

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

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

For the fiscal year ended December 31, 2013
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 001-35707

LIBERTY MEDIA CORPORATION

(Exact name of Registrant as specified in its charter)

State of Delaware
(State or other jurisdiction of
incorporation or organization)
12300 Liberty Boulevard
Englewood, Colorado
(Address of principal executive offices)

36-1699499
(I.R.S. Employer
Identification No.)

80112
(Zip Code)

Registrant's telephone number, including area code: (720) 875-5400

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of exchange on which registered |
|--|--------------------------------------|
| Series A Common Stock, par value \$.01 per share | The Nasdaq Stock Market LLC |
| Series B Common Stock, par value \$.01 per share | The Nasdaq Stock Market LLC |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 each shorter period that the Registrant has required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of 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 a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
(do not check if smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting stock held by non affiliates of Liberty Media Corporation computed by reference to the last sales price of such stock, as of the closing of trading on the last trading day prior to June 30, 2013, was approximately \$13.5 billion.

The number of outstanding shares of Liberty Media Corporation's common stock as of January 31, 2014 was:

| | Series A | Series B |
|----------------------------|-------------|-----------|
| Liberty Media common stock | 104,421,463 | 9,876,078 |

Documents Incorporated by Reference

The Registrant's definitive proxy statement for its 2014 Annual Meeting of Shareholders is hereby incorporated by reference into Part III of this Annual Report on Form 10-K

LIBERTY MEDIA CORPORATION
2013 ANNUAL REPORT ON FORM 10-K

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PART I.

Item 1. Business.

(a) *General Development of Business*

During August 2012, the Board of Directors of Starz (formerly known as Liberty Media Corporation) authorized a plan to distribute to the stockholders of Starz shares of a wholly-owned subsidiary, Liberty Media Corporation ("Liberty" and the "Company" formerly known as Liberty Spinco, Inc.), that held, as of January 11, 2013, all of the businesses, assets and liabilities of Starz not associated with Starz, LLC (with the exception of the Starz, LLC office building) (the "Spin-Off"). The transaction was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. The businesses, assets and liabilities not included in Liberty are part of a separate public company which was renamed Starz. Due to the relative significance of Liberty to Starz (the legal spinor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty was treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Spin-Off previously described. Therefore, the historical financial statements of Starz continue to be the historical financial statements of Liberty and Starz has been treated as discontinued operations upon completion of the Spin-Off in the first quarter of 2013. For purposes of this Form 10-K, Liberty is treated as the spinor for purposes of discussion and as a practical matter of describing all the historical information contained herein.

On January 18, 2013, Liberty, through a wholly-owned subsidiary, purchased 50,000,000 shares of the common stock ("SIRIUS XM Common Stock"), par value \$0.001 per share, of SIRIUS XM Radio, Inc. (now known as Sirius XM Holdings Inc., "SIRIUS XM") for \$3.1556 per share in a block purchase from a financial institution (the "Block Transaction"). The Company used available cash on hand to acquire the shares of SIRIUS XM Common Stock in the Block Transaction. Additionally, on January 18, 2013 a subsidiary of the Company converted all of its remaining shares of SIRIUS XM's Convertible Perpetual Preferred Stock, Series B-1, par value \$0.001 per share, into 1,293,509,076 shares of SIRIUS XM Common Stock. As a result of these transactions, along with shares of SIRIUS XM Common Stock acquired by the Company and its subsidiaries in the fiscal year ended December 31, 2012, the Company and its subsidiaries hold more than 50% of the capital stock of SIRIUS XM entitled to vote on any matter, including the election of directors. Therefore, Liberty began consolidating SIRIUS XM in the first quarter of 2013.

Liberty owns interests in subsidiaries and other companies which are engaged in the media, communications and entertainment industries. Through our subsidiaries and affiliates, we principally operate in North America. Our principal businesses and assets include our consolidated subsidiaries SIRIUS XM, Atlanta National League Baseball Club, Inc. and TruePosition, Inc. and our equity affiliates Charter Communications, Inc. and Live Nation Entertainment, Inc.

During the second quarter of 2010, Liberty Interactive Corporation ("Liberty Interactive" formerly named Liberty Media Corporation) announced that its board of directors had authorized its management to proceed with a plan to separate its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group (the "Split-Off"). The Split-Off was completed on September 23, 2011 following the satisfaction of all conditions to the Split-Off. The Split-Off was effected by the redemption of all of the outstanding Liberty Capital common stock and Liberty Starz common stock of Liberty Interactive in exchange for all of the common stock of Liberty, which at the time of the Split-Off held all of the businesses, assets and liabilities previously attributed to the Liberty Capital and Liberty Starz tracking stock groups of Liberty Interactive in accordance with the terms of a Reorganization Agreement. At the time of and following the Split-Off, Liberty had two tracking stock groups: its Liberty Starz common stock tracking the businesses, assets and liabilities that were previously attributed to Liberty Interactive's Liberty Starz group (the "Starz Group") and its Liberty Capital common stock tracking the businesses, assets and liabilities that were previously attributed to Liberty Interactive's Liberty Capital group (the "Capital Group").

A tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. On November 28, 2011, Liberty's tracking stock structure was eliminated through the conversion of each share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of fractional shares (the "Conversion"). While the Starz Group and the Capital Group had separate collections of businesses, assets and liabilities attributed to them, neither group was a separate legal entity that was able to own assets, issue securities or enter into legally binding agreements. Holders of Liberty's tracking stock had no direct claim to the group's assets and were not represented by separate boards of directors.

Instead, holders of Liberty's tracking stocks were stockholders of Liberty, with a single board of directors and subject to all of the risks and liabilities of Liberty.

Recent Developments

On October 9, 2013, Liberty entered into a share repurchase agreement with SIRIUS XM in which SIRIUS XM will acquire 136,600,826 SIRIUS XM shares for \$500 million, in three separate tranches between the fourth quarter of 2013 and second quarter of 2014, at a price of \$3.6603 per share (which was determined based on a 1.5% discount to the average of the daily volume weighted average price (VWAP) per share of SIRIUS XM common stock over a period of ten days beginning on the third trading day following the date of the public release of SIRIUS XM's third quarter 2013 earnings subject to a cap on the average VWAP of \$4.18 and a floor on the average VWAP of \$3.64). The repurchase of shares will approximate 2% of the outstanding shares of SIRIUS XM on an as adjusted basis as the shares will be retired at the SIRIUS XM level. The first tranche of shares in the amount of 43,712,265 was repurchased on November 14, 2013. The retirement of SIRIUS XM shares on a consolidated basis is not expected to significantly impact the consolidated results except for an adjustment to noncontrolling interest as the shares are repurchased and retired. Liberty expects to continue holding a majority of the SIRIUS XM common stock after the completion of share repurchases.

On January 3, 2014, Liberty made a proposal ("the Proposal") to SIRIUS XM that outlines the terms by which SIRIUS XM public shareholders would become shareholders of Liberty in a tax-free transaction in which each share of SIRIUS XM common stock would be converted into 0.0760 of a new share of Liberty Series C common stock, and, immediately prior to such conversion, Liberty intends to distribute, on a 2:1 basis, shares of Liberty's Series C common stock to all holders of record of Liberty's Series A and B common stock to create a liquid trading market for Liberty's Series C common stock. (The foregoing exchange ratio would be equivalent to a 0.0253 exchange ratio prior to the distribution of the Liberty Series C common stock dividend.) Upon the completion of the proposed transaction, Liberty expects that SIRIUS XM's public shareholders would own approximately 39% of Liberty's then-outstanding common stock. SIRIUS XM's Board of Directors has formed a special committee of independent directors to consider Liberty's proposal. The transaction is subject to the approval of both the special committee and a majority of the public stockholders of SIRIUS XM, other than Liberty. Approval by the existing Liberty shareholders of the issuance of the Series C common shares in the proposed transaction is also required under applicable Nasdaq Stock Market requirements.

In connection with the pending proposal made to SIRIUS XM, Liberty and SIRIUS XM agreed on January 23, 2014 to defer the second tranche of SIRIUS XM's repurchase of \$240,000,000 of its shares of common stock from Liberty pursuant to the share repurchase agreement from January 27, 2014 to April 25, 2014 (the final repurchase date pursuant to the share repurchase agreement). As a result of this deferral, SIRIUS XM would repurchase \$340,000,000 of its shares of common stock from Liberty on the final repurchase date.

* * * * *

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; the recoverability of our goodwill and other long-lived assets; our projected sources and uses of cash; and the anticipated impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. In particular, statements under Item 1. "Business," Item 1A. "Risk-Factors," Item 2. "Properties," Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" contain forward-looking statements. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors that could cause actual results or events to differ materially from those anticipated:

- consumer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for satellite radio and telecommunications technologies;
- significant dependence of one of our consolidated businesses upon automakers;
- our ability to attract and retain subscribers at a profitable level in the future is uncertain;

- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- interruption or failure of our information technology and communication systems, including the failure of our satellites, could negatively impact our results and brand;
- royalties for music rights have increased and may continue to do so in the future;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- general economic and business conditions and industry trends including the current economic downturn;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- our indebtedness could adversely affect the operations and could limit the ability of our subsidiaries to react to changes in the economy or our industry;
- failure to protect the security of personal information about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate; and
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world and political unrest in international markets.

These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. When considering such forward-looking statements, you should keep in mind the factors described in Item 1A, "Risk Factors" and other cautionary statements contained in this Annual Report. Such risk factors and statements describe circumstances which could cause actual results to differ materially from those contained in any forward-looking statement.

This Annual Report includes information concerning public companies in which we have controlling and non-controlling interests that file reports and other information with the SEC in accordance with the Securities Exchange Act of 1934. Information in this Annual Report concerning those companies has been derived from the reports and other information filed by them with the SEC. If you would like further information about these companies, the reports and other information they file with the SEC can be accessed on the Internet website maintained by the SEC at www.sec.gov. Those reports and other information are not incorporated by reference in this Annual Report.

(b) Financial Information About Operating Segments

Through our ownership of interests in subsidiaries and other companies, we are primarily engaged in the media, communications and entertainment industries. Each of these businesses is separately managed.

We identify our reportable segments as (A) those consolidated subsidiaries that represent 10% or more of our annual consolidated revenue, pre-tax earnings or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of our annual pre-tax earnings. Financial information related to our operating segments can be found in note 19 to our consolidated financial statements found in Part II of this report.

(c) Narrative Description of Business

The following table identifies our more significant subsidiaries and minority investments.

Consolidated Subsidiaries

Sirius XM Holdings Inc. (Nasdaq:SIRI)
Atlanta National League Baseball Club, Inc.
TruePosition, Inc.

Equity Method Investments

Charter Communications, Inc. (Nasdaq:CHTR)
Live Nation Entertainment, Inc. (NYSE:LYV)

Sirius XM Holdings Inc.

Sirius XM Holdings Inc. ("SIRIUS XM") broadcasts music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus new features such as Sirius XM On Demand and MySXM, over the Internet, including through applications for mobile devices. As of December 31, 2013, SIRIUS XM had 25,559,310 subscribers. Its subscribers include:

- subscribers under its regular and discounted pricing plans;
- subscribers that have prepaid, including payments made or due from automakers for subscriptions included in the sale or lease price of a vehicle;
- subscribers to its Internet services who do not also have satellite radio subscriptions; and
- certain subscribers to its weather, traffic, data and Backseat TV services.

SIRIUS XM's primary source of revenue is subscription fees, with most of its customers subscribing on an annual, semi-annual, quarterly or monthly basis. SIRIUS XM offers discounts for prepaid and longer-term subscription plans as well as discounts for multiple subscriptions. SIRIUS XM also derives revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories, and other ancillary services, such as weather, traffic, data and Backseat TV services.

SIRIUS XM's satellite radios are primarily distributed through automakers ("OEMs"); retail locations nationwide; and through its website. SIRIUS XM has agreements with every major automaker to offer satellite radios in their vehicles. Satellite radio services are also offered to customers of certain rental car companies.

SIRIUS XM is also a leader in providing next-generation connected vehicle applications and services. On November 4, 2013, SIRIUS XM completed the acquisition of the connected vehicle business of Agero, Inc. SIRIUS XM's telematics and connected vehicle services are designed to enhance the safety, security and driving experience for vehicle owners while providing marketing and operational benefits to automakers and their dealers. Subscribers to SIRIUS XM's telematics and connected vehicle services are not included in the subscriber count above.

Programming

SIRIUS XM offers a dynamic programming lineup of commercial-free music, sports, entertainment, talk, news, traffic and weather, including:

- an extensive selection of music genres, ranging from rock, pop and hip-hop to country, dance, jazz, Latin and classical;

- live play-by-play sports from major leagues and colleges;
- a multitude of talk and entertainment channels for a variety of audiences;
- a wide range of national, international and financial news; and
- continuous, local traffic reports for several metropolitan markets throughout the United States.

SIRIUS XM's diverse spectrum of programming, including its lineup of exclusive material, is a significant differentiator from terrestrial radio and other audio entertainment providers. SIRIUS XM makes changes to its programming lineup from time to time in order to attract new subscribers and offer content which appeals to a broad range of audiences and to existing subscribers. The channel line-ups for our services are available at siriusxm.com.

Internet Radio

SIRIUS XM streams select music and non-music channels over the Internet. Its Internet service also includes channels and features that are not available on its satellite service. Access to its Internet services is offered to subscribers for a fee. SIRIUS XM has available products that provide access to its Internet services without the need for a personal computer. SIRIUS XM also offers applications to allow consumers to access its Internet services on smartphones and tablet computers.

SIRIUS XM also offers two innovative Internet-based products, SiriusXM On Demand and MySXM. SiriusXM On Demand offers SIRIUS XM's Internet subscribers listening on its online media player and on smartphones the ability to choose their favorite episodes from a catalog of content to listen to whenever they want. Launched in 2013, MySXM permits listeners to personalize SIRIUS XM's existing commercial-free music and comedy channels to create a more tailored listening experience. Channel-specific sliders allow users to create over 100 variations of each of more than 50 channels by adjusting characteristics like library depth, familiarity, music style, tempo, region, and multiple other channel-specific attributes. SiriusXM On Demand and MySXM are offered to SIRIUS XM Internet subscribers at no extra charge.

Distribution of Radios

Automakers. SIRIUS XM's primary means of distributing satellite radios is through the sale and lease of new vehicles. SIRIUS XM has agreements with every major automaker to offer satellite radios in their vehicles and satellite radios are available as a factory or dealer-installed option in substantially all vehicle makes sold in the United States. Many automakers include a subscription to SIRIUS XM's radio service in the sale or lease price of their vehicles. In certain cases, SIRIUS XM receives subscription payments from automakers in advance of the activation of its service. SIRIUS XM shares with certain automakers a portion of the revenues it derives from subscribers using vehicles equipped to receive its service. SIRIUS XM also reimburses various automakers for certain costs associated with the satellite radios installed in their vehicles, including in certain cases hardware costs, engineering expenses and promotional and advertising expenses.

Previously Owned Vehicles. SIRIUS XM also acquires subscribers through the sale and lease of previously owned vehicles with factory-installed satellite radios. SIRIUS XM has entered into agreements with many automakers to market subscriptions to purchasers and lessees of vehicles which include satellite radios sold through their certified pre-owned programs. In addition, SIRIUS XM works directly with many franchise and independent dealers on similar programs for non-certified vehicles. SIRIUS XM has developed systems and methods to identify purchasers and lessees of previously owned vehicles which include satellite radios and have established marketing plans to promote its services to these potential subscribers.

Retail. SIRIUS XM sells satellite and Internet radios directly to consumers through its website. Satellite and Internet radios are also marketed and distributed through major national and regional retailers.

SIRIUS XM's Satellite Radio Systems

SIRIUS XM's satellite radio systems are designed to provide clear reception in most areas despite variations in terrain, buildings and other obstructions. SIRIUS XM continually monitors its infrastructure and regularly evaluates improvements in technology.

SIRIUS XM's satellite radio systems have three principal components: satellites, terrestrial repeaters and other satellite facilities; studios; and radios.

Satellites, Terrestrial Repeaters and Other Satellite Facilities

Satellites. SIRIUS XM currently owns a fleet of ten orbiting satellites, five in the Sirius system, FM-1, FM-2, FM-3, FM-5 and FM-6, and five in the XM system, XM-1, XM-2, XM-3, XM-4 and XM-5. Four of these satellites are currently used as spares, two of which are expected to be de-orbited in 2014 as they reach the end of their useful lives.

Satellite Insurance. SIRIUS XM holds in-orbit insurance for three of its satellites which will expire in 2014 and 2015. SIRIUS XM may not renew these in-orbit insurance policies when they expire if the premium costs are uneconomical relative to the risk of satellite failure. These policies provide coverage for a total, constructive total or partial loss of the satellite that occurs prior to expiration of the applicable policy. The insurance does not cover the full cost of constructing, launching and insuring new satellites, nor will it protect SIRIUS XM from the adverse effect on business operations due to the loss of a satellite. The policies contain standard commercial satellite insurance provisions, including coverage exclusions. SIRIUS XM does not insure satellites for their full expected useful lives as SIRIUS XM considers the premium costs to be uneconomical relative to the risk of satellite failure.

Terrestrial Repeaters. In some areas with high concentrations of tall buildings, such as urban centers, signals from SIRIUS XM's satellites may be blocked and reception of satellite signals can be adversely affected. In many of these areas, SIRIUS XM has deployed terrestrial repeaters to supplement satellite coverage. SIRIUS XM operates approximately 700 terrestrial repeaters as part of its systems across the United States.

Other Satellite Facilities. SIRIUS XM controls and communicates with its satellites from facilities in North America and maintains earth stations in Panama and Ecuador to control and communicate with several of its Sirius system satellites. Its satellites are monitored, tracked and controlled by a third party satellite operator.

Studios

SIRIUS XM's programming originates principally from studios in New York City and Washington, D.C., and, to a lesser extent, from smaller studio facilities in Cleveland, Los Angeles, Memphis, Nashville and Austin. Its New York City offices house its corporate headquarters. Both its New York City and Washington D.C. offices house facilities for programming origination, programming personnel and facilities to transmit programming.

Radios

Radios are manufactured in four principal configurations: in-dash radios, Dock & Play radios and home or commercial units.

SIRIUS XM does not manufacture radios. SIRIUS XM has authorized manufacturers and distributors to produce and distribute radios, and has licensed its technology to various electronics manufacturers to develop, manufacture and distribute radios under certain brands. SIRIUS XM manages various aspects of the production of satellite and Internet radios. To facilitate the sale of radios, SIRIUS XM may subsidize a portion of the radio manufacturing costs to reduce the hardware price to consumers.

Connected Vehicle Services

SIRIUS XM is a leader in providing next-generation connected vehicle applications and services. SIRIUS XM's connected vehicle services are designed to enhance the safety, security and driving experience for vehicle owners while providing marketing and operational benefits to automakers and their dealers. SIRIUS XM offers a portfolio of location-based services through two-way wireless connectivity, including safety, security, convenience, maintenance and data services, remote vehicles diagnostics, stolen or parked vehicle locator services, and monitoring of vehicle emission systems.

