibit 4.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
4.23	--Form of Series A Common Stock Purchase Warrant dated March 7, 2003 (incorporated by reference to Exhibit 4.20 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.24	--Form of Series B Common Stock Purchase Warrant dated March 7, 2003 (incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
4.25	--Form of Media-Based Incentive Warrant dated February 3, 2004 issued by the Company to National Football Enterprises LLC (filed herewith).
4.26	--Bounty-Based Incentive Warrant dated February 3, 2004 issued by the Company to National Football Enterprises LLC (filed herewith).
4.27	--Amended and Restated Warrant Agreement, dated as of December 27, 2000, between the Company and United States Trust Company of New York, as warrant agent and escrow agent (incorporated by reference to Exhibit 4.27 to the Company's Registration Statement on Form S-3 (File No. 333-65602)).
4.28	--Second Amended and Restated Pledge Agreement, dated as of March 7, 2001, among the Company, as pledgor, The Bank of New York, as trustee and collateral agent, United States Trust Company of New York, as trustee, and Lehman Commercial Paper Inc., as administrative agent (incorporated by reference to Exhibit 4.25 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
4.29	--Collateral Agreement, dated as of March 7, 2001, between the Company, as borrower, and The Bank of New York, as collateral agent (incorporated by reference to Exhibit 4.26 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
4.30	--Amended and Restated Intercreditor Agreement, dated as of March 7, 2001, by and between The Bank of New York, as trustee and collateral agent, United States Trust Company of New York, as trustee, and Lehman Commercial Paper Inc., as administrative agent (incorporated by reference to Exhibit 4.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
10.1.1	--Lease Agreement, dated as of March 31, 1998, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
10.1.2	--Supplemental Indenture, dated as of March 22, 2000, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

10.1.3 --Supplemental Indenture, dated as of November 30, 2001, between Rock-McGraw, Inc. and the Company (incorporated by reference to Exhibit 10.1.3 to the 2001 Form 10-K).

*10.2 --Amended and Restated Employment Agreement, dated as of December 3, 2003, between the Company and Michael S. Ledford (filed herewith).

*10.3 --Employment Agreement, dated as of November 26, 2001, between the Company and Joseph P. Clayton (incorporated by reference to Exhibit 10.6 to the 2001 Form 10-K).

*10.4 --Amended and Restated Employment Agreement, dated as of October 20, 2003, between the Company and Guy D. Johnson (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003).

*10.5 --Employment Agreement, dated as of May 3, 2002, between the Company and Mary Patricia Ryan (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002).

EXHIBIT	DESCRIPTION
*10.6	--Employment Agreement, dated as of June 3, 2003, between the Company and David J. Frear (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003).
*10.7	--Agreement, dated as of October 16, 2001, between the Company and David Margolese (incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
*10.8	--1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).
*10.9	--Amended and Restated 1994 Directors' Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
*10.10	--CD Radio Inc. 401(k) Savings Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 (File No. 333-65473)).
*10.11	--Sirius Satellite Radio 2003 Long-Term Stock Incentive Plan (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002).
*10.12	--Form of Option Agreement, dated as of December 29, 1997, between the Company and each Optionee (incorporated by reference to Exhibit 10.16.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998).
'D'10.13	--Joint Development Agreement, dated as of February 16, 2000, between the Company and XM Satellite Radio Inc. (incorporated by reference to Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).
21.1	--List of Subsidiaries (filed herewith).
23.1	--Consent of Ernst & Young LLP (filed herewith).
23.2	--Notice Regarding Consent of Arthur Andersen LLP (filed herewith).
31.1	--Certificate of Joseph P. Clayton, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	--Certificate of David J. Frear, Executive Vice President and Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	--Certificate of Joseph P. Clayton, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	--Certificate of David J. Frear, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
99.1	--Financial Statements of Satellite CD Radio, Inc. (filed herewith).

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

'D' Portions of this exhibit 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'

Exhibit 4.20

SIRIUS SATELLITE RADIO INC.

AND

THE BANK OF NEW YORK,

as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of February 20, 2004

TO

Indenture

Dated as of May 23, 2003

---

2 1/2% Convertible Notes due 2009

SECOND SUPPLEMENTAL INDENTURE, dated as of the 20th day of February 2004 (this "Second Supplemental Indenture"), between Sirius Satellite Radio Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"), and The Bank of New York, a New York banking corporation, as trustee (the "Trustee"), under the Indenture, dated as of May 23, 2003, between the Company and the Trustee (the "Indenture").

The Company executed and delivered the Indenture to the Trustee to provide for the future issuance of its Securities, to be issued from time to time in series as might be determined by the Company under the Indenture, in an unlimited aggregate principal amount which may be authenticated and delivered thereunder as in the Indenture provided.

Pursuant to the terms of the Indenture, the Company desires to provide for the establishment of a new series of its Securities to be known as its 2 1/2% Convertible Notes due 2009 (the "Series 2 1/2% Notes"), the form of such Series 2 1/2% Notes and the terms, provisions and conditions thereof to be as provided in the Indenture and this Second Supplemental Indenture.

The Company has requested the Trustee to join with it in the execution and delivery of this Second Supplemental Indenture. All requirements necessary to make this Second Supplemental Indenture a valid instrument, enforceable in accordance with its terms, and to make the Series 2 1/2% Notes, when executed by the Company and authenticated and delivered by the Trustee, the valid obligations of the Company, have been performed and fulfilled, and the execution and delivery of this Second Supplemental Indenture and the Series 2 1/2% Notes, have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the purchase and acceptance of the Series 2 1/2% Notes by the Holders thereof, and for the purpose of setting forth, as provided in the Indenture, the form of the Series 2 1/2% Notes and the terms, provisions and conditions thereof, the Company covenants and agrees with the Trustee as follows:

ARTICLE I

General Terms and Conditions of
the Series 2 1/2% Notes

SECTION 1.01. Title and Terms. There shall be and is hereby authorized a series of Securities designated the "2 1/2% Convertible Notes due 2009", limited in aggregate principal amount up to $300,000,000. The Series 2 1/2% Notes shall mature and the principal thereof shall be due and payable, together with all accrued and unpaid interest thereon, on February 15, 2009. The Series 2 1/2% Notes shall be convertible into shares of common stock, $0.001 par value, of the Company, as such shares shall be constituted at the time of conversion ("Common Stock"), in accordance with Article III hereof. The Series 2 1/2% Notes and the Trustee's certificate of authentication shall be

substantially in the form of Exhibit A, which is hereby incorporated in and expressly made part of this Indenture. The Series 2 1/2% Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Company is subject, if any, or usage (provided that any such notation, legend or endorsement is in a form acceptable to the Company). Each Series 2 1/2% Note shall be dated the date of its authentication. The terms of the Series 2 1/2% Notes set forth in Exhibit A are part of the terms of this Second Supplemental Indenture.

ARTICLE II

The Securities

SECTION 2.01. (a) Form and Dating. The Series 2 1/2% Notes will be offered and sold by the Company pursuant to the Amended and Restated Purchase Agreement (the "Purchase Agreement") dated as of February 13, 2004 between the Company and Morgan Stanley & Co. Incorporated (the "Initial Purchaser"). The Series 2 1/2% Notes will be resold initially only to QIBs in reliance on Rule 144A under the Securities Act ("Rule 144A") as provided in the Purchase Agreement. Series 2 1/2% Notes may thereafter be transferred to, among others, QIBs and IAIs, subject to the restrictions on transfer set forth herein. Series 2 1/2% Notes initially resold pursuant to Rule 144A shall be issued initially in the form of one or more permanent global Securities in definitive, fully registered form (collectively, the "Rule 144A Global Security") without interest coupons, with the global securities legend and restricted securities legend set forth in Exhibit A hereto, which shall be deposited on behalf of the purchasers of the Series 2 1/2% Notes represented thereby with the Securities Custodian and registered in the name of the Depository or a nominee of the Depository, duly executed by the Company and authenticated by the Trustee as provided in the Indenture.

Beneficial interests in Rule 144A Global Securities may be exchanged for an interest in securities resold to IAIs, which securities shall be issued in the form of one or more permanent global Securities in definitive, fully registered form (collectively, the "IAI Global Security"), if (1) such exchange occurs in connection with a transfer of the securities in compliance with an exemption under the Securities Act and (2) the transferor of the Rule 144A Global Security first delivers to the trustee a written certificate (substantially in the form of Exhibit B) to the effect that (A) the Rule 144A Global Security is being transferred to an "accredited investor" within the meaning of 501(a) (1), (2), (3) or (7) under the Securities Act that is an institutional investor acquiring the securities for its own account or for the account of such an institutional accredited investor, in each case in a minimum principal amount of Securities of $250,000, for investment purposes and not with a view to or for offer or sale in connection with any distribution in violation of the Securities Act and (B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in IAI Global Securities may be exchanged for interests in Rule 144A Global Securities if (1) such exchange occurs in connection with a

transfer of Securities in compliance with Rule 144A and (2) the transferor of the beneficial interest in the IAI Global Security first delivers to the Trustee a written certificate (in a form satisfactory to the Trustee) to the effect that the beneficial interest in the IAI Global Security is being transferred to a Person (a) who the transferor reasonably believes to be a QIB, (b) purchasing for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and (c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

The Rule 144A Global Security and the IAI Global Security are collectively referred to herein as "Global Securities". The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depository or its nominee as hereinafter provided.

(b) Book-Entry Provisions. This Section 2.01(b) shall apply only to a Global Security deposited with or on behalf of the Depository.

The Company shall execute and the Trustee shall, in accordance with this Section 2.01(b), authenticate and deliver initially one or more Global Securities that (a) shall be registered in the name of the Depository for such Global Security or Global Securities or the nominee of such Depository and (b) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instructions or held by the Trustee as custodian for the Depository.

Members of, or participants in, the Depository ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depository or by the Trustee as the custodian of the Depository or under such Global Security, and the Company, the Trustee and any agent of the Company or the Trustee shall be entitled to treat the Depository as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices of such Depository governing the exercise of the rights of a holder of a beneficial interest in any Global Security.

(c) Certificated Securities. Except as provided under the Indenture or this Second Supplemental Indenture, owners of beneficial interests in the Global Securities shall not be entitled to receive physical delivery of certificated Series 2 1/2% Notes.

SECTION 2.02. Transfer and Exchange. (a) Transfer and Exchange of Global Securities. (1) The transfer and exchange of Global Securities or beneficial interest therein shall be effected through the Depository, in accordance with this Indenture (including applicable restrictions on transfer set forth herein, if any) and the procedures of the Depository therefor. A transferor of a beneficial interest in a Global Security shall deliver to the Security Registrar a written order given in accordance with the Depository's procedures containing information regarding the participant account of

the Depository to be credited with a beneficial interest in the Global Security. The Security Registrar shall, in accordance with such instructions, instruct the Depository to credit to the account of the Person specified in such instructions a beneficial interest in the Global Security and to debit the account of the Person making the transfer the beneficial interest in the Global Security being transferred.

(2) If the proposed transfer is a transfer of a beneficial interest in one Global Security to a beneficial interest in another Global Security, the Security Registrar shall reflect on its books and records the date and an increase in the principal amount of the Global Security to which such interest is being transferred in an amount equal to the principal amount of the interest to be so transferred, and the Security Registrar shall reflect on its books and records the date and a corresponding decrease in the principal amount of the Global Security from which such interest is being transferred.

(3) Notwithstanding any other provisions of this Indenture and Second Supplemental Indenture, a Global Security may not be transferred as a whole except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository.

(4) In the event that Global Securities are exchanged for Securities in certificated registered form pursuant to Section 2.01 (c), prior to the consummation of a Shelf Registration Statement in accordance with the Registration Rights Agreement with respect to such Securities, such Securities may be exchanged only in accordance with such procedures as are substantially consistent with the provisions of this Section 2.02 (including the certification requirements set forth on the reverse of the Securities intended to ensure that such transfers comply with Rule 144A) and such other procedures as may from time to time be adopted by the Company.

(b) Legend. (1) Except as permitted by the following paragraphs
(2) and (3), each Security certificate evidencing Global Securities (and all Securities issued in exchange therefor or in substitution thereof) shall bear a legend in substantially the following form:

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3), OR
(7) UNDER THE SECURITIES ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT, PRIOR TO EXPIRATION OF THE HOLDING PERIOD APPLICABLE

TO SALES OF THE NOTE EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), RESELL OR OTHERWISE TRANSFER THIS NOTE OR THE COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT (A) TO SIRIUS SATELLITE RADIO INC., OR ANY SUBSIDIARY THEREOF, (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) TO ANY INSTITUTIONAL ACCREDITED INVESTOR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (3) PRIOR TO SUCH TRANSFER (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(E) ABOVE), IT WILL FURNISH TO THE BANK OF NEW YORK, AS TRUSTEE (OR SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS NOTE PURSUANT TO CLAUSE 2(E) ABOVE OR UPON ANY TRANSFER OF THIS NOTE UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION). THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTION.

(2) Upon any sale or transfer of a Transfer Restricted Security
(including any Transfer Restricted Security represented by a Global Security) pursuant to Rule 144 under the Securities Act, the Registrar shall permit the transferee thereof to exchange such Transfer Restricted Security for a certificated Security that does not bear the legend set forth above and rescind any restriction on the transfer of such Transfer Restricted Security, if the transferor thereof certifies in writing to the Registrar that such sale or transfer was made in reliance on Rule 144 (such certification to be in the form set forth on the reverse of the Security).

(3) After a transfer of any Series 2 1/2% Notes during the period of the effectiveness of a registration statement with respect to such Series 2 1/2% Notes and

pursuant to such effective registration statement, all requirements pertaining to legends on such Series 2 1/2% Notes will cease to apply, the requirements requiring global form will cease to apply, and the Series 2 1/2% Notes, without restrictive transfer legends, will be available to the transferee of the Holder of such Series 2 1/2% Notes upon exchange of such transferring Holder's certificated Security or directions to transfer such Holder's interest in the Global Securities, as applicable.

(c) Cancellation or Adjustment of Global Security. At such time as all beneficial interests in a Global Security have either been redeemed, purchased or canceled, such Global Security shall be returned to the Depository for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged redeemed, purchased or canceled, the principal amount of Securities represented by such Global Security shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Securities Custodian for such Global Security) with respect to such Global Security, by the Trustee or the Securities Custodian, to reflect such reduction.

(d) No Obligation of the Trustee.

(i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Security, a member of, or a participant in the Depository or other Person with respect to the accuracy of the records of the Depository or its nominee or of any participant or member thereof, with respect to any ownership interest in the Securities or with respect to the delivery to any participant, member, beneficial owner or other Person (other than the Depository) of any notice (including any notice of redemption) or the payment of any amount, under or with respect to such Securities. All notices and communications to be given to the Holders and all payments to be made to Holders under the Securities shall be given or made only to or upon the order of the registered Holders (which shall be the Depository or its nominee in the case of a Global Security). The rights of beneficial owners in any Global Security shall be exercised only through the Depository subject to the applicable rules and procedures of the Depository. The Trustee may rely and shall be fully protected in relying upon information furnished by the Depository with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Security (including any transfers between or among Depository participants, members or beneficial owners in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

SECTION 2.03. Right To Require Repurchase. In the event that a Fundamental Change (as defined herein) shall occur, each Holder shall have the right, at the Holder's option, to require the Company to repurchase, and upon the exercise of such right the Company shall repurchase, all of such Holder's Series 2 1/2% Notes, or any portion of the principal amount thereof that is an integral multiple of $1,000 (provided that no single Series 2 1/2% Note may be repurchased in part unless the portion of the principal amount of such Series 2 1/2% Note to be outstanding after such repurchase is equal to $1,000 or an integral multiple of $1,000), on the date (the "Repurchase Date") that is 30 days after the date of the occurrence of a Fundamental Change or, if such 30th day is not a Business Day, the first Business Day thereafter, for cash at a purchase price equal to 100% of the principal amount to be repurchased plus interest accrued and unpaid thereon to, but excluding, the Repurchase Date (subject to the right of Holders of record on the Regular Record Date to receive interest on the relevant Interest Payment Date) (the "Repurchase Price"). If the Repurchase Date is between a Regular Record Date and the related Interest Payment Date, then the interest payable on such Interest Payment Date shall be paid to the Holder of record of the Series 2 1/2% Note on such Regular Record Date.

SECTION 2.04. Notices; Method of Exercising Repurchase Right, Etc. (a) On or before the 10th day after the occurrence of a Fundamental Change, the Company shall mail notice to all Holders (and to beneficial owners as required by applicable law) of Series 2 1/2% Notes (the "Company Notice") of the occurrence of the Fundamental Change and of the repurchase right set forth herein arising as a result thereof. If the Company gives such notice, the Company shall also deliver a copy of such notice to the Trustee.

Each Company Notice shall include the form of a Fundamental Change Purchase Notice (as defined below) to be completed by the Holder and shall state:

(1) the date of such Fundamental Change and, briefly, the events causing such Fundamental Change;

(2) the date by which the Fundamental Change Purchase Notice must be delivered;

(3) the Repurchase Date;

(4) the Repurchase Price;

(5) a description of the procedure which a Holder must follow to exercise its repurchase right under this Section 2.04;

(6) the procedures for withdrawing a Fundamental Change Purchase Notice by a Holder, including a form of notice of withdrawal;

(7) the place or places where such Series 2 1/2% Notes are to be surrendered for payment of the Repurchase Price;

(8) briefly, the conversion rights of Holders of Series 2 1/2% Notes;

(9) the Conversion Rate and any adjustments thereto, the date on which the right to convert the Series 2 1/2% Notes will terminate and the places where such Series 2 1/2% Notes may be surrendered for conversion; and

(10) that Holders who want to convert Series 2 1/2% Notes must satisfy the requirements set forth in the Series 2 1/2% Notes in order to convert the Series 2 1/2% Notes.

No failure of the Company to give the foregoing notice or defect therein shall limit any Holder's right to exercise its repurchase right or affect the validity of the proceedings for the repurchase of Series 2 1/2% Notes.

(b) To exercise its repurchase right, a Holder shall deliver to the Paying Agent or an office or agency maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, prior to the close of business on or before the Repurchase Date written notice of the Holder's exercise of such right (the "Fundamental Change Purchase Notice"), which notice shall set forth (i) the name of the Holder, (ii) the principal amount of the Series 2 1/2% Notes to be repurchased (and, if any Series 2 1/2% Note is to be repurchased in part, the portion of the principal amount thereof to be repurchased and the name of the Person in which the portion thereof to remain outstanding after such repurchase is to be registered), (iii) a statement that an election to exercise the repurchase right is being made thereby pursuant to the applicable provisions of the Series 2 1/2% Notes, and (iv) the certificate numbers of the Series 2 1/2% Notes with respect to which the repurchase right is being exercised.

