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October 8, 1998

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**Federal Communications Commission
Office of Secretary**

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, DC 20554

RE: Satellite CD Radio, Inc.
File Nos. 71-SAT-AMEND-97
✓ 49/50-DSS-P/LA-905
58/59-DSS-AMEND-90
8/9-DSS-AMEND-92
12/13-DDS-AMEND-92
44/55-DDS-AMEND-92
42-SAT-AMEND-95
71-SAT-AMEND-97

American Mobile Radio Corporation
File Nos. 72-SAT-AMEND-97
10/11-DSS-P-9312/15/92
26/27-DSS-LA-931/15/93
83/84-SAT-AMEND-953/10/95
72-SAT-AMEND-97

IB Docket No. 95-91
GEN Docket No. 90-357
RM No. 8610
PP-24
PP-86
PP-87

Dear Ms. Salas:

On August 14, 1998, CD Radio filed its quarterly 10-Q report with the Securities and Exchange Commission. In that report, CD Radio indicated that it has substantially changed its technical plans for providing digital radio service. In its application to the FCC, CD Radio stated its intention to employ *two* in-space satellites, with one ground spare. The SEC filing (p. 4) reveals that:

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Satellite Policy Branch
International Bureau

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“During the quarter ended June 30, 1998, the Company decided to enhance its satellite delivery system to include a third in orbit satellite and to terminate certain launch and orbit related contracts.”

CD Radio’s own press release (“CD Radio Expands to 100 Channels with Fourth Satellite,” May 29, 1998) confirms this change in CD Radio’s technical plan. Copies of the relevant portions of both documents are attached.

To our knowledge, CD Radio has not reported this fundamental change in its technical plan to the Commission or sought to amend its application. Changes in the technical proposals of CD Radio, and perhaps those of the other SDARS permittee, American Mobile Radio Corporation, could raise significant questions about whether the service they intend to offer differs from the proposals on which the Commission granted their permits – and in particular may change the need for and use of terrestrial repeaters. NAB asks that both permittees be required to provide the Commission with an updated description of their entire technical facility plans. The Commission should then allow time for public comment on any implications of those updated proposals before taking any further actions needed to initiate SDARS service.

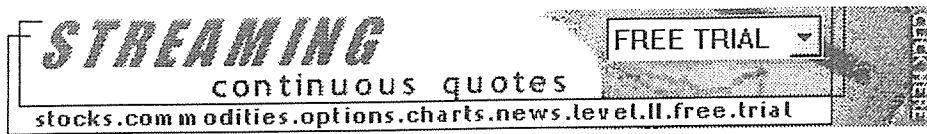
Requiring the SDARS permittees to make a full disclosure of their current technical plans would not cause substantial delay in authorizing service, and would assure the Commission that the service proposed to be offered to the public would be consistent with its expectations.

Respectfully submitted

A handwritten signature in black ink, appearing to read "Roy J. Stewart", with a long horizontal flourish extending to the right.

Attachments

cc: FCC Commissioners
Roy J. Stewart, Chief, Mass Media Bureau
Regina Keeney, Chief, International Bureau
Carl R. Frank, Counsel for Satellite CD Radio, Inc.
Bruce D. Jacobs, Counsel for American Mobile Radio Corp.
Howard M. Liberman, Counsel for Primosphere Limited Partnership



CD RADIO INC 10-Q

Filing Date: 8/14/98

[Filing Index](#)

<DOCUMENT>
 <TYPE>10-Q
 <SEQUENCE>1
 <DESCRIPTION>FORM 10-Q
 <TEXT>

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 June 30, 1998

Commission file number 0-24710

CD RADIO INC.

 (Exact name of registrant as specified in its charter)

Delaware 52-1700207

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

1180 AVENUE OF THE AMERICAS
 NEW YORK, NEW YORK 10036

 (Address of principal executive offices)
 (Zip code)

212-899-5000

 (Registrant's telephone number, including area code)

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

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

Comprehensive Income

In 1997, the Financial Accounting Standards Board ("the FASB") issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 requires additional reporting with respect to certain changes in assets and liabilities that previously were included in stockholders' equity. The Company has no comprehensive income items to report for the current presentation.

Recent Accounting Pronouncements

The FASB has issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires financial and descriptive information with respect to operating segments of an entity based on the way management disaggregates the entity for internal operating decisions. There is no impact to the Company's June 30, 1998 financial statements from the adoption of this standard.

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Marketable Securities

Marketable securities consist of fixed income securities and are stated at market value. Marketable securities are defined as trading securities under the provision of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" and unrealized holding gains and losses are reflected in earnings. Unrealized holding gains were \$11,000 and \$624,000 at June 30, 1998 and December 31, 1997, respectively.

Special Charges

During the quarter ended June 30, 1998, the Company decided to enhance its satellite delivery system to include a third in-orbit satellite and to terminate certain launch and orbit related contracts. The Company recorded special charges totaling approximately \$25.7 million related primarily to the termination of such contracts.