SIRIUS XM entered the connected vehicle services business in 2012 with an agreement with Nissan North America to become the exclusive provider of a comprehensive suite of premium services for Nissan branded vehicles. In November 2013, SIRIUS XM purchased the connected vehicle business of Agero, Inc. As a result of this acquisition, SIRIUS XM's connected

vehicle business provides services to several automakers, including Acura, BMW, Honda, Hyundai, Infiniti, Lexus, Nissan and Toyota. SIRIUS XM expects that this acquisition will enhance its market presence in telematics through SIRIUS XM's existing automaker relationships, subscriber base, full-service product offering and technology platform. SIRIUS XM also anticipates that this acquisition will better position SIRIUS XM to bring innovative connected vehicle services to the global automotive market.

Canada

SIRIUS XM also has an equity interest in the satellite radio services offered in Canada through SIRIUS XM Canada. SIRIUS XM owns approximately 38% of the equity of SIRIUS XM Canada.

Other Services

Commercial Accounts. SIRIUS XM's programming is also available for commercial establishments. Commercial subscription accounts are available through providers of in-store entertainment solutions and directly from SIRIUS XM. Certain commercial subscribers are included in its subscriber count.

Satellite Television Service. Certain of SIRIUS XM's music channels are offered as part of certain programming packages on the DISH Network satellite television service. Subscribers to the DISH Network satellite television service are not included in SIRIUS XM's subscriber count.

Subscribers to the following services are not included in SIRIUS XM's subscriber count, unless the applicable service is purchased by the subscriber separately and not as part of a radio subscription to SIRIUS XM services:

Backseat TV. SIRIUS XM offers Backseat TV to legacy subscribers, a service offering television content designed primarily for children in the backseat of vehicles.

TravelLink. SIRIUS XM offers Travel Link, a suite of data services that includes graphical weather, fuel prices, sports schedules and scores, and movie listings.

Real Time Traffic Services. SIRIUS XM also offers services that provide graphic information as to road closings, traffic flow and incident data to consumers with compatible in-vehicle navigation systems.

Real Time Weather Services. SIRIUS XM offer several real-time weather services designed for improving situational awareness in vehicle, marine and/or aviation use.

Copyrights to Programming

In connection with its music programming, SIRIUS XM must negotiate and enter into royalty arrangements with two sets of rights holders: Holders of copyrights in musical works (that is, the music and lyrics) and holders of copyrights in sound recordings (that is, the actual recording of a work).

Musical works rights holders, generally songwriters and music publishers, are represented by performing rights organizations such as the American Society of Composers, Authors and Publishers ("ASCAP"), Broadcast Music, Inc. ("BMI"), and SESAC, Inc. ("SESAC"). These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders. SIRIUS XM has arrangements with all of these organizations.

Sound recording rights holders, typically large record companies, are primarily represented by SoundExchange, an organization which negotiates licenses, and collects and distributes royalties on behalf of record companies and performing artists. Under the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998, SIRIUS XM may negotiate royalty arrangements with the sound recording copyright owners, or if negotiation is unsuccessful, the royalty rate is established by the Copyright Royalty Board (the "CRB") of the Library of Congress.

In December 2012, the CRB issued its determination regarding the royalty rate payable by SIRIUS XM under the statutory license covering the performance of sound recordings over its satellite digital audio radio service, and the making of ephemeral (server) copies in support of such performances, for the five-year period starting January 1, 2013 and ending on December 31, 2017. Under the terms of the CRB's decision, SIRIUS XM will pay a royalty based on gross revenues, subject to certain exclusions, of 9.5% for 2014, 10.0% for 2015, 10.5% for 2016, and 11% for 2017. The rate for 2013 was 9.0%.

The revenue subject to royalty includes subscription revenue from SIRIUS XM's U.S. satellite digital audio radio subscribers and advertising revenue from channels other than those channels that make only incidental performances of sound recordings. Exclusions from revenue subject to the statutory license fee include, among other things, revenue from channels, programming and products or other services offered for a separate charge where such channels make only incidental performances of sound recordings; revenue from equipment sales; revenue from current and future data services (including video services and connected vehicle services) offered for a separate charge; intellectual property royalties received by SIRIUS XM; credit card, invoice and fulfillment service fees; and bad debt expense. The regulations also allow SIRIUS XM to further reduce its monthly royalty fee in proportion to the percentage of its performances that feature pre-1972 recordings (which are not subject to federal copyright protection) as well as those that are licensed directly from the copyright holder, rather than through the statutory license.

To secure the rights to stream music content over the internet, including to mobile devices, SIRIUS XM also must obtain licenses from, and pay royalties to, copyright owners of musical compositions and, in certain cases, sound recordings. SIRIUS XM has arrangements with ASCAP, SESAC and BMI to license the musical compositions SIRIUS XM streams over the internet. The licensing of certain sound recordings for use on the internet is also subject to the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998 on terms established by the CRB. In 2013, SIRIUS XM paid a per performance rate for the streaming of certain sound recordings on the internet of \$0.00210 per play, which rate will change to \$0.00220 per play in 2014 and \$0.00240 per play 2015. Proceedings to establish rates for the streaming of certain sound recordings on the internet after 2015, known as the Webcasting IV proceeding, commenced in January 2014 before the CRB.

Atlanta National League Baseball Club, Inc.

Atlanta National League Baseball Club, Inc., or ANLBC, a wholly owned subsidiary, owns and operates the Atlanta Braves Major League Baseball ("MLB") franchise and five minor league baseball clubs (the Gwinnett Braves, the Mississippi Braves, the Rome Braves, the Danville Braves and the GCL Braves). ANLBC also operates a baseball academy in the Dominican Republic and leases a baseball facility from a third party in connection with its academy. Turner Field, which is leased from the City of Atlanta and Fulton County Recreation Authority until December 31, 2016, is the home stadium of the Atlanta Braves. Turner Field is located just outside the downtown area of Atlanta and offers a range of activities and eateries for fans, from interactive gaming and family-themed areas to social gathering places such as the Braves Chop House. Effective for the 2017 season, ANLBC is expected to relocate into a new ballpark located in Cobb County, a suburb of Atlanta. The facility will be leased from Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority.

With respect to the Braves MLB franchise, ANLBC derives revenue from both local and national sources. Locally, ANLBC receives revenue from the sale of tickets for games played at Turner Field, as well as from in-stadium advertising, game-day sales of concessions and other goods and services in and around Turner Field. ANLBC also derives substantial revenue from the sale of broadcasting rights to the Atlanta Braves baseball games. ANLBC has long-term local broadcasting agreements with Sportsouth Network II, LLC. Nationally, ANLBC participates in the revenue generated from the national broadcasting and radio arrangements negotiated by MLB on behalf of the 30 baseball clubs with ESPN, Turner Broadcasting, Inc., Fox Sports and SIRIUS XM (the "National Broadcast Rights").

Under the MLB rules, the Commissioner of Major League Baseball (the "Commissioner") has the authority, acting as the agent on behalf of all of the MLB Clubs, to enter into and administer all contracts for the sale of National Broadcast Rights.

As the owner of a MLB franchise, ANLBC must comply with rules promulgated by the MLB Commissioner and MLB's constitution and bylaws. Each franchise is required to share locally derived revenue with the other MLB franchises and their owners through MLB's revenue sharing plan. Under the MLB rules, each MLB franchise participates in the MLB Central Fund, which acts as a conduit of centrally derived revenue (primarily from National Broadcast Rights, national sponsorships and licensing deals, and the MLB All Star Game) to the clubs, and funds certain expenses (such as contributions to the MLB Players Benefit

Plan, administrative and operational expenses of the Commissioner's office, a reserve fund for the Commissioner's office, and administrative expenses of the Central Fund) on behalf of the MLB Clubs. Each MLB Club's share of the Central Fund, following certain adjustments which are made under the MLB revenue share arrangements, are paid to each MLB Club by the end of each year, unless otherwise determined by the Commissioner. Also under the MLB rules, each MLB franchise is required to participate in and contribute to certain profit sharing initiatives, such as MLB Advanced Media L.P., MLB's interactive media and internet company which runs MLB's official website and all of the MLB teams' websites.

TruePosition, Inc.

TruePosition is a wholly owned subsidiary that develops and markets technology for locating wireless phones and other wireless devices enabling wireless carriers, governments and other enterprises to provide E-9-1-1 services domestically and other location-based services both domestically and worldwide. "E-9-1-1" or "Enhanced 9-1-1" refers to an FCC mandate requiring wireless carriers to implement wireless location capability. AT&T began deploying TruePosition's technology in late 2002, and T-Mobile USA began deploying such technology in 2003. Both wireless carriers have deployed TruePosition's technology for E-911 and selected other services. AT&T is TruePosition's largest customer by a significant margin. There can be no assurance that AT&T will remain a customer of TruePosition as wireless technology changes. In addition, as of December 31, 2013, several smaller U.S. wireless carriers and foreign government agencies had deployed or are deploying TruePosition's technology.

TruePosition earns revenue from the sale of hardware and licensing of software required to generate location records for wireless phones and other wireless devices on a cellular network and from the design, installation, testing and commissioning of such hardware and software. In addition, TruePosition earns software maintenance revenue through the provision of ongoing technical and software support.

TruePosition's location system is a passive network overlay system designed to enable mobile wireless service providers to determine the location of all network wireless devices, including cellular and PCS telephones. Using its patented Uplink Time Difference of Arrival (U-TDOA) and other technologies, TruePosition's location system calculates the latitude and longitude of a designated wireless telephone or transmitter and forwards the information in real time to application software. TruePosition's offerings cover major wireless air interfaces including Code Division Multiple Access (CDMA), Global System for Mobile Communications (GSM) and Universal Mobile Telecommunications System (UMTS).

TruePosition's location system competes against a number of other satellite and terrestrial based location technology offerings. In addition, there are a number of new location technologies in development which may further increase competition to be a location solution for new air interfaces and to meet more stringent accuracy standards.

Charter Communications, Inc.

Charter Communications, Inc. ("Charter") is one of the largest providers of cable services in the United States, offering a variety of entertainment, information and communications solutions to residential and commercial customers. Its infrastructure consists of a hybrid of fiber and coaxial cable plant with approximately 12.8 million estimated passings, with 97% at 550 megahertz ("MHz") or greater and 98% of plant miles two-way active. A national Internet Protocol (IP) infrastructure interconnects Charter markets.

As of December 31, 2013, Charter served approximately 5.9 million residential and commercial customers. Charter sells video, Internet and telephone services primarily on a subscription basis, often in a bundle of two or more services. Bundled services are available to approximately 97% of Charter's passings, and approximately 62% of customers subscribe to a bundle of services. Charter served approximately 4.2 million residential video customers as of December 31, 2013, and approximately 92% of video customers subscribed to digital video service. Digital video enables customers to access advanced video services such as high definition ("HD") television, Charter OnDemand™ ("OnDemand") video programming, an interactive program guide and digital video recorder ("DVR") service. Charter also served approximately 4.4 million residential Internet customers as of December 31, 2013. Charter's Internet service is available in a variety of download speeds up to 100 megabits per second ("Mbps") and upload speeds of up to 5 Mbps. Charter provided telephone service to approximately 2.3 million residential customers as of December 31, 2013. Telephone services typically include unlimited local and long distance calling to the U.S., Canada and Puerto Rico, plus other features, including voicemail, call waiting and caller ID.

Through Charter Business®, Charter provides scalable, tailored broadband communications solutions to business and carrier organizations, such as video entertainment services, Internet access, business telephone services, data networking and fiber connectivity to cellular towers and office buildings. As of December 31, 2013, Charter served approximately 567,000 commercial primary service units, primarily small- and medium-sized commercial customers. Charter's advertising sales division, Charter Media®, provides local, regional and national businesses with the opportunity to advertise in individual markets on cable television networks.

For the year ended December 31, 2013, approximately 84% of Charter's revenue was generated from residential video, Internet and telephone services. Charter also generated revenue from providing video, Internet and telephone services to commercial businesses and from the sale of advertising. Revenue from residential triple play customers and Internet and video revenue from commercial customers have contributed to the majority of Charter's recent revenue growth.

Charter's history of net losses are principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that incurred on its debt, depreciation expenses resulting from Charter's capital investments in cable properties, amortization expenses related to customer relationship intangibles and non-cash taxes resulting from increases in deferred tax liabilities.

We acquired our interest in Charter on May 1, 2013. At December 31, 2013, we beneficially owned approximately 26.9 million shares of and 1.1 million warrants to purchase shares of Charter common stock. The owned shares represent an approximate 25% ownership interest in the issued and outstanding shares and a beneficial ownership interest (including warrants on an as if converted basis) of 26% as of December 31, 2013. Under our stockholders agreement with Charter, we have the right to nominate four directors to the Charter board of directors, subject to certain exclusions and requirements. We also have the right to cause one of our nominees to serve on the nominating and corporate governance, audit and compensation and benefits committees of the board, provided they meet the independence and other qualifications for membership on those committees.

Live Nation Entertainment, Inc.

Live Nation is considered the largest live entertainment company in the world and seeks to innovate and enhance the live entertainment experience for artists and fans: before, during and after the show. Live Nation has four business segments: Concerts, Ticketing, Artist Nation and Sponsorship & Advertising.

Live Nation's Business Segments

Concerts. Live Nation's Concerts segment principally involves the global promotion of live music events in their owned and/or operated venues and in rented third-party venues, the operation and management of music venues and the production of music festivals across the world. During 2012, Live Nation's Concerts business generated approximately \$4.5 billion, or 69.7%, of Live Nation's total revenue. Live Nation promoted 22,900 live music events in 2013, including artists such as P!nk, Jay-Z, Jason Aldean, Maroon 5, Beyonce, Rihanna and One Direction and through festivals such as Rock Werchter, Electric Daisy Carnival, Reading and Download. While its Concerts segment operates year-round, Live Nation experiences higher revenue during the second and third quarters due to the seasonal nature of shows at its outdoor amphitheaters and festivals, which primarily occur May through September. Revenue is generally related to the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production service expenses are included in direct operating expenses and are typically substantial in relation to the revenue.

Ticketing. Live Nation's Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a convenience charge and order processing fee for its services. Live Nation sells tickets for its events and also for third-party clients across multiple live event categories, providing ticketing services for leading arenas, stadiums, amphitheaters, music clubs, concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. Live Nation sells tickets through a combination of websites, telephone, mobile apps and ticket outlets. During the year ended December 31, 2013, Live Nation sold 71%, 5%, 14% and 10% of primary tickets through these channels, respectively. Live Nation's Ticketing segment also manages its online activities including enhancements to websites and bundling product offerings. During 2013, the Ticketing business generated approximately \$1.4 billion, or 21.7% of Live Nation's total revenue, which excludes the face value of tickets sold. Through all of its ticketing services, Live Nation sold over 149 million tickets in 2013 and sold an

additional 100 million tickets through venue clients' box offices. Live Nation's ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon event scheduling by its clients.

Artist Nation. Live Nation's Artist Nation segment primarily provides management services to music artists in exchange for a commission on the earnings of these artists. The Artist Nation segment also sells merchandise associated with musical artists at live performances, to retailers and directly to consumers via the Internet and also provides other services to artists. During 2013, the Artist Nation business generated approximately \$353 million, or 5.4%, of Live Nation's total revenue. Revenue earned from the Artist Nation segment is impacted to a large degree by the touring schedules of the artists Live Nation represents.

Sponsorship & Advertising. Live Nation's Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors, through a combination of strategic, international, national and local opportunities for businesses to reach customers through its concert, venue, artist relationship and ticketing assets, including advertising on Live Nation websites. Live Nation works with its corporate clients to help create marketing programs that promote their brand and/or product. During 2013, the Sponsorship & Advertising business generated approximately \$285 million, or 4.4%, of Live Nation's total revenue.

Terms of Live Nation Investment

At December 31, 2013, we beneficially owned approximately 52.1 million shares of Live Nation common stock, which represented approximately 26% of the issued and outstanding shares as of December 31, 2013.

Under our stockholders agreement with Live Nation, we have the right to nominate two directors (one of whom must qualify as an independent director) to the Live Nation board of directors, currently comprised of 12 directors, for so long as our ownership interest provides us with not less than 5% of the total voting power of Live Nation's equity securities. We also have the right to cause one of our nominees to serve on the audit committee and the compensation committee of the board, provided they meet the independence and other qualifications for membership on those committees.

We have agreed under the stockholders agreement not to acquire beneficial ownership of Live Nation equity securities that would result in our having in excess of 35% of the voting power of Live Nation's equity securities. That percentage is subject to decrease for specified transfers of our Live Nation stock. We have been exempted from the restrictions on business combinations set forth in Section 203 of the DGCL, and Live Nation has agreed in the stockholders agreement not to take certain actions that would materially and adversely affect our ability to acquire Live Nation securities up to the voting percentage referred to above.

Other Minority Investments

We also own a portfolio of minority equity investments in publicly traded media companies, including Barnes & Noble, Inc. (NYSE: BKS), Crown Media Holdings, Inc. (Nasdaq: CRWN), Time Warner Cable Inc. (NYSE: TWC), Time Warner Inc. (NYSE: TWX) and Viacom Inc. (Nasdaq: VIA). These are assets that were acquired mostly in tax-efficient transactions and are currently held as non-core assets. In the past we have entered into swaps, exchangeable debentures, and other derivatives to monetize these investments and mitigate balance sheet risk. We intend to continue to monetize these investments, which may include further derivative and structured transactions as well as public and private sales.

Regulatory Matters

Satellite Digital Audio Radio Services

As operators of a privately owned satellite system, SIRIUS XM is regulated by the FCC under the Communications Act of 1934, principally with respect to:

- The licensing of its satellite systems;
- Preventing interference with or to other uses of radio frequencies; and
- Compliance with FCC rules established specifically for U.S. satellites and satellite radio services.

Any assignment or transfer of control of SIRIUS XM's FCC licenses must be approved by the FCC. The FCC's order approving the merger of SIRIUS XM's wholly-owned subsidiary, Vernon Merger Corporation, with and into its wholly-owned subsidiary,

XM Satellite Radio Holdings Inc., in July 2008 requires SIRIUS XM to comply with certain voluntary commitments it made as part of the FCC merger proceeding. SIRIUS XM believes it complies with those commitments.

In 1997, SIRIUS XM was the winning bidder for FCC licenses to operate a satellite digital audio radio service and provide other ancillary services. SIRIUS XM's FCC licenses for its Sirius system satellites expire in 2017. SIRIUS XM's FCC licenses for its XM satellites expire in 2014, 2018 and 2021. SIRIUS XM anticipates that, absent significant misconduct on its part, the FCC will renew its licenses to permit operation of its satellites for their useful lives, and grant a license for any replacement satellites.

In some areas with high concentrations of tall buildings, such as urban centers, signals from SIRIUS XM's satellites may be blocked and reception can be adversely affected. In many of these areas, SIRIUS XM has installed terrestrial repeaters to supplement its satellite signal coverage. The FCC has established rules governing terrestrial repeaters and has granted SIRIUS XM a license to operate its repeater network.

SIRIUS XM designs, establishes specifications for, sources or specifies parts and components for, manages various aspects of the logistics and production of, and, in most cases, obtains FCC certifications for, satellite radios, including satellite radios that include FM modulators. SIRIUS XM believes its radios that are in production comply with all applicable FCC rules.

SIRIUS XM is required to obtain export licenses from the United States government to export certain ground control equipment, satellite communications/control services and technical data related to its satellites and the operations thereof. The delivery of such equipment, services and technical data to destinations outside the United States and to foreign persons is subject to strict export control and prior approval requirements from the United States government (including prohibitions on the sharing of certain satellite-related goods and services with China). Changes in law or regulations relating to communications policy or to matters affecting SIRIUS XM's services could adversely affect its ability to retain its FCC licenses or the manner in which SIRIUS XM operates.