(c) In the event a repurchase right shall be exercised in accordance with the terms hereof, the Company shall pay or cause to be paid to the Paying Agent the Repurchase Price in cash, for payment to the Holder on the Repurchase Date, payable with respect to the Series 2 1/2% Notes (or portion thereof) as to which the repurchase right has been exercised; provided, however, that such Series 2 1/2% Note for which a repurchase right has been exercised has been delivered to the Paying Agent at any time after the notice of exercise of a repurchase right shall have been given. Payment of the Repurchase Price for such Series 2 1/2% Note shall be made promptly following the later of the Business Day following the Repurchase Date and time of delivery of the Series 2 1/2% Note. If the Paying Agent holds money sufficient to pay the Repurchase Price on the Business Day following the Repurchase Date, then, immediately after the Repurchase Date, such Series 2 1/2% Note shall cease to be outstanding and interest will cease to accrue and will be deemed paid regardless of whether such Series 2 1/2% Note has been delivered to the Paying Agent, and all other rights of the Holder shall terminate (other than the right of such Holder to receive the Repurchase Price upon delivery of such Series 2 1/2% Note).

(d) On or prior to the Repurchase Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent,

segregate and hold in trust as provided in Section 10.3 of the Indenture) an amount of money sufficient to pay the Repurchase Price of the Series 2 1/2% Notes which are to be repaid on the Repurchase Date.

(e) If any Series 2 1/2% Note (or portion thereof) surrendered for repurchase shall not be so paid on the Business Day following the Repurchase Date, the principal amount of such Series 2 1/2% Note (or portion thereof, as the case may be) shall, until paid, bear interest from the Repurchase Date at the rate of 2 1/2% per annum, and each Series 2 1/2% Note shall remain convertible into Common Stock in accordance with Article III herein until the principal of such Series 2 1/2% Note (or portion thereof, as the case may be) shall have been paid or duly provided for.

(f) Any Series 2 1/2% Note which is to be repurchased only in part shall be surrendered to the Trustee (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or its attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Series 2 1/2% Note without service charge, a new Series 2 1/2% Note or Series 2 1/2% Notes, containing identical terms and conditions, each in an authorized denomination in aggregate principal amount equal to and in exchange for the portion of the principal of the Series 2 1/2% Note so surrendered that was not repurchased.

(g) Any Holder that has delivered to the Trustee a Fundamental Change Purchase Notice shall have the right to withdraw such notice at any time prior to the close of business on the Business Day immediately preceding the Repurchase Date by delivery of a written notice of withdrawal to the Paying Agent prior to the close of business on such date. The notice of withdrawal shall state the principal amount and the certificate numbers of the Series 2 1/2% Notes as to which the withdrawal notice relates and the principal amount, if any, which remains subject to the notice of exercise of a repurchase right. A Series 2 1/2% Note in respect of which a Holder has exercised its option to require repurchase upon a Fundamental Change may thereafter be converted into Common Stock only if such Holder withdraws its notice in accordance with the preceding sentence.

SECTION 2.05. Certain Definitions. For purposes of this Article II:

(a) the term "beneficial owner" shall be determined in accordance with Rules l3d-3 and 13d-5 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time; and

(b) the term "Person" shall include any syndicate or group which would be deemed to be a "Person" under Section 13(d)(3) of the Exchange Act.

SECTION 2.06. Fundamental Change. A "Fundamental Change" shall mean any transaction or event (whether by means of an exchange offer, liquidation,

tender offer, consolidation, merger, combination, reclassification, recapitalization or otherwise) in connection with which all or substantially all of the Common Stock outstanding is exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration which is not all or substantially all common stock that:

(a) is listed on, or immediately after the transaction or event will be listed on, a United States national securities exchange; or

(b) is approved, or immediately after the transaction or event will be approved, for quotation on the Nasdaq National Market or any similar United States system of automated dissemination of quotations of securities prices.

SECTION 2.07. Amendments to Transfer Restrictions Pursuant to
Section 9.1(a)(11) of the Indenture, changes may be made, without the consent of any holders of Securities, to provisions of this Second Supplemental Indenture relating to the form, authentication, transfer and legending of the Series 2 1/2% Notes; provided, however, that (a) such changes do not adversely affect the right of any Holder of a Series 2 1/2% Note and (b) compliance with the Indenture and this Second Supplemental Indenture as so amended would not result in the Securities being transferred in violation of the Securities Act or any other applicable securities laws.

ARTICLE III

Conversion

SECTION 3.01. Conversion Privilege. A Holder of a Series 2 1/2% Note may convert such Series 2 1/2% Note into Common Stock at any time during the period stated in paragraph 7 of the Series 2 1/2% Notes. The number of shares of Common Stock issuable upon conversion of a Series 2 1/2% Note per $1,000 of Principal Amount thereof (the "Conversion Rate") shall be that set forth in paragraph 7 of the Series 2 1/2% Notes, subject to adjustment as herein set forth.

A Holder may convert a portion of the Principal Amount of a Series 2 1/2% Note if the portion is $1,000 or an integral multiple of $1,000. Provisions of this Second Supplemental Indenture that apply to conversion of all of a Series 2 1/2% Note also apply to conversion of a portion of a Series 2 1/2% Note.

SECTION 3.02. Conversion Procedure. To convert a Series 2 1/2% Note a Holder must satisfy the requirements contained in paragraph 7 of the Series 2 1/2% Notes. The date on which a Holder of Series 2 1/2% Notes satisfies all those requirements is the conversion date (the "Conversion Date"). As soon as practicable after the Conversion Date, the Company shall deliver to the Holder, through the Conversion Agent, a certificate for the number of full shares of Common Stock issuable upon the conversion and cash in lieu of any fractional share determined pursuant to Section 3.03. The Person in whose name the certificate is registered shall be treated as a stockholder of record on and after the Conversion Date; provided, however, that no surrender of a Series 2 1/2% Note on any date when the stock transfer books of the Company shall be closed shall be

effective to constitute the Person or Persons entitled to receive the shares of Common Stock upon such conversion as the record holder or holders of such shares of Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such shares of Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open; such conversion shall be at the Conversion Rate in effect on the date that such Series 2 1/2% Note shall have been surrendered for conversion, as if the stock transfer books of the Company had not been closed. Upon conversion of a Series 2 1/2% Note, such Person shall no longer be a Holder of such Series 2 1/2% Note unless the Company defaults in the delivery of shares of Common Stock in respect of such conversion and such default continues for a period of 10 days.

No payment or adjustment will be made for dividends or other distribution with respect to any Common Stock except as provided in this Article III.

If the Holder converts more than one Series 2 1/2% Note at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the total Principal Amount of the Series 2 1/2% Notes converted.

Upon surrender of a Series 2 1/2% Note that is converted in part, the Company shall execute, and the Trustee shall authenticate and make available for delivery to the Holder, a new Series 2 1/2% Note in an authorized denomination equal in Principal Amount to the unconverted portion of the Series 2 1/2% Note surrendered.

If the last day on which a Series 2 1/2% Note may be converted is a Legal Holiday in a place where the Conversion Agent is located, the Series 2 1/2% Note may be surrendered to the Conversion Agent on the next succeeding day that is not a Legal Holiday.

SECTION 3.03. Fractional Shares. The Company will not issue a fractional share of Common Stock upon conversion of a Series 2 1/2% Note. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share shall be determined to the nearest 1/10,000th of a share by multiplying the last reported sale price (determined as set forth in the definition of Current Market Price), on the last Trading Day prior to the Conversion Date, of a full share by the fractional amount and rounding the product to the nearest whole cent.

SECTION 3.04. Taxes on Conversion. The Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon the conversion of a Series 2 1/2% Note in accordance with
Section 3.01. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificates representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax that will be due because the shares are to be issued in a

name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulations.

SECTION 3.05. Company To Provide Stock. The Company shall, prior to issuance of any Series 2 1/2% Notes hereunder, and from time to time as may be necessary, reserve out of its authorized but unissued Common Stock a sufficient number of shares of Common Stock to permit the conversion of the Series 2 1/2% Notes into Common Stock.

All shares of Common Stock delivered upon conversion of the Series 2 1/2% Notes shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights and free of any lien or adverse claim, other than any lien or claim created by the Holder.

The Company shall endeavor promptly to comply with all Federal and state securities laws regulating the offer and delivery of shares of Common Stock upon conversion of Series 2 1/2% Notes, if any, and will use its best efforts to list or cause to have quoted such shares of Common Stock on each national securities exchange or in the over-the-counter or other domestic market on which the Common Stock is then listed or quoted.

SECTION 3.06. Adjustment for Change in Capital Stock. In case the Company shall (i) pay a dividend, or make a distribution, in shares of its Common Stock, on its Common Stock, (ii) subdivide its outstanding Common Stock into a greater number of shares, or (iii) combine its outstanding Common Stock into a smaller number of shares, the Conversion Rate in effect immediately prior thereto shall be adjusted so that the Holder of any Series 2 1/2% Note thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which it would have owned or have been entitled to receive after the happening of any of the events described above had such Series 2 1/2% Note been converted immediately prior to the happening of such event. If any dividend or distribution of the type described in clause (i) above is not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate which would then be in effect if such dividend or distribution had not been declared. An adjustment made pursuant to this Section 3.06 shall become effective immediately after the record date, in the case of a dividend, and shall become effective immediately after the effective date, in the case of subdivision or combination.

SECTION 3.07. Adjustment for Rights Issue. In case the Company shall issue rights or warrants to all holders of its Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase Common Stock at a price per share less than the Current Market Price (as defined herein) per share of Common Stock at the record date for the determination of stockholders entitled to receive such rights or warrants, the Conversion Rate in effect immediately prior thereto shall be increased by multiplying the Conversion Rate in effect immediately prior to the date of issuance of such rights or warrants by a fraction of which the numerator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of additional shares of Common

Stock offered for subscription or purchase, and of which the denominator shall be the number of shares of Common Stock outstanding on the date of issuance of such rights or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered would purchase at such Current Market Price. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the record date for the determination of the stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate which would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate which would then be in effect if such record date for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at less than such Current Market Price, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors of the Company; provided, however, that if rules of such automated quotation system or exchange permit the Company to defer the listing of such Common Stock until the first conversion of the 2 1/2% Notes into Common Stock in accordance with the provisions of this Indenture, the conversion of the 2 1/2% in accordance with the requirements of such automated quotation system or exchange at such time.

SECTION 3.08. Adjustment for Other Distributions. (1) In case the Company shall distribute to all holders of its Common Stock (excluding any distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary) any shares of any class of capital stock of the Company (other than Common Stock) or evidences of its indebtedness or assets (including cash or securities) or rights or warrants to subscribe for or purchase any of its securities (excluding those referred to in Section 3.07) (any of the foregoing hereinafter in this Section 3.08(a) called the "Distributed Securities") then, in each case, the Conversion Rate shall be increased by multiplying the Conversion Rate in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the Current Market Price per share of the Common Stock on the record date mentioned below, and the denominator shall be the Current Market Price per share of the Common Stock on such record date less the fair market value on such record date (as determined by the Board of Directors of the Company, whose determination shall be conclusive, and described in a certificate filed with the Trustee; provided, however, that in the case of Distributed Securities that are capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company that are listed or quoted on a national or regional exchange or market, the fair market value of such Distributed Securities shall be the average closing sales prices of such Distributed Securities for the ten Trading Days commencing on and including the fifth Trading Day after the date on which "ex-dividend trading" commences for such distribution on the Nasdaq National Market or such other

national or regional exchange or market on which the Distributed Securities are then listed or quoted) of the Distributed Securities so distributed applicable to one share of Common Stock. Such adjustment shall become effective immediately after the record date for the determination of stockholders entitled to receive such distribution.

(b) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash, then the Conversion Rate shall be increased so that it equals the rate determined by multiplying the Conversion Rate in effect on the record date with respect to the cash distribution by a fraction, (x) the numerator of which shall be the Current Market Price of a share of Common Stock on the record date, and (y) the denominator of which shall be the same price of a share on the record date less the amount of the distribution. For purposes of this Section 3.08(b) only, (A) "Current Market Price" shall mean the average of the daily closing sale prices per share of Common Stock for the ten consecutive Trading Days ending on the earlier of the date of determination and the day before the "ex" date with respect to the distribution requiring such computation and (B) the term "ex" date, when used with respect to any distribution, means the date on which the Common Stock trades, regular way, on the relevant exchange or in the relevant market from which the Closing Sale Price was obtained without the right to receive such distribution.

(c) In case a tender or exchange offer made by the Company or any Subsidiary of the Company for all or any portion of the Common Stock shall expire and such tender or exchange offer shall involve the payment by the Company or such Subsidiary of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors of the Company or, to the extent permitted by applicable law, a duly authorized committee thereof, whose determination shall be conclusive, and described in a resolution of such Board of Directors or such duly authorized committee thereof, as the case may be, at the last time (the "Expiration Time") tenders or exchanges may be made pursuant to such tender or exchange offer (as it shall have been amended)) that exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted, up to any such maximum, being referred to as the "Purchased Shares") and (y) the product of the number of shares of Common Stock outstanding (excluding any Purchased Shares) at the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and the denominator shall be the number of shares of Common Stock outstanding (including any Purchased Shares) at the Expiration Time multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such increase to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that the Company or such Subsidiary is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company or such Subsidiary is permanently prevented by applicable law

from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate, that would then be effect if such tender or exchange offer had not been made.

(d) In case a tender or exchange offer made by a Person other than the Company or any Subsidiary of the Company for an amount that increases the offeror's ownership of Common Stock to more than 25% of the Common Stock outstanding shall expire and such tender or exchange offer shall involve the payment by such Person of consideration per share of Common Stock having a fair market value (as determined by the Board of Directors of the Company or, to the extent permitted by applicable law, a duly authorized committee thereof, whose determination shall be conclusive, and described in a resolution of such Board of Directors or such duly authorized committee thereof, as the case may be) at the Expiration Time that exceeds the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and in which, as of the Expiration Time the Board of Directors of the Company is not recommending rejection of the offer, the Conversion Rate shall be increased by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be the sum of (x) the fair market value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all Purchased Shares and (y) the product of the number of shares of Common Stock outstanding (excluding any Purchased Shares) at the Expiration Time and the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, and the denominator shall be the number of shares of Common Stock outstanding (including any Purchased Shares) at the Expiration Time multiplied by the Current Market Price of the Common Stock on the Trading Day next succeeding the Expiration Time, such increase to become effective immediately prior to the opening of business on the day following the Expiration Time. In the event that such Person is obligated to purchase shares pursuant to any such tender or exchange offer, but such Person is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

Notwithstanding the foregoing, the adjustment described in this
Section 3.08(d) shall not be made if, as of the Expiration Time, the prospectus relating to such tender offer discloses a plan or an intention to cause the Company to engage in any transaction described in Article 8 of the Indenture.

SECTION 3.09. When Adjustment May Be Deferred. No adjustment in the Conversion Rate need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Rate. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

All calculations under this Article III shall be made to the nearest cent or to the nearest 1/l0,000th of a share, as the case may be.

SECTION 3.10. When No Adjustment Required. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest.

No adjustment need be made for a change in the par value or no par value of the Common Stock.

To the extent the Series 2 1/2% Notes become convertible or exchangeable into cash, assets, property or securities (other than capital stock of the Company), no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on the cash.

SECTION 3.11. Notice of Adjustment. Whenever the Conversion Rate is adjusted, the Company shall promptly mail to the Holders of the Series 2 1/2% Notes a notice of such adjustment. The Company shall file with the Trustee and the Conversion Agent such notice. The notice shall, absent manifest error, be conclusive evidence that the adjustment is correct. Neither the Trustee nor any Conversion Agent shall be under any duty or responsibility with respect to any such notice except to exhibit the same to any Holder desiring inspection thereof.

SECTION 3.12. Voluntary Increase. The Company may make such increases in the Conversion Rate, in addition to those required by Sections 3.06, 3.07 and 3.08, as the Board of Directors of the Company considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes. To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time, the increase is irrevocable during such period and the Board of Directors of the Company shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is so increased, the Company shall mail to the Holders of the Series 2 1/2% Notes and file with the Trustee and the Conversion Agent a notice of the increase. The Company shall mail the notice at least five Trading Days before the date the increased Conversion Rate takes effect. The notice shall state the increased Conversion Rate and the period it will be in effect.

SECTION 3.13. Notice of Certain Transactions. If:

(1) the Company makes any distribution or dividend that would require an adjustment in the Conversion Rate pursuant to Section 3.06, 3.07 or 3.08;

(2) the Company takes any action that would require a supplemental indenture pursuant to Section 3.14; or

(3) there is a liquidation or dissolution of the Company;

then the Company shall mail or shall deliver to the Trustee and direct the Trustee to mail to Holders of the Series 2 1/2% Notes and file with the Trustee and the Conversion Agent a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding-up. The Company shall file and mail the notice at least 15 days before such date. Failure to file or mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 3.14. Effect Of Reclassification, Consolidation, Merger or Sale. If any of the following events occur, namely (i) any reclassification of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), (ii) any consolidation, merger or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of the properties and assets of the Company as, or substantially as, an entirety to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture providing that each Series 2 1/2% Note shall be convertible into the kind and amount of shares of stock and other securities or property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a Holder of a number of shares of Common Stock issuable upon conversion of such Series 2 1/2% Notes immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance. Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article.

The Company shall cause the Trustee to mail notice of the execution of such supplemental indenture to each Holder of Series 2 1/2% Notes at its address appearing on the Series 2 1/2% Note register provided for in Section 7.4 of the Indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, consolidations, mergers, combinations and sales.

If this Section applies, none of Sections 3.06, 3.07 or 3.08 shall apply.

SECTION 3.15. Company Determination Final. Any determination that the Company, or the Board of Directors of the Company or a duly authorized committee thereof must make pursuant to Section 3.03, 3.06, 3.07, 3.08, 3.09, 3.10, 3.14 or 3.17 is conclusive.

SECTION 3.16. Trustee's Adjustment Disclaimer. The Trustee has no duty to determine when an adjustment under this Article III should be made, how it should be made or what it should be. The Trustee has no duty to determine whether a supplemental indenture under Section 3.14 need be entered into or whether any

provisions of any supplemental indenture are correct. The Trustee shall not be accountable for, and makes no representation as to, the validity or value of any securities or assets issued upon conversion of Series 2 1/2% Notes. The Trustee shall not be responsible for the Company's failure to comply with this Article
III. Each Conversion Agent shall have the same protection under this Section 3.16 as the Trustee.

SECTION 3.17. Simultaneous Adjustments. In the event that this Article III requires adjustments to the Conversion Rate under more than one of Sections 3.06, 3.07, 3.08(a) or 3.08(b), and the record dates for the distributions giving rise to such adjustments shall occur on the same date, then such adjustments shall be made by applying, first, the provisions of Section 3.08(a); second, the provisions of Section 3.08(b); third, the provisions of
Section 3.06; and fourth, the provisions of Section 3.07.

SECTION 3.18. Successive Adjustments. After an adjustment to the Conversion Rate under this Article III, any subsequent event requiring an adjustment under this Article III shall cause an adjustment to the Conversion Rate as so adjusted.

