UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For The Quarterly Period Ended March 31, 1999

Commission file number 0-24710

CD RADIO INC.

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	52-1700207 (I.R.S. Employer Identification No.)

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

(Address of principal executive offices)
(Zip code)

212-584-5100

(Registrant's telephone number, including area code)

1180 AVENUE OF THE AMERICAS, 14TH FLOOR, NEW YORK, N.Y.
10036

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

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

COMMON STOCK, $.001 PAR VALUE (Class)	23,241,151 SHARES (Outstanding as of May 7, 1999)

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31,		Cumulative for the period May 17, 1990 (date of inception)
	1999	1998	to Mar. 31, 1999
Revenue	$ -	$ -	$ -
Operating expenses:			
Engineering design and development	(6,911,000)	(379,000)	(13,326,000)
General and administrative	(4,964,000)	(1,954,000)	(35,509,000)
Special charges	-	-	(27,682,000)
Total operating expenses	(11,875,000)	(2,333,000)	(76,517,000)
Other income (expense):			
Interest and investment income	2,864,000	2,318,000	14,516,000
Interest expense, net	(1,433,000)	(5,823,000)	(17,817,000)
	1,431,000	(3,505,000)	(3,301,000)
Income (loss) before income taxes	(10,444,000)	(5,838,000)	(79,818,000)
Income taxes:			
Federal	--	--	(1,982,000)
State	--	--	(313,000)
Net loss	(10,444,000)	(5,838,000)	(82,113,000)
Preferred stock dividend	(7,330,000)	(4,781,000)	(29,048,000)
Preferred stock deemed dividend	(2,256,000)	-	(65,906,000)
Accretion of dividends in connection with the issuance of warrants on preferred stock	(74,000)	(4,275,000)	(6,575,000)
Net loss applicable to common stockholders	$(20,104,000)	$(14,894,000)	$(183,642,000)
Net loss per share applicable to common stockholders (basic and diluted	$ (0.87)	$ (0.93)	
Weighted average common shares outstanding (basic and diluted)	23,220,000	16,049,000	

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED BALANCE SHEETS

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	March 31, 1999	December 31, 1998
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$162,057,000	$204,753,000
Marketable securities, at market	46,170,000	60,870,000
Prepaid expense and other	732,000	166,000
Total current assets	208,959,000	265,789,000
Property and equipment, at cost:		
Satellite construction in process	228,943,000	188,849,000
Launch construction in process	107,617,000	87,492,000
Broadcast studio equipment	5,999,000	87,000
Leasehold improvements	10,164,000	5,081,000
Terrestrial repeater network in process	3,755,000	1,990,000
Other	4,815,000	156,000
	361,293,000	283,655,000
Less accumulated depreciation	(38,000)	(21,000)
	361,255,000	283,634,000
Other assets:		
FCC license	83,368,000	83,368,000
Debt issue cost, net	8,634,000	9,313,000
Other	630,000	1,776,000
Total other assets	92,632,000	94,457,000
Total assets	$662,846,000	$643,880,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 6,127,000	$ 5,481,000
Satellite construction payable	18,529,000	8,479,000
Short-term notes payable	79,814,000	70,863,000
Total current liabilities	104,470,000	84,823,000
Long-term notes payable and accrued interest	161,707,000	153,033,000
Deferred satellite payments and accrued interest	32,132,000	31,324,000
Deferred income taxes	2,237,000	2,237,000
Total liabilities	300,546,000	271,417,000
Commitments and contingencies		
10 1/2% Series C Convertible Preferred Stock, no par value: 2,025,000 shares authorized, 1,467,416 shares issued and outstanding at March 31, 1999 and December 31, 1998 (liquidation preference of $146,741,600), at net carrying value including accrued dividends	161,169,000	156,755,000
9.2% Series A Junior Cumulative Convertible Preferred Stock, $.001 par value: 4,300,000 shares authorized, 1,350,000 shares issued and outstanding at March 31, 1999 and December 31, 1998 (liquidation preference of $135,000,000), at net carrying value including accrued dividends	140,788,000	137,755,000
9.2% Series B Junior Cumulative Convertible Preferred Stock, $.001 par value: 2,100,000 shares authorized, no shares issued or outstanding	-	-
Stockholders' equity:		
Preferred stock, $.001 par value; 50,000,000 shares authorized 8,000,000 shares designated as 5% Delayed Convertible Preferred Stock; none issued or outstanding	-	-
Common stock, $.001 par value; 200,000,000 shares authorized, and 23,228,537 and 23,208,949 shares issued and outstanding at March 31, 1999 and December 31, 1998, respectively	23,000	23,000
Additional paid-in capital	142,433,000	149,599,000
Deficit accumulated during the development stage	(82,113,000)	(71,669,000)
Total stockholders' equity	60,343,000	77,953,000