Internet Services

To the extent that the businesses in which we have interests engage in the provision of goods and services over the Internet, they must comply with federal and state laws and regulations applicable to online communications and commerce. Our businesses are subject to laws governing the collection, use, retention, security and transfer of personally identifiable information about their users. In particular, the collection and use of personal information by companies have received increased regulatory scrutiny on a global basis. For example, the Children's Online Privacy Protection Act ("COPPA") prohibits web sites from collecting personally identifiable information online from children under age 13 without parental consent and imposes a number of operational requirements. In 2012, the Federal Trade Commission ("FTC") adopted revised COPPA regulations amending certain definitions and modifying certain operational requirements regarding notice and parental consent, among other matters. Certain email activities are subject to the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, commonly known as the CAN-SPAM Act. The CAN-SPAM Act regulates the sending of unsolicited commercial email by requiring the email sender, among other things, to comply with specific disclosure requirements and to provide an "opt-out" mechanism for recipients. Both of these laws include statutory penalties for non-compliance. Various states also have adopted laws regulating certain aspects of Internet communications. In 2007, Congress enacted legislation extending the moratorium on state and local taxes on Internet access and commerce until 2014. Legislative proposals that would extend the moratorium on state and local taxes on Internet access and commerce are pending in Congress, while other proposed legislation would permit the imposition of such taxes on Internet access and commerce.

In the ordinary course of business, our businesses collect and store the personal information of our customers and employees. The secure processing and continued availability of this information is critical to the operation of our businesses and our businesses are subject to many (often conflicting) laws governing the collection, use, retention, security and transfer of personally-identifiable information. In particular, the collection, disclosure and use of personal information by companies has received increased regulatory scrutiny on a global basis. The enactment, interpretation and application of user data protection laws are in a state of flux, and the interpretation and application of such laws may vary from country to country. Complying with different national and state privacy requirements may cause our businesses to incur substantial costs. In addition, any unauthorized use or disclosure of personal information collected by our businesses, which may be unavoidable, may subject our businesses to risk of substantial government fines or liability to our customers, financial institutions or other third parties. Data collection, privacy and security are growing

public concerns. If consumers were to decrease their use of our businesses' websites to purchase products and services, or if new regulations limited the ability of our business to market their products or services, such businesses could be harmed.

Other Internet-related laws and regulations enacted in the future may cover issues such as defamatory speech, copyright infringement, pricing and characteristics and quality of products and services. The future adoption of such laws or regulations may slow the growth of commercial online services and the Internet, which could in turn cause a decline in the demand for the services and products of the Internet companies in which we have interests and increase such companies' costs of doing business or otherwise have an adverse effect on their businesses, operating results and financial conditions. Moreover, the applicability to commercial online services and the Internet of existing laws governing issues such as property ownership, libel, personal privacy and taxation is uncertain and could expose these companies to substantial liability.

Cable Operators

We also have ownership interests in cable operators, such as Charter and Time Warner Cable Inc., which are extensively regulated. For example, Charter and Time Warner Cable are subject not only to federal regulation but also to regulation in varying degrees, depending on the jurisdiction, by state and local regulatory authorities. At the federal level, FCC regulations restrict the prices that cable operators may charge for the "basic service" tier of programming, except in those communities subject to effective competition as determined by the FCC. The Cable Television Consumer Protection and Competition Act of 1992 ("1992 Cable Act") granted broadcasters a choice of retransmission consent or "must carry" rights, and the rules adopted by the FCC generally provide for mandatory carriage by cable systems of all local full-power commercial television broadcast signals selecting "must carry" status and, depending on a cable system's channel capacity, non-commercial television broadcast signals. The Cable Communications Policy Act of 1984 requires cable television systems with 36 or more "activated" channels to reserve a percentage of such channels for commercial use by unaffiliated third parties and permit franchise authorities to require cable systems to provide channel capacity, equipment and facilities for public, educational and government access channels. The 1992 Cable Act and implementing regulations prohibit a cable operator that has an attributable interest in a satellite programmer from improperly influencing the terms and conditions of sale to unaffiliated multichannel video programming distributors, and prohibit cable operators from requiring a financial interest in a programming service as a condition to carriage, coercing exclusive rights in a programming service or favoring affiliated programmers so as to restrain unreasonably the ability of unaffiliated programmers to compete. Local franchise authority requirements vary significantly between jurisdictions. Cable franchises generally contain provisions governing, among other matters, cable operations, franchise fees, system construction, maintenance, technical performance, customer service standards, and changes in the ownership of the franchisee.

Proposed Changes in Regulation

The regulation of cable, telephone, Internet and satellite-based services is subject to the political process and has been in constant flux over the past decade. Further material changes in the law and regulatory requirements must be anticipated and there can be no assurance that our business will not be adversely affected by future legislation, new regulation or deregulation.

Competition

SIRIUS XM faces significant competition for both listeners and advertisers. Unlike satellite radio, traditional AM/FM radio has had a well-established demand for its services and generally offers free broadcasts paid for by commercial advertising rather than by a subscription fee. In addition, many radio stations have begun broadcasting high definition digital signals, which have sound quality similar to SIRIUS XM signals, and have reduced the number of commercials, expanded the range of music played and experimented with new formats in order to lure customers away from satellite radio. Major media companies and online-only providers, including Apple, Google, Clear Channel, CBS and Pandora, also make high fidelity digital streams available through the Internet for free or, in some cases, for a fraction of the cost of a satellite radio subscription. Internet-enabled smartphones, most of which have the capability of interfacing with vehicles, can play recorded or cached content and access Internet radio via dedicated applications (such as Pandora, last.FM, Slacker, iheartradio and Stitcher) or browsers, often for free, and offer music and talk content. Certain of these applications also include advanced functionality, such as personalization, and allow the user to access large libraries of content and podcasts on demand. SIRIUS XM expects that improvements from higher bandwidths, wider programming selection and advancements in functionality are likely to increase competition from Internet radio and smartphone applications, particularly in vehicles. In addition, SIRIUS XM faces competition as a result of the deployment or planned deployment by nearly all automakers of integrated multimedia systems in dashboards. These systems can combine control of audio entertainment

from a variety of sources, including AM/FM/HD radio broadcasts, satellite radio, Internet radio, smartphone applications and stored audio, with navigation and other advanced applications such as restaurant bookings, movie show times and financial information. SIRIUS XM also faces competition from a number of providers that offer specialized audio services through either direct broadcast satellite or cable audio systems and that are targeted to fixed locations, mostly in-home. The radio service offered by direct broadcast satellite and cable audio is often included as part of a package of digital services with video service, and video customers generally do not pay an additional monthly fee for the audio service. In addition, the audio entertainment marketplace continues to evolve rapidly, with a steady emergence of new media platforms and portable devices that compete with SIRIUS XM's services now or that could compete with its services in the future. The in-dash navigation market is also being threatened by increasingly capable smartphones that provide advanced navigation functionality, including live traffic.

ANLBC faces competition from many alternative forms of leisure entertainment. During the baseball season, ANLBC competes with other sporting and live events for game day attendance, which is integral to ANLBC's ticket, concession and souvenir sales revenue. The broadcasting of ANLBC's games, which is another significant source of revenue for ANLBC, competes against a multitude of other media options for viewers, including premium programming, home video, pay-per-view services, online activities, movies and other forms of news and information. In addition, ANLBC competes with the other Major League Baseball teams for a limited pool of player talent. Player talent contributes to ANLBC's winning record and league standings, which are critical components of ANLBC's competitiveness.

TruePosition faces competition from Commscope and smaller providers, which provide similar location-based product and services to TruePosition. More cell phones are being equipped with GPS chips which eventually could make the TruePosition product and service less relevant, although TruePosition's products work in areas where GPS is not currently available due to lack of connection to satellites.

Charter faces competition for both residential and commercial customers in the areas of price, service offerings, and service reliability. With respect to its residential business, Charter competes with other providers of video, high-speed Internet access, telephone services, and other sources of home entertainment. With respect to its commercial business, Charter competes with other providers of video, high-speed Internet access and related value-added services, fiber solutions, business telephony, and Ethernet services. In the broadband communications industry, Charter's principal competitors for video services are direct broadcast satellite ("DBS") and telephone companies that offer video services. Charter's principal competitors for high-speed Internet services are the broadband services provided by telephone companies, including both traditional DSL, fiber-to-the-node, and fiber-to-the-home offerings. Charter's principal competitors for telephone services are established telephone companies, other telephone service providers, and other carriers, including VoIP providers. At this time, Charter does not consider other cable operators to be significant competitors in the overall market, as overbuilds are infrequent and geographically spotty (although in any particular market, a cable operator overbuilder would likely be a significant competitor at the local level). Charter could, however, face additional competition from multi-channel video providers if they began distributing video over the Internet to customers residing outside their current territories.

Live Nation faces competition in the live music industry, in attracting touring artists to the venues it owns and operates, from ticketing services primarily through online channels but also through phone, outlet and box office channels, and in its artist management and sponsorships businesses. Competition in the live entertainment industry is intense. Live Nation believes that it competes primarily on the basis of its ability to deliver quality music products, sell tickets and provide enhanced fan and artist experiences. It believes that its primary strengths include the quality of service delivered to its artists, fans and corporate sponsors, its track record in promoting and producing live music events and tours both domestically and internationally, artist relationships, ticketing software and services, distribution platform (venues), the scope and effectiveness in its expertise of marketing and sponsorship programs and its financial stability.

Employees

As of December 31, 2013, we had 79 corporate employees, and our consolidated subsidiaries had an aggregate of approximately 3,814 full and part-time employees. We believe that our employee relations are good.

(d) Financial Information About Geographic Areas

We do principally all our business domestically, so a discussion regarding financial information about geographic areas is not considered necessary.

(e) Available Information

All of our filings with the Securities and Exchange Commission (the "SEC"), including our Form 10-Ks, Form 10-Qs and Form 8-Ks, as well as amendments to such filings are available on our Internet website free of charge generally within 24 hours after we file such material with the SEC. Our website address is www.libertymedia.com.

Our corporate governance guidelines, code of business conduct and ethics, compensation committee charter, nominating and corporate governance committee charter, and audit committee charter are available on our website. In addition, we will provide a copy of any of these documents, free of charge, to any shareholder who calls or submits a request in writing to Investor Relations, Liberty Media Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (877) 772-1518.

The information contained on our website is not incorporated by reference herein.

Item 1A. Risk Factors

The risks described below and elsewhere in this annual report are not the only ones that relate to our businesses or our capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected.

Risk Factors Relating to our Businesses

Our historical consolidated financial information is not necessarily representative of our future financial position, future results of operations or future cash flows nor does it reflect what our financial position, results of operations or cash flows would have been as a stand-alone company during the periods presented.

On January 11, 2013, we were spun-off from Starz (prior to the Spin-Off, "Old LMC"). Prior to that time, we were a wholly owned subsidiary of Old LMC along with Starz LLC and its subsidiaries. As a result of the Spin-Off, our assets and those of Starz LLC were separated, we were renamed Liberty Media Corporation and Old LMC (the spinor) was renamed Starz. Notwithstanding the legal form of the Spin-Off, in accordance with GAAP we are considered the divesting entity and treated as the "accounting successor" to Old LMC for financial reporting purposes. This is due, among other reasons, to the relative significance of our company to Old LMC (the legal spinor) and the continued involvement of Old LMC's senior management with our company (rather than Starz) following the Spin-Off. Therefore, the historical financial statements of Old LMC (renamed Starz) continue to be our historical financial statements, and reflect Starz LLC and its subsidiaries as discontinued operations in our consolidated financial statements. Prior to the Spin-Off, a significant percentage of the revenue of Old LMC, and a majority of its available cash flow, was generated by Starz LLC and its subsidiaries.

In addition, prior to September 2011, the assets, liabilities and businesses of Old LMC were part of Liberty Interactive Corporation. Old LMC was split-off from Liberty Interactive in the third quarter of 2011. Hence, portions of our company's historical financial information were also extracted from Liberty Interactive's consolidated financial statements for the relevant periods prior to the Split-Off.

On January 18, 2013, we acquired a controlling interest in SIRIUS XM. Thus, beginning in the first quarter of 2013, our consolidated financial statements reflect SIRIUS XM as a consolidated subsidiary. Previously, we reflected our investment in SIRIUS XM as an equity method affiliate. In May 2013, we completed a transaction with certain investment funds to acquire approximately 26.9 million shares of common stock and approximately 1.1 million warrants in Charter, which represented an approximate 27% beneficial ownership in Charter at the time of purchase. Our consolidated financial statements for the period ended June 30, 2013 reflect Charter as an equity method affiliate.

As a result of the Spin-Off and the Split-Off, our consolidation of SIRIUS XM and our transaction relating to Charter, our historical financial information as presented may not necessarily reflect what our results of operations, financial condition and cash flows would have been had we existed as a separate, stand-alone entity pursuing independent strategies during the periods presented.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms. For the years ended December 31, 2011 and December 31, 2012, a significant portion of Liberty's reported total revenue had been generated by the businesses of Starz, LLC. Prior to the Split-Off, Starz, LLC was the second-largest generator of cash flow for Liberty's former parent company, Liberty Interactive (the largest generator being QVC, Inc., which is currently a subsidiary of Liberty Interactive). In connection with the Spin-Off, Starz, LLC distributed approximately \$1.8 billion in cash to Liberty, of which \$600 million was distributed in the third and fourth quarters of 2012. As a result of the Spin-Off, Liberty no longer has access to the cash flow generated by Starz, LLC. Furthermore, due to the size and nature of our consolidated subsidiaries at December 31, 2013, ANLBC and TruePosition, together with their assets and operating cash flow, would be insufficient to support any significant financing in the future. In addition, although we began consolidating SIRIUS XM in the first quarter of 2013, we do not have access to the cash flow of SIRIUS XM. Hence, our ability to obtain significant financing in the future, on favorable terms or at all, may be limited. If debt financing is not available to us in the future, we may obtain liquidity through the sale or monetization of our

available for sale securities, or we may issue equity securities. If additional funds are raised through the issuance of equity securities, our stockholders may experience significant dilution. If we are unable to obtain sufficient liquidity in the future, we may be unable to develop our businesses properly, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to significant tax liabilities related to the Spin-Off. In connection with the Spin-Off, we and Starz entered into a tax sharing agreement, pursuant to which (i) we are required to indemnify Starz (subject to certain limited exceptions) for taxes and losses resulting from the failure of the Spin-Off to qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, and (ii) Starz is required to indemnify our company, for any such taxes or losses that result primarily from the breach of certain covenants made by Starz (applicable to actions or failures to act by Starz and its subsidiaries following the completion of the Spin-Off) or that result from Section 355(e) of the Code applying to the Spin-Off as a result of the Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Starz (or any successor). Our indemnification obligations to Starz are not limited in amount or subject to any cap, and, to the extent we are entitled to indemnification from Starz, we are subject to the risk of non-payment by Starz of its indemnification obligations. If we are required to indemnify Starz under the circumstances set forth in the tax sharing agreement, or if Starz does not fulfill any tax or indemnification obligations relating to the Spin-Off for which it is responsible under the tax sharing agreement, we may be subject to substantial liabilities, which could materially adversely affect our financial position.

Rapid technological advances could render the products and services offered by our subsidiaries and business affiliates obsolete or non-competitive. Our subsidiaries and business affiliates, including, for example, SIRIUS XM, Charter, TruePosition and Live Nation must stay abreast of rapidly evolving technological developments and offerings to remain competitive and increase the utility of their products and services. These subsidiaries and business affiliates must be able to incorporate new technologies into their products and services in order to address the needs of their customers. There can be no assurance that they will be able to compete with advancing technology, and any failure to do so could result in customers seeking alternative service providers thereby adversely impacting our revenue, operating income and net income.

The business of SIRIUS XM depends in significant part on the operation of its satellites. As a satellite radio broadcaster, SIRIUS XM's business depends on the lives and proper operation of its satellites. The lives of SIRIUS XM's satellites will vary and depend on a number of factors, including degradation and durability of solar panels, quality of construction, random failure of satellite components (which could result in significant damage to or loss of a satellite), the amount of fuel the satellite consumes and damage or destruction by electrostatic storms, collisions with other objects in space or other events (such as nuclear detonations) occurring in space. In the ordinary course of operation, satellites experience failures of component parts and operational and performance anomalies. Components on SIRIUS XM's in-orbit satellites have failed, and from time to time SIRIUS XM has experienced anomalies in the operation and performance of these satellites. These failures and anomalies are expected to continue in the ordinary course, and SIRIUS XM cannot predict if any of these possible future events will have a material adverse effect on its operations or the life of its existing in-orbit satellites. Any material failure of its satellites could cause SIRIUS XM to lose customers and could materially harm SIRIUS XM's reputation and operating results. SIRIUS XM maintains in-orbit insurance policies covering only three of its satellites (its XM-5, FM-5 and FM-6 satellites).

Interruption or failure of SIRIUS XM's information technology and communications systems could negatively impact its results and brand, and therefore the value of our investment in SIRIUS XM. SIRIUS XM's business is dependent on the operation and availability of its information technology and communication systems and those of certain third party service providers. Any degradation in the quality, or any failure, of SIRIUS XM's systems (due to events such as unplanned outages, natural disasters, technical difficulties or loss of data or processing capabilities) could reduce its revenues, cause it to lose customers and damage its brand. Although SIRIUS XM has implemented practices designed to maintain the availability of its information technology systems and mitigate the harm of any unplanned interruptions, and SIRIUS XM cannot anticipate all eventualities and unplanned outages and technical difficulties are occasionally experienced. In addition, SIRIUS XM relies on internal systems and external systems maintained by manufacturers, distributors and service providers to take, fulfill and handle customer service requests and host certain online activities. Any interruption or failure of SIRIUS XM's internal or external systems could prevent SIRIUS XM from serving customers or cause data to be unintentionally disclosed.

Our subsidiaries and business affiliates are subject to risks of adverse government regulation. Providers of internet, telephone, cable and satellite service are subject to varying degrees of regulation in the United States by the Federal Communications Commission ("FCC") and other entities and in foreign countries by similar regulators. Such regulation and legislation are subject to the political process and have been in constant flux over the past decade. For example, SIRIUS XM holds various FCC licenses and authorizations to operate commercial satellite radio services in the United States, which are generally granted for a fixed term, and although SIRIUS XM expects that such licenses and authorizations will be renewed in the ordinary course upon their expiration, there can be no assurance that this will be the case. Non-compliance by SIRIUS XM with the FCC's requirements or other conditions or with other applicable FCC rules and regulations could result in fines, additional license conditions, license revocation or other detrimental FCC actions. Charter holds various cable franchises that are generally granted for fixed terms and must be periodically renewed. Franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal. In addition, each of SIRIUS XM and Charter is subject to various consumer protection laws, rules and regulations, which are extensive and have developed rapidly, particularly at the state level, and, in the case of SIRIUS XM, in certain jurisdictions, cover nearly all aspects of SIRIUS XM's marketing efforts, including the content of its advertising, the terms of consumer offers and the manner in which it communicates with existing and prospective subscribers. Material changes in the law and regulatory requirements must be anticipated, and there can be no assurance that the businesses and assets of our subsidiaries and business affiliates will not become subject to increased expenses or more stringent restrictions as a result of any future legislation, new regulation or deregulation.