SECTION 3.19. General Considerations. Whenever successive adjustments to the Conversion Rate are called for pursuant to this Article III, such adjustments shall be made to the Current Market Price as may be necessary or appropriate to effectuate the intent of this Article and to avoid unjust or inequitable results as determined in good faith by the Board of Directors of the Company.

Each share of Common Stock issued upon conversion of Series 2 1/2% Notes pursuant to this Article III shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the "Rights"), if any, that shares of Common Stock are entitled to receive and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any stockholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a "Rights Agreement"). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Series 2 1/2% Notes at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article III, there shall not be any adjustment to the conversion privilege or Conversion Rate as a result of the issuance of the Rights, but an adjustment to the Conversion Rate shall be made pursuant to Section 3.08(b) (to the extent required thereby) upon the separation of the Rights from the Common Stock.

SECTION 3.20. Legends. In accordance with the restrictions on transfer and exchange of Series 2 1/2% Notes as set forth in Section 2.02, each stock certificate representing Common Stock issued upon conversion of Series 2 1/2% Notes, unless it has been sold pursuant to a registration statement that has been declared effective under the Securities Act, shall bear a legend in substantially the following form:

THE COMMON STOCK EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933,

AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER HEREOF AGREES THAT UNTIL THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE COMMON STOCK EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), (1) IT WILL NOT RESELL OR OTHERWISE TRANSFER THE COMMON STOCK EVIDENCED HEREBY EXCEPT (A) TO SIRIUS SATELLITE RADIO INC. OR TO ANY SUBSIDIARY THEREOF, (B) TO A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A), (C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) TO ANY INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFECTIVE AT THE TIME OF SUCH TRANSFER); (2) PRIOR TO SUCH TRANSFER (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(E) ABOVE), IT WILL FURNISH TO THE BANK OF NEW YORK, AS TRANSFER AGENT (OR A SUCCESSOR TRANSFER AGENT, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; AND (3) IT WILL DELIVER TO EACH PERSON TO WHOM THE COMMON STOCK EVIDENCED HEREBY IS TRANSFERRED (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 1(E) ABOVE) A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY PURSUANT TO CLAUSE 1(E) ABOVE OR UPON ANY TRANSFER OF THE COMMON STOCK EVIDENCED HEREBY AFTER THE EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE SECURITY EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION).

SECTION 3.21. Definitions.

"Current Market Price" per share of the Common Stock on any date of determination means the average of the last reported sale prices of the Common Stock for the ten consecutive Trading Days ending on and including such date of determination. The last reported sale price (the "Closing Sale Price") for any Trading Day shall be (i) if the Common Stock is then listed or admitted for trading on any national securities exchange, the last sale price, or the closing bid price if no sale occurred, of the Common

Stock on such Trading Day on the principal securities exchange on which the Common Stock is listed, (ii) if the Common Stock is not listed or admitted for trading as described in clause (i), the last reported sale price of the Common Stock on such Trading Day on the Nasdaq National Market, or any similar system of automated dissemination of quotations of securities prices then in common use, if so quoted, or (iii) if not listed or quoted as described in clause (i) or (ii), the mean between the high bid and low asked quotations on such Trading Day for the Common Stock as reported by the National Quotation Bureau Incorporated if at least two securities dealers have inserted both bid and asked quotations for the Common Stock on at least five of the ten preceding Trading Days. If none of the conditions set forth above is met, the last reported sale price of the Common Stock on any Trading Day or the average of such last reported sale prices for any period shall be the fair market value of the Common Stock as determined by a member firm of the New York Stock Exchange selected by the Company.

Notwithstanding the foregoing, the Current Market Price per share of Common Stock for the purpose of any adjustment to the Conversion Ratio pursuant to (x) Section 3.08(a) of this Second Supplemental Indenture in respect of Distributed Securities that are capital stock of, or similar equity interests in, a subsidiary or other business unit of the Company that are listed or quoted on a national or regional exchange or market, means the average closing sales prices of the Common Stock for the ten Trading Days commencing on and including the fifth trading day after the date on which "ex-dividend trading" commences for such distribution on the Nasdaq National Market or such other national or regional exchange or market on which the Common Stock are then listed or quoted and (y) Section 3.08(c) or Section 3.08(d) of this Second Supplemental Indenture means the Closing Sale Price on the date of determination.

"IAI" means an institutional "accredited investor," as defined in Rule 501(a) (1), (2), (3) or (7) of Regulation D under the Securities Act.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of February 20, 2004, between the Company and the Initial Purchaser.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Custodian" means the custodian with respect to a Global Security (as appointed by the Depository), or any successor Person thereto, and shall initially be the Trustee.

"Shelf Registration Statement" means the registration statement issued by the Company in connection with the offer and sale of Securities pursuant to the Registration Rights Agreement.

"Trading Day" means a day during which trading in securities generally occurs on the Nasdaq National Market or, if the applicable security is not quoted on the Nasdaq National Market, or if the applicable security is not listed on the Nasdaq National

Market, on the principal other national or regional securities exchange or market on which the applicable security is then listed or traded.

"Transfer Restricted Securities" means Securities that bear or are required to bear a legend relating to restrictions on transfer relating to the Securities Act set forth in Section 2.02(b).

SECTION 3.22. Other Definitions.

Term	Defined in Section:
Agent Members	2.01(b)
Global Securities	2.01(a)
IAI Global Security	2.01(a)
Rule 144A	2.01(a)
Rule 144A Global Security	2.01(a)

ARTICLE IV

Defaults and Remedies

SECTION 4.01. Events of Default. "Event of Default", wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Series 2 1/2% Note when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of any Series 2 1/2% Note when it becomes due and payable; or

(3) failure by the Company to provide the notice of a Fundamental Change in accordance with Section 2.03 hereof or default in the payment of the Repurchase Price in respect of any Series 2 1/2% Note on the Repurchase Date therefor; or

(4) failure by the Company to deliver shares of Common Stock (together with cash in lieu of fractional shares) when such Common Stock (or cash in lieu of fractional shares) is required to be delivered following conversion of a Series 2 1/2% Note and continuation of such default for a period of 10 days;

(5) default in the performance, or breach, of any covenant or warranty of the Company contained in the Series 2 1/2% Notes, the Indenture or in this Second Supplemental Indenture (other than or those referred to in clauses (1) through (4) above), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Series 2 1/2% Notes then Outstanding, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(6) failure by the Company to pay any sinking fund payment when due;

(7) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or a Subsidiary in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or a Subsidiary bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or a Subsidiary under any applicable Federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Subsidiary or of any substantial part of their respective properties, or ordering the winding up or liquidation of the affairs of the Company or a Subsidiary, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(8) the commencement by the Company or a Subsidiary of a voluntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by either the Company or a Subsidiary to the entry of a decree or order for relief in respect of the Company or a Subsidiary in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against either the Company or a Subsidiary, or the filing by either the Company or a Subsidiary of a petition or answer or consent seeking reorganization or relief under any applicable Federal or state law, or the consent by either the Company or a Subsidiary to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or a Subsidiary or of any substantial part of their respective properties, or the making by either the Company or a Subsidiary of an assignment for the benefit of creditors, or the admission

by either the Company or a Subsidiary in writing of an inability to pay the debts of either the Company or a Subsidiary generally as they become due, or the taking of corporate action by the Company or a Subsidiary in furtherance of any such action.

SECTION 4.02. Acceleration of Maturity; Rescission and Annulment. If an Event of Default (other than an Event of Default specified in Section 4.01(7) or (8) with respect to the Company) occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in aggregate principal amount of the Series 2 1/2% Notes then Outstanding may declare the principal of, and accrued interest on, all the Series 2 1/2% Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal and any accrued interest thereon shall become immediately due and payable. If an Event of Default specified in Section 4.01(7) or (8) occurs with respect to the Company, the principal of, and accrued interest on, all the Series 2 1/2% Notes shall automatically, and without any declaration or other action on the part of the Trustee or any Holder, become immediately due and payable.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article IV provided, the Holders of a majority in aggregate principal amount of the Series 2 1/2% Notes then Outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay:

(A) all overdue interest on all Series 2 1/2% Notes,

(B) the principal of any Series 2 1/2% Notes which have become due otherwise than by such declaration of acceleration, and interest thereon from the required payment date at an annual rate of 1% above the rate borne by the Series 2 1/2% Notes,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest from the required payment date at an annual rate of 1% above the rate borne by the Series 2 1/2% Notes, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default, other than the nonpayment of the principal of, and accrued interest on, Series 2 1/2% Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13 of the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 4.03. Company Notice to Trustee. The Company shall file with the Trustee written notice of the occurrence of any Event of Default within five Business Days of the Company's becoming aware of such Event of Default.

ARTICLE V

Original Issue of Series 2 1/2% Notes

SECTION 5.01. Original Issue. Series 2 1/2% Notes in the aggregate principal amount equal to $250,000,000 may, upon execution of this Second Supplemental Indenture, be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall thereupon authenticate and make available for delivery said Series 2 1/2% Notes to or upon a Company Order. Upon delivery to the Trustee of a Company Order certifying that the option for an additional amount described in the Purchase Agreement has been validly exercised, up to an additional $50,000,000 in principal amount of the Series 2 1/2% Notes may be authenticated by the Trustee.

ARTICLE VI

Defeasance and Covenant Defeasance

SECTION 6.01. Applicability. The Company hereby elects, pursuant to Section 14.1 of the Indenture, to make Sections 14.2 and 14.3 thereof applicable to the Series 2 1/2% Notes.

SECTION 6.02. References. (a) With respect to the Series 2 1/2% Notes, references to Section 5.1 or 5.2 of the Indenture shall be deemed to be references to Section 4.01 or 4.02 hereof.

(b) With respect to the Series 2 1/2% Notes, references in
Section 14.4(a) of the Indenture to "Stated Maturity" shall be deemed to mean "Stated Maturity, or any Redemption Date or Repurchase Date, or upon conversion or otherwise". References in Section 14.4(a) of the Indenture to "Trustee" shall be deemed to mean "Trustee, the Paying Agent or the Conversion Agent".

ARTICLE VII

Miscellaneous Provisions

SECTION 7.01. Defined Terms. Except as otherwise expressly provided in this Second Supplemental Indenture or in the form of Series 2 1/2% Note or otherwise clearly required by the context hereof or thereof, all terms used herein or in said form of Series 2 1/2% Note that are defined in the Indenture shall have the several meanings respectively assigned to them thereby.

SECTION 7.02. Indenture. The Indenture, as supplemented by this Second Supplemental Indenture, is in all respects ratified and confirmed. This Second Supplemental Indenture shall be deemed part of the Indenture in the manner and to the extent herein and therein provided.

SECTION 7.03. Trustee. The recitals herein contained are made by the Company and not by the Trustee, and the Trustee assumes no responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Second Supplemental Indenture or of the Series 2 1/2% Notes. The Trustee shall not be accountable for the use or application by the Company of the Series 2 1/2% Notes or the proceeds thereof.

SECTION 7.04. Execution in Counterparts. This Second Supplemental Indenture may be executed in any number of counterparts each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

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

SIRIUS SATELLITE RADIO INC.,

by

Name:

Title:

THE BANK OF NEW YORK, as Trustee,

by

Name:

Title:

Exhibit A

[FORM OF FACE OF SECURITY]

[Global Securities Legend]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.(1)

[Restricted Securities Legend]

THE NOTE EVIDENCED HEREBY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS (A) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS AN INSTITUTIONAL INVESTOR THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a)(1), (2), (3), OR (7) UNDER THE SECURITIES ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT, PRIOR TO EXPIRATION OF THE HOLDING PERIOD APPLICABLE TO SALES OF THE NOTE EVIDENCED HEREBY UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION), RESELL OR OTHERWISE TRANSFER THIS NOTE OR THE

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(1) These paragraphs should be included only if the Security is a Global Security.

COMMON STOCK ISSUABLE UPON CONVERSION OF THIS NOTE EXCEPT (A) TO SIRIUS SATELLITE RADIO INC., OR ANY SUBSIDIARY THEREOF, (B) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,
(C) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) TO ANY INSTITUTIONAL ACCREDITED INVESTOR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), OR (E) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT (AND WHICH CONTINUES TO BE EFFECTIVE AT THE TIME OF SUCH TRANSFER), (3) PRIOR TO SUCH TRANSFER (OTHER THAN A TRANSFER PURSUANT TO CLAUSE 2(E) ABOVE), IT WILL FURNISH TO THE BANK OF NEW YORK, AS TRUSTEE (OR SUCCESSOR TRUSTEE, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE EARLIER OF THE TRANSFER OF THIS NOTE PURSUANT TO CLAUSE 2(E) ABOVE OR UPON ANY TRANSFER OF THIS NOTE UNDER RULE 144(k) UNDER THE SECURITIES ACT (OR ANY SUCCESSOR PROVISION). THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTION.

SIRIUS SATELLITE RADIO INC.

CUSIP No. 82966UAB9 No. 001

2 1/2% CONVERTIBLE NOTE DUE 2009

Sirius Satellite Radio Inc., a Delaware corporation (the "Company", which term shall include any successor corporation under the Indenture referred to on the reverse hereof), promises to pay to Cede & Co., or registered assigns, the principal sum of Dollars on February 15, 2009 [or such greater or lesser amount as is indicated on the Schedule of Exchanges of Securities on the other side of this Security].(2)

Interest Payment Dates: February 15 and August 15, beginning August 15, 2004

Record Dates: February 1 and August 1

This Security is convertible as specified on the reverse hereof. Additional provisions of this Security are set forth on the reverse hereof.

SIGNATURE PAGE FOLLOWS

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(2) This phrase should be included only if the Security is a Global Security.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

SIRIUS SATELLITE RADIO INC.

By:

Name:

Title:

Attest:

By:
Name:
Title:

Trustee's Certificate of Authentication: This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK,
as Trustee,

By:

Authorized Signatory

[FORM OF REVERSE SIDE OF SECURITY]

SIRIUS SATELLITE RADIO INC.
2 1/2% CONVERTIBLE NOTE DUE 2009

1. Interest

Sirius Satellite Radio Inc., a Delaware corporation (the "Company", which term shall include any successor corporation under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Security at the rate of 2.50% per annum. The Company shall pay interest semiannually on February 15 and August 15 of each year, commencing August 15, 2004. Interest on the Securities shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from February 20, 2004; provided, however, that if there is not an existing Default in the payment of interest and if this Security is authenticated between a record date referred to on the face hereof and the next succeeding interest payment date, interest shall accrue from such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Company will pay interest on overdue principal at the rate borne by the Securities plus 1% per annum, and it will pay interest on overdue installments of interest at the same rate as interest on the overdue principal to the extent lawful.

2. Method of Payment

The Company shall pay interest on this Security (except defaulted interest) to the person who is the Holder of this Security at the close of business on February 1 or August 1, as the case may be, next preceding the related interest payment date. The Holder must surrender this Security to a Paying Agent to collect payment of principal. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may, however, pay principal and interest in respect of any Certificated Security by check or wire transfer payable in such money; provided, however, that a Holder with an aggregate principal amount in excess of $2,000,000 will be paid by wire transfer in immediately available funds at the election of such Holder. The Company may mail an interest check to the Holder's registered address. Notwithstanding the foregoing, so long as this Security is registered in the name of a Depository or its nominee, all payments hereon shall be made by wire transfer of immediately available funds to the account of the Depository or its nominee.

3. Paying Agent, Registrar and Conversion Agent

Initially, The Bank of New York (the "Trustee," which term shall include any successor trustee under the Indenture hereinafter referred to) will act as Paying Agent, Registrar and Conversion Agent. The Company may change any Paying Agent, Registrar or Conversion Agent without notice to the Holder. The Company or any of its

Subsidiaries may, subject to certain limitations set forth in the Indenture, act as Paying Agent or Registrar.

4. Indenture Limitations

This Security is one of a duly authorized issue of Securities of the Company designated as its 2 1/2% Convertible Notes due 2009 (the "Securities") issued under an Indenture dated as of May 23, 2003, as supplemented by the Second Supplemental Indenture dated as of February 20, 2004 (the "Second Supplemental Indenture" and as so supplemented, together with any other supplemental indentures thereto, the "Indenture"), between Sirius Satellite Radio Inc. (the "Company"), and the Trustee. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of this Security include those stated in the Indenture and those required by or made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended, as in effect on the date of the Indenture. This Security is subject to all such terms, and the Holder of this Security is referred to the Indenture and said Act for a statement of them. The Securities are senior unsecured obligations of the Company limited to $300,000,000 aggregate principal amount. The Indenture does not limit other debt of the Company, secured or unsecured, including Senior Indebtedness.

5. Optional Redemption

The Company shall not have the option to redeem the Securities prior to February 15, 2009.

6. Purchase of Securities at Option of Holder Upon a Fundamental Change

At the option of the Holder, and subject to the terms and conditions of the Indenture, the Company shall become obligated to purchase all or any part specified by the Holder (so long as the principal amount of such part is $1,000 or an integral multiple of $1,000 in excess thereof) of the Securities held by such Holder on the date that is 30 days (or if such 30th day is not a Business Day, the next succeeding Business Day) after the date of the notice of the occurrence of a Fundamental Change provided to Holders as provided in Section 2.03 of the Second Supplemental Indenture, at a purchase price equal to 100% of the principal amount thereof together with accrued interest up to, but excluding, the Repurchase Date. The Holder shall have the right to withdraw any Fundamental Change Purchase Notice (in whole or in a portion thereof that is $1,000 or an integral multiple of $1,000 in excess thereof) at any time prior to the close of business on the Business Day immediately preceding the Repurchase Date by delivering a written notice of withdrawal to the Paying Agent in accordance with the terms of the Indenture.

7. Conversion

A Holder of a Security may convert the principal amount of such Security (or any portion thereof equal to $1,000 or any integral multiple of $1,000 in excess thereof) into shares of Common Stock at any time prior to the close of business on

February 15, 2009; provided, however, that if the Security is subject to purchase upon a Fundamental Change, the conversion right will terminate at the close of business on the Business Day immediately preceding the Fundamental Change Purchase Date for such Security or such earlier date as the Holder presents such Security for purchase (unless the Company shall default in making the Repurchase Payment when due, in which case the conversion right shall terminate at the close of business on the date such default is cured and such Security is purchased). The initial Conversion Rate is 226.7574 shares of Common Stock per $1,000 principal amount of Securities, subject to adjustment under certain circumstances. The number of shares of Common Stock issuable upon conversion of a Security is determined by multiplying the number of $1,000 principal amount Securities to be converted by the Conversion Rate in effect on the Conversion Date. No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash based upon the Closing Price (as defined in the Indenture) of the Common Stock on the Trading Day immediately prior to the Conversion Date. To convert a Security, a Holder must (a) complete and manually sign the conversion notice set forth below and deliver such notice to a Conversion Agent, (b) surrender the Security to a Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by a Registrar or a Conversion Agent, and (d) pay any transfer or similar tax, if required. Securities so surrendered for conversion (in whole or in part) during the period from the close of business on any regular record date to the opening of business on the next succeeding interest payment date (excluding Securities or portions thereof that are subject to purchase following a Fundamental Change on a date during the period beginning at the close of business on a regular record date and ending at the opening of business on the first Business Day after the next succeeding interest payment date, or if such interest payment date is not a Business Day, the second such Business Day) shall also be accompanied by payment in funds acceptable to the Company of an amount equal to the interest payable on such interest payment date on the principal amount of such Security then being converted, and such interest shall be payable to such registered Holder notwithstanding the conversion of such Security, subject to the provisions of the Indenture and the Second Supplemental Indenture relating to the payment of defaulted interest by the Company. If the Company defaults in the payment of interest payable on such interest payment date, the Company shall promptly repay such funds to such Holder. A Holder may convert a portion of a Security equal to $1,000 or any integral multiple thereof. A Security in respect of which a Holder had delivered a Fundamental Change Purchase Notice exercising the option of such Holder to require the Company to purchase such Security may be converted only if the Fundamental Change Purchase Notice is withdrawn in accordance with the terms of the Indenture and the Second Supplemental Indenture.