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31,		Cumulative for the period May 17, 1990 (date of inception)
	1999	1998	to Mar. 31, 1999
Cash flows from development stage activities:			
Net loss	$(10,444,000)	$(5,838,000)	$(82,113,000)
Adjustments to reconcile net loss to net cash provided by (used in) development stage activities:			
Depreciation and amortization	17,000	229,000	1,747,000
Unrealized (gain) loss on marketable securities	(146,000)	(1,288,000)	(379,000)
(Gain) loss on disposal of assets	-	-	105,000
Special charges	-	-	25,557,000
Accretion of notes payable charged as interest expense	1,402,000	5,603,000	29,268,000
Sales (purchases) of marketable securities, net	14,846,000	14,655,000	(45,791,000)
Compensation expense in connection with issuance of stock options	-	-	2,284,000
Common stock issued for services rendered	152,000	-	1,204,000
Increase (decrease) in cash and cash equivalents resulting from changes in assets and liabilities:			
Prepaid expense and other	(566,000)	113,000	(732,000)
Due to related party	-	-	351,000
Other assets	1,130,000	-	(2,896,000)
Accounts payable and accrued expenses	645,000	(234,000)	6,197,000
Deferred taxes	-	-	2,237,000
Net cash provided by (used in) development stage activities	7,036,000	13,240,000	(62,961,000)
Cash flows from investing activities:			
Purchase of FCC license	-	-	(83,368,000)
Payments for satellite construction	(22,742,000)	(6,618,000)	(171,688,000)
Payments for launch services	(18,651,000)	(2,827,000)	(128,506,000)
Other capital expenditures	(17,419,000)	(15,000)	(25,119,000)
Acquisition of Sky-Highway Radio Corp.	-	-	(2,000,000)
Net cash used in investing activities	(58,812,000)	(9,460,000)	(410,681,000)
Cash flows from financing activities:			
Proceeds from issuance of notes payable	8,951,000	-	79,814,000
Proceeds from issuance of common stock, net	-	-	183,443,000
Proceeds from issuance of preferred stock, net	-	-	250,068,000
Proceeds from exercise of stock options and warrants	129,000	-	5,069,000
Proceeds from issuance of promissory note and units	-	-	116,535,000
Proceeds from issuance of promissory notes to related parties	-	-	2,965,000
Repayment of promissory notes	-	-	(2,635,000)
Loan from officer	-	-	440,000
Net cash provided by financing activities	9,080,000	-	635,699,000
Net increase (decrease) in cash and cash equivalents	(42,696,000)	3,780,000	162,057,000
Cash and cash equivalents at the beginning of period	204,753,000	900,000	-
Cash and cash equivalents at the end of period	$162,057,000	$ 4,680,000	$162,057,000

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

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CD RADIO INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1999
(UNAUDITED)

GENERAL

The accompanying consolidated financial statements do not include all of the information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles. In the opinion of management, all adjustments (consisting only of normal, recurring adjustments) considered necessary to fairly state our consolidated financial position and consolidated results of operations have been included. These financial statements should be read in connection with our consolidated financial statements and the notes thereto for the fiscal year ended December 31, 1998 included in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission (the "SEC").

NET LOSS PER SHARE

Net loss per common share is based on the weighted average number of common shares outstanding during such periods. Options and warrants granted by us have not been included in the calculation of net loss per share because such items were antidilutive.

The following is a reconciliation of net loss per common share before preferred stock dividend requirements to net loss per share applicable to common stockholders:

	For the Three Months Ended March 31,	
	1999	1998
Per common shares (basic and diluted):		
Net loss	$(0.45)	$(0.36)
Preferred stock dividend requirements	(0.41)	(0.30)
Accretion of dividends in connection with the issuance of warrants on preferred stock	(0.01)	(0.27)
Net loss applicable to common stockholders	$(0.87)	$(0.93)

MARKETABLE SECURITIES

Marketable securities consist of fixed income securities and are stated at market value. Marketable securities are defined as trading securities under the provision of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and unrealized holding gains and losses are reflected in earnings. Unrealized holding gains were $379,000 and $233,000 at March 31, 1999 and December 31, 1998, respectively.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and include interest on funds borrowed to finance construction. Capitalized interest was $26,370,000 and $16,243,000 at March 31, 1999 and December 31, 1998, respectively.

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SHORT-TERM NOTES PAYABLE

We entered into a credit agreement with Bank of America and other lenders in July 1998 under which Bank of America and other lenders agreed to provide us a term loan facility of up to $115 million maturing on the earlier of February 29, 2000 and ten days prior to the launch of our second satellite. The proceeds of the facility will be used to fund progress payments for the purchase of launch services and to pay interest, fees and other related expenses. The amounts advanced under the facility bear interest at a variable rate that we select.