The success of SIRIUS XM, Charter and Live Nation, in part, depends on audience acceptance of their programs and services, which is difficult to predict. Entertainment content production, satellite radio services, cable services and live entertainment events are inherently risky businesses because the revenue derived from these businesses depends primarily upon the public's acceptance of these programs and services, which is difficult to predict. The commercial success of a satellite radio program, cable program or live entertainment production depends upon the quality and acceptance of competing programs, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, many of which are difficult to predict. In the case of ad-supported programming and satellite radio service, audience size is an important factor when advertising rates are negotiated. Audience size is also an important factor when determining ticket pricing for live entertainment productions. Consequently, low public acceptance of the programs and services offered by SIRIUS XM, Charter and Live Nation could hurt the ability of these companies to maintain rates charged to customers, subscribers and, as applicable, advertisers.

Certain of our subsidiaries and business affiliates depend on the performance of, and their relationships, with various third parties. An important component of the success of our subsidiaries and business affiliates, including in particular our consolidated subsidiary SIRIUS XM, is the ability to maintain existing, as well as build new, relationships with third parties, such as:

- manufacturers that build and distribute satellite radios;
- companies that manufacture and sell integrated circuits for satellite radios;
- programming providers and on-air talent;
- vendors that operate call centers;
- retailers that market and sell satellite radios and promote subscriptions to our services; and
- vendors that have designed or built and vendors that support or operate other important elements of our systems.

If one or more of these third parties do not perform in a satisfactory or timely manner, our businesses could be adversely affected. In addition, a number of third parties on which these businesses depend have experienced, and may in the future experience, financial difficulties or file for bankruptcy protection. Such third parties may not be able to perform their obligations in a timely manner, if at all, as a result of their financial condition or may be relieved of their obligations to us as part of seeking bankruptcy protection. In addition, SIRIUS XM, in particular, designs, establishes specifications for and manages various aspects of the logistics and production of radios. As a result of these activities, SIRIUS XM may be exposed to liabilities associated with the design, manufacture and distribution of radios that the providers of an entertainment service would not customarily be subject to, such as liabilities for design defects, patent infringement and compliance with applicable laws, as well as the costs of returned product.

The businesses of our subsidiaries and business affiliates may be impaired by third-party intellectual property rights.

Development of the business systems of our subsidiaries and business affiliates has depended upon the intellectual property developed by them, as well as intellectual property licensed from third parties. If the intellectual property developed or used by them is not adequately protected, others will be permitted to and may duplicate portions of these systems or services without liability. In addition, others may challenge, invalidate, render unenforceable or circumvent the intellectual property rights, patents or existing licenses of our subsidiaries and business affiliates or they may face significant legal costs in connection with defending and enforcing those intellectual property rights. Some of the know-how and technology so developed, and to be developed, is not now, nor will it be, covered by U.S. patents or trade secret protections. Trade secret protection and contractual agreements may not provide adequate protection if there is any unauthorized use or disclosure. The loss of necessary technologies could require our subsidiaries and business affiliates to substitute technologies of lower quality performance standards, at greater cost or on a delayed basis, which could harm their businesses.

Other parties may have patents or pending patent applications, which will later mature into patents or inventions that may block the ability of our subsidiaries and business affiliates to operate their systems or license technologies. They may have to resort to litigation to enforce rights under license agreements or to determine the scope and validity of other parties' proprietary rights in the subject matter of those licenses. This may be expensive and they may not succeed in any such litigation.

Third parties may assert claims or bring suit against our subsidiaries and business affiliates for patent, trademark or copyright infringement, or for other infringement or misappropriation of intellectual property rights. Any such litigation could result in substantial cost, and diversion of effort and adverse findings in any proceeding could subject our subsidiaries and business affiliates to significant liabilities to third parties; require them to seek licenses from third parties; block their ability to operate their systems or license their technology; or otherwise adversely affect their ability to successfully develop and market their products and services.

The ability of SIRIUS XM to attract and retain subscribers at a profitable level in the future is uncertain. SIRIUS XM spends substantial amounts on advertising and marketing and in transactions with automakers, retailers and others to obtain and attract subscribers, and its ability to retain subscribers, or increase the number of subscribers to its service, in any given period is subject to many factors, including the price of SIRIUS XM's service, the health of the economy, the production and sale of new vehicles in the United States, the rate at which existing self-pay customers buy and sell new and used vehicles in the United States, including the extent to which existing self-pay subscribers buy and sell new and used vehicles which include an unpaid trial, SIRIUS XM's ability to convince owners and lessees of new and previously owned vehicles that include satellite radios to purchase subscriptions to its service, the effectiveness of its marketing programs, the entertainment value of its programming, and actions by its competitors, such as terrestrial and Internet radio and other audio entertainment and information providers. As part of SIRIUS XM's business, SIRIUS XM experiences, and expects to experience in the future, subscriber turnover (i.e., churn). Some elements of SIRIUS XM's business strategy may result in churn increasing. For example, its efforts to increase the penetration of satellite radios in new, lower priced vehicle lines may result in the growth of economy-minded subscribers; its work to acquire subscribers purchasing or leasing pre-owned vehicles may attract subscribers of more limited economic means; and its product and marketing efforts may attract more price sensitive subscribers. If SIRIUS XM is unable to retain current subscribers at expected rates, or the costs of retaining subscribers are higher than expected, its financial performance and operating results could be adversely affected. SIRIUS XM cannot predict how successful it will be at retaining customers who purchase or lease vehicles that include a prepaid promotional subscription to its satellite radio service. SIRIUS XM spends substantial amounts on advertising and marketing and in transactions with automakers, retailers and others to obtain and attract subscribers. Average monthly revenue per subscriber, or ARPU, is another key metric used by SIRIUS XM to analyze its business. Over the past several years, SIRIUS XM has focused substantial attention and efforts on balancing ARPU and subscriber additions. Its ability to increase or maintain ARPU over time is uncertain and depends upon various factors, including the value customers perceive in SIRIUS XM's service, SIRIUS XM's ability to add and retain compelling programming, the increasing competition SIRIUS XM experiences from terrestrial radio and other audio entertainment and information providers, and pricing and other offers SIRIUS XM may make to attract new subscribers and retain existing subscribers. If SIRIUS XM is unable to consistently attract new subscribers, and retain its current subscribers, at a sufficient level of revenues to be profitable, the value of its common stock could decline, and without sufficient cash flow it may not be able to make the required payments on its indebtedness and could ultimately default on its commitments.

The unfavorable outcome of pending or future litigation against SIRIUS XM could have a material adverse effect. SIRIUS XM is a party to several legal proceedings arising out of various aspects of SIRIUS XM's business, including patent infringement suits, class action lawsuits alleging violations of consumer protection statute suits seeking compensation for its use of sound recordings fixed prior to 1972 and actions seeking damages for purported violations of the TCPA. SIRIUS XM is defending all

claims against itself. The outcome of these proceedings may not be favorable, and an unfavorable outcome may have a material adverse effect on SIRIUS XM's business or financial results.

Our subsidiaries and business affiliates, such as SIRIUS XM and Charter, may not realize the benefits of acquisitions or other strategic initiatives. The business strategy of our subsidiaries and business affiliates, including SIRIUS XM and Charter, may include selective acquisitions or other strategic initiatives that allow them to expand their business. The success of any acquisitions, including, in the case of SIRIUS XM, the acquisition of Agero, Inc.'s connected vehicle business, depends on effective integration of acquired businesses and assets into the acquiror's operations, which is subject to risks and uncertainties, including realization of any anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention from other business concerns, and undisclosed or potential legal liabilities of acquired businesses or assets.

Continuingly weak economic conditions may reduce consumer demand for our products and services. A weak economy in the United States could adversely affect demand for our products and services. A substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. A reduction in discretionary spending could adversely affect revenue through potential downgrades by satellite and cable television subscribers and satellite radio subscribers, affecting SIRIUS XM and Charter, reduced live-entertainment expenditures, affecting Live Nation and ANLBC, and a slowdown in auto sales (which is an important source of satellite radio subscribers), affecting SIRIUS XM. Accordingly, our ability to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments remain weak or decline further. We currently are unable to predict the extent of any of these potential adverse effects.

The business of SIRIUS XM depends in large part upon the auto industry. A substantial portion of SIRIUS XM's new subscription growth has come from purchasers and lessees of new and previously owned automobiles in the United States. The sale and lease of vehicles with satellite radios is an important source of subscribers for its satellite radio service. SIRIUS XM has agreements with every major automaker to include satellite radios in new vehicles, although these agreements do not require automakers to install specific or minimum quantities of radios in any given period. Automotive production and sales are dependent on many factors, including the availability of consumer credit, general economic conditions, consumer confidence and fuel costs. To the extent vehicles sales by automakers decline or the penetration of factory-installed satellite radios in those vehicles is reduced, subscriber growth for SIRIUS XM's satellite radio services may be adversely impacted. Sales of previously owned vehicles represent an increasing source of new subscribers for SIRIUS XM. SIRIUS XM has agreements with various auto dealers and certain companies operating in the used vehicle market to provide it with data on sales of previously owned satellite radio enabled vehicles. The continuing availability of this information is important to SIRIUS XM's future growth.

The indebtedness of our subsidiaries and business affiliates, including SIRIUS XM and Charter, could adversely affect their operations and could limit their ability to react to changes in the economy or their respective industries. Our subsidiaries and business affiliates have significant indebtedness. As of December 31, 2013, SIRIUS XM had outstanding an aggregate principal amount of approximately \$3.6 billion of indebtedness and an additional \$790 million available under its senior secured revolving credit facility with a syndicate of financial institutions. Similarly, as of December 31, 2013, Charter had outstanding an aggregate principal amount of approximately \$[14.4 billion] of indebtedness. These debt levels have important consequences. Carrying significant debt loads can increase a company's vulnerability to general adverse economic and industry conditions, require it to dedicate a portion of its cash flow from operations to payments on indebtedness, reduce the availability of cash flow to fund capital expenditures, marketing and other general corporate activities, limit its ability to borrow additional funds or make capital expenditures, limit its flexibility in planning for, or reacting to, changes in its business and its industry, and may place it at a competitive disadvantage compared to other competitors. In addition, the instruments governing such indebtedness, including SIRIUS XM's indebtedness, often contain covenants that, among other things, place certain limitations on the ability to incur more debt, exceed a specified leverage ratio, pay dividends, make distributions, make investments, repurchase stock, create liens, enter into transactions with affiliates, enter into sale lease-back transactions, merge or consolidate, and transfer or sell assets. Failure to comply with such covenants could result in an event of default, which, if not cured or waived, could cause the applicable subsidiaries or business affiliates to seek the protection of the bankruptcy laws, discontinue operations or seek a purchaser for its business or assets.

We have substantial debt held above the operating subsidiary level, and we could be unable in the future to obtain cash in amounts sufficient to service that debt and our other financial obligations. As of December 31, 2013, we had \$1.9 billion principal amount of corporate-level debt outstanding. Our ability to meet our financial obligations will depend on our ability to access cash. Our sources of cash include our available cash balances, net cash from operating activities of our wholly-owned

subsidiaries, dividends and interest from our investments, monetization of our public investment portfolio and proceeds from asset sales. Further, the ability of our operating subsidiaries to pay dividends or to make other payments or advances to us depends on their individual operating results, any statutory, regulatory or contractual restrictions to which they may be or may become subject and the terms of their own indebtedness, including SIRIUS XM's senior notes and credit facility. The agreements governing such indebtedness restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders, non-wholly owned subsidiaries or our partners. We generally do not receive cash, in the form of dividends, loans, advances or otherwise, from our business affiliates.

Royalties for music rights, which are paid by SIRIUS XM, and programming costs, which are paid by Charter, have increased and there can be no assurance that they will not continue to increase in the future. SIRIUS XM must maintain music programming royalty arrangements with, and pay license fees to BMI, ASCAP and SESAC. These organizations negotiate with copyright users, collect royalties and distribute them to songwriters and music publishers. SIRIUS XM has agreements with ASCAP, BMI and SESAC through 2016. There can be no assurance that the royalties SIRIUS XM pays to ASCAP, SESAC, BMI and other songwriters and music publishers will not increase upon expiration of these arrangements. Under the Digital Performance Right in Sound Recordings Act of 1995 and the Digital Millennium Copyright Act of 1998, SIRIUS XM also must pay royalties to copyright owners of sound recordings. Those royalty rates may be established through negotiation or, if negotiation is unsuccessful, by the Copyright Royalty Board ("CRB"). Owners of copyrights in sound recordings have created SoundExchange, a collective organization to collect and distribute royalties. SoundExchange is exempt by statute from certain U.S. antitrust laws and exercises significant market power in the licensing of sound recordings. Under the terms of the CRB's decision governing sound recording royalties for the five-year period ending on December 31, 2017, SIRIUS XM will pay a royalty based on gross revenues, subject to certain exclusions, of 9.5% for 2014, 10.0% for 2015, 10.5% for 2016, and 11% for 2017.

Programming has been, and is expected to continue to be, Charter's largest operating expense item. In recent years, the cable industry has experienced a rapid escalation in the cost of programming. Charter expects programming costs to continue to increase because of a variety of factors including amounts paid for retransmission consent, annual increases imposed by programmers with additional selling power as a result of media consolidation and the acquisition of new programming, including new sports services and programming for on-line and OnDemand platforms.

Our subsidiaries and business affiliates, in particular SIRIUS XM and Charter, face substantial competition, which may increase over time. SIRIUS XM faces substantial competition from other providers of music and talk radio and other audio services and its ability to retain and attract customers is based on its successful programming. SIRIUS XM's subscribers can obtain similar content through terrestrial radio or Internet radio services, and a number of automakers and aftermarket manufacturers have introduced factory-installed radios capable of accessing internet-delivered auto entertainment and connecting to Internet-delivered content on smartphones. Such competition could lower subscription, advertising or other revenue or increase expenses related to marketing, promotion or other expenses, which would lower SIRIUS XM's earnings and free cash flow.

Charter faces competition for both residential and commercial customers in the areas of price, service offerings, and service reliability. Charter's principal competitors for video services are direct broadcast satellite, including DirecTV and DISH Network, and telephone companies that offer video and other services, including AT&T and Verizon. With respect to its Internet access services, Charter faces competition, including intensive marketing efforts and aggressive pricing, from telephone companies, primarily AT&T, Century Link and Verizon, and other providers of DSL, fiber-to-the-node and fiber-to-the-home services. Charter could face additional competition from multi-channel video providers if they began distributing video over the Internet to customers residing outside their current territories. Charter's telephone service competes directly with incumbent telephone companies and other carriers, including Internet-based VoIP providers, for both residential and commercial voice service customers.

The success of SIRIUS XM, Charter and Live Nation, in part, depends on the integrity of their systems and infrastructures and the protection of consumer data. The businesses of SIRIUS XM, Charter and Live Nation involve the receipt and storage of personal information about consumers. While the receipt and storage of such information is subject to regulation by international, federal and state law, and although SIRIUS XM, Charter and Live Nation may take steps to protect personal information, these companies could experience a data security breach, which could result in a disruption of operations and potential violations of applicable privacy laws and other laws or standards which could result in fines, penalties and/or the loss of consumer trust.

We do not have the right to manage our business affiliates, which means we are not able to cause those affiliates to operate in a manner that is favorable to us We do not have the right to manage the businesses or affairs of any of our business affiliates (those companies in which we have less than a majority voting stake), including Charter and Live Nation. Rather, our rights take the form of representation on the board of directors and, in some cases, board committees that supervise management and possession of veto rights over certain significant or extraordinary actions. The scope of our veto rights varies from company to company. Although our board representation and veto rights may enable us to exercise influence over the management or policies of a business affiliate, enable us to prevent the sale of material assets by a business affiliate or prevent a business affiliate from paying dividends or making distributions to its stockholders or partners, they will not enable us to cause these actions to be taken.

Our equity method investments may have a material impact on our net earnings. We have investments in Charter, Live Nation and other business affiliates, which we account for under the equity method of accounting. At December 31, 2013, Charter and Live Nation were treated as equity affiliates. Under the equity method, we report our proportionate share of the net earnings or losses of our equity affiliates in our statement of operations under "share of earnings (losses) of affiliates," which contributes to our earnings (loss) from continuing operations before income taxes. If the earnings or losses of our equity affiliates is material in any year, those earnings or losses may have a material effect on our net earnings. Notwithstanding the impact on our net earnings, we do not have the ability to cause our equity affiliates to pay dividends or make other payments or advances to their stockholders, including us. In addition, our investments in Charter and Live Nation are in publicly traded securities which are not reflected at fair value on our balance sheet and are also subject to market risk that is not directly reflected in our statement of operations.

The liquidity and value of our public investments may be affected by market conditions beyond our control that could cause us to record losses for declines in their market value. Included among our assets are equity interests in one or more publicly-traded companies that are not consolidated subsidiaries or equity affiliates, such as Barnes & Noble Inc., Time Warner Inc., Time Warner Cable Inc. and Viacom, Inc. As of December 31, 2013, the market value of these investments totaled \$1.2 billion. The value of these interests may be affected by economic and market conditions that are beyond our control and changes in the value of these investments may affect our financial results. In addition, our ability to liquidate these interests without adversely affecting their aggregate value may be limited.

No assurance can be made that we will be successful in integrating any acquired businesses. Our businesses and those of our subsidiaries may grow through acquisitions in selected markets. Integration of new businesses may present significant challenges, including: realizing economies of scale; eliminating duplicative overhead; and integrating networks, financial systems and operational systems. No assurance can be made that, with respect to any acquisition, we will realize anticipated benefits or successfully integrate any acquired business with our existing operations. In addition, while we intend to implement appropriate controls and procedures as we integrate acquired companies, we may not be able to certify as to the effectiveness of these companies' disclosure controls and procedures or internal control over financial reporting (as required by U.S. federal securities laws and regulations) until we have fully integrated them.

Risk Factors Relating to Ownership of Our Common Stock

Transactions in our common stock by our insiders could depress the market price of our common stock. Sales of or hedging transactions, such as collars, in our shares by our Chairman of the Board or any of our other directors or executive officers could cause a perception in the marketplace that our stock price has peaked or that adverse events or trends have occurred or may be occurring at our company. This perception could result notwithstanding any personal financial motivation for these insider transactions. As a result, insider transactions could depress the market price for shares of one or more series of our common stock.

Our company has overlapping directors and management with Liberty Interactive and our President is Chairman of the Board of Starz, which may lead to conflicting interests. As a result of the Spin-Off and the Split-Off, most of the executive officers of Liberty also serve as executive officers of Liberty Interactive, and there is significant board overlap between our company and Liberty Interactive. Following the Spin-Off, John C. Malone is the Chairman of the Board of our company and Liberty Interactive. Gregory B. Maffei is the Chief Executive Officer of our company and Liberty Interactive and serves on the boards of directors of each of our company, Liberty Interactive and Starz, where he serves as the Chairman of the Board of Starz. None of Liberty, Starz or Liberty Interactive has any ownership interest in any of the others. Our executive officers and members of our company's board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at Liberty Interactive or Starz have fiduciary duties to that company's stockholders. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies

to which they owe fiduciary duties. For example, there may be the potential for a conflict of interest when Liberty or Liberty Interactive looks at acquisitions and other corporate opportunities that may be suitable for each of them. Moreover, most of our company's directors and officers continue to own Starz and Liberty Interactive stock and options to purchase Starz stock and Liberty Interactive stock. These ownership interests could create, or appear to create, potential conflicts of interest when the applicable individuals are faced with decisions that could have different implications for our company, Starz and/or Liberty Interactive. Any potential conflict that qualifies as a "related party transaction" (as defined in Item 404 of Regulation S-K under the Securities Act of 1933, as amended) is subject to review by an independent committee of the applicable issuer's board of directors in accordance with its corporate governance guidelines. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each issuer. From time to time, we may enter into transactions with Liberty Interactive or Starz and/or their subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our company, Starz, Liberty Interactive or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

Holders of a single series of our common stock may not have any remedies if an action by our directors has an adverse effect on only that series of our common stock.