8. Denominations, Transfer, Exchange

The Securities are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. A Holder may register the transfer of or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents

and to pay any taxes or other governmental charges that may be imposed in relation thereto by law or permitted by the Indenture.

9. Persons Deemed Owners

The Holder of a Security may be treated as the owner of it for all purposes.

10. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent will pay the money back to the Company at its written request. After that, Holders entitled to money must look to the Company for payment.

11. Amendment, Supplement and Waiver

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Securities then outstanding, and an existing Event of Default and its consequence or compliance with any provision of the Indenture or the Securities may be waived in a particular instance with the consent of the Holders of a majority in principal amount of the Securities then outstanding. Without the consent of or notice to any Holder, the Company and the Trustee may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency or make any other change that does not adversely affect the rights of any Holder.

12. Successor Person

When a successor Person assumes all the obligations of its predecessor under the Securities and the Indenture in accordance with the terms and conditions of the Indenture, the predecessor Person will (except in certain circumstances specified in the Indenture) be released from those obligations.

13. Defaults and Remedies

Under the Indenture, an Event of Default includes:

(1) default in the payment of any interest upon any Security when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of any Security when it becomes due and payable; or

(3) failure by the Company to provide the notice of a Fundamental Change in accordance with Section 2.03 of the Second Supplemental

Indenture or default in the payment of the Repurchase Price in respect of any Security on the Repurchase Date therefor; or

(4) failure by the Company to deliver shares of Common Stock (together with cash in lieu of fractional shares) when such Common Stock (or cash in lieu of fractional shares) is required to be delivered following conversion of a Security and continuation of such default for a period of 10 days; or

(5) default in the performance, or breach, of any covenant or warranty of the Company contained in the Securities, the Indenture or the Second Supplemental Indenture (other than or those referred to in clauses (1) through (4) above), and continuance of such default or breach for a period of 60 days after there has been given notice by the Trustee or by the Holders of at least 25% in aggregate principal amount of the Securities then Outstanding; or

(6) failure by the Company to pay any sinking fund payment when due; or

(7) certain events of bankruptcy or insolvency with respect to the Company and its Subsidiaries.

If an Event of Default (other than an event of default as described in clause (7) with respect to the Company) occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Securities then outstanding may declare all unpaid principal to the date of acceleration on the Securities then outstanding to be due and payable immediately, all as and to the extent provided in the Indenture. If an Event of Default occurs as a result of certain events of bankruptcy, insolvency or reorganization with respect to the Company as described in clause (7) herein, unpaid principal of the Securities then outstanding shall become due and payable immediately without any declaration or other act on the part of the Trustee or any Holder, all as and to the extent provided in the Indenture. Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it determines that withholding notice is in their interests. The Company is required to file periodic reports with the Trustee as to the absence of an Event of Default.

14. Trustee Dealings with the Company

The Bank of New York, the Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from and perform services for

the Company or an Affiliate of the Company, and may otherwise deal with the Company or an Affiliate of the Company, as if it were not the Trustee.

15. No Recourse Against Others

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture nor for any claim based on, in respect of or by reason of such obligations or their creation. The Holder of this Security by accepting this Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of this Security.

16. Authentication

This Security shall not be valid until the Trustee or an authenticating agent manually signs the certificate of authentication on the other side of this Security.

17. Abbreviations and Definitions

Customary abbreviations may be used in the name of the Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian) and UGMA (= Uniform Gifts to Minors Act). All terms defined in the Indenture and used in this Security but not specifically defined herein are defined in the Indenture and are used herein as so defined.

18. Holders' Compliance with Registration Rights Agreement

Each Holder of a Security, by acceptance hereof, acknowledges and agrees to the provisions of the Registration Rights Agreement, including the obligations of the Holders with respect to a registration and the indemnification of the Company to the extent provided therein.

19. Indenture to Control; Governing Law

In the case of any conflict between the provisions of this Security and the Indenture, the provisions of the Indenture shall control. This Security shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflicts of law which would require the application of the laws of another jurisdiction.

The Company will furnish to any Holder, upon written request and without charge, a copy of the Indenture. Requests may be made to: Sirius Satellite Radio Inc., 1221 Avenue of the Americas, 36th Floor, New York, NY 10020, Attention: Patrick L. Donnelly, Executive Vice President, General Counsel and Secretary.

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

agent to transfer this Security on the books of the Company. The agent may substitute another to act for him or her.

Your Signature:

Date: _____ _____

(Sign exactly as your name appears on the other side of this Security)

In connection with any transfer of any of the Securities evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144(k) under the Securities Act after the later of the date of original issuance of such Securities and the last date, if any, on which such Securities were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Securities are being transferred in accordance with its terms:

CHECK ONE BOX BELOW:

(1)	[ ]	to the Company; or
(2)	[ ]	pursuant to an effective registration statement under the Securities Act of 1933; or
(3)	[ ]	inside the United States to a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
(4)	[ ]	pursuant to the exemption from registration provided by Rule 144 under the Securities Act of 1933.
(5)	[ ]	to an institutional "accredited investor" (as defined in Rule 501(a)(1),(2),(3) or (7) under the Securities Act of 1933) that has furnished to the Trustee a signed letter containing certain representations and agreements.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Securities evidence by this certificate in the name of any person other than the registered holder thereof; provided, however, that if box (3) or (4) is checked, the Trustee shall be entitled to require, prior to registering any such transfer of the Securities, such legal opinions, certifications and other information as the Company has reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, such as the exemption provided by Rule 144 under such Act.

_____
Signature

Signature Guarantee:

_____	_____
Signature must be guaranteed	Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

TO BE COMPLETED BY PURCHASER IF (3) ABOVE IS CHECKED:

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated: _____

_____

Notice: To be executed by an executive officer

CONVERSION NOTICE

To convert this Security into Common Stock of Sirius Satellite Radio Inc.,

check the box: [ ]

To convert only part of this Security, state the principal amount to be converted (must be $1,000 or a multiple of $1,000): $_____.

If you want the stock certificate made out in another person's name, fill in the form below:

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

Your signature:

Date: _____ _____
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee:

_____ _____
Signature must be guaranteed Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION TO ELECT REPURCHASE
UPON A CHANGE OF CONTROL

To: Sirius Satellite Radio Inc.

The undersigned registered owner of this Security hereby irrevocably acknowledges receipt of a notice from Sirius Satellite Radio Inc. (the "Company") as to the occurrence of a Fundamental Change with respect to the Company, and requests and instructs the Company to redeem the entire principal amount of this Security, or the portion thereof (which is $1,000 or an integral multiple thereof) below designated, in accordance with the terms of the Indenture referred to in this Security at the Fundamental Change Purchase Price, together with accrued interest to, but excluding, such date, to the registered Holder hereof.

Date: _____ _____
Signature(s)

Signature Guarantee:

_____ _____
Signature must be guaranteed Signature

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Principal amount to be redeemed (in an integral multiple of $1,000, if less than all):

NOTICE: The signature to the foregoing Election must correspond to the name as written upon the face of this Security in every particular, without alteration or any change whatsoever.

SCHEDULE OF EXCHANGES OF SECURITIES(3)

The following exchanges, redemptions, repurchases or conversions of a part of this global Security have been made:

Date of Exchange	Principal Amount of this Global Security Following Such Decrease (or Increase)	Authorized Signatory of Securities Custodian	Amount of Decrease in Principal Amount of this Global Security	Amount of Increase in Principal Amount of this Global Security

(3) This schedule should be included only if the Security is a Global Security.

Exhibit B

Form of Transferee Letter of Representation

Sirius Satellite Radio Inc.
1221 Avenue of the Americas, 36th Floor
New York, NY 10020

In care of
[ ]

Ladies and Gentlemen:

This certificate is delivered to request a transfer of $[ ] principal amount of the 2 1/2% Convertible Notes Due 2009 (the "Securities") of Sirius Satellite Radio Inc. (the "Company").

Upon transfer, the Securities would be registered in the name of the new beneficial owner as follows:

Name:

Address:

Taxpayer ID Numbers:

The undersigned represents and warrants to you that:

1. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933, as amended (the "Securities Act")), purchasing for our own account or for the account of such an institutional "accredited investor" at least $250,000 principal amount of the Securities, and we are acquiring the Securities not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act. We have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Securities, and we invest in or purchase securities similar to the Securities in the normal course of our business. We, and any accounts for which we are acting, are each able to bear the economic risk of our or its investment.

2. We understand that the Securities have not been registered under the Securities Act and, unless so registered, may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing Securities to offer, sell or otherwise transfer such Securities prior to the date that is two years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Securities (or any predecessor thereto) (the "Resale Restriction Termination Date") only (i) to the Company, (ii) in the United States to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) to an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act that is an institutional accredited investor purchasing for its own account or for the account of an institutional accredited investor, in each case in a minimum principal amount of the Securities of $250,000, (iv) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (v) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available) or (vi) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (vi) subject to any requirement of law that the disposition of our property or the property of such investor account or accounts be at all times within our or their control and in compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Securities is proposed to be made pursuant to clause (iii) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Company and the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of Rule 501(a)(1), (2),
(3) or (7) under the Securities Act and that it is acquiring such Securities for investment purposes and not for distribution in violation of the Securities Act. Each purchaser acknowledges that the Company and the Trustee reserve the right prior to the offer, sale or other transfer prior to the Resale Restriction Termination Date of the Securities pursuant to clause (iii), (iv) or (v) above to require the delivery of an opinion of counsel, certifications or other information satisfactory to the Company and the Trustee.

TRANSFEREE:

by

Name:

Title:

Exhibit 4.25

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. THE WARRANT REPRESENTED BY THIS CERTIFICATE MUST BE EXERCISED PRIOR TO OR ON MARCH 31, 2010.

SIRIUS SATELLITE RADIO INC.

FORM OF MEDIA-BASED COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sirius Satellite Radio Inc., a Delaware corporation (the "Company"), grants to NFL Enterprises LLC (the "Warrantholder"), the right to subscribe for and purchase from the Company an aggregate of _____ validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), at the purchase price per share of $2.50 (such purchase price per share, the "Exercise Price"), at any time and from time to time, during the period from and including 9:00 AM, New York City time, on the Vesting Date (as defined below) with respect to any tranche of Warrant Shares until 5:00 PM, New York City time, on March 31, 2010 (the "Expiration Date"), all subject to the terms, conditions and adjustments herein set forth, including but not limited to the Media Vesting Conditions (as defined below).

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

Certificate No.: M-

Number of Warrant Shares: _____

Name of Warrantholder: NFL Enterprises LLC

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

1.1 Exercisability of Warrant. (a) The Warrant Shares issuable under this Warrant shall be divided into thirty-two (32) equal tranches of _____Warrant Shares. Subject to the terms and conditions set forth herein, the right to exercise this Warrant shall vest in the Warrantholder, and this Warrant shall become exercisable, on the earliest of the dates (each such date, a "Vesting Date") on which either of the following sets of conditions in clauses (i) or (ii) below have been satisfied:

(i) with respect to each tranche of _____ Warrant Shares, set forth in Schedule 1.1 hereto, the following conditions (the conditions contained in this clause (i), the "Media Vesting Conditions"):

(1) the Warrantholder and the Company shall have developed a marketing plan in accordance with the terms of Exhibit A hereof, to be implemented by the Warrantholder in respect of the NFL Season (the "Marketing Plan"), which plan shall include not less than three (3) of the five (5) media delivery alternatives listed on Exhibit A attached hereto (each of the five (5) being a "Media Delivery Alternative"), as the same may be modified by the mutual written agreement of the Warrantholder and the Company from time to time;

(2) the Warrantholder shall have implemented the Marketing Plan in respect of the NFL Season to the reasonable satisfaction of the Company;

(3) during the NFL Season, the National Football League member club (each, a "Club" and collectively, the "Clubs") noted on Schedule 1.1 with respect to such tranche, shall have delivered to the Company, at no charge to the Company, at least ten (10) hours of audio programming relating to the NFL Season selected by such Club and reasonably acceptable to the Company for use by the Company on the NFL Satellite Radio Network (the "Programming"), which reasonably acceptable Programming may include: (A) shoulder programming broadcast by such Club or its local radio affiliates (e.g., coaches shows, player shows, etc.); (B) pre-game and post-game shows broadcast by such Club or its local radio affiliates; (C) local television programming broadcast by such Club or its local television programming affiliates that is suitable for radio broadcast; (D) original programming created by such Club for the Company's service; or (E) internet programming broadcast by such Club that is of a quality suitable for radio broadcast; provided that if any Club chooses not to provide such Programming, (x) NFLE may provide alternative programming, at no cost to the Company, specifically themed to that Club and relating to the NFL Season that is reasonably acceptable to the Company in order to satisfy the Programming requirement of this clause with respect to such tranche or (y) another Club may provide, at no charge to the Company, at least ten (10) hours of Programming relating to the NFL Season themed to and selected by such Club (in addition to any other Programming provided by such Club to the Company to fulfill the requirement of this clause 1.1(a)(i)(3)) and reasonably acceptable to the Company in order to satisfy the Programming requirement of this clause with respect to such tranche; provided further that programming with respect to any single Club, whether provided by NFLE or such Club, shall not satisfy this clause 1.1(a)(i)(3) with respect to more than three
(3) tranches of this Warrant;

(4) the Warrantholder shall have certified to the Company in writing that the conditions contained in clauses (2) and (3) above have been fulfilled and that one or more tranches of Warrant Shares have vested (the "Vesting Certificate"), and shall have provided the Company with reasonable documentation in support of such certification; and

(5) the Company shall have countersigned the Vesting Certificate, which countersignature shall not be unreasonably withheld; or

(ii) with respect to all Warrant Shares issuable pursuant to this Warrant that have not previously (1) vested in accordance with the Media Vesting Conditions or (2) lapsed in accordance with Section 1.1(b) hereof, the occurrence of a Fundamental Change (x) to which the Warrantholder consents, or
(y) as to which the Warrantholder's consent is not required pursuant to the Rights Agreement, and in either of such events such Warrant Shares shall vest in full upon the effective date of such Fundamental Change.

(b) (i) Any portion of this Warrant that has not vested pursuant to Section 1.1(a) hereof prior to the earlier to occur of (1) the termination of the Rights Agreement following a Change of Control to which the Warrantholder is required to consent pursuant to the Rights Agreement, but does not consent, or (2) March 31, 2005, shall lapse at 12:01 AM, New York City time, on that date.

(ii) Subject to Section 6.4, any previously vested but unexercised portion of this Warrant shall remain outstanding following a Change of Control, regardless of whether the Warrantholder consents to such Change of Control.

(c) Notwithstanding any of the foregoing, the Company shall not, prior to the Expiration Date, take any action which would have the effect of preventing or disabling the Company from (i) delivering the Warrant Shares to the Warrantholder upon exercise of the Warrant or (ii) otherwise performing the Company's obligations under this Warrant.

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

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

(b) (i) the delivery of payment to the Company, for the account of the Company, by cash, by certified or bank cashier's check or by wire transfer of immediately available funds in accordance with wire instructions that shall be provided by the Company upon request, of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in lawful money of the United States of America, or (ii) in the alternative, the Warrantholder may exercise its right, on any Business Day prior to and including the Expiration Date, to receive Warrant Shares on a net basis, such that, without the exchange of any funds, the Warrantholder receives that number of Warrant

Shares otherwise issuable upon exercise of this Warrant less that number of Warrant Shares having an aggregate Current Market Value at the time of exercise equal to the aggregate Exercise Price that would otherwise have been paid in respect of this Warrant by the Warrantholder.

The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder, or to one or more Clubs, if so indicated on the Exercise Form, as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid.

1.3 Limitations on Exercise. Notwithstanding anything to the contrary herein, the obligation to deliver the Warrant Shares upon the exercise of this Warrant shall be subject to the conditions that no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, shall be in effect which would prohibit such sale and delivery, and any applicable waiting period under the HSR Act shall have expired or been terminated.

1.4 Warrant Shares Certificates. A duly issued stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to, or at the direction of, the Warrantholder within three (3) Business Days after receipt by the Company of the Exercise Form and receipt of payment of the purchase price. At the time of delivery of the stock certificate, the Company shall mark on Schedule 1.4 hereto the number of Warrant Shares delivered, and the right to subscribe for and purchase from the Company the Warrant Shares represented by this Warrant shall be deemed reduced by the number of Warrant Shares so delivered.

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

Section 2. Restrictions on Transfer; Restrictive Legends. Except as expressly provided in this Section 2, this Warrant may not be transferred by the Warrantholder. The Warrantholder may instruct the Company to issue Warrant Shares upon exercise of this Warrant to one or more Clubs, by indicating such on the Exercise Form. In addition, the Warrantholder may transfer the Warrant Shares it receives upon exercise of vested portions of this Warrant to one or more Clubs. This Warrant and all or any portion of the Warrant Shares issued upon exercise of this Warrant may also be transferred pursuant to any customary pledge, hypothecation, or other similar disposition, including, without limitation, for purposes of securing any collateralized lending, hedging, or other similar brokers' transaction, that does not constitute a current transfer of the actual ownership of underlying shares. The Warrantholder, by its acceptance of this Warrant, acknowledges and confirms that this Warrant and any Warrant Shares issued upon exercise of this Warrant have not been registered under the Securities Act or any applicable state securities laws, and may not be sold or transferred except in compliance with and subject to the Securities Act and such state securities laws. Unless and until this Warrant and such Warrant Shares have been registered under the Securities Act and such state securities laws, the Company may

require, as a condition to effecting any sale or transfer of this Warrant or such Warrant Shares on the books of the Company, an opinion of counsel reasonably satisfactory to the Company to the effect that an exemption from registration under the Securities Act and such state securities laws is available for the proposed transfer or assignment and, if applicable, a certification reasonably satisfactory to counsel for the Company in its professional determination from the transferee that it is an "accredited investor" as defined under the Securities Act and regulations promulgated thereunder. Any purported sale or transfer of this Warrant and/or such Warrant Shares shall be null and void unless made in compliance with the conditions set forth in this Section 2.

