

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

CD RADIO INC.

(Name of Issuer)

COMMON STOCK, PAR VALUE \$.001 PER SHARE
(Title of Class of Securities)

125127-10-0
(CUSIP Number)

**LEONARD V. QUIGLEY
MITCHELL S. FISHMAN
PAUL, WEISS, RIFKIND, WHARTON & GARRISON
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NEW YORK, N.Y. 10019-6064
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(Name, Address and Telephone Number of
Person Authorized to Receive Notices
and Communications)

NOVEMBER 20, 1997
(Date of Event which Requires Filing
of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this statement because of Rule 13d-1(b)(3) or (4), check the following box [] .

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13D

CUSIP NO. 125127-10-0
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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

David Margolese

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (A) [
] (B) [
]

3 SEC USE ONLY

4 SOURCE OF FUNDS

Not applicable

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) or 2(e)]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Canada

7 SOLE VOTING POWER

NUMBER OF 5,134,500 (includes 2,834,500 shares
SHARES pursuant to a voting trust agreement)

BENEFICIALLY OWNED 8 SHARED VOTING POWER
0

BY EACH REPORTING 9 SOLE DISPOSITIVE POWER
PERSON 2,300,000

WITH 10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,134,500

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES
]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

30.7%

14 TYPE OF REPORTING PERSON

IN

SCHEDULE 13D

Item 1. Security and Issuer.

This Statement relates to the common stock, par value \$.001 ("Common Stock"), of CD Radio Inc., a Delaware corporation (the "Company"), the principal executive offices of which are located at Sixth Floor, 2175 K Street, N.W., Washington, D.C. 20037.

Item 2. Identity and Background.

(a), (b), (c) and (f). This Statement on Schedule 13D is being filed by David Margolese. His business address is Ninth Floor, 730 Fifth Avenue, New York, NY 10019. His present principal occupation or employment is as Chairman and Chief Executive Officer of CD Radio Inc. Mr. Margolese is a citizen of Canada. (d) and (e). During the last five years, Mr. Margolese has neither been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction where as a result of such proceeding he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to a Voting Trust Agreement (defined in Item 6), dated as of August 26, 1997, entered into by Darlene Friedland, as grantor, David Margolese, as trustee, and the Company, Mr. Margolese has the power to vote in his discretion all

shares of Common Stock owned or hereafter acquired by Darlene Friedland and certain of her affiliates (currently 2,834,500 shares) for a period of five years commencing on November 20, 1997. No consideration was paid in connection with the execution of the Voting Trust Agreement.

Item 4. Purpose of Transaction.

In order to assist the Company to complete certain financing transactions, consisting of (i) an offer to exchange shares of the Company's 10 1/2% Series C Convertible Preferred Stock for shares of the Company's outstanding 5% Delayed Convertible Preferred Stock, (ii) an underwritten public offering of 2,440,000 shares of the Company's Common Stock in the United States and Canada and 610,000 shares outside the United States and Canada and (iii) an underwritten public offering of units consisting of the Company's 15% Senior Secured Discount Notes due 2007 ("Senior Notes") and warrants to purchase additional Senior Notes, all of which were completed in November 1997, Mr. Margolese entered into a voting trust agreement with Darlene Friedland, a stockholder of the Company. See Item 6 below for a description of the terms of the Voting Trust Agreement.

Other than as described in the Voting Trust Agreement, Mr. Margolese does not have any present plans or proposals which relate to or would result in: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or of any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number

or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company;

(f) any other material changes in the Company's business or corporate structure;

(g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions that may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or (j) any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer.

(a) through (c). As of December 31, 1997, Mr. Margolese beneficially owned (within the meaning of the rules and regulations of the Securities and Exchange Commission) 5,134,500 shares of Common Stock, representing approximately 30.7% of the then outstanding shares of Common Stock. This aggregate number includes 700,000 shares issuable pursuant to stock options that are exercisable within 60 days. Pursuant to the Voting Trust Agreement (defined in Item 6), Mr. Margolese has the power to vote in his discretion all shares of Common Stock owned or hereafter acquired by Darlene Friedland and certain of her affiliates for a period of five years commencing on November 20, 1997. Currently, 2,834,500 shares of Common Stock are subject to the Voting Trust Agreement.