Principles of Delaware law and the provisions of our certificate of incorporation may protect decisions of our board of directors that have a disparate impact upon holders of any single series of our common stock. Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of our stockholders, including the holders of all series of our common stock. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all common stockholders regardless of class or series and does not have separate or additional duties to any group of stockholders. As a result, in some circumstances, our directors may be required to make a decision that is viewed as adverse to the holders of one series of our common stock. Under the principles of Delaware law and the business judgment rule, holders may not be able to successfully challenge decisions that they believe have a disparate impact upon the holders of one series of our stock if our board of directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the board is acting in the best interest of all of our stockholders.

It may be difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders. Certain provisions of our restated charter and bylaws may discourage, delay or prevent a change in control of our company that a stockholder may consider favorable. These provisions include:

- authorizing a capital structure with multiple series of common stock, a Series B common stock that entitles the holders to ten votes per share, a Series A common stock that entitles the holder to one vote per share, and a Series C common stock that, except as otherwise required by applicable law, entitles the holder to no voting rights;
- classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring stockholder approval by holders of at least 66² / 3 % of our aggregate voting power or the approval by at least 75% of our board of directors with respect to certain extraordinary matters, such as a merger or consolidation of our company, a sale of all or substantially all of our assets or an amendment to our restated charter; and
- the existence of authorized and unissued stock, including "blank check" preferred stock, which could be issued by our board of directors to persons friendly to our then current management, thereby protecting the continuity

of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of our company.

In addition, our chairman, John C. Malone, beneficially owns shares representing the power to direct approximately 47% of the aggregate voting power in our company, due to his beneficial ownership of approximately 96% of the outstanding shares of Liberty Series B common stock as of January 31, 2014.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties.

We own our corporate headquarters in Englewood, Colorado.

SIRIUS XM owns office, production, data center, and engineering facilities in Washington D.C. and New Jersey. Additionally, SIRIUS XM leases property for its headquarters in New York and leases additional properties in New York, New Jersey, Florida, Michigan, Tennessee, Georgia, and California for its office, production, technical, studio and engineering facilities. SIRIUS XM also leases properties in Panama and Ecuador that are used as earth stations to command and control satellites. In addition, SIRIUS XM leases or licenses space at approximately 650 locations for use in connection with the terrestrial repeater networks that support its satellite radio services. In general, these leases and licenses are for space on building rooftops and communications towers. none of which are individually material to the business or its operations.

Our other subsidiaries and business affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space, transponder space, telecommunications distribution equipment, telecommunications switches and customer equipment . Our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

Item 3. Legal Proceedings

In re SIRIUS XM Shareholder Litigation, Consol. C.A. No. 7800-CS (Del. Ch.). On August 21, 2012, plaintiff City of Miami Police Relief and Pension Fund (the "Fund") filed a complaint in the Court of Chancery of the State of Delaware against Liberty, SIRIUS XM, Liberty Radio LLC and certain Liberty designees on the board of directors of SIRIUS XM (David J.A. Flowers, Gregory B. Maffei, John C. Malone, Carl E. Vogel, and Vanessa A. Wittman (together, the "SIRIUS XM Designees")). On August 23, 2012, plaintiff Brian Cohen filed a complaint in the Court of Chancery of the State of Delaware against the same individuals and seeking substantially similar relief as set forth in the complaint filed by the Fund. By Order of the Court dated October 2, 2012, the two actions were consolidated under the caption In re SIRIUS XM Shareholder Litigation. Plaintiffs alleged that Liberty and the SIRIUS XM Designees breached their fiduciary duty in connection with the investment agreement entered into in 2009 relating to Liberty's original investment in SIRIUS XM and Liberty's subsequent acquisition of SIRIUS XM shares and Liberty's application to the Federal Communications Commission for consent to the transfer of de jure control of the various FCC licenses and authorizations held by SIRIUS XM or its subsidiaries. On September 27, 2013, the Court of Chancery dismissed the complaint, and the time for appeal has since expired.

Montero v. SIRIUS XM Radio Inc., Index No. 653012/2012 (N.Y. Sup. Ct. Cnty. of New York). On August 27, 2012, plaintiff Andrew Montero brought a shareholder class action on behalf of the shareholders of the common stock of SIRIUS XM against SIRIUS XM, the SIRIUS XM Designees, Liberty and Liberty Radio LLC. The action was commenced in the Supreme Court for the State of New York in New York County. Mr. Montero alleges breaches of fiduciary duty, aiding and abetting breach of fiduciary duty, and seeks a declaratory judgment, with allegations and relief sought substantially similar to those in the City of Miami litigation above. On February 20, 2014, Mr. Montero filed a notice of discontinuance, dismissing the case.

In early to mid-January 2014, a series of stockholder class actions were filed in Delaware and New York state courts against Sirius XM Holdings Inc., Liberty, Liberty Radio LLC, and certain present and former Sirius XM Holdings Inc. board members (Joan L. Amble, Anthony J. Bates, George W. Bodenheimer, David J.A. Flowers, Eddy W. Hartenstein, James P. Holden, Gregory B. Maffei, Evan D. Malone, John C. Malone, James E. Meyer, James F. Mooney, Carl E. Vogel, Vanessa A. Wittman. David Zaslav).

In Delaware, the cases are captioned: Roy v. Meyer, et al., Case No. 9248-VCN (Del. Ch.); Ebenau v. Meyer, et al., Case No. 9249-VCN (Del. Ch.); Ricciardi v. Sirius XM Holdings Inc., et al., Case No. 9253-VCN (Del. Ch.); Western Washington Laborers-Employers Pension Trust v. Sirius XM Holdings Inc., et al., Case No. 9269-VCN (Del. Ch.); and Varvolis v. Malone, et al., Case No. 9283-VCN (Del. Ch.). In New York, the cases are captioned: Freedman v. Sirius XM Holdings Inc., et al., Index No. 650038/2014 (N.Y. Sup. Ct.); Adoni v. Amble, et al., Index No. 650085/2014 (N.Y. Sup. Ct.); Goodman v. Amble, et al., Index No. 650141/2014 (N.Y. Sup. Ct.); Hartleib v. Sirius XM Holdings Inc., et al., Index No. 650158/2014 (N.Y. Sup. Ct.); Shenk v. Sirius XM Holdings Inc., et al., Index No. 650188/2014 (N.Y. Sup. Ct.); The Booth Family Trust v. Meyer, et al., Index No. 650235/2014 (N.Y. Sup. Ct.); Corso v. Sirius XM Holdings Inc., et al., Index No. 650253/2014 (N.Y. Sup. Ct.); and Sciortino v. Sirius XM Holdings Inc., et al., Index No. 650268/2014 (N.Y. Sup. Ct.). The cases involve the Proposal by Liberty to acquire the remaining shares of SIRIUS XM that it does not already own. The plaintiffs allege that in pursuing this Proposal, Liberty and the individual director defendants breached their fiduciary duties to the SIRIUS XM shareholders. Plaintiffs in certain of the actions have initiated motion practice to consolidate the cases and appoint lead counsel.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

On January 11, 2013, we completed the Spin-Off of Starz (ticker symbols LSTZA and LSTZB), which was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. Due to the relative significance of Liberty to Starz (the legal spinnor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty was treated as the "accounting successor" to Starz. Therefore, the historical financial statements of Starz continue to be the historical financial statements of Liberty, and Starz has been treated as discontinued operations in Liberty's financial statements upon completion of the Spin-Off in the first quarter of 2013.

Prior to the Spin-Off, on November 28, 2011, we completed a conversion of our Liberty Starz tracking stock (ticker symbols LSTZA and LSTZB) for Liberty Capital tracking stock which changed their ticker symbols from LCAPA and LCAPB to LMCA and LMCB, respectively. Holders of Liberty Starz tracking stock received 0.88129 of a share of the corresponding series of Liberty Capital stock for each share of Liberty Starz tracking stock, with any fractional shares paid out in cash (the "Conversion"). Our Series A and Series B Liberty Capital tracking stock have been, and prior to the Conversion, our Series A and Series B Liberty Starz tracking stock had been, outstanding since September 23, 2011 following the completion of the Split-Off (the separation of the Liberty Capital and Liberty Starz tracking stock groups from the Liberty Interactive tracking stock group).

Accordingly, from November 28, 2011 through January 11, 2013, the Liberty Capital Series A and B shares were traded under the LMCA and LMCB ticker symbols (which are now reflected under the STRZA and STRZB ticker symbols, respectively, for the respective time period). Subsequent to January 11, 2013, Starz and Liberty are separate publicly traded companies. Shares of Starz Series A and Series B stock (ticker symbols STRZA and STRZB, respectively) are traded separately from Liberty's Series A and B shares, which are traded under the LMCA and LMCB ticker symbols, respectively. Each series of our common stock is traded on the Nasdaq Global Select Market. The following table sets forth the range of high and low sales prices of shares of our common stock for the years ended December 31, 2013 and 2012.

| | Series A (LMCA) | | Series B (LMCB) | |
|--|-----------------|--------|-----------------|--------|
| | High | Low | High | Low |
| <i>2012</i> | | | | |
| First quarter* | \$ 91.64 | 77.34 | 89.17 | 77.95 |
| Second quarter* | \$ 90.56 | 79.22 | 90.08 | 80.66 |
| Third quarter* | \$ 106.15 | 88.00 | 104.51 | 88.16 |
| Fourth quarter* | \$ 116.92 | 99.27 | 116.22 | 102.92 |
| <i>2013</i> | | | | |
| January 1, 2013 - January 11, 2013* | \$ 124.34 | 116.90 | 123.97 | 118.28 |
| First quarter (after January 11, 2013) | \$ 113.56 | 105.01 | 112.21 | 106.09 |
| Second quarter | \$ 130.91 | 107.07 | 125.87 | 107.87 |
| Third quarter | \$ 150.80 | 126.37 | 150.50 | 127.33 |
| Fourth quarter | \$ 159.33 | 139.34 | 154.33 | 142.69 |

* Now reflected under the STRZA or STRZB ticker symbol, respectively, for the respective period.

Holders

As of January 31, 2014, there were approximately 1,600 and 100 record holders of our Series A and Series B common stock, respectively. The foregoing numbers of record holders do not include the number of stockholders whose shares are held nominally by banks, brokerage houses or other institutions, but include each such institution as one shareholder.

Dividends

We have not paid any cash dividends on our common stock, and we have no present intention of so doing. Payment of cash dividends, if any, in the future will be determined by our board of directors in light of our earnings, financial condition and other relevant considerations.

Securities Authorized for Issuance Under Equity Compensation Plans

Information required by this item is incorporated by reference to our definitive proxy statement for our 2014 Annual Meeting of stockholders that will be filed with the Securities and Exchange Commission on or before April 30, 2014.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

On January 11, 2013 Liberty Media Corporation announced its board of directors authorized \$450 million of repurchases of Liberty common stock from that day forward. All previous authorizations were replaced by the authorization on this date. Fourth quarter repurchases and remaining availability under the repurchase program for Liberty common stock was as follows:

| Period | Series A Common Stock | | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs |
|-----------------------|--------------------------------------|----------------------------------|--|--|
| | (a) Total Number of Shares Purchased | (b) Average Price Paid per Share | | |
| October 1 -31, 2013 | 6,289,199 (1) | NA (1) | None (1) | \$327 million (1) |
| November 1 - 30, 2013 | None | NA | None | \$327 million |
| December 1 - 31, 2013 | None | NA | None | \$327 million |
| Total | 6,289,199 | | — | |

- (1) The shares listed above were obtained by Liberty on October 3, 2013, pursuant to a transaction in which a subsidiary of Comcast, Inc. exchanged approximately 6.3 million shares of Liberty's Series A common stock for a newly created subsidiary of Liberty which held Liberty's wholly owned subsidiary Leisure Arts, Inc., approximately \$417 million in corporate cash and Liberty's rights in and to a revenue sharing agreement relating to the carriage of CNBC ("CNBC Agreement"). The shares were exchanged at the market price of the respective shares on the date of the transaction. These shares were obtained pursuant to special approval from the Company's Board of Directors and were not considered repurchases under the share repurchase program discussed above, and as a result, this transaction did not affect the remaining authorized amounts available under such program.

In addition to the shares listed in the table above, 303 shares of Series A common stock were surrendered in the fourth quarter of 2013 by certain of our employees and officers to pay withholding taxes in connection with the vesting of their restricted stock.

Item 6. Selected Financial Data.

The following tables present selected historical financial statement information relating to our financial condition and results of operations for the past five years. The following data should be read in conjunction with the accompanying consolidated financial statements.

| | December 31, | | | | |
|---|--------------|-------|-------|--------|--------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| amounts in millions | | | | | |
| <i>Summary Balance Sheet Data:</i> | | | | | |
| Cash | \$ 1,088 | 603 | 970 | 1,773 | 3,687 |
| Investments in available-for-sale securities and other cost investments | \$ 1,324 | 1,392 | 1,859 | 4,550 | 3,386 |
| Investment in affiliates, accounted for using the equity method (1) | \$ 3,299 | 3,341 | 563 | 49 | 127 |
| Assets of discontinued operations (2) | \$ — | 2,112 | 2,582 | 1,828 | 1,980 |
| Total assets | \$ 34,542 | 8,325 | 7,719 | 10,771 | 11,475 |
| Current portion of debt | \$ 777 | — | 750 | — | 1,135 |
| Long-term debt | \$ 4,778 | — | — | 2,033 | 2,386 |
| Deferred tax liabilities, noncurrent | \$ 2,312 | 817 | 376 | 1 | 728 |
| Stockholders' equity | \$ 14,081 | 6,440 | 5,259 | 5,005 | 3,309 |
| Noncontrolling interest (1) | \$ 9,801 | (8) | (10) | — | 1 |

| | Years ended December 31, | | | | |
|---|--------------------------|--------------|------------|------------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| amounts in millions, except per share amounts | | | | | |
| <i>Summary Statement of Operations Data:</i> | | | | | |
| Revenue (3) | \$ 4,002 | 368 | 1,409 | 721 | 296 |
| Operating income (loss) (3) | \$ 814 | (80) | 531 | (165) | (223) |
| Interest expense | \$ (132) | (7) | (16) | (79) | (132) |
| Share of earnings (loss) of affiliates, net | \$ (32) | 1,346 | 87 | (98) | (52) |
| Realized and unrealized gains (losses) on financial instruments, net | \$ 295 | 230 | 70 | 262 | (29) |
| Gains (losses) on dispositions, net | \$ 7,978 | 22 | 1 | 36 | 242 |
| Earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders (4) | | | | | |
| Liberty common stock | \$ 8,780 | 1,160 | 633 | 787 | 188 |
| Liberty Starz common stock | NA | NA | (39) | (18) | 5 |
| | <u>\$ 8,780</u> | <u>1,160</u> | <u>594</u> | <u>769</u> | <u>193</u> |
| Basic earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (5): | | | | | |
| Series A and Series B Liberty common stock | \$ 74.41 | 9.67 | 7.45 | 8.74 | 1.96 |
| Series A and Series B Liberty Starz common stock | NA | NA | (0.76) | (0.36) | 0.01 |
| Diluted earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (5): | | | | | |
| Series A and Series B Liberty common stock | \$ 73.17 | 9.35 | 7.19 | 8.46 | 1.94 |
| Series A and Series B Liberty Starz common stock | NA | NA | (0.77) | (0.36) | 0.01 |

- (1) As discussed in note 9 in the accompanying consolidated financial statements, during the year ended December 31, 2012, Liberty acquired an additional 312.5 million shares of SIRIUS XM in the open market for \$769 million. Additionally, Liberty settled a forward contract and purchased an additional 302.2 million shares of SIRIUS XM for \$649 million. SIRIUS XM recognized a \$3.0 billion tax benefit during the year ended December 31, 2012. SIRIUS XM recorded the tax benefit as the result of significant positive evidence that a valuation allowance was no longer necessary for its recorded deferred tax assets. The Company recognized its portion of this benefit (\$1,229 million) based on our ownership percentage at the time of the recognition of the deferred tax benefit by SIRIUS XM. On January

18, 2013, as discussed in note 4 to the accompanying consolidated financial statements, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result consolidates SIRIUS XM as of such date.

As discussed in note 9 in the accompanying consolidated financial statements, in May 2013, Liberty acquired approximately 26.9 million shares of common stock and approximately 1.1 million warrants in Charter Communications, Inc. ("Charter") for approximately \$2.6 billion, which represented an approximate 27% beneficial ownership in Charter at the time of purchase.

- (2) In January 2013, the entity then known as Liberty Media Corporation (now named Starz) spun-off (the "Spin-Off") its then-former wholly owned subsidiary, now known as Liberty Media Corporation, which, at the time of the Spin-Off, held all of the businesses, assets and liabilities of Starz not associated with Starz, LLC (with the exception of the Starz, LLC office building). The transaction was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. Due to the relative significance of Liberty to Starz (the legal spinor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty is treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Spin-Off previously described. Therefore, the historical financial statements of the company formerly known as Liberty Media Corporation continue to be the historical financial statements of Liberty, and Starz, LLC is presented as discontinued operations for all periods prior to the completion of the Spin-Off. Due to the short period between December 31, 2012 and the distribution date, Liberty did not record any results for Starz in discontinued operations for the statement of operations for the year ended December 31, 2013 due to the insignificance of such amounts for that period.
- (3) In 2011 TruePosition recognized \$1,029 million of previously deferred revenue and \$409 million of deferred costs associated with two separate contracts.
- (4) Earnings (loss) from continuing operations attributable to Liberty stockholders were allocated to the Liberty Starz Group and Liberty Capital Group for all the periods prior to the conversion of each share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of fractional shares on November 28, 2011 based on businesses and assets attributed to each respective group at the time prior to any corporate transactions between the groups.
- (5) Basic and diluted earnings per share have been calculated for Liberty Capital and Liberty Starz common stock, prior to the Split-Off date, based on the earnings attributable to the businesses and assets to the respective groups divided by the weighted average shares on an as if converted basis for the periods assuming a 1 to 1 exchange ratio for the Split-Off.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying consolidated financial statements and the notes thereto.

Explanatory Note

On January 11, 2013 Liberty Media Corporation ("Liberty" or "the Company") was spun-off, through the distribution of shares of Liberty by means of a pro-rata dividend from Starz (previously Liberty Media Corporation, formerly known as Liberty Spinco, Inc.) (the "Spin-Off"), which was previously an indirect, wholly owned subsidiary of Liberty Interactive Corporation ("Liberty Interactive," formerly known as Liberty Media Corporation). Liberty Interactive's capital structure previously utilized three tracking stocks: Liberty Interactive common stock, Liberty Starz common stock and Liberty Capital common stock. During the third quarter of 2011, Liberty Interactive completed the separation of its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group (the "Split-Off"). The Split-Off was effected by means of a redemption of all of the Liberty Capital common stock and the Liberty Starz common stock in exchange for all of the common stock of Liberty, which at the time of the Split-Off held all of the assets, liabilities and businesses attributed to Liberty Interactive's Liberty Capital and Liberty Starz tracking stock groups.