The restrictions imposed by this Section 2 upon the transferability of the Warrant Shares shall terminate with respect to any Warrant Shares: (a) when and so long as any such Warrant Shares shall have been effectively registered under the Securities Act and any applicable state securities laws and transferred in compliance therewith or (b) when the Company shall have received an opinion of counsel reasonably satisfactory to it that any such Warrant Shares may be transferred without registration thereof under the Securities Act and any applicable state securities laws.

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

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. THE WARRANT REPRESENTED BY THIS CERTIFICATE MUST BE EXERCISED PRIOR TO OR ON MARCH 31, 2010.

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

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

Notwithstanding the foregoing, the Warrantholder may require the Company, without expense to the Warrantholder, to issue a stock certificate for Warrant Shares, without a legend, if

either (i) such Warrant Shares have been registered for resale under the Securities Act or (ii) the Warrantholder has delivered to the Company an opinion of legal counsel, which opinion shall be addressed to the Company and be reasonably satisfactory in form and substance to the Company, to the effect that such registration is not required with respect to such Warrant Shares.

By acceptance of this Warrant, the Warrantholder expressly agrees that it will at all times comply with the restrictions contained in Rule 144(e) under the Securities Act (as in effect on the date hereof) when selling, transferring or otherwise disposing of this Warrant or the Warrant Shares, if applicable.

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

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

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

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

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

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

Section 6. Antidilution Provisions.

6.1 Changes in Common Stock. In the event that at any time and from time to time the Company shall (i) pay a dividend or make a distribution on Common Stock in shares of Common Stock or other shares of Capital Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock or (iv) increase or decrease

the number of shares of Common Stock outstanding by reclassification, recapitalization or reorganization of its Common Stock, then, in each such case, the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the happening of such event shall be adjusted so that, after giving effect to such adjustment, the Warrantholder shall be entitled to receive the number of shares of Common Stock that the Warrantholder would have owned or have been entitled to receive had this Warrant been exercised immediately prior to the happening of the events described above (or, in the case of a dividend or distribution of Common Stock, immediately prior to the record date therefor), and the Exercise Price shall be adjusted to the price (calculated to the nearest 100th of one cent) determined by multiplying the Exercise Price immediately prior to such event by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such event and the denominator of which shall be the number of Warrant Shares purchasable after the adjustment referred to above. An adjustment made pursuant to this Section 6.1 shall become effective immediately after the distribution date, retroactive to the record date therefor in the case of a dividend or distribution in shares of Common Stock or other shares of Capital Stock, and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

6.2 Cash Dividends and Other Distributions. In the event that at any time and from time to time the Company shall distribute to all holders of Common Stock (i) any dividend or other distribution (including any dividend or distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of cash, evidences of its indebtedness, shares of its Capital Stock or any other properties or securities or (ii) any options, warrants or other rights to subscribe for or purchase any of the foregoing (other than, in the case of clause (i) and (ii) above, (A) any dividend or distribution described in Section 6.1 and (B) any rights, options, warrants or securities described in Section 6.3 or Section 6.4), then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution shall be increased to a number determined by multiplying the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution by a fraction, the numerator of which shall be the Current Market Value per share of Common Stock on the record date for such dividend or distribution, and the denominator of which shall be such Current Market Value per share of Common Stock less the sum of (x) the amount of cash, if any, distributed per share of Common Stock and (y) the then fair value (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) of the portion, if any, of the distribution applicable to one share of Common Stock consisting of evidences of indebtedness, shares of stock, securities, other property, warrants, options or subscription or purchase rights; and the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such record date by the above fraction. Such adjustments shall be made, and shall only become effective, whenever any dividend or distribution is made; provided that the Company is not required to make an adjustment pursuant to this Section 6.2 if at the time of such distribution the Company makes the same distribution to the Warrantholder as it makes to holders of Common Stock pro rata based on the number of shares of Common Stock for which this Warrant is exercisable. No adjustment shall be made pursuant to this Section 6.2 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.3 Issuance of Common Stock or Rights or Options. In the event that at any time or from time to time the Company shall issue shares of Common Stock or rights, options or warrants or securities convertible into or exchangeable for Common Stock, other than in a bona fide underwritten public offering by or through a syndicate managed by an investment bank of national or regional standing, for a consideration per share (which, in the case of convertible, exchangeable or exercisable securities shall be the amount received by the Company in consideration for the sale and issuance of such convertible, exchangeable or exercisable securities plus the minimum aggregate amount of additional consideration payable to the Company upon conversion, exchange or exercise thereof (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request), provided that the value attributable to such convertible, exchangeable or exercisable securities when issued as part of a unit with debt or other obligations of the Company shall be excluded to the extent it is a result of calculating the discount applicable to such debt or other obligations of the Company under generally accepted accounting principles) that is less than the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares and (b) the Exercise Price, then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately after such date shall be determined by multiplying the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the number of additional shares of Common Stock to be issued in such transaction or offered for subscription or purchase or into which such securities are convertible or exchangeable, and the denominator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the total number of shares of Common Stock which the aggregate consideration expected to be received by the Company upon the issuance of such shares or the exercise, conversion or exchange of such rights, options, warrants or securities (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) would purchase at the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares or rights, options, warrants or securities and (b) the Exercise Price, and in the event of any such adjustment, the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such date by the aforementioned fraction; provided further that no adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price shall be made as a result of (i) the vesting or exercise of this Warrant, (ii) the exercise, conversion or exchange of any right, option, warrant or security, the issuance of which has previously required an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price pursuant to this Section 6.3,
(iii) the exercise, conversion or exchange of any right, option, warrant or security outstanding on the Issue Date (to the extent such exercise, conversion or exchange is made in accordance with the terms of such right, option, warrant or security as in effect on the Issue Date) or (iv) the issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company; provided further that any such issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company shall not

be excluded from the adjustment called for by this Section 6.3 to the extent that the aggregate of all such issuances, exercises, conversions and exchanges from the Issue Date exceed 15% of the number of shares of Common Stock outstanding on the date of such determination. Any adjustment required by this
Section 6.3 shall be made, and shall only become effective, whenever such shares or such rights, options, warrants or securities are issued. The terms of this provision shall be reapplied if the terms of a right, option, warrant or security convertible for or exchangeable into Common Stock are subsequently amended. No adjustment shall be made pursuant to this Section 6.3 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.4 Change of Control. (a) Subject to Section 1.1(b)(i) and except as provided in Section 6.4(b), in the event of a Change of Control, this Warrant shall not terminate and the Warrantholder shall have the right to receive upon exercise of this Warrant the kind and amount of shares of Capital Stock or other securities or property which the Warrantholder would have been entitled to receive upon completion of, or as a result of, such Change of Control had this Warrant been exercised immediately prior to such event or to the relevant record date for any such entitlement, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. Unless paragraph (b) of this Section 6.4 is applicable to a Change of Control, the Company shall cause the surviving or acquiring Person (the "Successor Company") in such Change of Control to assume, by written instrument reasonably satisfactory to the Warrantholder, the obligation to deliver to the Warrantholder the shares of stock, securities or assets to which, in accordance with the foregoing provisions, the Warrantholder may be entitled and all other obligations of the Company under this Warrant. The provisions of this Section 6.4(a) shall similarly apply to successive Changes of Control involving any Successor Company.

(b) In the event of (i) a Change of Control with another Person (other than a Subsidiary of the Company) where consideration to the holders of Common Stock in exchange for their shares is payable solely in cash or (ii) the dissolution, liquidation or winding-up of the Company, the Warrantholder shall be entitled to receive, upon surrender of this Warrant, such cash distributions on an equal basis with the holders of Common Stock or other securities issuable upon exercise of this Warrant, as if this Warrant had been exercised immediately prior to such event, less the Exercise Price. In the event of any Change of Control described in this Section 6.4(b), the Successor Company and, in the event of any dissolution, liquidation or winding-up of the Company, the Company, upon surrender of this Warrant, shall promptly pay the Warrantholder the amounts to which it is entitled as described above by delivering a check in such amount as is appropriate (or, in the case of consideration other than cash, such other consideration as is appropriate) to such Person or Persons as it may be directed in writing by the Warrantholder.

6.5 Minimum Adjustment. The adjustments required by the preceding sections of this Section 6 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant that would otherwise be required shall be made unless and until such adjustment either by itself or with other adjustments not previously made increases or decreases by at least 1% the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to the making of such

adjustment. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 6 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence. In computing adjustments under this Section 6, fractional interests in Common Stock shall be taken into account to the nearest one-hundredth of a share.

6.6 Notice of Adjustment. Whenever the Exercise Price or the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant is adjusted, as herein provided, the Company shall deliver to the Warrantholder an agreed upon procedures letter of a firm of independent accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which (i) the then fair value of any evidences of indebtedness, other securities or property or warrants, options or other subscription or purchase rights was determined and
(ii) the Current Market Value of the Common Stock was determined, if either of such determinations were required), and specifying the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant after giving effect to such adjustment.

6.7 Notice of Certain Transactions. In the event that the Company shall propose to (a) pay any dividend payable in securities of any class to the holders of its Common Stock or to make any other non-cash dividend or distribution to the holders of its Common Stock, (b) offer the holders of its Common Stock rights to subscribe for or to purchase any securities convertible into shares of Common Stock or shares of stock of any class or any other securities, rights or options, (c) issue any (i) shares of Common Stock, (ii) rights, options or warrants entitling the holders thereof to subscribe for shares of Common Stock or (iii) securities convertible into or exchangeable or exercisable for Common Stock (in the case of (i), (ii) and (iii), if such event would result in an adjustment hereunder), (d) effect any capital reorganization, reclassification, consolidation or merger, (e) effect the voluntary or involuntary dissolution, liquidation or winding-up of the Company, (f) make a tender offer or exchange offer with respect to the Common Stock or (g) take any action which would require an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or the Exercise Price, the Company shall, within five (5) Business Days after deciding to take any such action or make any such offer, send to the Warrantholder a notice of such proposed action or offer. Such notice shall specify the record date for the purposes of such dividend, distribution or rights, or the date such issuance or event is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall briefly indicate the effect, if any, of such action on the Common Stock and on the number and kind of any other shares of stock and on other property, if any, and the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant and the Exercise Price after giving effect to any adjustment pursuant to Section 6 which will be required as a result of such action. Such notice shall be given as promptly as possible and (x) in the case of any action covered by clause (a) or
(b) above, at least ten (10) Business Days prior to the record date for determining holders of the Common Stock for purposes of such action or (y) in the case of any other such action, at least twenty (20) Business Days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.8 Adjustment to Warrant. The form of this Warrant need not be changed because of any adjustment made pursuant to this Section 6.

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

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

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

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

Section 8. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Warrantholder. Notwithstanding anything to the contrary herein, the consent of each holder affected shall be required for any amendment pursuant to which the number of Warrant Shares purchasable upon exercise of this Warrant would be decreased (other than in accordance with Section 6 hereof).

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

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

"Affiliate" shall mean, with respect to any specified Person,
(1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (2) any other Person that owns, directly or indirectly, 25% or more of such specified Person's Voting Stock or any executive officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

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

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

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

"Capital Stock" of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

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

"Change of Control" shall mean the occurrence of any one or more of the following events (and the terms "Controlled", "Controlling" and "Control" by a person shall be interpreted accordingly): (i) any "person," as such term is used in Sections 3(a)(9) and 13(d) of the Exchange Act, including without limitation any "group," as such term is used in Rule 13d-5 promulgated under the Exchange Act, either: (A) becomes the "beneficial owner," as such term is used in Rule 13d-3 promulgated under the Exchange Act, of forty percent (40%) or more of the Voting Stock of the Company or (B) otherwise acquires the power to elect the number of directors to the Board of Directors that are necessary under the Company's then-current Certificate of Incorporation or other organizational documents to control the policies of the Company; (ii) all or substantially all of the assets or business of the Company are disposed of pursuant to an asset sale, spin-off, merger, consolidation or other transaction (other than purely internal corporate restructuring); or (iii) any material investment in the Company by any "person" for which gambling, tobacco, liquor or wine, pornography or other activities which the Warrantholder could reasonably determine are injurious to the NFL's image constitute a principal line of business of such person in the United States.

"Club" shall have the meaning specified in Section 1.1 of this Warrant.

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

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

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

"Current Market Value" per share of Common Stock of the Company or any other security at any date shall mean (1) if the security is not registered under the Exchange Act, (a) the value of the security, determined in good faith by the Board of Directors and certified in a board resolution, based on the most recently completed arms-length transaction between the Company and a Person other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized independent financial expert (provided that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith judgment of the Board of Directors, a reasonable determination of value, may be utilized) or (2) if the security is registered under the Exchange Act, (a) the average of the daily closing sales prices of the securities for the twenty (20) consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than twenty (20) consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (2)(a) and (2)(b), as certified to the Warrantholder by the President, any Vice President or the Chief Financial Officer of the Company. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day; (B) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company; (C) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each Business Day, designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than thirty (30) days prior to the date in question) for which prices have been so reported; and (D) if there are not bid and asked prices reported during the thirty (30) days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act.

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

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

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

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

"Fundamental Change" shall mean any Change of Control other than a Change of Control as defined solely in clause (iii) of the definition thereof.

"Governmental Authority" shall mean any federal, state, local or foreign government, legislature, governmental or administrative agency or commission, any self-regulatory association or authority, any court or other tribunal of competent jurisdiction, or any other governmental authority or instrumentality anywhere in the world.

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

"Issue Date" shall mean the date on which this Warrant is originally issued.

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

"Marketing Plan" shall have the meaning specified in Section 1.1 of this Warrant.

"Media-Based Incentive Warrants" shall mean the warrants represented by certificate numbers M-1, M-2, M-3, M-4 and M-5 issued to the Warrantholder by the Company on February 3, 2004, representing the right of the Warrantholder to subscribe and purchase from the Company an aggregate of up to 16,666,665 shares of Common Stock, subject to the terms and conditions thereof.

"Media Delivery Alternative" shall have the meaning specified in Section 1.1 of this Warrant.

"Media Vesting Conditions" shall have the meaning specified in Section 1.1 of this Warrant.

"NFL" shall mean the National Football League.

"NFL Satellite Radio Network" shall have the meaning set forth in the Rights Agreement.

"NFL Season" shall mean the _____ NFL season.

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

"Person" shall mean a human being, labor organization, partnership, firm, enterprise, association, joint venture, corporation, limited liability company, cooperative, legal representative, foundation, society, political party, estate, trust, trustee, trustee in bankruptcy, receiver or any other organization or entity whatsoever, including any Governmental Authority.

"Programming" shall have the meaning specified in Section 1.1 of this Warrant.

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

"Rights Agreement" shall mean the Satellite Radio Rights Agreement between the Company and the Warrantholder, dated as of January 31, 2004.

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

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

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

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

"Successor Company" shall have the meaning specified in Section 6.4 of this Warrant.

"Vesting Certificate" shall have the meaning specified in
Section 1.1 of this Warrant.

"Vesting Date" shall have the meaning specified in Section 1.1 of this Warrant.

"Voting Stock" shall mean, with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under

ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

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

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

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

Section 12. Miscellaneous.

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

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

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

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

12.5 Further Assurances. Each party to this Agreement shall, at the request of the other party, execute, acknowledge, deliver, file and record, and cause to be executed, acknowledged, delivered, filed and recorded, such further certificates, amendments, instruments, and documents and to do, and cause to be done, all such other acts and things, as may be required by law, or as may, in the reasonable opinion of the other party hereto, be necessary or advisable to carry out the purposes of this Agreement.

12.6 Notices. All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (a) on the date of delivery when delivered in person or by reputable courier maintaining records of receipt, including Federal Express, DHL and United Parcel Service, and (b) on the date of transmission when sent by facsimile during normal business hours; provided that any such communication delivered by facsimile transmission shall only be effective if such communication is also delivered by hand or deposited with a reputable courier maintaining records of receipt within two (2) Business Days after its delivery by facsimile transmission. Notwithstanding anything herein to the contrary, a delivery of a notice, request, demand or other communication pursuant to the terms of this Warrant to an address, or by means of delivery, other than as specified above shall, if actually received by a party hereto, be deemed valid and effective as of the date of such receipt.

If to the Company, addressed to:

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

If to the Warrantholder, addressed to:

NFL Enterprises LLC
280 Park Avenue
New York, New York 10017
Attention: President
Fax: (212) 681-7570

12.7 Enforceability; Severability. It is the desire and intent of the parties hereto that the provisions of this Warrant shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision hereof is determined by a court of competent jurisdiction or arbitration panel to be void or unenforceable, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision, each of which is hereby declared to be separate and distinct. If any provision of this Warrant is so determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable. If any provision of this Warrant is declared invalid or unenforceable for any reason other than overbreadth, the offending provision will be modified so as to maintain the essential benefits of the bargain between the parties hereto to the maximum extent possible, consistent with law and public policy.

12.8 Governing Law. THIS WARRANT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

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

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

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

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Warrant and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Warrant Shares, (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Certificate of Incorporation or By-laws; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Company or any Requirement of Law applicable to the Company.

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

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

12.12 Specific Performance. The Company and the Warrantholder acknowledge that the Warrant and the Warrant Shares are unique and that neither party hereto will have an adequate remedy at law if the other breaches any covenant contained herein or fails to perform any of its obligations under this Warrant. Accordingly, each party agrees that the other shall have the right, in addition to any other rights which it may have, to specific performance and equitable injunctive relief if the other party shall fail or threaten to fail to perform any of its obligations under this Warrant.

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

SIRIUS SATELLITE RADIO INC.