Mr. Margolese has sole power to vote or to direct the vote of 5,134,500 shares of Common Stock of the Company. He has sole power to dispose

or to direct the disposition of 2,300,000 shares of Common Stock of the Company. Darlene Friedland and certain of her affiliates retain sole power to dispose or to direct the disposition of the 2,834,500 shares currently subject to the Voting Trust Agreement. Except as set forth above, Mr. Margolese does not beneficially own any shares of Common Stock and has not effected any transaction in shares of Common Stock during the preceding 60 days.

(d). Darlene Friedland and certain of her affiliates have the right to receive dividends and distributions of the shares subject to the Voting Trust Agreement and the right to direct the trustee to sell, assign, transfer, encumber or grant any option therein. Other than as described in the Voting Trust Agreement, to the best knowledge of Mr. Margolese, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock owned thereby.

(e). Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

David Margolese is a party to a voting trust agreement dated August 26, 1997 (the "Voting Trust Agreement") by and among Darlene Friedland, as grantor, Mr. Margolese, as the voting trustee thereunder, and the Company.

The Voting Trust Agreement provides for the establishment of a trust (the "Trust") into which (i) there have been deposited all of the shares of Common Stock owned by Mrs. Friedland on August 26, 1997 and (ii) there shall be deposited any shares of Common Stock acquired by Mrs. Friedland, her spouse Robert Friedland, any member of either of their immediate families or any entity directly or

indirectly controlled by Mrs. Friedland, her spouse or any member of their immediate families (the "Friedland Affiliates") between the date shares are initially deposited and the termination of the Trust. The voting trust will terminate on the fifth anniversary of the initial deposit of shares into the Trust.

The Voting Trust Agreement does not restrict the ability of Mrs. Friedland or any of the Friedland Affiliates to sell, assign, transfer or pledge any of the shares deposited into the Trust, nor does it prohibit Mrs. Friedland or the Friedland Affiliates from purchasing additional shares of Common Stock, provided those shares become subject to the Trust, as described above.

Under the Voting Trust Agreement, the trustee has the power to vote shares held in the Trust in relation to any matter upon which the holders of such stock would have a right to vote, including without limitation the election of directors. For so long as David Margoese remains trustee of the Trust, he may exercise such voting rights in his discretion. Any successor trustee or trustees of the Trust must vote as follows: (i) on the election of directors, the trustee(s) must vote the entire number of shares held by the Trust, with the number of shares voted for each director (or nominee for director) determined by multiplying the total number of votes held by the Trust by a fraction, the numerator of which is the number of votes cast for such person by other stockholders of the Company and the denominator of which is the sum of the total number of votes represented by all shares casting any votes in the election of directors; (ii) if the matter under Delaware law or the Certificate of Incorporation or the Bylaws of the Company requires at least an absolute majority of all outstanding shares of Common Stock of the Company in order to be approved, the trustee(s) must vote all of the shares in the Trust in the same manner as the majority

of all votes that are cast for or against the matter by all other stockholders of the Company; and (iii) on all other matters, including without limitation any amendment of the Voting Trust Agreement for which a stockholder vote is required, the trustee(s) must vote all of the shares in the Trust for or against the matter in the same manner as all votes that are cast for or against the matter by all other stockholders of the Company.

The Voting Trust Agreement may not be amended without the prior written consent of the Company, acting by unanimous vote of the Board of Directors, and approval of the Company's stockholders, acting by the affirmative vote of two-thirds of the total voting power of the Company, except in certain limited circumstances where amendments to the Voting Trust Agreement are required to comply with applicable law.

Item 7. Material to be Filed as Exhibits.

1. Voting Trust Agreement, dated as of August 26, 1997, by and between the Company, Darlene Friedland and David Margolese.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 9, 1998

*/s/ David
Margoless*

David Margoless

EXHIBIT 1

VOTING TRUST AGREEMENT

AGREEMENT, made this 26th day of August, 1997, among CD RADIO INC., a Delaware corporation (the "Company"), DARLENE FRIEDLAND ("DF"), a stockholder of the Company and DAVID MARGOLESE (hereinafter called the "Trustee").