Due to the relative significance of Liberty to Starz (the legal spinor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty was treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Spin-Off previously described. Therefore, the historical financial statements of Starz will continue to be the historical financial statements of Liberty and now present Starz as discontinued operations in all periods prior to the Spin-Off. Therefore, for purposes of this Form 10-K Liberty is treated as the spinor for purposes of discussion and as a practical matter of describing all the historical information contained herein.

Overview

We own controlling and non-controlling interests in a broad range of media, communications and entertainment companies. Our most significant operating subsidiary, which is our reportable segment, is Sirius XM Holdings Inc. ("SIRIUS XM"). SIRIUS XM broadcasts its music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus new features such as Sirius XM On Demand and MySXM, over the Internet, including through applications for mobile devices.

Our "Corporate and Other" category includes our other consolidated subsidiaries, including the Atlanta National League Baseball Club, Inc. ("ANLBC") and TruePosition, Inc., and corporate expenses.

In addition to the foregoing businesses, we hold ownership interests in Charter Communications, Inc. ("Charter") and Live Nation Entertainment, Inc. ("Live Nation"), which we account for as equity method investments at December 31, 2013. We also maintain minority positions in other public companies such as Barnes & Noble, Inc., Time Warner Inc., Time Warner Cable Inc. and Viacom Corporation, which are accounted for at their respective fair market values and are included in corporate and other.

Tracking Stocks

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. On November 28, 2011, our tracking stock structure was eliminated through the conversion of each share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock (plus cash in lieu of fractional share interests) (the "Conversion"). Prior to the Conversion, Liberty had two tracking stocks—Liberty Starz common stock and Liberty Capital common stock, which were intended to track and reflect the economic performance of the Starz Group and Capital Group, respectively. While the Starz Group and the Capital Group had separate collections of businesses, assets and liabilities attributed to them, neither group was a separate legal entity and therefore neither group could own assets, issue securities or enter into legally binding agreements. Holders of our tracking stocks had no direct claim to the group's stock or assets and were not represented by separate boards of directors. Instead, holders of the tracking stocks were stockholders of the Company, with a single board of directors and subject to all of the risks and liabilities of the Company.

On February 9, 2011, Liberty Interactive's board of directors approved the change in attribution of (i) approximately \$1.138 billion principal amount of Liberty Interactive LLC's (formerly known as Liberty Media LLC) 3.125% Exchangeable Senior Debentures due 2023 (the "TWX Exchangeable Notes"), (ii) approximately 22 million shares of Time Warner Inc. common stock, approximately 5 million shares of Time Warner Cable Inc. common stock and approximately 2 million shares of AOL, Inc. common stock, which collectively represent the basket of securities into which the TWX Exchangeable Notes are exchangeable and (iii) \$263.8 million in cash from its Capital Group to its Interactive Group, effective as of the aforementioned date (the "TWX Reattribution"). The TWX Reattribution had no effect on the assets and liabilities attributed to the Starz Group, nor did it effect any change to the obligor of the TWX Exchangeable Notes, which remains Liberty Interactive LLC.

Liberty Interactive had made changes in the attribution of certain assets, liabilities and businesses between the tracking stock groups in prior periods, as discussed in previous financial statements filed with the Securities and Exchange Commission and in the Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K.

Strategies and Challenges of Business Units

SIRIUS XM. SIRIUS XM is focused on several initiatives to increase its revenue. SIRIUS XM regularly evaluates its business plans and strategy. Currently, its strategies include:

- The acquisition and pricing of unique or compelling programming;
- Increased penetration in the secondary car market;
- The introduction of new features or services;
- Significant new or enhanced distribution arrangements;
- Investments in infrastructure, such as satellites, terrestrial repeater networks, equipment or radio spectrum; and
- Acquisitions of other businesses, including acquisitions that are not directly related to its satellite radio business.

SIRIUS XM faces certain key challenges in its attempt to meet these goals, including:

- Its ability to convince owners and lessees of new and previously owned vehicles that include satellite radios to purchase subscriptions to its service;
- Potential loss of subscribers due to economic conditions and competition from other entertainment providers;
- Competition for both listeners and advertisers, including providers of radio and other audio services;
- The operational performance of its satellites;
- The effectiveness of integration of acquired businesses and assets into its operations;
- The performance of its manufacturers, programming providers, vendors, and retailers; and
- Unfavorable changes in legislation.

Results of Operations—Consolidated

General. We provide in the tables below information regarding our Consolidated Operating Results and Other Income and Expense, as well as information regarding the contribution to those items from our reportable segments. The "corporate and other" category consists of those assets or businesses which do not qualify as a separate reportable segment. For a more detailed discussion and analysis of the financial results of our principal reporting segments, see "Results of Operations—Businesses" below.

Consolidated Operating Results

| | Years ended December 31, | | |
|--------------------------------|--------------------------|-------------|--------------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Revenue | | | |
| SIRIUS XM | \$ 3,625 | NA | NA |
| Corporate and other | 377 | 368 | 1,409 |
| | <u>\$ 4,002</u> | <u>368</u> | <u>1,409</u> |
| Adjusted OIBDA | | | |
| SIRIUS XM | 1,289 | NA | NA |
| Corporate and other | 33 | 8 | 609 |
| | <u>\$ 1,322</u> | <u>8</u> | <u>609</u> |
| Operating Income (Loss) | | | |
| SIRIUS XM | 878 | NA | NA |
| Corporate and other | (64) | (80) | 531 |
| | <u>\$ 814</u> | <u>(80)</u> | <u>531</u> |

Revenue. Our consolidated revenue increased \$3,634 million and decreased \$1,041 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The current year increase was primarily due to the treatment of SIRIUS XM as a consolidated subsidiary beginning on January 18, 2013 and increased revenue at ANLBC (included in Corporate and other). For the year ended December 31, 2013, ANLBC revenue increased by \$36 million or 16% as compared to the prior year, due to a one time recognition of revenue from a settlement of outstanding broadcast rights issues, slightly greater fan attendance and slightly higher average prices per ticket and concession spend per turnstile. The decrease in the prior year was primarily due to a decrease in revenue at TruePosition (included in Corporate and other) which had a one-time recognition of deferred revenue from two separate contracts which aggregated \$1,029 million in 2011. TruePosition recognized \$409 million in aggregate deferred costs associated with these contracts in 2011. These one-time accounting anomalies explain the 2012 decreases in TruePosition's Adjusted OIBDA and Operating Income. The decrease in revenue caused by TruePosition during 2012 was slightly offset by an increase in ANLBC revenue of \$17 million or 8% as compared to the prior year, due to slightly greater fan attendance and slightly higher average prices per ticket. See Results of Operations—Businesses below for a more complete discussion of the results of operations of SIRIUS XM.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative ("SG&A") expenses (excluding stock compensation). Our chief operating decision maker and management team use this measure of performance in conjunction with other measures to evaluate our businesses and make decisions about allocating resources among our businesses. We believe this is an important indicator of the operational strength and performance of our businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes such costs as depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. See note 18 to the accompanying consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes.

Consolidated Adjusted OIBDA increased \$1,314 million and decreased \$601 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increase in the current year was primarily driven by the treatment of SIRIUS XM as a consolidated subsidiary beginning on January 18, 2013 and an improvement in Adjusted OIBDA for ANLBC. ANLBC's adjusted OIBDA increased \$20 million during 2013 due to the increase in revenue, offset by an increase in player salaries during the current year. The decrease in the prior year was primarily due to the one-time recognition of deferred revenues and costs at TruePosition, discussed above. The decrease in the prior year was slightly offset by an improvement in ANLBC's adjusted OIBDA of \$28 million, which was primarily due to slightly lower player salaries in 2012. During the year

ended December 31, 2011 player salaries were slightly higher as the Braves traded one of their pitchers to another baseball club and agreed to pay a portion of that player's 2012 guaranteed salary in the trade. See Results of Operations—Businesses below for a more complete discussion of the results of operations of SIRIUS XM.

Stock-based compensation. Stock-based compensation includes compensation related to (1) options and stock appreciation rights ("SARs") for shares of our common stock that are granted to certain of our officers and employees, (2) phantom stock appreciation rights ("PSARs") granted to officers and employees of certain of our subsidiaries pursuant to private equity plans and (3) amortization of restricted stock grants.

We recorded \$193 million, \$46 million and \$25 million of stock compensation expense for the years ended December 31, 2013, 2012 and 2011, respectively. The increase in stock compensation expense in 2013 relates to two items: the recognition of additional stock-based compensation from SIRIUS XM (\$133 million) resulting from our consolidation of SIRIUS XM during the year, and an increase in the recognition of incremental compensation expense due to the option exchange program that occurred in December 2012. The increase in stock compensation in 2012 was primarily due to the option exchange in the fourth quarter of 2012 which caused incremental compensation of approximately \$18 million. See note 15 in the accompanying consolidated financial statements for further discussion of the option exchange. As of December 31, 2013, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$65 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 1.4 years. As of December 31, 2013, the total unrecognized compensation cost related to unvested SIRIUS XM stock options was \$308 million. The SIRIUS XM unrecognized compensation cost will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 3 years.

Operating income. Our consolidated operating income increased \$894 million and decreased \$611 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increase in 2013 is primarily the result of the treatment of SIRIUS XM as a consolidated subsidiary beginning on January 18, 2013. The change in 2012, as discussed above, is primarily the result of changes at TruePosition. Also during the year ended December 31, 2012 there was a reduction in amortization which was an incremental improvement to ANLBC's operating loss, as compared to the prior year period, due to certain intangible assets becoming fully amortized in 2011.

Other Income and Expense

Components of Other Income (Expense) are presented in the table below.

| | Years ended December 31, | | |
|--|--------------------------|--------------|------------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Other income (expense): | | | |
| Interest expense | \$ (132) | (7) | (16) |
| Dividend and interest income | 48 | 76 | 77 |
| Share of earnings (losses) of affiliates | (32) | 1,346 | 87 |
| Realized and unrealized gains (losses) on financial instruments, net | 295 | 230 | 70 |
| Gains (losses) on transactions, net | 7,978 | 22 | 1 |
| Other, net | (115) | 42 | 8 |
| | <u>\$ 8,042</u> | <u>1,709</u> | <u>227</u> |

Interest expense. Interest expense increased \$125 million and decreased \$9 million for the years ended December 31, 2013 and 2012 as compared to the corresponding prior year periods, respectively. The overall increase in interest expense in the current year was primarily due to the treatment of SIRIUS XM as a consolidated subsidiary beginning on January 18, 2013 and the interest expense related to the debt that was acquired. The overall decrease in interest expense in the prior year related to the repayment of a Liberty bank facility in early in 2012 which had a interest rate under 1%.

Dividend and interest income. Consolidated dividend and interest income decreased \$28 million for the year ended December 31, 2013 as compared to the prior year. The decrease from the prior year is primarily due to the reduction in interest income recognized on certain debt instruments in SIRIUS XM that are considered effectively settled upon consolidation. Dividend and interest income was fairly consistent for the years ended December 31, 2012 and 2011.

Share of earnings (losses) of affiliates. The following table presents our share of earnings (losses) of affiliates:

| | Years ended December 31, | | |
|------------------|--------------------------|--------------|-----------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Charter | \$ (83) | NA | NA |
| SIRIUS XM | 8 | 1,367 | 94 |
| Live Nation | (18) | (45) | (22) |
| SIRIUS XM Canada | 7 | NA | NA |
| Other | 54 | 24 | 15 |
| | <u>\$ (32)</u> | <u>1,346</u> | <u>87</u> |

In May 2013, we acquired approximately 26.9 million shares of common stock and approximately 1.1 million warrants in Charter for approximately \$2.6 billion, which represented an approximate 27% beneficial ownership in Charter at the time of purchase. Our share of losses related to Charter in 2013 included \$51 million of losses due to the amortization of the excess basis of our investment.

We acquired a controlling interest in SIRIUS XM on January 18, 2013 resulting in share of earnings for only the first seventeen days of January 2013. SIRIUS XM recognized approximately \$3.0 billion of tax benefit during the year ended December 31, 2012. SIRIUS XM recorded the tax benefit as the result of significant positive evidence that a valuation allowance was no longer necessary for its recorded deferred tax assets. The Company recognized our portion of this benefit (\$1,229 million) based on our ownership percentage at the time of the recognition of the deferred tax benefit by SIRIUS XM.

During the year ended December 31, 2013, we acquired an additional 1.7 million shares of Live Nation common stock for approximately \$19 million. During the year ended December 31, 2012 we made additional investments in Live Nation common stock, obtaining approximately 11 million shares for \$107 million. Live Nation's share of earnings increased during the current year due to a \$38 million gain on the sale of an operating asset, improvements in EBITDA due to favorable concert activity and reduced corporate expenses, partially offset by a \$36 million loss on extinguishment of debt.

Realized and unrealized gains (losses) on financial instruments. Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

| | Years ended December 31, | | |
|------------------------------|--------------------------|------------|-----------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Fair Value Option Securities | \$ 306 | 310 | 254 |
| Debt instruments (1) | (17) | — | (85) |
| Other derivatives | 6 | (80) | (99) |
| | <u>\$ 295</u> | <u>230</u> | <u>70</u> |

- (1) Prior to the Split-Off, all the Exchangeable Senior Debentures were transferred to Liberty Interactive through reattributions in 2011 and prior years. The loss in 2013 is attributable to the change in fair value of \$1 billion aggregate principal amount of 1.375% Cash Convertible Senior Notes due 2023 ("Convertible Notes") issued on October 17, 2013 during the period.

Gains (losses) on transactions, net. During January 2013, we acquired a controlling interest in SIRIUS XM which resulted in the application of purchase accounting and the consolidation of SIRIUS XM in the first quarter of 2013. Liberty recorded a gain of approximately \$7.5 billion associated with application of purchase accounting based on the difference between fair value and the carrying value of the ownership interest Liberty had in SIRIUS XM prior to the acquisition of the controlling interest. The gains in 2012 and 2011 related to gains associated with the repayment of certain SIRIUS XM debt securities.

Other, net. The decrease in 2013 is primarily due to warrant and stock option exercises at Charter at a price below Liberty's book basis per share as well as net losses on the early extinguishment of SIRIUS XM debt during the period. The other category increased for the year ended December 31, 2012 as a result of a reversal of a contingent liability as discussed in more detail in note 19 in the accompanying financial statements.

Income taxes. Our effective tax rate for the years ended December 31, 2013 was a benefit of 2% and an expense of 29% and 22% for the years ended December 31, 2012 and 2011, respectively. Our effective tax rate for all three years were impacted for the following reasons:

- During 2013, our effective tax rate was lower than the federal tax rate of 35% primarily due to the recognition of \$7.5 billion gain on the consolidation of SIRIUS XM on January 18, 2013, which was not subject to tax, and the gain recognized on a non-taxable exchange of one of our consolidated subsidiaries on October 4, 2013, in exchange for Liberty shares.
- During 2012, our effective tax rate was lower than the federal tax rate of 35% primarily due to tax benefits related to a change in valuation allowance and dividends received deductions offset slightly by state income taxes.
- During the fourth quarter of 2011, we recognized previously unrecognized tax benefits of \$104 million as we reached an agreement with the IRS with respect to all disputed items reported on our 2010 income tax return.

Net earnings. We had net earnings of \$8,991 million, \$1,412 million and \$832 million for the years ended December 31, 2013, 2012 and 2011, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

Liquidity and Capital Resources

As of December 31, 2013, substantially all of our cash and cash equivalents are invested in U.S. Treasury securities, other government securities or government guaranteed funds, AAA rated money market funds and other highly rated financial and corporate debt instruments.

The following are potential sources of liquidity: available cash balances, cash generated by the operating activities of our privately-owned subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from net asset sales, monetization of our public investment portfolio, debt and equity issuances, available borrowing capacity under margin loans, and dividend and interest receipts.

Liberty currently does not have a debt rating subsequent to the Split-Off and Spin-Off.

As of December 31, 2013, Liberty's liquidity position consisted of the following:

| | Cash and Cash Equivalents | Unencumbered Fair Value Option AFS Securities |
|---------------------|------------------------------|---|
| amounts in millions | | |
| Corporate and other | \$ 953 | 542 |
| SIRIUS XM | \$ 135 | — |

To the extent the Company recognizes any taxable gains from the sale of assets we may incur tax expense and be required to make tax payments, thereby reducing any cash proceeds. At the time of the Spin-Off, a cash distribution was made of approximately \$1.2 billion from Starz to Liberty. Additionally, on January 18, 2013 the Company obtained a controlling interest in SIRIUS XM which has significant cash flows provided by operating activities, although due to SIRIUS XM being a separate public company and the significant noncontrolling interest, we do not have ready access to its cash.

The cash provided (used) by our continuing operations for the prior three years is as follows:

| | Years ended December 31, | | |
|--|--------------------------|---------|-------|
| | 2013 | 2012 | 2011 |
| amounts in millions | | | |
| Cash Flow Information | | | |
| Net cash provided (used) by operating activities | \$ 1,236 | (29) | (78) |
| Net cash provided (used) by investing activities | \$ (2,764) | 224 | (270) |
| Net cash provided (used) by financing activities | \$ 813 | (1,162) | (455) |

Liberty's primary uses of cash during the year ended December 31, 2013 were \$2,585 million additional investments in cost and equity method investees (primarily Liberty's investment in Charter shares and warrants), \$140 million repurchases of shares of Liberty Series A common stock and \$2,779 million debt repayments. Additionally, on October 3, 2013, the Company completed a transaction to exchange a subsidiary which held our wholly owned subsidiary Leisure Arts, approximately \$417 million of cash and our rights in and to a revenue sharing agreement relating to the carriage of CNBC for 6.3 million shares of Liberty Series A common stock. These uses of cash were funded by cash provided by operating activities, net sales of short term investments, repayments of loans by cost and equity method investees, proceeds from the settlement of financial instruments, debt borrowings

and cash on hand. Liberty funded the purchase of Charter shares and warrants with approximately \$1.2 billion of cash on hand and \$1.4 billion from margin loan arrangements.

During the year ended December 31, 2013, SIRIUS XM repurchased \$1.8 billion of its common stock and repaid approximately \$2.0 billion of long-term debt. SIRIUS XM's uses of cash were funded by cash provided by operating activities (\$1.1 billion for the year ended December 31, 2013), SIRIUS XM's additional borrowing of approximately \$3.2 billion of long-term debt and cash on hand.

The projected uses of Liberty cash are primarily the investment in new or existing businesses, debt service, and the potential buyback of common stock under the approved share buyback program as well as repayment of the margin loans. Liberty expects to fund its projected uses of cash with cash on hand, including the cash proceeds from the issuance of cash convertible debt (discussed in note 11 of the accompanying consolidated financial statements), cash from operations, cash proceeds from the sale of investments, including the sale of some of our SIRIUS XM shares of common stock back to SIRIUS XM as part of the previously announced share repurchase agreement (discussed in note 4 to the accompanying consolidated financial statements, also noting the sale is pending the resolution of a proposal), and borrowing capacity under margin loans. We may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities.