DEFERRED SATELLITE PAYMENTS

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

ENGINEERING DESIGN AND DEVELOPMENT COSTS

We have entered into an agreement with Lucent Technologies, Inc. ("Lucent") pursuant to which Lucent has agreed to use commercially reasonable efforts to deliver integrated circuits ("chip sets"), which will be used in consumer electronic devices capable of receiving our broadcasts. In addition, we have entered into agreements with Delco Electronics Corporation and Recoton Corporation to design and develop equipment that will be used to receive our broadcasts, whereby we have agreed to pay certain development costs. We record expenses under these contracts as the work is performed. Total expenses related to these contracts was $6,050,000 in the quarter ended March 31, 1999.

RECLASSIFICATIONS

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"), we are hereby providing cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made in this report. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, 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") are not historical facts and may be forward-looking and, accordingly, such statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the factors discussed in our Annual Report on Form 10-K for the year ended December 31, 1998. Among the key factors that have a direct bearing on our future results of operations are the potential risk of delay in implementing our business plan; possible increased costs of construction and launch of necessary satellites; dependence on Space Systems/Loral, Inc. and Lucent Technologies, Inc.; risk of launch failure; unproven market for our proposed service; unproven applications of existing technology; and our need for substantial additional financing.

OVERVIEW

CD Radio was organized in May 1990 and is in its development stage. Our principal activities to date have included technology development, obtaining regulatory approval for the CD Radio service, commencement of construction of four satellites, acquisition of content for our programming, strategic planning, market research, recruitment of our management team and securing financing for working capital and capital expenditures. We do not expect to generate any revenues from operations until the first quarter of 2001, at the earliest, and we expect that positive cashflow from operations will not be generated until the third quarter of 2001, at the earliest. In addition, we require additional capital to complete development and commence commercial operations of CD Radio. We cannot assure you that we will ever commence operations, that we will attain any particular level of revenues or that we will achieve profitability.

Upon commencing commercial operations, we expect our primary source of revenues to be monthly subscription fees. We currently anticipate that our subscription fee will be approximately $9.95 per month to receive CD Radio broadcasts, with a one time, modest activation fee per subscriber. In addition, we expect to derive additional revenues from directly selling or bartering advertising on our non-music channels. We do not intend to manufacture the consumer electronic devices necessary to receive CD Radio and thus will not receive any revenues from their sale. Although we hold patents covering some of the technology which may be used in these consumer electronic devices, we expect to license our technology to manufacturers at no charge.

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We expect that the operating expenses associated with commercial operations will consist primarily of marketing, sales, programming, maintenance of the satellite and broadcasting system and general and administrative costs. Costs to acquire programming are expected to include payments to build and maintain an extensive music library and royalty payments for broadcasting music (calculated based on a percentage of revenues). Marketing, sales, general and administrative costs are expected to consist primarily of advertising costs, salaries of employees, rent and other administrative expenses. We expect to have approximately 150 employees by the time we commence commercial operations.

In addition to funding initial operating losses, we require funds for working capital, interest and financing costs on borrowings and capital expenditures in the near term.

RESULTS OF OPERATIONS

We recorded net losses of $10,444,000 and $5,838,000 for the three months ended March 31, 1999 and 1998, respectively. Our total operating expenses were $11,875,000 and $2,333,000 for the three months ended March 31, 1999 and 1998, respectively.

Engineering design and development costs were $6,911,000 and $379,000 for the three months ended March 31, 1999 and 1998, respectively. Engineering costs increased in the 1999 quarter primarily due to payments to Lucent in connection with the chip set development effort and payments to consumer electronic manufacturers in connection with receiver development efforts.

General and administrative expenses increased for the three months ended March 31, 1999 to $4,964,000 from $1,954,000 for the three months ended March 31, 1998. General and administrative expenses increased due to the occupancy of our new offices and broadcast studios and the growth of our management team and the workforce necessary to develop and commence the broadcast of CD Radio. The major components of general and administrative expenses in the 1999 quarter were salaries and employment related costs (28%), rent and occupancy costs (30%) and legal and regulatory fees (15%), while in the 1998 quarter the major components were salaries and employment related costs (27%), rent and occupancy costs (5%), and legal and regulatory fees (14%). The remaining portion of general and administrative expenses (27% in the 1999 quarter and 54% in the 1998 quarter) consists of other costs such as insurance, market research, consulting, travel, depreciation and supplies, with no such amount exceeding 10% of the total.

The increase of interest and investment income to $2,864,000 for the three months ended March 31, 1999, from $2,318,000 in the three months ended March 31, 1998, was the result of a higher average balances of cash and marketable securities during the first quarter of 1999. The additional cash and marketable securities were obtained from the stock sales during the fourth quarter of 1998.