RECITALS

WHEREAS, the Company intends to make through Merrill Lynch & Co. (i) an offer registered under the Securities Act of 1933, as amended, to exchange shares of a new class of its preferred stock for all outstanding shares of its 5% Delayed Convertible Preferred Stock, par value \$.001 per share (the "Exchange Offer"), (ii) an underwritten public offering of its common stock, par value \$.001 per share ("Common Stock") (the "Stock Offering"), and (iii) an underwritten public offering of senior debt securities of the Company (the "Debt Offering", and together with the Exchange Offer and the Stock Offering, the "Offers"); and

WHEREAS, DF owns 2,834,500 shares of Common Stock (the "Current Shares") and ROBERT M. FRIEDLAND ("RMF") is the husband of DF; and

WHEREAS, in order to assist the Company in marketing and completing the Offerings and for other consideration, DF has agreed to enter into this Agreement and to deposit the Friedland Securities (as defined below) into the trust created hereby; and

WHEREAS, DF agrees to deposit, or cause the deposit into the trust created hereby of the Current Shares and any other shares of capital stock of the Company ("Other Shares") that may hereafter be acquired or beneficially owned by any of RMF, DF, members of RMF's or DF's immediate family or any entity in which any of RMF, DF or members of RMF's or DF's immediate family have, directly or indirectly, a controlling interest or, on a best efforts basis, more than 25% of such entity's equity or debt (the "Friedland Affiliates", acting as a group or severally as the context requires), including, without limitation, any shares of capital stock of the Company that may be issued upon exercise of any rights, warrants or options to purchase, or other securities convertible into, Common Stock (collectively with the Current Shares and the Other Shares, the "Friedland Securities"); and

WHEREAS, in order to induce the Trustee to act hereunder, the Company has agreed to indemnify the Trustee for his services hereunder; and

WHEREAS, in the interests of all the stockholders of the Company, the parties hereto are desirous of creating a trust;

NOW, THEREFORE, the parties hereby agree as follows:

1. The Friedland Affiliates shall forthwith, and from time to time in the future if any of the Friedland Affiliates acquires additional Friedland Securities, endorse in blank and assign and deliver to the Trustee all certificates for the Friedland Securities and shall do all things necessary for the transfer of the Friedland Securities to the Trustee on the books of the Company. The Trustee shall issue and deliver in exchange therefor voting trust certificates for the Friedland Securities so transferred to the Trustee in substantially the form attached hereto as Appendix I.

2. (a) The Trustee shall hold the Friedland Securities so transferred to him in trust hereunder for the benefit of the Friedland Affiliates, under the terms and conditions set forth herein.

(b) Notwithstanding any provision hereof, each of the Friedland Affiliates shall have the right to sell, assign, transfer or pledge any or all of the Friedland Securities to unaffiliated third parties and the Trustee shall use his reasonable efforts to cause any Friedland Securities so sold, assigned, transferred or hypothecated to be transferred promptly to the purchaser, assignee, transferee or pledgee thereof against delivery of the voting trust certificates representing the Friedland Securities; PROVIDED in the case of a pledge that the pledgee shall not have any right to vote the Friedland Securities. Friedland Securities sold, assigned, transferred or hypothecated to an affiliate of any of the Friedland Affiliates shall

remain in trust hereunder subject to the terms of this Agreement. Friedland Securities sold or transferred to third parties not affiliated with the Friedland Affiliates shall be released from the trust upon such sale or transfer. A third party shall be deemed "affiliated" for purposes of this Section 2(b) if such third party (i) is controlled by, controls or is under common control with RMF, DF or a member of the immediate family of RMF or DF,

(ii) is retained by RMF, DF or a member of the immediate family of RMF or DF as consultant generally operating at the direction of such person, (iii) is employed, directly or indirectly, by RMF, DF, a member of the immediate family of RMF or DF or a person controlled by, controlling or under common control with RMF or DF, or (iv) has made a substantial business investment of any nature in any entity with RMF, DF or a member of the immediate family of RMF or DF. The term "substantial business investment" refers to investments by a third party comprising more than 5% of the equity or debt of a company, partnership or joint venture (other than the Company) in which RMF, DF or an affiliate of RMF or DF has an investment of at least 5%.