In addition to normal operating expenses (including tax payments), the projected uses of SIRIUS XM cash are the repurchase of common stock, capital expenditures, working capital requirements, interest payments and scheduled debt maturities. Liberty expects SIRIUS XM to fund its projected uses of cash with cash on hand, cash from operations and new and existing loan arrangements.

We believe that our sources of liquidity are sufficient to cover our projected future uses of cash.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

SIRIUS XM has entered into various programming agreements. Under the terms of these agreements, SIRIUS XM's obligations include fixed payments, advertising commitments and revenue sharing arrangements. SIRIUS XM's future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the schedule of contractual obligations below.

The Atlanta Braves have entered into long-term employment contracts with certain of their players and coaches whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of December 31, 2013 aggregated \$133 million, which is payable as follows: \$52 million in 2014, \$46 million in 2015, \$17 million in 2016, \$18 million in 2017 and none thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

Information concerning the amount and timing of required payments, both accrued and off-balance sheet, under our contractual obligations, excluding uncertain tax positions as it is indeterminable when payments will be made, is summarized below.

| | Payments due by period | | | | |
|---|------------------------|---------------------|-------------|-------------|------------------|
| | Total | Less than 1 year | 2 - 3 years | 4 - 5 years | After 5 years |
| <i>Consolidated contractual obligations</i> | | | | | |
| | amounts in millions | | | | |
| Long-term debt (1) | \$ 5,541 | 749 | 681 | 461 | 3,650 |
| Interest payments (2) | 1,360 | 233 | 339 | 319 | 469 |
| Programming fees (3) | 801 | 245 | 315 | 133 | 108 |
| Operating lease obligations | 675 | 45 | 91 | 75 | 464 |
| Employment agreements | 133 | 52 | 63 | 18 | — |
| Purchase orders and other obligations (4) | 333 | 124 | 81 | 49 | 79 |
| Total consolidated | \$ 8,843 | 1,448 | 1,570 | 1,055 | 4,770 |

(1) Amounts are stated at the face amount at maturity of our debt instruments and may differ from the amounts stated in our consolidated balance sheet to the extent debt instruments (i) were issued at a discount or premium or (ii) have elements which are reported at fair value in our consolidated balance sheet. Amounts include capital lease obligations. Amounts do not assume additional borrowings or refinancings of existing debt.

- (2) Amounts (i) are based on our outstanding debt at December 31, 2013, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2013 rates and (iii) assume that our existing debt is repaid at maturity.
- (3) SIRIUS XM has entered into various programming agreements under which SIRIUS XM's obligations include fixed payments, advertising commitments and revenue sharing arrangements. Future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the table above.
- (4) Includes TruePosition open purchase orders and other guarantees and SIRIUS XM satellite and transmission, marketing and distribution, satellite incentive payments, and other contractual commitments. SIRIUS XM satellite and transmission commitments are attributable to agreements with third parties to operate and maintain the off-site satellite telemetry, tracking and control facilities and certain components of its terrestrial repeater networks. SIRIUS XM marketing and distribution commitments primarily relate to payments to sponsors, retailers, automakers and radio manufacturers pursuant to marketing, sponsorship and distribution agreements to promote the SIRIUS XM brand. Boeing Satellite Systems International, Inc. and Space Systems/Loral, the manufacturers of SIRIUS XM's in-orbit satellites, may be entitled to future in-orbit satellite incentive performance payments based on the expected operating performance of the satellites exceeding their fifteen-year design life. Boeing may also be entitled to an additional \$10 million if the XM-4 satellite continues to operate above baseline specifications during the five years beyond the satellite's fifteen-year design life. Additionally, SIRIUS XM has entered into various agreements with third parties for general operating purposes.

Critical Accounting Estimates

The preparation of our financial statements in conformity with GAAP requires us 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 revenue and expenses during the reporting period. Listed below are the accounting estimates that we believe are critical to our financial statements due to the degree of uncertainty regarding the estimates or assumptions involved and the magnitude of the asset, liability, revenue or expense being reported. All of these accounting estimates and assumptions, as well as the resulting impact to our financial statements, have been discussed with our audit committee.

Non-Financial Instruments. Our non-financial instrument valuations are primarily comprised of our determination of the estimated fair value allocation of net tangible and identifiable intangible assets acquired in business combinations, our annual assessment of the recoverability of our goodwill and other nonamortizable intangibles, such as trademarks, and our evaluation of the recoverability of our other long-lived assets upon certain triggering events. If the carrying value of our long-lived assets exceeds their estimated fair value, we are required to write the carrying value down to fair value. Any such writedown is included in impairment of long-lived assets in our consolidated statement of operations. A high degree of judgment is required to estimate the fair value of our long-lived assets. We may use quoted market prices, prices for similar assets, present value techniques and other valuation techniques to prepare these estimates. We may need to make estimates of future cash flows and discount rates as well as other assumptions in order to implement these valuation techniques. Due to the high degree of judgment involved in our estimation techniques, any value ultimately derived from our long-lived assets may differ from our estimate of fair value. As each of our operating segments has long-lived assets, this critical accounting policy affects the financial position and results of operations of each segment.

As of December 31, 2013, the intangible assets not subject to amortization for each of our significant reporting units was as follows (amounts in millions):

| | <u>Goodwill</u> | <u>FCC Licenses</u> | <u>Other</u> | <u>Total</u> |
|--------------|------------------|---------------------|--------------|---------------|
| SIRIUS XM | \$ 14,165 | 8,600 | 930 | 23,695 |
| Other | 200 | — | 143 | 343 |
| Consolidated | <u>\$ 14,365</u> | <u>8,600</u> | <u>1,073</u> | <u>24,038</u> |

We perform our annual assessment of the recoverability of our goodwill and other nonamortizable intangible assets in the fourth quarter each year. The Company adopted current accounting guidance in the prior year relating to the annual assessments of recoverability of goodwill and other non-amortizable intangibles and utilized a qualitative assessment for determining whether step one of the goodwill impairment analysis was necessary. The accounting guidance adopted was issued to simplify how entities test goodwill for impairment by permitting entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviewed the business

performance of each reporting unit and evaluated other relevant factors as identified in the relevant accounting guidance to determine whether it were more likely than not that an indicated impairment existed for any of our reporting units. The Company considered whether there were any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considered fair value determinations for certain reporting units that had been made at various points throughout the year for other purposes. We utilized a qualitative assessment for determining whether step one of the goodwill impairment analysis was necessary.

Carrying Value of Investments. We periodically evaluate our investments to determine if decreases in fair value below our cost bases are other than temporary. If a decline in fair value is determined to be other than temporary, we are required to reflect such decline in our consolidated statement of operations. Other than temporary declines in fair value of our cost investments are recognized on a separate line in our consolidated statement of operations, and other than temporary declines in fair value of our equity method investments are included in share of earnings (losses) of affiliates in our consolidated statement of operations.

The primary factors we consider in our determination of whether declines in fair value are other than temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. Fair value of our publicly traded cost and equity investments is based on the market prices of the investments at the balance sheet date. We estimate the fair value of our non-public cost and equity investments using a variety of methodologies, including cash flow multiples, discounted cash flow, per subscriber values, or values of comparable public or private businesses. Impairments are calculated as the difference between our carrying value and our estimate of fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires a high degree of judgment and includes significant estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Our evaluation of the fair value of our investments and any resulting impairment charges are made as of the most recent balance sheet date. Changes in fair value subsequent to the balance sheet date due to the factors described above are possible. Subsequent decreases in fair value will be recognized in our consolidated statement of operations in the period in which they occur to the extent such decreases are deemed to be other than temporary. Subsequent increases in fair value will be recognized in our consolidated statement of operations only upon our ultimate disposition of the investment.

Useful Life of Broadcast/Transmission System. SIRIUS XM's satellite system includes the costs of satellite construction, launch vehicles, launch insurance, capitalized interest, spare satellites, terrestrial repeater network and satellite uplink facilities. SIRIUS XM monitors its satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable.

SIRIUS XM operates five in-orbit Sirius satellites, FM-1, FM-2, FM-3, FM-5 and FM-6. The FM-1 and FM-2 satellites launched in 2000 and reached the end of their depreciable lives in 2013, but are still in operation. SIRIUS XM estimates that its FM-3, FM-5 and FM-6 satellites, launched in 2000, 2009 and 2013, respectively, will operate effectively through the end of their depreciable lives in 2015, 2024 and 2028, respectively. SIRIUS XM operates five in-orbit XM satellites XM-1, XM-2, XM-3, XM-4 and XM-5, three of which function as in-orbit spares. The XM-1 and XM-2 in-orbit spare satellites launched in 2001 reached the end of their depreciable lives in 2013 and are expected to be removed from orbit in 2014. SIRIUS XM estimates that its third in-orbit spare satellite, XM-5 launched in 2010 and the two other XM satellites, XM-3 launched in 2005 and XM-4 launched in 2006, will meet their 15-year estimated depreciable lives.

Certain of SIRIUS XM's in-orbit satellites have experienced circuit failures on their solar arrays. SIRIUS XM continues to monitor the operating condition of its in-orbit satellites. If events or circumstances indicate that the depreciable lives of its in-orbit satellites have changed, the depreciable life will be modified accordingly. If SIRIUS XM were to revise its estimates, depreciation expense would change. For example, a 10% decrease in the expected depreciable lives of satellites and spacecraft control facilities during 2013 would have resulted in approximately \$27 million of additional depreciation expense.

Income Taxes. We are required to estimate the amount of tax payable or refundable for the current year and the deferred income tax liabilities and assets for the future tax consequences of events that have been reflected in our financial statements or tax returns for each taxing jurisdiction in which we operate. This process requires our management to make judgments regarding the timing and probability of the ultimate tax impact of the various agreements and transactions that we enter into. Based on these judgments we may record tax reserves or adjustments to valuation allowances on deferred tax assets to reflect the expected realizability of future tax benefits. Actual income taxes could vary from these estimates due to future changes in income tax law,

significant changes in the jurisdictions in which we operate, our inability to generate sufficient future taxable income or unpredicted results from the final determination of each year's liability by taxing authorities. These changes could have a significant impact on our financial position.

Results of Operations - Businesses

Sirius XM Holdings Inc. SIRIUS XM broadcasts its music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems. Subscribers can also receive music and other channels, plus new features such as Sirius XM On Demand and MySXM, over the Internet, including through applications for mobile devices.

SIRIUS XM has agreements with every major automaker ("OEMs") to offer satellite radios as factory- or dealer-installed equipment in their vehicles from which they acquire the majority of their subscribers. They also acquire subscribers through the sale or lease of previously owned vehicles with factory-installed satellite radios. Additionally, SIRIUS XM distributes their radios through retail locations nationwide and through their website. Satellite radio services are also offered to customers of certain daily rental car companies. SIRIUS XM's primary source of revenue is subscription fees, with most of its customers subscribing on an annual, semi-annual, quarterly or monthly basis. SIRIUS XM also derives revenue from other subscription related fees, the sale of advertising on select non-music channels, the direct sale of satellite radios, components and accessories, and other ancillary services, such as its Internet radio, Backseat TV, data, traffic, and weather services. SIRIUS XM is a separate publicly traded company and additional information about SIRIUS XM can be obtained through its website and its public filings.

As of December 31, 2013, SIRIUS XM had approximately 25.6 million subscribers of which 21.1 million were self-pay subscribers and 4.5 million were paid promotional subscribers. As of December 31, 2012, SIRIUS XM had approximately 23.9 million subscribers of which 19.6 million were self-pay subscribers and 4.3 million were paid promotional subscribers. These subscriber totals include subscribers under regular pricing plans; discounted pricing plans; subscribers that have prepaid, including payments either made or due from automakers for subscriptions included in the sale or lease price of a vehicle; subscribers to SIRIUS XM Internet services who do not also have satellite radio subscriptions; and certain subscribers to SIRIUS XM's other ancillary services.

We acquired a controlling interest in SIRIUS XM on January 18, 2013 and applied purchase accounting and consolidated the results of SIRIUS XM from that date. See additional discussion about the application of purchase accounting in note 4 to the accompanying consolidated financial statements. Previous to the acquisition of our controlling interest we maintained an investment in SIRIUS XM accounted for using the equity method. For comparison purposes we are presenting the stand alone results of SIRIUS XM prior to any purchase accounting adjustments in the current year for a discussion of the operations of SIRIUS XM. For the year ended December 31, 2013, see the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below. For the years ended December 31, 2012 and 2011, SIRIUS XM was treated as an equity method affiliate so the results reported by SIRIUS XM were not consolidated. Additionally, as of December 31, 2013, there is an approximate 47% noncontrolling interest in SIRIUS XM, and the net earnings of SIRIUS XM attributable to such noncontrolling interest is eliminated through the noncontrolling interest line item in the consolidated statement of operations.

SIRIUS XM's stand alone operating results were as follows:

| | Years ended December 31, | | |
|---|--------------------------|---------|---------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Subscriber revenue | \$ 3,285 | 2,963 | 2,595 |
| Other revenue | 514 | 439 | 420 |
| Total revenue | 3,799 | 3,402 | 3,015 |
| Operating expenses (excluding stock-based compensation included below): | | | |
| Cost of subscriber services | (1,380) | (1,218) | (1,112) |
| Subscriber acquisition costs | (496) | (475) | (434) |
| Other operating expenses | (51) | (42) | (49) |
| Selling, general and administrative expenses | (505) | (465) | (424) |
| Adjusted OIBDA | 1,367 | 1,202 | 996 |
| Stock-based compensation | (69) | (64) | (52) |
| Depreciation and amortization | (253) | (266) | (268) |
| Operating income | \$ 1,045 | 872 | 676 |

Subscriber revenue includes subscription, activation and other fees. For the years ended December 31, 2013 and 2012, subscriber revenue increased 1% and 14%, respectively, as compared to the prior year periods. The current and prior year increases were primarily attributable to a 9% increase in the daily weighted average number of subscribers each year, the impact of the increase in certain subscription rates beginning in January 2012, and an increase in subscriptions to premium services, premier channels and Internet streaming, as well as the inclusion of connected vehicle subscription revenue in 2013. These increases were partially offset by subscription discounts offered through customer acquisition and retention programs, and in 2013, an increasing number of lifetime subscription plans that have reached full revenue recognition.

Other revenue includes advertising revenue, equipment revenue, royalty fees and other ancillary revenue. For the years ended December 31, 2013 and 2012, other revenue increased 17% and 5%, respectively, as compared to the corresponding prior year periods. The most significant change in other revenue during 2013 was the result of increases in the rate charged to SIRIUS XM and passed through to subscribers for the U.S. Music Royalty Fee, which increased 12.5% in 2013, which was compounded by an increase in the number of subscribers. The increase during 2012 was primarily due to an increase in the number of subscribers.

Cost of subscriber services includes revenue share and royalties, programming and content costs, customer service and billing expenses and other ancillary costs associated with providing the satellite radio service. The cost of subscriber service increased 13% and 10% for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods but remained relatively flat as a percentage of total revenue. The increases were primarily due to increases in the revenue share and royalties of 23% and 17% in 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increases were primarily a result of greater revenues subject to royalty and/or revenue sharing arrangements and increases in the statutory royalty rate for the performance of sound recordings of 12.5% and 7% in 2013 and 2012, respectively. Additionally, customer service and billing expense increased 9% and 14% for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increases were due to investment in customer service experience, resulting in higher spend on customer service agents, staffing and training. Additionally, higher subscriber volume drove increased subscriber contacts, increased bad debt expense and higher technology costs.

Subscriber acquisition costs include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid to automakers which include a satellite radio and subscription to our service in the sale or lease price of a new vehicle; subsidies paid for chip sets and certain other components used in manufacturing radios; device royalties for certain radios and chip sets; commissions paid to automakers as incentives to purchase, install and activate satellite radios; product warranty obligations; freight; and provisions for inventory allowances attributable to inventory consumed in OEM and retail distribution channels. The majority of subscriber acquisition costs are incurred and expensed in advance of, or concurrent with, acquiring a subscriber. For the years ended December 31, 2013 and 2012 subscriber acquisition costs increased 4% and 9%, respectively, but remained relatively flat as a percentage of total revenue, respectively, as compared to the corresponding periods in the prior year. The overall increase in 2013 was primarily a result of increased OEM installations occurring in advance of acquiring the subscriber. The increase in 2012 was primarily a result of higher subsidies related to increased OEM installations occurring in advance of acquiring the subscriber, partially offset by improved OEM subsidy rates per vehicle.

Other operating expense includes engineering, design and development costs. For the years ended December 31, 2013 and 2012, other operating expense increased 21% and decreased 14%, respectively, but remained relatively flat as a percentage of total revenue. The increase during the current year was driven primarily by higher product development costs, costs related to enhanced subscriber features and service functionality. The decrease in the prior year was driven primarily by a reversal of certain non-recurring engineering charges, partially offset by higher product development costs, costs related to the development of enhanced subscriber features and service functionality and higher personnel costs.

Selling, general and administrative expense includes costs of advertising, media and production, including promotional events and sponsorship, executive management, finance, legal, human resources, information technology and insurance costs. For the years ended December 31, 2013 and 2012, selling, general and administrative expense increased 9% and 10%, respectively, but slightly decreased a percentage of total revenue, as compared to the corresponding prior year periods. The increase during the current year was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials and higher information technology costs. The increase in the prior year was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials, higher OEM cooperative marketing, higher personnel costs, office rent expenses and professional fees, partially offset by lower litigation settlement charges.

The following is a reconciliation of the results reported by SIRIUS XM, used for comparison purposes above to understand their operations, to the results reported by Liberty:

| | Year ended December 31, 2013 | | | As reported by Liberty |
|---|--------------------------------|---------------------------------------|--|---------------------------|
| | As reported by SIRIUS XM | Purchase Accounting Adjustments | Elimination for Equity Method Accounting (17 days) | |
| Subscriber revenue | 3,285 | (8) | (146) | 3,131 |
| Other revenue | 514 | — | (20) | 494 |
| Total revenue | 3,799 | (8) | (166) | 3,625 |
| Operating expenses (excluding stock-based compensation included below): | | | | |
| Cost of subscriber services | (1,380) | 12 | 60 | (1,308) |
| Subscriber acquisition costs | (496) | (15) | 20 | (491) |
| Other operating expenses | (51) | — | 3 | (48) |
| Selling, general and administrative expenses | (505) | (6) | 22 | (489) |
| Adjusted OIBDA | 1,367 | (17) | (61) | 1,289 |
| Stock-based compensation | (69) | (67) | 3 | (133) |
| Depreciation and amortization | (253) | (37) | 12 | (278) |
| Operating income | 1,045 | (121) | (46) | 878 |

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk in the normal course of business due to our ongoing investing and financial activities and the conduct of operations. Market risk refers to the risk of loss arising from adverse changes in stock prices and interest rates. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows and future earnings. We have established policies, procedures and internal processes governing our management of market risks and the use of financial instruments to manage our exposure to such risks.

We are exposed to changes in interest rates primarily as a result of our borrowing and investment activities, which include investments in fixed and floating rate debt instruments and borrowings used to maintain liquidity and to fund business operations. The nature and amount of our long-term and short-term debt are expected to vary as a result of future requirements, market conditions and other factors. We manage our exposure to interest rates by maintaining what we believe is an appropriate mix of fixed and variable rate debt. We believe this best protects us from interest rate risk. We have achieved this mix by (i) issuing fixed rate debt that we believe has a low stated interest rate and significant term to maturity, (ii) issuing variable rate debt with appropriate maturities and interest rates and (iii) entering into interest rate swap arrangements when we deem appropriate.