Interest expense, net of capitalized interest, was $1,433,000 in the 1999 quarter compared with $5,823,000 in the 1998 quarter and capitalized interest was $10,127,000 and $277,000, respectively. Gross interest expense was $11,560,000 in the 1999 quarter and $6,100,000 in the 1998 quarter. This increase was primarily due to interest expense on the short-term notes payable and the deferred satellite payments, neither of which were outstanding in the 1998 quarter.

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LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1999, we had a total of cash, cash equivalents and marketable securities of $208,227,000 and working capital of $104,489,000 compared with cash, cash equivalents and marketable securities of $265,623,000 and working capital of $180,966,000 at December 31, 1998. The decrease in these balances was primarily the result of payments for satellite construction, launch vehicles and services, payments under our agreement with Lucent and other engineering agreements and other operating expenses exceeding interest and investment income during the period.

FUNDING REQUIREMENTS

We require near-term funding to continue building the CD Radio system. We believe we can fund our planned operations and the construction of our satellite system into the first quarter of 2000 from our existing working capital. We estimate that we will require approximately $1,138 million to develop and commence commercial operations by the end of the fourth quarter of 2000. Of this amount, we have raised, have access to or have identified sources for approximately $890 million, leaving anticipated additional cash needs of approximately $248 million to fund our operations through the end of the fourth quarter of 2000. We anticipate additional cash requirements of approximately $100 million to fund our operations through the first full year of commercial operations. We expect to finance the remainder of our funding requirements through the future issuance of debt or equity securities, or a combination of debt and equity securities.

To build and launch the satellites necessary for the operations of CD Radio, we entered into the Loral Satellite Contract. The Loral Satellite Contract provides for Loral to construct, launch and deliver three satellites, in-orbit and checked-out, to construct for us a fourth satellite for use as a ground spare and to become our launch service provider. We are committed to make aggregate payments of approximately $718 million under the Loral Satellite Contract. We also intend to enter into an amendment to the Loral Satellite Contract pursuant to which we will purchase $15 million of long-lead time parts for a fifth satellite. As of March 31, 1999, $261 million of this obligation had been satisfied. Under the Loral Satellite Contract, with the exception of a payment made to Loral in March 1993, payments are made in installments that commenced in April 1997 and will end in December 2003. Approximately half of these payments are contingent upon Loral meeting specified milestones in the construction of our satellites.

If there is a satellite launch failure, we will be required to pay Loral the deferred amount for the affected satellite no later than 120 days after the date of the failure. If we elect to put one of our first three satellites into ground storage, rather than having it shipped to the launch site, the deferred amount for that satellite will become due within 60 days of this election.

We will also require funds for working capital, interest on borrowings, acquisition of programming, financing costs and operating expenses until some time after the commencement of commercial operations of CD Radio. We expect our interest expense will increase significantly when compared to our 1998 interest expense as we complete our planned financings.

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We cannot be sure that we will be able to obtain additional financing on favorable terms, or at all, or that we will be able to do so in a timely fashion. The agreements and instruments governing our existing indebtedness contain, and documents governing any indebtedness incurred in the future are expected to contain, provisions limiting our ability to incur additional indebtedness. If additional financing were not available on a timely basis, we would be required to delay satellite and/or launch vehicle construction to conserve cash and to fund continued operations, which would cause delays in the commencement of operations and increase costs.

The amount and timing of our actual cash requirements will depend upon numerous factors, including costs associated with the construction and deployment of our satellite system and the rate of growth of our business after commencing service, costs of financing and the possibility of unanticipated costs. Additional funds would be required if there are delays, cost overruns, unanticipated expenses, launch failures, launch services or satellite system change orders, or any shortfalls in estimated levels of operating cash flow.

SOURCES OF FUNDING

To date, we have funded our capital needs through the issuance of debt and equity. As of March 31, 1999, we had received a total of $441 million in equity capital, $192 million of our equity capital was received in 1997 as a result of the issuance of 5,400,000 shares of 5% Delayed Preferred Stock, resulting in net proceeds of $121 million, and 4,955,488 shares of Common Stock, resulting in net proceeds of $71 million. A total of 1,905,488 shares of our Common Stock, were sold to Loral Space & Communications, Ltd. in August 1997 and 3,050,000 shares of Common Stock were sold to the public in November 1997. In November 1997, we exchanged 1,846,799 shares of our newly issued 10 1/2% Series C Preferred Stock for all of the outstanding shares of 5% Delayed Preferred Stock. On November 2, 1998, we sold an additional 5,000,000 shares of Common Stock to Prime 66 Partners, L.P. resulting in net proceeds of $98 million and on December 23, 1998, we sold 1,350,000 shares of 9.2% Series A Junior Cumulative Convertible Preferred Stock to Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (the "Apollo Investors"), resulting in net proceeds of $129 million, and the Apollo Investors granted us an option to sell them an additional 650,000 shares of 9.2% Series B Junior Cumulative Convertible Preferred Stock for an estimated net proceeds of $63 million. As long as there has been no material adverse change to our business, management or financial condition, and subject to satisfying customary conditions, we may exercise our option to require Apollo Investors to purchase the 9.2% Series B Junior Cumulative Convertible Preferred Stock at any time before September 30, 1999.