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

Dated: February 3, 2004

Attest:

By: /s/ Douglas A. Kaplan
Douglas A. Kaplan
Assistant Secretary

Schedule 1.1

TRANCHES OF WARRANT SHARES

Tranche	Name of Club	Warrant Shares for which Club May be Eligible

Schedule 1.4

EXERCISED WARRANT SHARES

Date of exercise	Amount of reduction in number of Warrant Shares in this Warrant	Number of Warrant Shares in this Warrant following such reduction	Signature of authorized officer of the Company

Exhibit A

MEDIA DELIVERY ALTERNATIVES

The marketing plan to be developed between the Warrantholder and the Company pursuant to Section 1.1(a)(i)(1) for the NFL Season shall include not less than any three (3) of the following, as selected by the Warrantholder after consultation with the Company:

o Prominent exposure, at no charge to the Company, on NFL Network Sunday "Red Zone" programming, including rotational Sirius logo presence and an opportunity for the Company to provide an around-the-NFL background audio feed of acceptable quality to the Warrantholder.

o Prominent in-game exposure (at the Warrantholder's discretion), on at least five (5) pre-season NFL games broadcast on the NFL Network. Prominent in-game exposure shall include one of the following, as selected by the Warrantholder: (i) virtual signage; (ii) sponsorship of an in-game feature; (iii) subject to the prior written consent of the Company, such consent not to be unreasonably withheld in circumstances where the proposed signage placement would reasonably be expected to be prominently visible during a typical game broadcast, in-stadium signage anticipated to be prominently visible on television; or (iv) such other in-game exposure as the Warrantholder and the Company may reasonably agree.

o Sponsorship, at no charge to the Company, of one NFL Network-(or other major television outlet) televised event ancillary to the Super Bowl, Kickoff Weekend, Pro-Bowl, Thanksgiving Weekend, the NFL draft, or any other mutually agreed upon major date on the NFL League calendar. Such sponsorship will consist of integrated exposure on the telecast of the event which shall include a minimum of two (2) in-program mentions or two (2) sponsorship billboards, as mutually agreed by the Company and the Warrantholder.

o The Company becoming, at no charge to the Company, the official in-stadium entertainment provider for the NFL (which would consist of the Company providing pre-recorded music, as approved by the Warrantholder, for in-stadium game breaks during the Super Bowl, Pro Bowl and, to the extent the NFL has control over in-stadium game breaks entertainment, Conference Championship games. For the avoidance of doubt, in-stadium game breaks shall not include the Super Bowl, Pro Bowl and Conference Championship games half-time or pre-game shows. The Company would be recognized for providing such music via a thank you message on the stadium scoreboard or jumbotron and via a one-page feature in the official program of the Super Bowl, Pro Bowl and, to the extent applicable, Conference Championship games.

o Prominent exposure, at no charge to the Company, on the NFL Internet Network, including in broadcast and media schedules in NFL.com TV and radio area, links to the Company's web site, editorial features and other exposure at the

Warrantholder's discretion; minimum of twenty-five million (25,000,000) impressions per season for the Company.

At the end of the Season to which this Warrant applies, the Company and Warrantholder shall discuss in good-faith potential marketing plan alternatives for the next NFL season. If the Company and Warrantholder fail in respect of any such future season to agree on a mutually acceptable plan in respect of such future season prior to the June 1 immediately prior to such season, the Media Delivery Alternatives agreed (or carried over) from the Warrant applicable to the prior season shall apply to such future season, and the Warrantholder shall be permitted to earn Media-Based Incentive Warrants on the terms contemplated herein by performing the Media Delivery Alternatives applicable to the Warrant for such prior season.

Exhibit B

EXERCISE FORM

(To be executed upon exercise of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

Exhibit 4.26

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. THE WARRANT REPRESENTED BY THIS CERTIFICATE MUST BE EXERCISED PRIOR TO OR ON MARCH 31, 2008.

SIRIUS SATELLITE RADIO INC.

COMMON STOCK PURCHASE WARRANT

This certifies that, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Sirius Satellite Radio Inc., a Delaware corporation (the "Company"), grants to NFL Enterprises LLC (the "Warrantholder"), the right to subscribe for and purchase from the Company an aggregate of 33,333,335 validly issued, fully paid and nonassessable shares (the "Warrant Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), at the purchase price per share of $2.50 (such purchase price per share, the "Exercise Price"), at any time and from time to time, during the period from and including 9:00 AM, New York City time, on the Vesting Date (as defined below) until 5:00 PM, New York City time, on March 31, 2008 (the "Expiration Date"), all subject to the terms, conditions and adjustments herein set forth, including but not limited to the Bounty Vesting Condition (as defined below).

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

Certificate No.: B-1

Number of Warrant Shares: 33,333,335

Name of Warrantholder: NFL Enterprises LLC

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

1.1 Exercisability of Warrant. (a) Subject to the terms and conditions set forth herein, the right to exercise this Warrant shall vest in the Warrantholder, and this Warrant shall become exercisable, on the date(s) on which (each such date, a "Vesting Date"), and in the amounts in respect of which, either of the following conditions have been satisfied:

(i) on the last day of each calendar quarter of the Company until the Lapsing Date (and on the Lapsing Date, if the Lapsing Date is not the end of a

calendar quarter), with respect to such number of Warrant Shares as shall be determined by multiplying fifty (50) times the number of new (individual) subscribers to the Company's satellite radio service who, during such quarterly period, have been directly tracked by the Company to an Incentive Program implemented by, and at the sole discretion of, an NFL member club (the "Club") or the Warrantholder (the "Bounty Vesting Condition"); or

(ii) with respect to an Agreed Number of Warrant Shares, the occurrence of a Fundamental Change that is agreed to by the Company on or before March 31, 2007 and (x) to which the Warrantholder consents, or (y) as to which the Warrantholder's consent is not required pursuant to the Rights Agreement, such Agreed Number of Warrant Shares shall vest in full upon the effective date of such Fundamental Change.

(b) (i) Any portion of this Warrant that has not vested pursuant to Section 1.1(a) hereof prior to the earlier to occur of (1) the termination of the Rights Agreement following a Change of Control to which the Warrantholder is required to consent pursuant to the Rights Agreement, but does not consent, or (2) March 31, 2007, shall lapse at 12:01 AM, New York City time, on that date (the "Lapsing Date").

(ii) Subject to Section 6.4, any previously vested but unexercised portion of this Warrant shall remain outstanding following a Change of Control, regardless of whether the Warrantholder consents to such Change of Control.

(c) Notwithstanding any of the foregoing, the Company shall not, prior to the Expiration Date, take any action which would have the effect of preventing or disabling the Company from (i) delivering the Warrant Shares to the Warrantholder upon exercise of the Warrant or (ii) otherwise performing the Company's obligations under this Warrant.

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

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

(b) (i) the delivery of payment to the Company, for the account of the Company, by cash, by certified or bank cashier's check or by wire transfer of immediately available funds in accordance with wire instructions that shall be provided by the Company upon request, of the Exercise Price for the number of Warrant Shares specified in the Exercise Form in lawful money of the United States of America, or (ii) in the alternative, the Warrantholder may exercise its right, on any Business Day prior to and including the Expiration Date, to receive Warrant Shares on a net basis, such that, without the exchange of any funds, the Warrantholder receives that number of Warrant Shares otherwise issuable upon exercise of this Warrant less that number of Warrant Shares having an aggregate Current Market Value at the time of exercise equal to the

aggregate Exercise Price that would otherwise have been paid in respect of this Warrant by the Warrantholder.

The Company agrees that such Warrant Shares shall be deemed to be issued to the Warrantholder, or to one or more Clubs, if so indicated on the Exercise Form, as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid.

1.3 Limitations on Exercise. Notwithstanding anything to the contrary herein, the obligation to deliver the Warrant Shares upon the exercise of this Warrant shall be subject to the conditions that no preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, shall be in effect which would prohibit such sale and delivery, and any applicable waiting period under the HSR Act shall have expired or been terminated.

1.4 Warrant Shares Certificates. A duly issued stock certificate or certificates for the Warrant Shares specified in the Exercise Form shall be delivered to, or at the direction of, the Warrantholder within three (3) Business Days after receipt by the Company of the Exercise Form and receipt of payment of the purchase price. At the time of delivery of the stock certificate, the Company shall mark on Schedule 1.4 hereto the number of Warrant Shares delivered, and the right to subscribe for and purchase from the Company the Warrant Shares represented by this Warrant shall be deemed reduced by the number of Warrant Shares so delivered.

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

Section 2. Restrictions on Transfer; Restrictive Legends. Except as expressly provided in this Section 2, this Warrant may not be transferred by the Warrantholder. The Warrantholder may instruct the Company to issue Warrant Shares upon exercise of this Warrant to one or more Clubs, by indicating such on the Exercise Form. In addition, the Warrantholder may transfer the Warrant Shares it receives upon exercise of vested portions of this Warrant to one or more Clubs. This Warrant and all or any portion of the Warrant Shares issued upon exercise of this Warrant may also be transferred pursuant to any customary pledge, hypothecation, or other similar disposition, including, without limitation, for purposes of securing any collateralized lending, hedging, or other similar brokers' transaction, that does not constitute a current transfer of the actual ownership of underlying shares. The Warrantholder, by its acceptance of this Warrant, acknowledges and confirms that this Warrant and any Warrant Shares issued upon exercise of this Warrant have not been registered under the Securities Act or any applicable state securities laws, and may not be sold or transferred except in compliance with and subject to the Securities Act and such state securities laws. Unless and until this Warrant and such Warrant Shares have been registered under the Securities Act and such state securities laws, the Company may require, as a condition to effecting any sale or transfer of this Warrant or such Warrant Shares on the books of the Company, an opinion of counsel reasonably satisfactory to the Company to the

effect that an exemption from registration under the Securities Act and such state securities laws is available for the proposed transfer or assignment and, if applicable, a certification reasonably satisfactory to counsel for the Company in its professional determination from the transferee that it is an "accredited investor" as defined under the Securities Act and regulations promulgated thereunder. Any purported sale or transfer of this Warrant and/or such Warrant Shares shall be null and void unless made in compliance with the conditions set forth in this Section 2.

The restrictions imposed by this Section 2 upon the transferability of the Warrant Shares shall terminate with respect to any Warrant Shares: (a) when and so long as any such Warrant Shares shall have been effectively registered under the Securities Act and any applicable state securities laws and transferred in compliance therewith or (b) when the Company shall have received an opinion of counsel reasonably satisfactory to it that any such Warrant Shares may be transferred without registration thereof under the Securities Act and any applicable state securities laws.

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

THE SECURITIES REPRESENTED BY THIS CERTIFICATE AND ANY SECURITIES ACQUIRED UPON THE EXERCISE OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS AND NEITHER THE SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, TRANSFERRED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR SUCH LAWS OR AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS. THE WARRANT REPRESENTED BY THIS CERTIFICATE MUST BE EXERCISED PRIOR TO OR ON MARCH 31, 2008.

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

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

Notwithstanding the foregoing, the Warrantholder may require the Company, without expense to the Warrantholder, to issue a stock certificate for Warrant Shares, without a legend, if either (i) such Warrant Shares have been registered for resale under the Securities Act or (ii) the Warrantholder has delivered to the Company an opinion of legal counsel, which opinion shall be

addressed to the Company and be reasonably satisfactory in form and substance to the Company, to the effect that such registration is not required with respect to such Warrant Shares.

By acceptance of this Warrant, the Warrantholder expressly agrees that it will at all times comply with the restrictions contained in Rule 144(e) under the Securities Act (as in effect on the date hereof) when selling, transferring or otherwise disposing of this Warrant or the Warrant Shares, if applicable.

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

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

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

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

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

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

Section 6. Antidilution Provisions.

6.1 Changes in Common Stock. In the event that at any time and from time to time the Company shall (i) pay a dividend or make a distribution on Common Stock in shares of Common Stock or other shares of Capital Stock, (ii) subdivide its outstanding shares of Common Stock into a larger number of shares of Common Stock, (iii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock or (iv) increase or decrease the number of shares of Common Stock outstanding by reclassification, recapitalization or reorganization of its Common Stock, then, in each such case, the number of shares of Common

Stock issuable upon exercise of this Warrant immediately after the happening of such event shall be adjusted so that, after giving effect to such adjustment, the Warrantholder shall be entitled to receive the number of shares of Common Stock that the Warrantholder would have owned or have been entitled to receive had this Warrant been exercised immediately prior to the happening of the events described above (or, in the case of a dividend or distribution of Common Stock, immediately prior to the record date therefor), and the Exercise Price shall be adjusted to the price (calculated to the nearest 100th of one cent) determined by multiplying the Exercise Price immediately prior to such event by a fraction, the numerator of which shall be the number of Warrant Shares purchasable upon the exercise of this Warrant immediately prior to such event and the denominator of which shall be the number of Warrant Shares purchasable after the adjustment referred to above. An adjustment made pursuant to this Section 6.1 shall become effective immediately after the distribution date, retroactive to the record date therefor in the case of a dividend or distribution in shares of Common Stock or other shares of Capital Stock, and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

6.2 Cash Dividends and Other Distributions. In the event that at any time and from time to time the Company shall distribute to all holders of Common Stock (i) any dividend or other distribution (including any dividend or distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of cash, evidences of its indebtedness, shares of its Capital Stock or any other properties or securities or (ii) any options, warrants or other rights to subscribe for or purchase any of the foregoing (other than, in the case of clause (i) and (ii) above, (A) any dividend or distribution described in Section 6.1 and (B) any rights, options, warrants or securities described in Section 6.3 or Section 6.4), then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution shall be increased to a number determined by multiplying the number of shares of Common Stock issuable upon the exercise of this Warrant immediately prior to such record date for any such dividend or distribution by a fraction, the numerator of which shall be the Current Market Value per share of Common Stock on the record date for such dividend or distribution, and the denominator of which shall be such Current Market Value per share of Common Stock less the sum of (x) the amount of cash, if any, distributed per share of Common Stock and (y) the then fair value (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) of the portion, if any, of the distribution applicable to one share of Common Stock consisting of evidences of indebtedness, shares of stock, securities, other property, warrants, options or subscription or purchase rights; and the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such record date by the above fraction. Such adjustments shall be made, and shall only become effective, whenever any dividend or distribution is made; provided that the Company is not required to make an adjustment pursuant to this Section 6.2 if at the time of such distribution the Company makes the same distribution to the Warrantholder as it makes to holders of Common Stock pro rata based on the number of shares of Common Stock for which this Warrant is exercisable. No adjustment shall be made pursuant to this Section 6.2 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.3 Issuance of Common Stock or Rights or Options. In the event that at any time or from time to time the Company shall issue shares of Common Stock or rights, options or warrants or securities convertible into or exchangeable for Common Stock, other than in a bona fide underwritten public offering by or through a syndicate managed by an investment bank of national or regional standing, for a consideration per share (which, in the case of convertible, exchangeable or exercisable securities shall be the amount received by the Company in consideration for the sale and issuance of such convertible, exchangeable or exercisable securities plus the minimum aggregate amount of additional consideration payable to the Company upon conversion, exchange or exercise thereof (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request), provided that the value attributable to such convertible, exchangeable or exercisable securities when issued as part of a unit with debt or other obligations of the Company shall be excluded to the extent it is a result of calculating the discount applicable to such debt or other obligations of the Company under generally accepted accounting principles) that is less than the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares and (b) the Exercise Price, then the number of shares of Common Stock issuable upon the exercise of this Warrant immediately after such date shall be determined by multiplying the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the number of additional shares of Common Stock to be issued in such transaction or offered for subscription or purchase or into which such securities are convertible or exchangeable, and the denominator of which shall be the number of shares of Common Stock outstanding immediately preceding the date the Company agrees in writing to issue such shares or rights, options, warrants or securities plus the total number of shares of Common Stock which the aggregate consideration expected to be received by the Company upon the issuance of such shares or the exercise, conversion or exchange of such rights, options, warrants or securities (as determined in good faith by the Board of Directors, whose determination shall be evidenced by a board resolution, a copy of which will be sent to the Warrantholder upon request) would purchase at the greater of (a) the Current Market Value per share of Common Stock as of the date the Company agrees in writing to issue such shares or rights, options, warrants or securities and (b) the Exercise Price, and in the event of any such adjustment, the Exercise Price shall be adjusted to a number determined by dividing the Exercise Price immediately prior to such date by the aforementioned fraction; provided further that no adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price shall be made as a result of (i) the vesting or exercise of this Warrant, (ii) the exercise, conversion or exchange of any right, option, warrant or security, the issuance of which has previously required an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or to the Exercise Price pursuant to this Section 6.3,
(iii) the exercise, conversion or exchange of any right, option, warrant or security outstanding on the Issue Date (to the extent such exercise, conversion or exchange is made in accordance with the terms of such right, option, warrant or security as in effect on the Issue Date) or (iv) the issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company; provided further that any such issuance, exercise, conversion or exchange of options to acquire Common Stock by officers, directors or employees of the Company shall not

be excluded from the adjustment called for by this Section 6.3 to the extent that the aggregate of all such issuances, exercises, conversions and exchanges from the Issue Date exceed 15% of the number of shares of Common Stock outstanding on the date of such determination. Any adjustment required by this
Section 6.3 shall be made, and shall only become effective, whenever such shares or such rights, options, warrants or securities are issued. The terms of this provision shall be reapplied if the terms of a right, option, warrant or security convertible for or exchangeable into Common Stock are subsequently amended. No adjustment shall be made pursuant to this Section 6.3 which shall have the effect of decreasing the number of shares of Common Stock issuable upon exercise of this Warrant or increasing the Exercise Price.

6.4 Change of Control. (a) Subject to Section 1.1(b)(i) and except as provided in Section 6.4(b), in the event of a Change of Control, this Warrant shall not terminate and the Warrantholder shall have the right to receive upon exercise of this Warrant the kind and amount of shares of Capital Stock or other securities or property which the Warrantholder would have been entitled to receive upon completion of, or as a result of, such Change of Control had this Warrant been exercised immediately prior to such event or to the relevant record date for any such entitlement, subject to adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 6. Unless paragraph (b) of this Section 6.4 is applicable to a Change of Control, the Company shall cause the surviving or acquiring Person (the "Successor Company") in such Change of Control to assume, by written instrument reasonably satisfactory to the Warrantholder, the obligation to deliver to the Warrantholder the shares of stock, securities or assets to which, in accordance with the foregoing provisions, the Warrantholder may be entitled and all other obligations of the Company under this Warrant. The provisions of this Section 6.4(a) shall similarly apply to successive Changes of Control involving any Successor Company.

(b) In the event of (i) a Change of Control with another Person (other than a Subsidiary of the Company) where consideration to the holders of Common Stock in exchange for their shares is payable solely in cash or (ii) the dissolution, liquidation or winding-up of the Company, the Warrantholder shall be entitled to receive, upon surrender of this Warrant, such cash distributions on an equal basis with the holders of Common Stock or other securities issuable upon exercise of this Warrant, as if this Warrant had been exercised immediately prior to such event, less the Exercise Price. In the event of any Change of Control described in this Section 6.4(b), the Successor Company and, in the event of any dissolution, liquidation or winding-up of the Company, the Company, upon surrender of this Warrant, shall promptly pay the Warrantholder the amounts to which it is entitled as described above by delivering a check in such amount as is appropriate (or, in the case of consideration other than cash, such other consideration as is appropriate) to such Person or Persons as it may be directed in writing by the Warrantholder.

6.5 Minimum Adjustment. The adjustments required by the preceding sections of this Section 6 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant that would otherwise be required shall be made unless and until such adjustment either by itself or with other adjustments not previously made increases or decreases by at least 1% the Exercise Price or the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to the making of such

adjustment. Any adjustment representing a change of less than such minimum amount shall be carried forward and made as soon as such adjustment, together with other adjustments required by this Section 6 and not previously made, would result in a minimum adjustment. For the purpose of any adjustment, any specified event shall be deemed to have occurred at the close of business on the date of its occurrence. In computing adjustments under this Section 6, fractional interests in Common Stock shall be taken into account to the nearest one-hundredth of a share.