3. The Trustee shall surrender to the proper officers of the Company for cancellation all certificates of stock which shall be assigned and delivered to him as hereinbefore provided, and in their stead shall procure new certificates to be issued to him as Trustee under this Agreement.

4. (a) The Trustee shall have only the powers set forth in this Agreement.

(b) With respect to all Friedland Securities held in trust by the Trustee hereunder, the Friedland Affiliates shall severally retain the entire economic and beneficial ownership rights therein, including without limitation the right to receive dividends and distributions on the Friedland Securities and the right to direct the Trustee in any order whatsoever to sell, assign, transfer, encumber or grant any option therein to or in favor of any person other than RMF, DF or another Friedland Affiliate or agree to do any such thing, except that the Trustee shall have the exclusive and absolute right in respect of such Friedland Securities to vote (in person, by proxy, by written consent or otherwise) the Friedland Securities at all times during the term of this Agreement, including without limitation the right to vote at any election of directors and in favor of or in opposition to any resolution, any dissolution, liquidation, merger or consolidation of the Company, any sale of all or substantially all the Company's assets, any issuance or authorization of securities, or any action of any character whatsoever which may be presented at any meeting or require the consent of stockholders of the Company. David Margolese as Trustee shall vote the Friedland Securities in his discretion. In the case of his incapacity, the successor Trustee or Trustees shall at all times vote in respect of any action as follows: (i) if the matter concerned is the election of directors, then the Trustees shall vote the entire number of shares held by the trust created hereunder for each director (or nominee for director) by multiplying the total number of votes held by the trust by a fraction, the numerator of which is the number of votes cast in respect of shares of the Company other than Friedland Securities (the "Nonaffiliated Votes") for such person and the denominator of which is the sum of the total number of votes

represented by all shares casting any votes in the election of directors; (ii) where the matter under Delaware law or the Certificate of Incorporation or the Bylaws of the Company requires at least an absolute majority of a all outstanding shares of common stock of the Company in order to be effected, then the Trustees shall vote all of the Friedland Securities in this manner as the majority of all Nonaffiliated Votes are cast for or against the matter; and

(iii) on all other matters, including without limitation any amendment of this Agreement for which a stockholders vote is required under Section 9 hereof, the Trustees shall at all times vote all of the Friedland Securities for or against the matter in the same manner in favor of or in opposition to such matter as Nonaffiliated Votes are cast for or against the matter. If any calculation of votes under the preceding sentence would require a fractional vote, the Trustees shall vote the next lower number of whole shares. Notwithstanding the foregoing, the Trustee or the Trustees shall vote the Friedland Securities against any proposal to elect RMF, DF, any other Friedland Affiliate or any other person affiliated with RMF or DF (as defined in Section 2(b) above) as an officer or director of the Company. The Trustee shall use all reasonable commercial efforts to ensure, with respect to the Friedland Securities held in trust hereunder, that all of the Friedland Securities are counted as being present for the purposes of any quorum required for stockholder action of the Company and to vote as set forth above.

(c) The Trustee may vote with respect to all the Friedland Securities held hereunder in person or by such person or persons as it may from time

to time select as their proxy; PROVIDED that the Trustee shall at all times do so in conformity with the provisions of Section 4(b) hereof.

(d) The Trustee shall have no authority to sell or otherwise dispose of or to pledge, encumber or hypothecate, any of the stock deposited pursuant to the provisions of this Agreement, unless directed to do so by the Friedland Affiliates as provided in Section 2(b) above.

5. To the fullest extent permitted by law, the Trustee shall not be liable for any vote cast, or consent given by him, or for any other action hereunder taken or omitted by him hereunder, in good faith, or in the absence of gross negligence or willful misconduct. To the fullest extent permitted by law, the Trustee shall not be liable in acting on any notice, request, consent, certificate, instruction, or other paper or document or signature reasonably believed to be genuine and to have been signed by the proper party. The Trustee may consult with legal counsel (reasonably competent for the purpose) and, to the fullest extent permitted by law, any act or omission undertaken by the Trustee in good faith in accordance with the opinion of such legal counsel shall not result in any liability of the Trustee.