In November 1997, we received net proceeds of $116 million from the issuance of 12,910 Units, each Unit consisting of $20,000 aggregate principal amount at maturity of 15% Senior Discount Notes due 2007 (the "Senior Discount Notes") and a warrant to purchase additional Senior Discount Notes with an aggregate principal amount at maturity of $3,000. All warrants were exercised in 1997. The aggregate value at maturity of the Senior Discount Notes is $297 million. The Senior Discount Notes mature on November 15, 2007 and the first cash interest payment is due in June 2003. The indenture governing the Senior Discount Notes contains some limitations on our ability to incur additional indebtedness. The Senior Discount Notes are secured by a pledge of the stock of Satellite CD Radio, Inc., the subsidiary that holds our FCC license.

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On July 28, 1998, we entered into a credit agreement with a group of financial institutions, including Bank of America as agent and a lender, under which the lenders agreed to provide us a term loan facility in an aggregate principal amount of up to $115 million. The proceeds of the loans under this credit agreement are being used to fund a portion of the progress payments required to be made by us under the Loral Satellite Contract for the purchase of launch services and to pay interest, fees and other expenses related to this credit facility. The loans under this credit agreement are due on the earlier of February 29, 2000 and ten days prior to the launch of our second satellite. As of March 31, 1999, we had borrowed $79.8 million under this credit facility; substantially all of which was used to make progress payments under the Loral Satellite Contract.

In connection with our existing credit facility, Loral agreed with Bank of America that at maturity of the loans (including maturity as a result of an acceleration), upon the occurrence of our bankruptcy or upon the occurrence of an event of default by Loral under its agreement with Bank of America, Loral will repurchase from the lenders the loans at a price equal to the principal amount of the loans plus accrued and unpaid interest. In exchange for providing this credit support, Loral receives a fee from us equal to 1.25% per annum of the outstanding amount of the loans from time to time.

We have also entered into an agreement with Bank of America under which Bank of America has agreed to attempt to arrange a syndicate of lenders to provide us with a second term loan facility in the aggregate principal amount of $225 million. It is anticipated that a portion of the proceeds of these loans would be used to repay amounts outstanding under our existing credit agreement and for other general corporate purposes. Bank of America has not committed to provide these loans. The closing of this facility is expected to be conditioned on the satisfaction of specific significant conditions and there is no assurance that such loans will be arranged or the terms of these loans will be acceptable to us. If we are unable to close this facility, we will seek to repay our existing loans from the proceeds of the sale of debt securities, equity securities, or a combination of debt and equity securities.

Our 9.2% Series A Junior Cumulative Convertible Preferred Stock and our
9.2% Series B Junior Cumulative Convertible Preferred Stock (collectively, the "Junior Preferred Stock") are convertible into shares of Common Stock at a price of $30 per share. The Junior Preferred Stock is callable by us beginning November 15, 2001 if the current market price, as defined in the Certificate of Designation of the Junior Preferred Stock, of our Common Stock exceeds $60 per share for a period of 20 consecutive trading days, and in all events will be callable beginning November 15, 2003 at a price of 100% and must be redeemed by us on November 15, 2011. Dividends on the Junior Preferred Stock are payable in-kind or in cash annually, at our option. Holders of the Junior Preferred Stock have the right to vote, on an as-converted basis, on matters in which the holders of our Common Stock have the right to vote.

SS/L has agreed to defer a total of $50 million of the payments under the Loral Satellite Contract originally scheduled for payment in 1999. These deferred amounts bear interest at 10% per annum and all interest on these deferred amounts will accrue until December 2001, at which time interest will be payable quarterly in cash. The principal amounts of the deferred payments under the Loral Satellite Contract are required to be repaid in six installments between June 2002 and December 2003. As collateral security for these deferred payments, we have agreed to grant Loral a security interest in our terrestrial repeater network.

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OTHER MATTERS- THE YEAR 2000 ISSUE

The Year 2000 Issue will test the capability of business processes to function correctly. The Year 2000 Issue is the result of computer programs being written using two digits (rather than four) to define a year, which could result in miscalculations or system failures resulting from recognition of a date occurring after December 31, 1999 as falling in the year 1900 (or another year in the 1900s) rather than the year 2000 or thereafter. We have undertaken an effort to identify and mitigate The Year 2000 Issue in our information systems, products, suppliers and facilities. Our approach to the Year 2000 Issue can be separated into four phases: (1) define/measure-identify and inventory possible sources of Year 2000 Issues; (2) analyze-determine the nature and extent of Year 2000 Issues and develop project plans to address those issues; (3) improve-execute project plans and perform a majority of the testing; and (4) control-complete testing, continue monitoring readiness and complete necessary contingency plans. The first three phases of the program have been completed for a substantial majority of our mission-critical activities. Management plans to have nearly all significant information system and facilities through the control phase of the program by mid-1999.