6.6 Notice of Adjustment. Whenever the Exercise Price or the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant is adjusted, as herein provided, the Company shall deliver to the Warrantholder an agreed upon procedures letter of a firm of independent accountants selected by the Board of Directors (who may be the regular accountants employed by the Company) setting forth, in reasonable detail, the event requiring the adjustment and the method by which such adjustment was calculated (including a description of the basis on which (i) the then fair value of any evidences of indebtedness, other securities or property or warrants, options or other subscription or purchase rights was determined and
(ii) the Current Market Value of the Common Stock was determined, if either of such determinations were required), and specifying the Exercise Price and the number of shares of Common Stock issuable upon exercise of this Warrant after giving effect to such adjustment.

6.7 Notice of Certain Transactions. In the event that the Company shall propose to (a) pay any dividend payable in securities of any class to the holders of its Common Stock or to make any other non-cash dividend or distribution to the holders of its Common Stock, (b) offer the holders of its Common Stock rights to subscribe for or to purchase any securities convertible into shares of Common Stock or shares of stock of any class or any other securities, rights or options, (c) issue any (i) shares of Common Stock, (ii) rights, options or warrants entitling the holders thereof to subscribe for shares of Common Stock or (iii) securities convertible into or exchangeable or exercisable for Common Stock (in the case of (i), (ii) and (iii), if such event would result in an adjustment hereunder), (d) effect any capital reorganization, reclassification, consolidation or merger, (e) effect the voluntary or involuntary dissolution, liquidation or winding-up of the Company, (f) make a tender offer or exchange offer with respect to the Common Stock or (g) take any action which would require an adjustment to the number of Warrant Shares issuable upon the exercise of this Warrant or the Exercise Price, the Company shall, within five (5) Business Days after deciding to take any such action or make any such offer, send to the Warrantholder a notice of such proposed action or offer. Such notice shall specify the record date for the purposes of such dividend, distribution or rights, or the date such issuance or event is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and shall briefly indicate the effect, if any, of such action on the Common Stock and on the number and kind of any other shares of stock and on other property, if any, and the number of shares of Common Stock and other property, if any, issuable upon exercise of this Warrant and the Exercise Price after giving effect to any adjustment pursuant to Section 6 which will be required as a result of such action. Such notice shall be given as promptly as possible and (x) in the case of any action covered by clause (a) or
(b) above, at least ten (10) Business Days prior to the record date for determining holders of the Common Stock for purposes of such action or (y) in the case of any other such action, at least twenty (20) Business Days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be the earlier.

6.8 Adjustment to Warrant. The form of this Warrant need not be changed because of any adjustment made pursuant to this Section 6.

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

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

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

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

Section 8. Amendments. Any provision of this Warrant may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent or approval of the Company and the Warrantholder. Notwithstanding anything to the contrary herein, the consent of each holder affected shall be required for any amendment pursuant to which the number of Warrant Shares purchasable upon exercise of this Warrant would be decreased (other than in accordance with Section 6 hereof).

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

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

"Affiliate" shall mean, with respect to any specified Person,
(1) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (2) any other Person that owns, directly or indirectly, 25% or more of such specified Person's Voting Stock or any executive officer or director of any such specified Person or other Person or, with respect to any natural Person, any Person having a relationship with such Person by blood, marriage or adoption not more remote than first cousin. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Agreed Number" shall mean the number of Warrant Shares for which this Warrant has not become vested and exercisable, equal to the positive difference, if any, of (i) twenty-five million (25,000,000), minus (ii) the sum of (A) all vested and exercisable Media-Based Incentive Warrant Shares as of the effective date of a Fundamental Change, taking into account the acceleration provision of Section 1.1(a)(ii) of the Media-Based Incentive Warrants plus (B) all Warrant Shares for which this Warrant has become vested as of the effective date of such Fundamental Change, without taking into account the acceleration provisions of Section 1.1(a)(ii) hereof.

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

"Bounty Vesting Condition" shall have the meaning specified in
Section 1.1 of this Warrant.

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

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

"Capital Stock" of any Person shall mean any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

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

"Change of Control" shall mean the occurrence of any one or more of the following events (and the terms "Controlled", "Controlling" and "Control" by a person shall be interpreted accordingly): (i) any "person," as such term is used in Sections 3(a)(9) and 13(d) of the Exchange Act, including without limitation any "group," as such term is used in Rule 13d-5 promulgated under the Exchange Act, either: (A) becomes the "beneficial owner," as such term is used in Rule 13d-3 promulgated under the Exchange Act, of forty percent (40%) or more of the Voting Stock of the Company or (B) otherwise acquires the power to elect the number of directors to the Board of Directors that are necessary under the Company's then-current Certificate of Incorporation or other organizational documents to control the policies of the Company; (ii) all or substantially all of the assets or business of the Company are disposed of pursuant to an asset sale, spin-off, merger, consolidation or other transaction (other than purely internal corporate restructuring); or (iii) any material investment in the Company by any "person" for which gambling, tobacco, liquor or wine, pornography or other activities which the Warrantholder could reasonably determine are injurious to the NFL's image constitute a principal line of business of such person in the United States.

"Club" shall have the meaning specified in Section 1.1 of this Warrant.

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

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

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

"Current Market Value" per share of Common Stock of the Company or any other security at any date shall mean (1) if the security is not registered under the Exchange Act, (a) the value of the security, determined in good faith by the Board of Directors and certified in a board resolution, based on the most recently completed arms-length transaction between the Company and a Person other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized independent financial expert (provided that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith judgment of the Board of Directors, a reasonable determination of value, may be utilized) or (2) if the security is registered under the Exchange Act, (a) the average of the daily closing sales prices of the securities for the twenty (20) consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than twenty (20) consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (2)(a) and (2)(b), as certified to the Warrantholder by the President, any Vice President or the Chief Financial Officer of the Company. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day; (B) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company; (C) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each Business Day, designated by the Company, or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than thirty (30) days prior to the date in question) for which prices have been so reported; and (D) if there are not bid and asked

prices reported during the thirty (30) days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act.

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

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

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

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

"Fundamental Change" shall mean any Change of Control other than a Change of Control as defined solely in clause (iii) of the definition thereof.

"Governmental Authority" shall mean any federal, state, local or foreign government, legislature, governmental or administrative agency or commission, any self-regulatory association or authority, any court or other tribunal of competent jurisdiction, or any other governmental authority or instrumentality anywhere in the world.

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

"Incentive Program" shall mean any of the incentive programs mutually and reasonably agreed upon in writing by the Warrantholder and the Company from time to time, and which may include some or all of the programs listed on Exhibit B attached hereto, as the same may be modified by the mutual agreement of the Warrantholder and the Company from time to time, to be implemented by and at the sole discretion of the Warrantholder or the relevant Club, as applicable, at no expense to the Company, to generate new subscribers to the Company's satellite radio service who can be directly tracked to such marketing or sales program by the use of promotion codes or other unique identifiers.

"Issue Date" shall mean the date on which this Warrant is originally issued.

"Lapsing Date" shall have the meaning specified in Section 1.1 of this Warrant.

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

"Media-Based Incentive Warrants" shall mean the warrants represented by certificate numbers M-1, M-2, M-3, M-4 and M-5 issued to the Warrantholder by the Company on February 3, 2004, representing the right of the Warrantholder to subscribe and purchase from the Company an aggregate of up to 16,666,665 shares of Common Stock, subject to the terms and conditions thereof.

"Media-Based Incentive Warrant Shares" shall mean the aggregate of up to 16,666,665 shares of Common Stock eligible for issuance upon fulfillment of conditions contained in Media-Based Incentive Warrants.

"NFL" shall mean the National Football League.

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

"Person" shall mean a human being, labor organization, partnership, firm, enterprise, association, joint venture, corporation, limited liability company, cooperative, legal representative, foundation, society, political party, estate, trust, trustee, trustee in bankruptcy, receiver or any other organization or entity whatsoever, including any Governmental Authority.

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

"Rights Agreement" shall mean the Satellite Radio Rights Agreement between the Company and the Warrantholder, dated as of January 31, 2004.

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

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

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

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

"Successor Company" shall have the meaning specified in Section 6.4 of this Warrant.

"Vesting Date" shall have the meaning specified in Section 1.1 of this Warrant.

"Voting Stock" shall mean, with respect to any Person, any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

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

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

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

Section 12. Miscellaneous.

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

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

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

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

12.5 Further Assurances. Each party to this Agreement shall, at the request of the other party, execute, acknowledge, deliver, file and record, and cause to be executed, acknowledged, delivered, filed and recorded, such further certificates, amendments, instruments, and documents and to do, and cause to be done, all such other acts and things, as may be required by law, or as may, in the reasonable opinion of the other party hereto, be necessary or advisable to carry out the purposes of this Agreement.

12.6 Notices. All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Warrant shall be in writing and shall be deemed delivered (a) on the date of delivery when delivered in person or by reputable courier maintaining records of receipt, including Federal Express, DHL and United Parcel Service, and (b) on the date of transmission when sent by facsimile during normal business hours; provided that any such communication delivered by facsimile transmission shall only be effective if such communication is also delivered by hand or deposited with a reputable courier maintaining records of receipt within two (2) Business Days after its delivery by facsimile transmission. Notwithstanding anything herein to the contrary, a delivery of a notice, request, demand or other communication pursuant to the terms of this Warrant to an address, or by means of delivery, other than as specified above shall, if actually received by a party hereto, be deemed valid and effective as of the date of such receipt.

If to the Company, addressed to:

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

If to the Warrantholder, addressed to:

NFL Enterprises LLC
280 Park Avenue
New York, New York 10017
Attention: President
Fax: (212) 681-7570

12.7 Enforceability; Severability. It is the desire and intent of the parties hereto that the provisions of this Warrant shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision hereof is determined by a court of competent jurisdiction or arbitration panel to be void or unenforceable, in whole or in part, it shall not be deemed to affect or impair the validity of any other provision, each of which is hereby declared to be separate and distinct. If any provision of this Warrant is so determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable. If any provision of this Warrant is declared invalid or unenforceable for any reason other than overbreadth, the offending provision will be

modified so as to maintain the essential benefits of the bargain between the parties hereto to the maximum extent possible, consistent with law and public policy.

12.8 Governing Law. THIS WARRANT SHALL BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

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

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

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

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Warrant and the transactions contemplated hereby, including, without limitation, the sale, issuance and delivery of the Warrant Shares, (i) have been duly authorized by all necessary corporate action of the Company; (ii) do not contravene the terms of the Certificate of Incorporation or By-laws; and (iii) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Company or any Requirement of Law applicable to the Company.

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

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

12.12 Specific Performance. The Company and the Warrantholder acknowledge that the Warrant and the Warrant Shares are unique and that neither party hereto will have an adequate remedy at law if the other breaches any covenant contained herein or fails to perform any of its obligations under this Warrant. Accordingly, each party agrees that the other shall have the right, in addition to any other rights which it may have, to specific performance and equitable injunctive relief if the other party shall fail or threaten to fail to perform any of its obligations under this Warrant.

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

SIRIUS SATELLITE RADIO INC.

By: /s/ Patrick L. Donnelly

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

Dated: February 3, 2004

Attest:

By: /s/ Douglas A. Kaplan

Douglas A. Kaplan
Assistant Secretary

Schedule 1.4

EXERCISED WARRANT SHARES

Date of exercise	Amount of reduction in number of Warrant Shares in this Warrant	Number of Warrant Shares in this Warrant following such reduction	Signature of authorized officer of the Company

Exhibit A

EXERCISE FORM

(To be executed upon exercise of this Warrant)

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

Dated: _____

Signature

(Print Name)

(Street Address)

(City) (State) (Zip Code)

Signed in the Presence of:

Exhibit B

SAMPLE INCENTIVE PROGRAMS

The following are sample Incentive Programs that may be available to the Warrantholder and/or the Clubs to earn the Warrant Shares issuable pursuant to this Warrant. Neither this list nor the programs or conditions set forth herein are intended to be exhaustive or binding in any way upon the Warrantholder or any Club, the participation in any such programs to be in all events subject to the sole discretion of the Warrantholder and such Clubs.

Club retail partner promotions

o Clubs will produce, jointly with the Company, weekly one-to-two hour Club-specific radio program during each NFL season until March 31, 2007;
o Clubs will, at their own expense, broadcast live from Club consumer electronics retail partner locations or other mutually agreeable retail locations, with at least one current star player and one former star player appearing on each show; and
o All subscriptions to the Company's satellite radio service generated at the applicable retail locations on the day of the show will be tracked as part of the program.

Club marketing partner promotions

o Clubs will develop promotions for the Company's satellite radio service with their local marketing partners, such as the use of airline or affinity credit card points to purchase a subscription to the Company's satellite radio service or coupons in Club partner telephone, cable or other bills or included in locally-distributed team partner products (e.g. beer, sports drinks, etc); and
o All subscriptions to the Company's satellite radio service generated through such efforts will be tracked as part of the program.

Club season ticket holder promotions

o Clubs will develop and distribute materials to season ticket holders promoting subscriptions to the Company's satellite radio service and featuring a special program code;
o Game programs will include inserts with the special program code; and
o Season ticket holders utilizing the code when they activate a subscription to the Company's satellite radio service will be tracked as part of the program.

Club web site promotions

o Clubs will sell receivers for the Company's satellite radio service with team logo faceplates on their web sites; and
o All subscribers to the Company's satellite radio service activating such receivers will be tracked as part of the program.

Promote the Company's satellite radio service in existing NFL activities

o The NFL/Clubs will include a coupon for the Company's satellite radio service with a program code in packaging for NFL merchandise sales;

o Clubs will include print advertisements in their official game programs with program discount codes; and
o The NFL will provide a coupon for a subscription to the Company's satellite radio service with a program code to every visitor to the NFL Hall of Fame.

Promote the Company's satellite radio service in NFL media activities

o The NFL will use its excess advertisement inventory to run commercials for the Company's satellite radio service, which advertisements will have a program code;
o NFL.com and official Club web sites will carry a subscription link to the Company's satellite radio service web site and track the transfer; and

o The NFL will help provide a coupon for a subscription to the Company's satellite radio service with special access promotions, which promotions will have a program code.

Exhibit 10.2

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated as of December 3, 2003 (this "Agreement"), between SIRIUS SATELLITE RADIO INC., a Delaware corporation (the "Company"), and MICHAEL S. LEDFORD (the "Executive").

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

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

2. Duties and Reporting Relationship. (a) Subject to the terms of Section 2(b), the Executive shall be employed in the capacity of Executive Vice President, Engineering, of the Company. In such capacity, the Executive's duties shall include, without limitation, management of the Company's engineering department and all of its activities, the maintenance of the Company's broadcast systems, the maintenance and development of the Company's system architecture, the development and planning of future products, from a technical and engineering standpoint, and the development and management of technical business relationships.

(b) On April 1, 2004, the Executive shall surrender his title as Executive Vice President, Engineering, and such title shall be replaced with the title, Chief Technical Officer of the Company. In such capacity, the Executive shall be responsible for such technical and engineering activities of the Company and the Chief Executive Officer of the Company shall designate in writing from time to time.

(c) During the Term (as defined below), the Executive shall, on a full-time basis and consistent with the needs of the Company to achieve the goals of the Company, use his skills and render services to the best of his ability. In addition, the Executive shall perform such other activities and duties consistent with his position as the President and Chief Executive Officer of the Company shall, from time to time, reasonably specify and direct. The Executive shall not be required by this Agreement to perform duties for any entity other than the Company and its subsidiaries.

(d) The Executive shall generally perform his duties and conduct his business at such locations as the Company shall from time to time designate.

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

3. Term. The term of this Agreement shall commence on the date hereof and end on April 1, 2005, unless terminated earlier pursuant to the provisions of Section 6 (the "Term"). At the end of the Term, the Company and the Executive shall negotiate in good faith an agreement to retain the services of the Executive on a part time basis as a consultant.

4. Compensation. (a) During the period commencing on the date hereof and ending on December 31, 2003, the Executive shall be paid an annual base salary of $340,000. During the period commencing January 1, 2004 and ending on April 1, 2005, the Executive shall be paid an annual base salary of $255,000. All amounts paid to the Executive under this Agreement shall be in U.S. dollars. The Executive's base salary shall be paid at least monthly and, at the option of the Company, may be paid more frequently. In the event the Executive's employment is terminated during the Term, the Executive's base salary shall be prorated through the date of termination.

(b) On the date hereof, the Company shall grant to the Executive an option to purchase 2,100,000 shares of the Company's common stock, par value $.001 per share (the "Common Stock"), at an exercise price equal $1.04 per share. Such options shall be subject to the terms and conditions set forth in the Option Agreement attached to this Agreement as Exhibit A.

(c) On the date hereof, the Company shall grant to the Executive 900,000 restricted stock units. Such restricted stock units of Common Stock shall be subject to the terms and conditions set forth in the Restricted Stock Unit Agreement attached to this Agreement as Exhibit B.

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

5. Additional Compensation; Expenses and Benefits. (a) During the Term, the Company shall reimburse the Executive for all reasonable and necessary business expenses incurred and advanced by him in carrying out his duties under this Agreement. In addition, the Company shall reimburse the Executive for reasonable hotel accommodations or, if the Company elects, a temporary apartment in the New York metropolitan area. The Executive shall present to the Company from time to time an itemized account of all expenses in such form as may be required by the Company from time to time.

(b) During the Term, the Executive shall be entitled to participate fully in any bonus grants, benefit plans, programs, policies and fringe benefits which may be made available to senior vice presidents and executive vice presidents of the Company generally, including, without limitation, medical, dental and life insurance; provided that the Executive shall participate in any stock option or stock purchase or compensation plan currently in effect or subsequently established by the Company to the extent, and only to the extent, authorized by the plan document and by the Board of Directors of the Company (the "Board") or the compensation committee thereof.

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

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

(i) a material breach by the Executive of the terms of his employment or of his duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its affiliates (which, for purposes hereof, shall mean any individual, corporation, partnership, association, limited liability company, trust, estate, or

other entity or organization directly or indirectly controlling, controlled by, or under direct or indirect common control with the Company) which has not been approved by a majority of the disinterested directors of the Board, if in any such case such material breach remains uncured after thirty days have elapsed following the date on which the Company gives the Executive written notice of such breach;

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

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

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

(v) any damage of a material nature to any property of the Company or any of its affiliates caused by the Executive's willful or grossly negligent conduct;

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

(vii) the Executive's failure to comply with the Board's reasonable written instructions after thirty days written notice; or

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

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

(b) Death or Disability. (i) This Agreement and the Executive's employment shall terminate upon the death of the Executive. For purposes of this
Section 6(b)(i), this Agreement shall terminate on the date of the Executive's death.

(ii) If the Executive is unable to perform the essential duties and functions of his position because of a disability, even with a reasonable accommodation, for one hundred eighty days within any three hundred sixty-five day period, and the Company, in its reasonable judgment, determines that the exigencies created by the Executive's disability are such that termination is warranted, the Company shall have the right and may elect to terminate the services of the

Executive by a Notice of Disability Termination. For purposes of this Agreement, a "Notice of Disability Termination" shall mean a written notice that sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under this Section 6(b)(ii). For purposes of this Agreement, no such purported termination by the Company shall be effective without such Notice of Disability Termination. This Agreement shall terminate on the day such Notice of Disability Termination is received by the Executive.