Reclassifications

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

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CD RADIO INC. AND SUBSIDIARY
(A Development Stage Enterprise)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"), the Company is hereby providing cautionary statements identifying important factors that could cause the Company's 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

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CD Radio Expands to 100 Channels with Fourth Satellite

New York, N.Y. - May 29, 1998 - CD Radio Inc. (Nasdaq: CDRD) announced today that it has exercised its option to purchase a fourth satellite from Loral Space & Communications Ltd., doubling CD Radio's planned broadcast capacity to 100 channels in its nationwide satellite-to-car radio broadcasting system scheduled for launch beginning next year.

"In terms of incremental value delivered to consumers, the step-up from 50 channels to 100 channels is analogous to the difference between a regular bookstore and a Barnes and Noble superstore," said David Margolese, CD Radio's chairman and chief executive. "The expanded system will be used to deliver more of what people want - more music, more choice. Additionally, it will also be used to address the Hispanic and sports markets in a significant way, and to generate additional advertising revenues on our non-music channels."

Under terms of the agreement, Loral replaces Arianespace as CD Radio's launch service provider, delivering three Loral FS-1300 satellites in-orbit on a turnkey basis along with one ground spare. Launches are scheduled for November 1999, December 1999, and January 2000. CD Radio's incremental cost of the expanded system is approximately \$290 million, of which Loral has provided assistance in arranging \$145 million of financing primarily through Bank of America.

Last year, CD Radio was granted one of two FCC national satellite radio broadcast licenses. The company is building a satellite-to-car 100 channel radio system for the broadcast of music and other programming to motorists throughout the United States. The majority of CD Radio's planned programming formats are generally unavailable on conventional radio stations in any single market. Furthermore, unlike conventional stations, which have an average range of approximately 30 miles before reception fades, CD Radio's signal is designed to cover the continental United States coast to coast. Music channels will be commercial-free, unlike conventional stations which interrupt their broadcasts with up to 18 minutes of commercials during every hour of music programming.

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 which could cause actual results to differ materially from those expressed in the forward-looking statements. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the factors discussed in CD Radio's Annual Report on Form 10-K for

the year ended December 31, 1997. Among the key factors that have a direct bearing on CD Radio's results of operations are the potential risk of delay in implementing CD Radio's business plan; increased costs of construction and launch of necessary satellites; dependence on satellite construction and launch contractors; risk of launch failure; unproven market and unproven applications of existing technology; and CD Radio's need for additional substantial financing.

For Further Information:

Madeline Couton, CD Radio, 212-899-5000

Channel Listing

CD Radio's 100 channels will offer listeners a wide range of music categories as well as news, sports and talk radio programming. Currently, CD Radio anticipates that its 100 broadcast channels will be allocated as follows:

	51. News
1. Symphonic	52. News
2. Chamber Music	53. News
3. Opera	54. News
4. Top of the Charts	55. News
5. '50s Hits	56. News
6. '60s Hits	57. News
7. '70s Hits	58. News
8. '80s Hits	59. News
9. '90s Hits	60. News
10. Soft Rock	61. Sports
11. Love Songs	62. Sports
12. Singers & Songs	63. Sports
13. Beautiful Instrumentals	64. Sports
14. Broadway's Best	65. Sports
15. Big Band/Swing	66. Sports
16. Classic Jazz	67. Sports
17. Contemporary Jazz	68. Sports
18. NAC Jazz	69. Sports
19. New Age	70. Sports
20. Soul Ballads	71. Entertainment
21. Contemporary R&B	72. Entertainment
22. Classic Soul Hits	73. Entertainment
23. R&B Oldies	74.
24. Rap/Hip Hop	Entertainment
25. Dance	75.
26. Tropical	Entertainment
27. Latin Jazz	76. Entertainment
28. Boleros	77. Entertainment
29. Latin Contemporary	78. Entertainment
30. Merengue	79.
31. Cumbia	Entertainment

- | | |
|----------------------------|----------------|
| 31. Cumbia | 80. |
| 32. Mexicana | Entertainment |
| 33. Tex-Mex | 81. Hispanic |
| 34. Rock en Español | 82. Hispanic |
| 35. Country Hits | 83. Hispanic |
| 36. Modern Country | 84. Hispanic |
| 37. Classic Country | 85. Hispanic |
| 38. Folk Rock | 86. Hispanic |
| 39. Alternative Rock I | 87. Hispanic |
| 40. Alternative Rock II | 88. Hispanic |
| 41. Classic Rock I | 89. Hispanic |
| 42. Classic Rock II | 90. Hispanic |
| 43. Album Rock | 91. Specialty |
| 44. Hard Rock/Metal | 92. Specialty |
| 45. Blues | 93. Specialty |
| 46. Reggae | 94. Specialty |
| 47. World Beat | 95. Specialty |
| 48. Gospel | 96. Specialty |
| 49. Contemporary Christian | 97. Specialty |
| 50. Children's | 98. Specialty |
| Entertainment | 99. Specialty |
| | 100. Specialty |

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