We have also communicated with our significant vendors and suppliers to determine the extent to which we are vulnerable to the failure of these parties to remedy Year 2000 Issues. We can give no assurance that failure to address the Year 2000 Issues by third parties on whom our systems and business processes rely would not have a material adverse effect on our operations or financial condition.

The total Year 2000 Issue remediation expenditures are expected to be approximately $100,000 of which 25% was spent by March 31, 1999. Substantially all of the remainder is expected to be spent in 1999. The activities involved in the Year 2000 effort necessarily involve estimates and projections of activities and resources that will be required in the future. These estimates and projections could change as work progresses.

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PART II

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

See Exhibit Index attached hereto.

(b) Reports on Form 8-K:

On February 4, 1999, we filed a Current Report on Form 8-K to report that (a) Space Systems/Loral, Inc. has informed us that our three satellites have been scheduled for launch in January, March and May 2000 and scheduled to be in orbit and checked out by June 2000 and (b) on February 2, 1999, we entered into an Amended and Restated Agreement with Lucent Technologies, Inc.

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SIGNATURES

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

CD RADIO INC.

By: /s/ John T. McClain

John T. McClain
Vice President and Controller
(Chief Accounting Officer)

May 14, 1999

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Exhibit Index

EXHIBIT	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 33-74782) (the "S-1 Registration Statement")).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the S-1 Registration Statement).
3.3	Certificate of Designations of 5% Delayed Convertible Preferred Stock (incorporated by reference to Exhibit 10.24 to the Company's Form 10-K/A for the year ended December 31, 1996 (the "1996 Form 10-K")).
3.4	Form of Certificate of Designations of Series B Preferred Stock (incorporated by reference to Exhibit A to Exhibit 1 to the Company's Registration Statement on Form 8-A, filed with the Commission on October 30, 1997 (the "Form 8-A")).
3.5.1	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of 10 1/2% Series C Convertible Preferred Stock (the "Series C Certificate of Designations") (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (File No. 333-34761) (the "S-4 Registration Statement")).
3.5.2	Certificate of Correction of the Series C Certificate of Designations (incorporated by reference to Exhibit 3.5.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (the "1997 Form 10-K")).
3.5.3	Certificate of Increase of 10 1/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 3.5.3 to the Company's Form 10-Q for the period ended March 31, 1998).
3.6	Form of Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of 9.2% Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K filed with the Commission on November 17, 1998).
3.7	Form of Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of 9.2% Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 99.3 to the Company's Current Report on Form 8-K filed with the Commission on November 17, 1998).
4.1	Form of Certificate for Shares of Common Stock (incorporated by reference to Exhibit 4.3 to the S-1 Registration Statement).
4.2	Form of Certificate for Shares of 10 1/2% Series C Convertible Preferred Stock (incorporated by reference to Exhibit 4.4 to the S-4 Registration Statement).
4.3.1	Rights Agreement, dated as of October 22, 1997, between the Company and Continental Stock Transfer & Trust Company, as Rights Agent (incorporated by reference to Exhibit 1 to the Form 8-A).
4.3.2	Form of Right Certificate (incorporated by reference to Exhibit B to Exhibit 1 to the Form 8-A).

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EXHIBIT	DESCRIPTION
4.3.3	Amendment to Rights Agreement, dated as of October 22, 1997, between the Company and Continental Stock Transfer & Trust Company, as Rights Agent, 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 8, 1998).
4.3.4	Amendment to Rights Agreement, dated as of December 22, 1997, between the Company and Continental Stock Transfer & Trust Company, as Rights Agent, 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).
4.3.5	Amendment and Restated of Amendment to Rights Agreement, dated as of December 22, 1997, between the Company and Continental Stock Transfer & Trust Company, as Rights Agent, dated as of December 22, 1998 (incorporated by reference to Exhibit 6 to the Amendment No. 1 to the Form 8-A, filed with the Commission on January 6, 1999).
4.4	Indenture, dated as of November 26, 1997, between the Company and IBJ Schroder Bank & Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3 (File No. 333-34769) (the "Units Registration Statement")).
4.5	Form of Note (incorporated by reference to Exhibit 4.2 to the Units Registration Statement).
4.6	Pledge Agreement, dated as of November 26, 1997, between the Company, as Pledgor, and IBJ Schroder Bank & Trust Company, as Collateral Agent (incorporated by reference to Exhibit 4.5 to the Units Registration Statement).
4.7.1	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 Units Registration Statement).
4.7.2	Form of Warrant (incorporated by reference to Exhibit 4.4 to the Units Registration Statement).
4.8	Form of Preferred Stock Warrant Agreement, dated as of April 9, 1997, between the Company and each Warrantholder thereof (incorporated by reference to Exhibit 4.12 to the 1997 Form 10-K).
4.9	Form of Common Stock Purchase Warrant granted by the Company to Everest Capital Master Fund, L.P. and to The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 4.11 to the 1997 Form 10-K).
4.10.1	Form of Certificate for shares of 9.2% of Series A Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.1 to the 1998 Form 10-K).
4.10.2	Form of Certificate for shares of 9.2% of Series B Junior Cumulative Convertible Preferred Stock (incorporated by reference to Exhibit 4.10.2 to the 1998 Form 10-K).