(c) Voluntary Resignation. Should the Executive wish to resign from his position with the Company during the Term, for other than Good Reason (as defined below), the Executive shall give fourteen days prior written notice to the Company. Failure to provide such notice shall entitle the Company to terminate this Agreement effective on the last business day on which the Executive reported for work at his principal place of employment with the Company. This Agreement shall terminate on the effective date of the resignation defined above, however, the Company may, at its sole discretion, request that the Executive perform no job responsibilities and cease his active employment immediately upon receipt of the notice from the Executive.

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

(e) For Good Reason. Should the Executive wish to resign from his position with the Company for Good Reason during the Term, the Executive shall give seven days prior written notice to the Company. Failure to provide such notice shall entitle the Company to fix the Termination Date as of the last business day on which the Executive reported for work at his principal place of employment with the Company. This Agreement shall terminate on the date specified in such notice, however, the Company may, at its sole discretion, request the Executive cease active employment and perform no more job duties immediately upon receipt of such notice from the Executive.

For purposes of this Agreement, "Good Reason" shall mean the continuance of any of the following events (without the Executive's express prior written consent) for a period of seven days (or thirty days in the case of items (i),
(iii) and (iv) below) after delivery to the Company by the Executive of a notice of the occurrence of such event:

(i) the assignment to the Executive by the Company of duties not reasonably consistent with the Executive's positions, duties, responsibilities, titles or offices at the commencement of the Term or any unreasonable reduction in his duties or responsibilities or any removal of the Executive from or any failure to re-elect the Executive to any of such positions (except in connection with the termination of the Executive's employment for Cause, disability or as a result of the Executive's death or by the Executive other than for Good Reason) not contemplated by this Agreement; or

(ii) any reduction in the Executive's base salary not contemplated by this Agreement;

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

(iv) the Company requiring the Executive to perform his duties and conduct his business at a location that would reasonably require the Executive to be away from his principal residence on the date hereof, on an overnight basis, for a period of 100 or more days in any twelve month period

(f) Compensation and Benefits Upon Termination. (i) If the employment of the Executive is terminated without Cause or the Executive terminates his employment for Good Reason, then the Executive shall be entitled to receive, and the Company shall pay to the Executive without setoff, counterclaim or other withholding, except as set forth in Section 4(d), an amount (in addition to any salary, benefits or other sums due the Executive through the Termination Date) equal to the sum of (1) the Executive's annualized base salary then in effect, and (2) the annual cash bonus, if any, paid to the Executive with respect to the immediately preceding calendar year. Any amount becoming payable under this
Section 6(f)(i) shall be paid in immediately available funds within ten business days following the Termination Date.

(ii) If this Agreement is terminated by the Executive or the Company for any reason other than those specified in Sections 6(f)(i), including resignation by the Executive without Good Reason or termination by the Company with Cause, the Executive shall be entitled to no compensation or other benefits under this Agreement other than those which are due the Executive through the Termination Date.

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

(b) "Confidential Information" shall mean information about the Company's business and operations that is not disclosed by the Company for financial reporting purposes and that was learned by the Executive in the course of his employment by the Company, including, without limitation, any business plans, product plans, strategy, budget information, proprietary knowledge, patents, trade secrets, data, formulae, sketches, notebooks, blueprints, information and client and customer lists and all papers and records (including computer records) of the documents containing such Confidential Information, other than information that is publicly disclosed by the Company in writing. The Executive acknowledges that such Confidential Information is specialized, unique in nature and of great value to the Company, and that such information gives the Company a competitive advantage. The Executive agrees to deliver or return to the Company, at the Company's request at any time or upon termination or expiration of his employment or as soon as possible thereafter, all documents, computer tapes and disks, records, lists, data, drawings, prints, notes and written information (and all copies thereof) furnished by the Company or prepared by the Executive in the course of his employment by the Company.

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

8. Covenant Not to Compete. For three years following the end of the Term (the "Restricted Period"), the Executive shall not, directly or indirectly, enter into the employment of, render services to, or acquire any interest whatsoever in (whether for his own account as an individual proprietor, or as a partner, associate, stockholder, officer, director, consultant, trustee or otherwise), or otherwise assist, any person or entity engaged (a) in any operations in North America involving the transmission of radio entertainment programming in competition with the Company, (b) in the business of manufacturing, marketing or distributing radios, antennas or

other parts for use in devices which receive broadcasts of XM Satellite Radio Inc. or any successor to XM Satellite Radio Inc., or (c) that competes, or is likely to compete, with any other aspect of the business of the Company as conducted at the end of the Term; provided that nothing in this Agreement shall prevent the purchase or ownership by the Executive by way of investment of up to five percent of the shares or equity interest of any corporation or other entity. Without limiting the generality of the foregoing, the Executive agrees that during the Restricted Period, the Executive shall not call on or otherwise solicit business or assist others to solicit business from any of the customers or potential customers of the Company as to any product or service that competes with any product or service provided or marketed by or under development by the Company at the end of the Term. The Executive agrees that during the Restricted Period he will not solicit or assist others to solicit the employment of or hire any employee of the Company without the prior written consent of the Company.

9. Inventions. The Executive shall promptly disclose in writing to the Company all inventions, discoveries, developments, improvements, and innovations ("Inventions") whether or not patentable, conceived or made by the Executive, either solely or in concert with others during the period of his employment with the Company, including, but not limited to any period prior to the date of this Agreement, whether or not made or conceived during work hours that: (a) relate in any manner to the existing or contemplated business or research activities of the Company; or (b) are suggested by or result from the Executive's employment with the Company; or (c) result from the use of the Company's time, materials, or facilities. All Inventions shall be the exclusive property of the Company.

(b) The Executive assigns to the Company his entire right, title, and interest to all such Inventions that are the property of the Company under the provisions of this Agreement and all unpatented Inventions that Executive now owns. The Executive shall, at the Company's request and expense, execute specific assignments to any such Invention and execute, acknowledge, and deliver such other documents and take such further action as may be considered necessary by the Company at any time during or subsequent to the period of his employment with the Company to obtain and define letters patent in any and all countries and to vest title in such Inventions in the Company or its assigns.

(c) Any Invention disclosed by the Executive to a third person or described in a patent application filed by the Executive or on the Executive's behalf within one year following the period of the Executive's employment with the Company, shall be presumed to have been conceived or made by the Executive during the period of his employment with the Company unless proved to have been conceived and made by the Executive following the termination of employment with the Company.

(d) The provisions of this Section 9 shall survive any termination of this Agreement.

10. Gross-Up Provisions. (a) If the Executive is, in the opinion of a nationally recognized accounting firm jointly selected by the Executive and the Company, expected to pay an excise tax on "excess parachute payments" (as defined in Section 280G(b) of the Internal Revenue Code of 1986, as amended (the "Code")) under Section 4999 of the Code as a result of an acceleration of the vesting of options or for any other reason, the Company shall have an absolute and unconditional obligation to pay the Executive in accordance with the terms of this Section 10 the expected amount of such taxes. In addition, the Company shall have an absolute and unconditional obligation to pay the Executive such additional amounts as are necessary to place the Executive in the exact same financial position that he would have been in if he had not incurred any expected tax liability under Section 4999 of the Code; provided that

the Company shall in no event pay the Executive any amounts with respect to any penalties or interest due under any provision of the Code. The determination of the exact amount, if any, of any expected "excess parachute payments" and any expected tax liability under Section 4999 of the Code shall be made by the nationally-recognized independent accounting firm selected by the Executive and the Company. The fees and expenses of such accounting firm shall be paid by the Company in advance. The determination of such accounting firm shall be final and binding on the parties. The Company irrevocably agrees to pay to the Executive, in immediately available funds to an account designated in writing by the Executive, any amounts to be paid under this Section 10 within two days after receipt by the Company of written notice from the accounting firm which sets forth such accounting firm's determination. In addition, in the event that such payments are not sufficient to pay all excise taxes on "excess parachute payments" under Section 4999 of the Code as a result of an acceleration of the vesting of options or for any other reason and to place the Executive in the exact same financial position that he would have been in if he had not incurred any expected tax liability under Section 4999 of the Code as a result of a change in control, then the Company shall have an absolute and unconditional obligation to pay the Executive such additional amounts as may be necessary to pay such excise taxes and place the Executive in the exact same financial position that he would have been had he not incurred any tax liability as a result of a change in control under the Code. Notwithstanding the foregoing, in the event that a written ruling (whether public or private) of the Internal Revenue Service ("IRS") is obtained by or on behalf of the Company or the Executive, which ruling expressly provides that the Executive is not required to pay, or is entitled to a refund with respect to, all or any portion of such excise taxes or additional amounts, the Executive shall promptly reimburse the Company in an amount equal to all amounts paid to the Executive pursuant to this
Section 10 less any excise taxes or additional amounts which remain payable by, or are not refunded to, the Executive after giving effect to such IRS ruling. Each of the Company and the Executive agrees to promptly notify the other party if it receives any such IRS ruling.

(b) The provisions of this Section 10 shall survive any termination of this Agreement.

11. Remedies. The Executive and Company agree that damages for breach of any of the covenants under Sections 7 and 8 above will be difficult to determine and inadequate to remedy the harm which may be caused thereby, and therefore consent that these covenants may be enforced by temporary or permanent injunction without the necessity of bond. The Executive believes, as of the date of this Agreement, that the provisions of this Agreement are reasonable and that the Executive is capable of gainful employment without breaching this Agreement. However, should any court or arbitrator decline to enforce any provision of
Section 7 or 8 of this Agreement, this Agreement shall, to the extent applicable in the circumstances before such court or arbitrator, be deemed to be modified to restrict the Executive's competition with the Company to the maximum extent of time, scope and geography which the court or arbitrator shall find enforceable, and such provisions shall be so enforced.

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

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

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

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

16. Assignment. The Executive may not assign any of his rights or delegate any of his duties hereunder without the prior written consent of the Company. The Company may not assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the Executive.

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

18. Notices. All notices and other communications required or permitted hereunder shall be made in writing and shall be deemed effective when initially transmitted by courier or facsimile transmission and five days after mailing by registered or certified mail:

if to the Company:

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

if to the Executive:

Michael S. Ledford
Address on file at the offices
of the Company

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

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

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

21. Arbitration. (a) The Executive and the Company agree that if a dispute arises concerning or relating to the Executive's employment with the Company, or the termination of the Executive's employment, such dispute shall be submitted to binding arbitration under the

rules of the American Arbitration Association regarding resolution of employment disputes in effect at the time such dispute arises. The arbitration shall take place in New York, New York, and both the Executive and the Company agrees to submit to the jurisdiction of the arbitrator selected in accordance with the American Arbitration Association rules and procedures. Except as provided below, the Executive and the Company agree that this arbitration procedure will be the exclusive means of redress for any disputes relating to or arising from the Executive's employment with the Company or his termination, including disputes over rights provided by federal, state, or local statutes, regulations, ordinances, and common law, including all laws that prohibit discrimination based on any protected classification. The parties expressly waive the right to a jury trial, and agree that the arbitrator's award shall be final and binding on both parties, and shall not be appealable. The arbitrator shall have discretion to award monetary and other damages, and any other relief that the arbitrator deems appropriate and is allowed by law. The arbitrator shall have the discretion to award the prevailing party reasonable costs and attorneys' fees incurred in bringing or defending an action, and shall award such costs and fees to the Executive in the event the Executive prevails on the merits of any action brought hereunder.

(b) The Company and the Executive agree that the sole dispute that is excepted from Section 21(a) is an action seeking injunctive relief from a court of competent jurisdiction regarding enforcement and application of Sections 7, 8 or 9 of this Agreement, which action may be brought in addition to, or in place of, an arbitration proceeding in accordance with Section 21(a).

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

23. Executive's Representations. The Executive hereby represents and warrants to Company that he (a) is not now under any contractual or other obligation that is inconsistent with or in conflict with this Agreement or that would prevent, limit, or impair the Executive's performance of his obligations under this Agreement; (b) has been provided the opportunity to be, or has been, represented by legal counsel in preparing, negotiating, executing and delivering this Agreement; and (c) fully understands the terms and provisions of this Agreement.

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

SIRIUS SATELLITE RADIO INC.

By: /s/ John H. Schultz
---------- John H. Schultz
Senior Vice President,
Human Resources

/s/ Michael S. Ledford
---------- Michael S. Ledford

EXHIBIT 21.1

SUBSIDIARIES

Satellite CD Radio, Inc. State of Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-81914, No. 333-74752, No. 333-65473, No. 333-15085, No. 33-95118, No. 33-92588, No. 333-31362, No. 333-62818, No. 333-81914, No. 333-100083, No. 333-101515, No. 333-106020 and No. 333-111221) pertaining to the Sirius Satellite Radio Inc. 401(k) Savings Plan and Registration Statements (Form S-3 No. 333-64344, No. 333-65602, No. 333-52893, No. 333-85847, No. 333-86003, No. 333-10446 and No. 333-108387) of our reports dated (i) January 24, 2004, with respect to the consolidated financial statements and schedule of Sirius Satellite Radio Inc. and Subsidiary and (ii) January 24, 2004, with respect to the balance sheet of Satellite CD Radio, Inc., both as included in this Annual Report on Form 10-K for the year ended December 31, 2003.

/s/ ERNST & YOUNG LLP

New York, New York
March 12, 2004

EXHIBIT 23.2

NOTICE REGARDING CONSENT OF ARTHUR ANDERSEN LLP

Section 11(a) of the Securities Act of 1933, as amended, provides that if a registration statement at the time it becomes effective contains an untrue statement of a material fact, or omits a material fact required to be stated therein or necessary to make the statements therein not misleading, any person acquiring a security pursuant to such registration statement (unless it is proved that at the time of such acquisition such person knew of such untruth or omission) may assert a claim against, among others, an accountant who has consented to be named as having certified any part of the registration statement or as having prepared any report for use in connection with the registration statement.

On April 11, 2002, Sirius Satellite Radio Inc. dismissed Arthur Andersen LLP ('Andersen') as its independent auditors and appointed Ernst & Young LLP as its independent auditors. Prior to the date of this Annual Report on Form 10-K which is incorporated by reference into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083 and 333-101515) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847 and 333-86003), the Andersen partner responsible for the audit of the financial statements of Sirius Satellite Radio Inc. as of December 31, 2001 and for the year then ended resigned from Andersen. As a result, after reasonable efforts, Sirius Satellite Radio Inc. has been unable to obtain Andersen's written consent to the incorporation by reference into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083, 333-101515, 333-106020 and 333-111221) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847, 333-86003, 333104406 and 333-108387) of its audit reports with respect to Sirius Satellite Radio Inc.'s financial statements as of December 31, 2001 and for the year then ended. Under these circumstances, Rule 437a under the Securities Act permits us to file this Annual Report on Form 10-K without a written consent from Andersen. However, as a result, Andersen will not have any liability under Section 11(a) of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Andersen or any omissions of a material fact required to be stated therein. Accordingly, you would be unable to assert a claim against Andersen under Section 11(a) of the Securities Act because it has not consented to the incorporation by reference of its previously issued report into Sirius Satellite Radio Inc.'s filings on Form S-8 Nos. (333-81914, 333-74752, 333-65473, 333-15085, 33-95118, 33-92588, 333-31362, 333-62818, 333-81914, 333-100083, 333-101515, 333-106020 and 333-111221) and Form S-3 Nos. (333-64344, 333-65602, 333-52893, 333-85847, 333-86003, 333-104406 and 333-108387).

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2003 of Sirius Satellite Radio Inc.;

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

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

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

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

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ Joseph P. Clayton

Joseph P. Clayton
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David J. Frear, Executive Vice President and Chief Financial Officer of Sirius Satellite Radio Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2003 of Sirius Satellite Radio Inc.;

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

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

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

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

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 12, 2004

/s/ David J. Frear

David J. Frear
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Annual Report of Sirius Satellite Radio Inc. (the 'Company') on Form 10-K for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the 'Report'), I, Joseph P. Clayton, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. 'SS' 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2004

/s/ Joseph P. Clayton

Joseph P. Clayton
President and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

In connection with the Annual Report of Sirius Satellite Radio Inc. (the 'Company') on Form 10-K for the year ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the 'Report'), I, David J. Frear, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 'SS' 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2004

/s/ David J. Frear
---------- David J. Frear
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 99.1

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Satellite CD Radio, Inc.

We have audited the accompanying balance sheets of Satellite CD Radio, Inc. (the 'Company') as of December 31, 2003 and 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the balance sheets referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2003 and 2002 in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

New York, New York
January 23, 2004

SATELLITE CD RADIO, INC.
BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)

	AS OF DECEMBER 31,	
	2003	2002
ASSETS		
FCC license	$83,654	$83,654
Total assets	$83,654	$83,654
STOCKHOLDERS' EQUITY		
Stockholders' equity:		
Common stock, no par value: 200 shares issued and outstanding	$ --	$ --
Additional paid-in capital	83,654	83,654
Total stockholders' equity	$83,654	$83,654

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

SATELLITE CD RADIO, INC.
NOTES TO FINANCIAL STATEMENTS
(DOLLAR AMOUNTS IN THOUSANDS, UNLESS OTHERWISE STATED)

1. BUSINESS

Satellite CD Radio, Inc. (the 'Company') is a wholly owned subsidiary of Sirius Satellite Radio Inc. ('Sirius') which broadcasts over 100 streams of digital-quality entertainment: 61 streams of 100% commercial-free music and over 40 streams of news, sports, talk, entertainment, traffic, weather and children's programming for an effective monthly subscription fee of $11.15 for a three year plan and up to $12.95 for a monthly plan. Sirius also offers discounts for pre-paid and long-term subscriptions as well as discounts for those subscribers that purchase multiple subscriptions. Approximately 65% of its subscriber base is on an annual plan with an effective monthly subscription fee of $11.87.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying balance sheets have been prepared in accordance with accounting principles generally accepted in the United States. No statements of operations, stockholders' equity or cash flows have been presented for each of the three years in the period ended December 31, 2003 as the Company has had no operational activity for those years. The Company does not charge Sirius a fee for the use of its license.

FCC License

In June 2001, the FASB issued SFAS No. 142, 'Goodwill and Other Intangible Assets.' SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives be tested for impairment at least annually. In accordance with SFAS No. 142, the Company determined that its FCC license has an indefinite life and is evaluated for impairment on an annual basis. Upon adoption of SFAS No. 142, the Company completed an impairment analysis during the first half of the year ended December 31, 2002, and concluded that there was no impairment loss related to its FCC license. In November 2003 and 2002, the Company updated its impairment test and determined that there was no impairment. The Company uses projections of estimated future cash flows and other factors in assessing the fair value of its FCC license. If these estimates or projections change in the future, it may be required to record an impairment charge related to its FCC license. To date, the Company has not recorded any amortization expense related to its FCC license.

3. LIEN ON THE COMPANY'S COMMON STOCK

Sirius' obligations under its 14 1/2% Senior Secured Notes due 2009 and 15% Senior Secured Discount Notes due 2007 are secured by a lien on the Company's common stock.