6. The Trustee shall collect and receive all dividends that may accrue upon the shares of stock subject to this trust, and shall distribute the same to the Friedland Affiliates in accordance with their respective ownership interests, except

that dividends payable in capital stock of the Company shall be held in trust as additional Friedland Securities hereunder.

7. In the event of any Trustee dying or resigning or refusing or becoming unable to act (any of which is deemed incapacity), a successor Trustee, which shall be a bank incorporated under the laws of Canada or any of the Provinces thereof having a capital and surplus of at least \$500,000,000 CDN, shall be appointed by the Board of Directors of the Company, and any Trustee so appointed shall thereupon be vested with all the duties, powers, and authority of a Trustee hereunder as if originally named herein. No successor Trustee shall be liable for actions or omissions of any other Trustee.

8. This Agreement and the trust created herein shall become effective on the closing of the first of the Offers and shall terminate upon the fifth anniversary of the closing date. This Agreement is subject to any required regulatory approvals. Until termination of this Agreement and the trust created herein as provided above, such trust will be irrevocable. Upon the termination of this Agreement, the Trustee shall assign and transfer to the Friedland Affiliates in accordance with their respective ownership interests all the Friedland Securities remaining in trust hereunder.

9. The Company and its stockholders are hereby expressly made third party beneficiaries of this Agreement and, accordingly, to the fullest extent

permitted by law, this Agreement may not be amended without the prior written consent of the Company, acting by unanimous vote of its Board of Directors, and approval of the Company's stockholders acting by the affirmative vote of two-thirds of the total voting power of the capital stock of the Company generally entitled to vote on matters submitted to a stockholder vote; PROVIDED, HOWEVER, that the parties hereto may enter into any amendment of this Agreement, without regard to this Section 9, and the parties agree to enter into any such amendment, if such amendment is in the opinion of legal counsel to the Company and DF necessary or appropriate to maintain technical compliance of the terms of this agreement with the laws of the State of Delaware.

10. The Trustee is expressly authorized to incur and pay such reasonable expenses and charges, to employ and pay such agents, attorneys and counsel, and to incur and pay such other charges and expenses as the Trustee may deem reasonably necessary and proper for administering this Agreement. All such charges and expenses shall be paid by the Company. The Company hereby agrees to indemnify any Trustee serving hereunder against any loss or liability, including attorneys' fees, incurred in serving as voting trustee hereunder, to the fullest extent permitted by law.

11. (a) Except as provided in Section 8 above, all of the covenants and agreements contained in this Agreement shall be binding upon, and

inure to the benefit of, the respective parties and their successors, assigns, heirs, executors, administrators and other legal representatives, as the case may be.

(b) This Agreement, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Delaware.

(c) This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same instrument.

(d) If any provision of this Agreement shall be declared void or unenforceable by any court or administrative board of competent jurisdiction, such provision shall be deemed to have been severed from the remainder of the Agreement and this Agreement shall continue in all respects to be valid and enforceable. Each of the parties hereto shall take any and all actions necessary for the enforceability of this Agreement under Delaware Law, including without limitation any necessary filings or actions required by Section 218 of the General Corporation Law of Delaware.

(e) Whenever the context of this Agreement shall so require, the use of the singular number shall include the plural and the use of the gender shall include all genders.

IN WITNESS WHEREOF, the Company and DF have hereunto set their hands and seals, and the Trustee, in token of his acceptance of the trust hereby created, has hereunto set his hand and seal.

CD RADIO INC.

By: /s/ David Margoese

Chairman and Chief Executive Officer

/s/ David Margoese

David Margoese

/s/ Darlene Friedland

Darlene Friedland

CONSENT AND AGREEMENT

I hereby consent to the creation of the voting trust provided for in the foregoing agreement, and I hereby agree to take all action necessary so as to effectuate the provisions thereof affecting the Friedland Affiliates and the Friedland Securities.

*/s/ Robert M.
Friedland*

Robert M. Friedland

End of Filing