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EXHIBIT	DESCRIPTION
9.1	Voting Trust Agreement, dated as of August 26, 1997, by and among Darlene Friedland, as Grantor, David Margolese, as Trustee, and the Company (incorporated by reference to Exhibit (c) to the Company's Issuer Tender Offer Statement on Form 13E-4, filed with the Commission on October 16, 1997).
10.1	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 period ended June 30, 1998).
10.2.1	Engagement Letter Agreement, dated November 18, 1992, between the Company and Batchelder & Partners, Inc. (incorporated by reference to Exhibit 10.4 to the S-1 Registration Statement).
10.2.2	Engagement Termination Letter Agreement, dated December 4, 1997, between the Company and Batchelder & Partners, Inc. (incorporated by reference to Exhibit 10.2.2 to the 1997 Form 10-K).
*10.3.1	Proprietary Information and Non-Competition Agreement, dated February 9, 1993, for Robert D. Briskman (incorporated by reference to Exhibit 10.8.1 to the S-1 Registration Statement).
*10.3.2	Amendment No. 1 to Proprietary Information and Non-Competition Agreement between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.8.2 to the S-1 Registration Statement).
'D'10.4.1	Amended and Restated Contract, dated as of June 30, 1998, between the Company and Space Systems/Loral, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q/A for the period ended June 30, 1998).
10.5.1	Assignment of Technology Agreement, dated April 15, 1993, between Robert D. Briskman and the Company (incorporated by reference to Exhibit 10.10 to the S-1 Registration Statement).
*10.5.2	Stock Option Agreement, dated as of October 15, 1997, between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.6.2 to the 1997 Form 10-K).
*10.5.3	Amended and Restated Option Agreement between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.13 to the S-1 Registration Statement).
*10.6	Employment Agreement, dated as of January 1, 1999, between the Company and David Margolese (incorporated by reference to Exhibit 10.6 to the 1998 Form 10-K).
*10.7.1	Employment and Non-Competition Agreement between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.19.1 to the S-1 Registration Statement).
*10.7.2	First Amendment to Employment Agreement between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.19.2 to the S-1 Registration Statement).

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EXHIBIT	DESCRIPTION
*10.7.3	Second Amendment to Employment Agreement between the Company and Robert D. Briskman (incorporated by reference to Exhibit 10.12.3 to the 1996 Form 10-K).
*10.8	Employment and Non-Competition Agreement, dated as of July 10, 1997, between the Company and Andrew J. Greenebaum (incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1997).
*10.9	Employment and Non-Competition Agreement, dated as of April 16, 1997, between the Company and Joseph S. Capobianco (incorporated by reference to Exhibit 10.17 to the Company's Quarterly Report on Form 10-Q/A for the period ended March 31, 1997).
*10.10.1	Employment and Non-Competition Agreement, dated as of April 28, 1997, between the Company and Keno V. Thomas (incorporated by reference to Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q/A for the period ended March 31, 1997).
*10.10.2	Separation Agreement, dated as of July 6, 1998, between the Company and Keno V. Thomas (incorporated by reference to Exhibit 10.11.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
*10.11	Employment and Non-Competition Agreement, dated as of May 18, 1998, between the Company and Patrick L. Donnelly (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.12	Registration Agreement, dated January 2, 1994, between the Company and M.A. Rothblatt and B.A. Rothblatt (incorporated by reference to Exhibit 10.20 to the S-1 Registration Statement).
*10.13	1994 Stock Option Plan (incorporated by reference to Exhibit 10.21 to the S-1 Registration Statement).
*10.14	Amended and Restated 1994 Directors' Nonqualified Stock Option Plan (incorporated by reference to Exhibit 10.22 to the Annual Report on Form 10-K for the year ended December 31, 1995).
10.15.1	Option Agreement, dated as of October 21, 1992, between the Company and Batchelder & Partners, Inc. (incorporated by reference to Exhibit 10.24 to the S-1 Registration Statement).
10.15.2	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 period ended June 30, 1998).
10.16	Settlement Agreement, dated as of April 1, 1994, among the Company, M.A. Rothblatt, B.A. Rothblatt and Marcor, Inc. (incorporated by reference to Exhibit 10.27 to the S-1 Registration Statement).
10.17.1	Preferred Stock Investment Agreement dated October 23, 1996 between the Company and certain investors (incorporated by reference to Exhibit 10.24 to the 1996 Form 10-K).

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EXHIBIT	DESCRIPTION
10.17.2	First Amendment to Preferred Stock Investment Agreement dated March 7, 1997 between the Company and certain investors (incorporated by reference to Exhibit 10.24.1 to the 1996 Form 10-K).
10.17.3	Second Amendment to Preferred Stock Investment Agreement dated March 14, 1997 between the Company and certain investors (incorporated by reference to Exhibit 10.24.2 to the 1996 Form 10-K).
10.18	Stock Purchase Agreement, dated as of August 5, 1997, between the Company, David Margolese and Loral Space & Communications Ltd. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on August 19, 1997).
10.19	Letter, dated May 29, 1998, terminating Launch Services Agreement dated July 22, 1997 between the Company and Arianespace S.A.; Arianespace Customer Loan Agreements dated July 22, 1997 for Launches #1 and #2 between the Company and Arianespace Finance S.A.; and the Multiparty Agreements dated July 22, 1997 for Launches #1 and #2 among the Company, Arianespace S.A. and Arianespace Finance S.A. (incorporated by reference to Exhibit 10.21 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.20	Credit Agreement, dated as of June 30, 1998, among the Company, the financial institutions from time to time parties thereto and Bank of America National Trust and Savings Association, as Administrative Agent (incorporated by reference to Exhibit 10.22 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.21	Pledge Agreement, dated as of June 30, 1998, made by the Company in favor of Bank of America National Trust and Savings Association, as Administrative Agent (incorporated by reference to Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1998).
10.22	Summary Term Sheet/Commitment, dated June 15, 1997, among the Company and Everest Capital International, Ltd., Everest Capital Fund, L.P. and The Ravich Revocable Trust of 1989 (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on July 8, 1997).
10.23.1	Engagement Letter Agreement, dated June 14, 1997, between the Company and Libra Investments, Inc. (incorporated by reference to Exhibit 10.26.1 to the 1997 Form 10-K).
10.23.2	Engagement Letter Agreement, dated August 6, 1997, between the Company and Libra Investments, Inc. (incorporated by reference to Exhibit 10.26.2 to the 1997 Form 10-K).
10.24	Engagement Letter Agreement, dated October 8, 1997, between the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference to Exhibit 10.27 to the 1997 Form 10-K).
'D'10.25	Radio License Agreement, dated January 21, 1998 between the Company and Bloomberg Communications Inc. (incorporated by reference to Exhibit 10.28 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1998).

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EXHIBIT	DESCRIPTION
'D'10.26	Amended and Restated Agreement, dated as of February 1, 1999, between Lucent Technologies Inc. and the Company (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the Commission on February 4, 1999).
*10.27	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)).
10.28	Stock Purchase Agreement, dated as of October 8, 1998, between the Company and Prime 66 Partners, L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated October 8, 1998).
10.29	Stock Purchase Agreement, dated as of November 13, 1998, by and among the Company, Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated November 17, 1998).
10.30	Voting Agreement, dated as of November 13, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P. and David Margolese (incorporated by reference to Exhibit 99.5 to the Company's Current Report on Form 8-K dated November 17, 1998).
10.31	Tag-Along Agreement, dated as of November 13, 1998, by and among Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., the Company and David Margolese (incorporated by reference to Exhibit 99.6 to the Company's Current Report on Form 8-K dated November 17, 1998).
27.1	Financial Data Schedule.

* This document has been identified as a management contract or compensatory plan or arrangement.
+ Portions of these exhibits, which are incorporated by reference, have been omitted pursuant to an Application for Confidential treatment filed by the Company with the Securities and Exchange Commission.

STATEMENT OF DIFFERENCES

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

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ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	MAR 31 1999
CASH	162,057,000
SECURITIES	46,170,000
RECEIVABLES	0
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	208,959,000
PP&E	361,293,000
DEPRECIATION	38,000
TOTAL ASSETS	662,846,000
CURRENT LIABILITIES	104,470,000
BONDS	161,707,000
COMMON	23,000
PREFERRED MANDATORY	301,957,000
PREFERRED	0
OTHER SE	60,320,000
TOTAL LIABILITY AND EQUITY	662,846,000
SALES	0
TOTAL REVENUES	0
CGS	0
TOTAL COSTS	0
OTHER EXPENSES	11,875,000
LOSS PROVISION	0
INTEREST EXPENSE	1,433,000
INCOME PRETAX	(10,444,000)
INCOME TAX	0
INCOME CONTINUING	(10,444,000)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(10,444,000)
EPS PRIMARY	(0.45)
EPS DILUTED	(0.45)

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