As of December 31, 2013, our debt is comprised of the following amounts:

| Variable rate debt | | Fixed rate debt | |
|----------------------------|----------------------------|------------------|----------------------------|
| Principal amount | Weighted avg interest rate | Principal amount | Weighted avg interest rate |
| dollar amounts in millions | | | |
| \$ 1,380 | 2.9% | \$ 4,161 | 4.5% |

The Company is exposed to changes in stock prices primarily as a result of our significant holdings in publicly traded securities. We continually monitor changes in stock markets, in general, and changes in the stock prices of our holdings, specifically. We believe that changes in stock prices can be expected to vary as a result of general market conditions, technological changes, specific industry changes and other factors. We periodically use equity collars and other financial instruments to manage market risk associated with certain investment positions. These instruments are recorded at fair value based on option pricing models.

At December 31, 2013, the fair value of our AFS equity securities was \$1,324 million. Had the market price of such securities been 10% lower at December 31, 2013, the aggregate value of such securities would have been \$132 million lower. Additionally, our stock in Charter and Live Nation (two of our equity method affiliates) are publicly traded securities which are not reflected at fair value in our balance sheet. These securities are also subject to market risk that is not directly reflected in our financial statements.

[QuickLinks](#) -- Click here to rapidly navigate through this document

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Media Corporation are filed under this Item, beginning on Page II-20. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

In accordance with Exchange Act Rules 13a-15 and 15d-15, the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer and principal accounting and financial officer (the "Executives"), of the effectiveness of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Executives concluded that the Company's disclosure controls and procedures were effective as of December 31, 2013 to provide reasonable assurance that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

See page II-18 for *Management's Report on Internal Control Over Financial Reporting*.

See page II-19 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Liberty Media Corporation's (the "Company") management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting, as such term is defined in Rule 13a - 15(f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management assessed the effectiveness of internal control over financial reporting as of December 31, 2013, using the criteria in *Internal Control-Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation the Company's management believes that, as of December 31, 2013, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm audited the consolidated financial statements and related disclosures in the Annual Report on Form 10-K and have issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page II-19 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Media Corporation:

We have audited Liberty Media Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Liberty Media Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Liberty Media Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Liberty Media Corporation and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2013, and our report dated February 28, 2014 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Denver, Colorado
February 28, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Media Corporation:

We have audited the accompanying consolidated balance sheets of Liberty Media Corporation and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Liberty Media Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Liberty Media Corporation and subsidiaries' internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 28, 2014 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado
February 28, 2014

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2013 and 2012

| | 2013 | 2012 |
|--|---------------------|-------|
| | amounts in millions | |
| <i>Assets</i> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,088 | 603 |
| Trade and other receivables, net | 206 | 25 |
| Deferred income tax assets (note 12) | 916 | 13 |
| Other current assets | 284 | 198 |
| Assets of discontinued operations - current (note 5) | — | 1,372 |
| Total current assets | 2,494 | 2,211 |
| Investments in available-for-sale securities and other cost investments (note 8) | 1,324 | 1,392 |
| Investments in affiliates, accounted for using the equity method (note 9) | 3,299 | 3,341 |
| | | |
| Property and equipment, at cost | 2,149 | 329 |
| Accumulated depreciation | (341) | (172) |
| | 1,808 | 157 |
| | | |
| Intangible assets not subject to amortization (note 10) | | |
| Goodwill | 14,365 | 200 |
| FCC licenses | 8,600 | — |
| Other | 1,073 | 144 |
| | 24,038 | 344 |
| Intangible assets subject to amortization, net (note 10) | 1,200 | 108 |
| Other assets, at cost, net of accumulated amortization | 379 | 32 |
| Assets of discontinued operations (note 5) | — | 740 |
| Total assets | \$ 34,542 | 8,325 |

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2013 and 2012

| | 2013 | 2012 |
|--|---------------------|--------------|
| | amounts in millions | |
| <i>Liabilities and Equity</i> | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 670 | 34 |
| Current portion of debt (note 11) | 777 | — |
| Deferred revenue | 1,575 | 24 |
| Other current liabilities | 150 | 33 |
| Liabilities of discontinued operations - current (note 5) | — | 294 |
| Total current liabilities | 3,172 | 385 |
| Long-term debt, including \$1,002 million and none measured at fair value, respectively (note 11) | 4,778 | — |
| Deferred revenue | 164 | 37 |
| Deferred income tax liabilities (note 12) | 2,312 | 817 |
| Other liabilities | 234 | 89 |
| Liabilities of discontinued operations (note 5) | — | 565 |
| Total liabilities | 10,660 | 1,893 |
| Stockholders' equity (notes 13, 15 and 17): | | |
| Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued | — | — |
| Series A common stock, \$.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 104,421,488 and 111,852,001 shares at December 31, 2013 and 2012, respectively | 1 | 1 |
| Series B common stock, \$.01 par value. Authorized 75,000,000 shares; issued and outstanding 9,876,178 and 9,886,838 shares at December 31, 2013 and 2012, respectively | — | — |
| Series C common stock, \$.01 par value. Authorized 2,000,000,000 shares; zero issued and outstanding shares at December 31, 2013 and 2012, respectively | — | — |
| Additional paid-in capital | 2,217 | 3,348 |
| Accumulated other comprehensive earnings, net of taxes | 4 | 12 |
| Retained earnings | 11,859 | 3,079 |
| Total stockholders' equity | 14,081 | 6,440 |
| Noncontrolling interests in equity of subsidiaries | 9,801 | (8) |
| Total equity | 23,882 | 6,432 |
| Commitments and contingencies (note 18) | | |
| Total liabilities and equity | \$ 34,542 | 8,325 |

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2013, 2012 and 2011

| | 2013 | 2012 | 2011 |
|---|--|--------------|--------------|
| | amounts in millions, except per share amounts | | |
| Revenue: | | | |
| Subscriber revenue | \$ 3,131 | — | — |
| Other revenue | 871 | 368 | 1,409 |
| Total revenue | 4,002 | 368 | 1,409 |
| Operating costs and expenses, including stock-based compensation (note 3): | | | |
| Cost of subscriber services (exclusive of depreciation shown separately below): | | | |
| Revenue and share royalties | 679 | — | — |
| Programming and content | 243 | — | — |
| Customer service and billing | 308 | — | — |
| Other | 104 | — | — |
| Subscriber acquisition costs | 491 | — | — |
| Other operating expenses | 284 | 230 | 674 |
| Selling, general and administrative expenses | 764 | 176 | 151 |
| Depreciation and amortization | 315 | 42 | 53 |
| | <u>3,188</u> | <u>448</u> | <u>878</u> |
| Operating income (loss) | 814 | (80) | 531 |
| Other income (expense): | | | |
| Interest expense | (132) | (7) | (16) |
| Dividend and interest income | 48 | 76 | 77 |
| Share of earnings (losses) of affiliates, net (note 9) | (32) | 1,346 | 87 |
| Realized and unrealized gains (losses) on financial instruments, net (note 7) | 295 | 230 | 70 |
| Gains (losses) on transactions, net (notes 4, 13) | 7,978 | 22 | 1 |
| Other, net (notes 9, 18) | (115) | 42 | 8 |
| | <u>8,042</u> | <u>1,709</u> | <u>227</u> |
| Earnings (loss) from continuing operations before income taxes | 8,856 | 1,629 | 758 |
| Income tax (expense) benefit (note 12) | 135 | (469) | (165) |
| Net earnings (loss) from continuing operations | 8,991 | 1,160 | 593 |
| Earnings (loss) from discontinued operations, net of taxes (notes 1, 5) | — | 252 | 239 |
| Net earnings (loss) | 8,991 | 1,412 | 832 |
| Less net earnings (loss) attributable to the noncontrolling interests | 211 | (2) | (4) |
| Net earnings (loss) attributable to Liberty stockholders | <u>\$ 8,780</u> | <u>1,414</u> | <u>836</u> |
| Net earnings (loss) attributable to Liberty stockholders: | | | |
| Liberty common stock | 8,780 | 1,414 | 607 |
| Liberty Starz common stock | NA | NA | 229 |
| | <u>\$ 8,780</u> | <u>1,414</u> | <u>836</u> |

See accompanying notes to consolidated financial statements.

| | | | | |
|--|----|-------|-------|--------|
| Basic net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3): | | | | |
| Series A and Series B Liberty common stock | \$ | 74.41 | 9.67 | 7.45 |
| Series A and Series B Liberty Starz common stock | | NA | NA | (0.76) |
| Diluted net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3): | | | | |
| Series A and Series B Liberty common stock | \$ | 73.17 | 9.35 | 7.19 |
| Series A and Series B Liberty Starz common stock | | NA | NA | (0.77) |
| Basic net earnings (loss) attributable to Liberty stockholders per common share (note 3): | | | | |
| Series A and Series B Liberty common stock | \$ | 74.41 | 11.78 | 7.14 |
| Series A and Series B Liberty Starz common stock | | NA | NA | 4.49 |
| Diluted net earnings (loss) attributable to Liberty stockholders per common share (note 3): | | | | |
| Series A and Series B Liberty common stock | \$ | 73.17 | 11.40 | 6.90 |
| Series A and Series B Liberty Starz common stock | | NA | NA | 4.32 |

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statements Of Comprehensive Earnings (Loss)
Years ended December 31, 2013, 2012 and 2011

| | 2013 | 2012 | 2011 |
|---|---------------------|-------|------|
| | amounts in millions | | |
| Net earnings (loss) | \$ 8,991 | 1,412 | 832 |
| Other comprehensive earnings (loss), net of taxes: | | | |
| Unrealized holding gains (losses) arising during the period | 10 | (3) | (24) |
| Recognition of previously unrealized (gains) losses on available-for-sale securities, net | (25) | (13) | — |
| Other, net | 4 | — | 2 |
| Other comprehensive earnings (loss) from discontinued operations | — | (1) | (3) |
| Other comprehensive earnings (loss) | (11) | (17) | (25) |
| Comprehensive earnings (loss) | 8,980 | 1,395 | 807 |
| Less comprehensive earnings (loss) attributable to the noncontrolling interests | 211 | (2) | (4) |
| Comprehensive earnings (loss) attributable to Liberty stockholders | \$ 8,769 | 1,397 | 811 |
| Comprehensive earnings (loss) attributable to Liberty stockholders: | | | |
| Liberty common stock | 8,769 | 1,397 | 584 |
| Liberty Starz common stock | NA | NA | 227 |
| | \$ 8,769 | 1,397 | 811 |

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2013, 2012 and 2011

| | 2013 | 2012 | 2011 |
|--|---------------------|----------------|--------------|
| | amounts in millions | | |
| | (see note 6) | | |
| Cash flows from operating activities: | | | |
| Net earnings (loss) | \$ 8,991 | 1,412 | 832 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | | |
| Earnings from discontinued operations | — | (252) | (239) |
| Depreciation and amortization | 315 | 42 | 53 |
| Stock-based compensation | 193 | 46 | 25 |
| Cash payments for stock-based compensation | (2) | (19) | (14) |
| Excess tax benefit from stock-based compensation | (6) | (142) | (9) |
| Noncash interest expense | (62) | (2) | 2 |
| Share of (earnings) loss of affiliates, net | 32 | (1,346) | (87) |
| Realized and unrealized (gains) losses on financial instruments, net | (295) | (230) | (70) |
| Losses (gains) on transactions, net | (7,978) | (22) | (1) |
| Losses (gains) on early extinguishment of debt | 21 | — | — |
| Deferred income tax expense (benefit) | (172) | 465 | 42 |
| Other noncash charges (credits), net | 90 | (32) | (607) |
| Changes in operating assets and liabilities | | | |
| Current and other assets | 187 | 18 | (52) |
| Payables and other liabilities | (78) | 33 | 47 |
| Net cash provided (used) by operating activities | <u>1,236</u> | <u>(29)</u> | <u>(78)</u> |
| Cash flows from investing activities: | | | |
| Cash (paid) for acquisitions, net of cash acquired | (117) | — | — |
| Cash proceeds from dispositions | 80 | 766 | 17 |
| Proceeds (payments) from settlement of financial instruments, net | (59) | (9) | — |
| Investments in and loans to cost and equity investees | (2,585) | (1,716) | (350) |
| Repayment of loans by cost and equity investees | 81 | 110 | 217 |
| Return of investment in equity method affiliate | — | 165 | — |
| Capital expended for property and equipment | (207) | (16) | (7) |
| Purchases of short term investments and other marketable securities | (178) | (393) | (732) |
| Sales of short term investments and other marketable securities | 229 | 625 | 1,009 |
| Net (increase) decrease in restricted cash | — | 700 | (157) |
| Reattribution of cash to Liberty Interactive | — | — | (264) |
| Other investing activities, net | (8) | (8) | (3) |
| Net cash provided (used) by investing activities | <u>(2,764)</u> | <u>224</u> | <u>(270)</u> |
| Cash flows from financing activities: | | | |
| Borrowings of debt | 5,923 | — | — |
| Repayments of debt | (2,779) | (750) | — |
| Repurchases of Liberty common stock | (140) | (323) | (465) |
| Cash included in exchange transaction | (429) | — | — |
| Shares issued by subsidiary | 21 | — | — |
| Shares repurchased by subsidiary | (1,602) | — | — |
| Proceeds (payments) from issuances and settlements of financial instruments, net | (299) | (54) | 4 |
| Issuance of warrants | 170 | — | — |
| Taxes paid in lieu of shares issued for stock-based compensation | (51) | (181) | (9) |
| Excess tax benefit from stock-based compensation | 6 | 142 | 9 |
| Other financing activities, net | (7) | 4 | 6 |
| Net cash provided (used) by financing activities | <u>813</u> | <u>(1,162)</u> | <u>(455)</u> |
| Net cash provided (used) by discontinued operations: | | | |
| Cash provided (used) by operating activities | — | 265 | 354 |
| Cash provided (used) by investing activities | — | (10) | (4) |
| Cash provided (used) by financing activities | 550 | (5) | 433 |
| Change in available cash held by discontinued operations | <u>650</u> | <u>350</u> | <u>(783)</u> |
| Net cash provided (used) by discontinued operations | <u>1,200</u> | <u>600</u> | <u>—</u> |
| Net increase (decrease) in cash and cash equivalents | 485 | (367) | (803) |
| Cash and cash equivalents at beginning of period | 603 | 970 | 1,773 |
| Cash and cash equivalents at end of period | <u>\$ 1,088</u> | <u>603</u> | <u>970</u> |

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statement Of Equity
Years ended December 31, 2013, 2012 and 2011

| | Stockholders' equity | | | | | | | | | | | |
|--|----------------------|-------------|-------------|---------------|-------------|----------------------------------|------------------------|---|----------------------|--|-----------------|-------------|
| | Liberty | | | Liberty Starz | | Additional Paid-in Capital | Parent's Investment | Accumulated other comprehensive earnings | Retained earnings | Noncontrolling interest in equity of subsidiaries | Total equity | |
| | Preferred Stock | Series A | Series B | Series C | Series A | | | | | | | Series B |
| | amounts in millions | | | | | | | | | | | |
| Balance at January 1, 2011 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 4,117 | \$ 54 | \$ 829 | \$ — | \$ 5,000 | |
| Net earnings | — | — | — | — | — | — | — | — | 836 | (4) | 832 | |
| Other comprehensive earnings | — | — | — | — | — | — | — | (25) | — | — | (25) | |
| Stock compensation | — | — | — | — | — | 7 | 16 | — | — | — | 23 | |
| Minimum withholding taxes on net share settlements of stock-based compensation | — | — | — | — | — | (9) | — | — | — | — | (9) | |
| Excess tax benefits on stock-based compensation | — | — | — | — | — | 9 | — | — | — | — | 9 | |
| Issuance of common stock upon exercise of stock options | — | — | — | — | — | 1 | 6 | — | — | — | 7 | |
| Series A Liberty stock repurchases | — | — | — | — | — | (152) | (213) | — | — | — | (365) | |
| Series A Liberty Starz stock repurchases | — | — | — | — | — | (100) | — | — | — | — | (100) | |
| Impact of reattribution with Liberty Interactive | — | — | — | — | — | — | 45 | — | — | — | 45 | |
| Transfer of tax attributes to Liberty Interactive | — | — | — | — | — | — | (59) | — | — | — | (59) | |
| Change in capitalization in connection with Split-Off | — | 1 | — | — | — | 3,808 | (3,809) | — | — | — | — | |
| Sale of noncontrolling interest, net of tax impacts | — | — | — | — | — | — | (100) | — | — | (6) | (106) | |
| Other | — | — | — | — | — | — | (3) | — | — | — | (3) | |
| Balance at December 31, 2011 | — | 1 | — | — | — | 3,564 | — | 29 | 1,665 | (10) | 5,249 | |
| Net earnings | — | — | — | — | — | — | — | — | 1,414 | (2) | 1,412 | |
| Other comprehensive loss | — | — | — | — | — | — | — | (17) | — | — | (17) | |
| Stock compensation | — | — | — | — | — | 68 | — | — | — | — | 68 | |
| Minimum withholding taxes on net share settlements of stock-based compensation | — | — | — | — | — | (181) | — | — | — | — | (181) | |
| Excess tax benefits on stock-based compensation | — | — | — | — | — | 146 | — | — | — | — | 146 | |
| Stock issued upon exercise of stock options | — | — | — | — | — | 7 | — | — | — | — | 7 | |
| Series A Liberty stock repurchases | — | — | — | — | — | (323) | — | — | — | — | (323) | |
| Non-cash benefit from reversal of contingent liability (note 18) | — | — | — | — | — | 72 | — | — | — | — | 72 | |
| Other | — | — | — | — | — | (5) | — | — | — | 4 | (1) | |
| Balance at December 31, 2012 | — | 1 | — | — | — | 3,348 | — | 12 | 3,079 | (8) | 6,432 | |
| Net earnings | — | — | — | — | — | — | — | — | 8,780 | 211 | 8,991 | |

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statement Of Equity (continued)
Years ended December 31, 2013, 2012 and 2011

| | Stockholders' equity | | | | | | | | | | | |
|--|----------------------|-------------|-------------|------------------|-------------|----------------------------------|------------------------|---|----------------------|--|-----------------|-------------|
| | Liberty | | | Liberty Starz | | Additional Paid-in Capital | Parent's Investment | Accumulated other comprehensive earnings | Retained earnings | Noncontrolling interest in equity of subsidiaries | Total equity | |
| | Preferred Stock | Series A | Series B | Series C | Series A | | | | | | | Series B |
| | amounts in millions | | | | | | | | | | | |
| Other comprehensive loss | — | — | — | — | — | — | — | (11) | — | — | (11) | |
| Stock compensation | — | — | — | — | — | 140 | — | — | — | 63 | 203 | |
| Minimum withholding taxes on net share settlements of stock-based compensation | — | — | — | — | — | (51) | — | — | — | — | (51) | |
| Series A Liberty stock repurchases | — | — | — | — | — | (140) | — | — | — | — | (140) | |
| Shares repurchased by subsidiary | — | — | — | — | — | (160) | — | — | — | (1,442) | (1,602) | |
| Shares issued by subsidiary | — | — | — | — | — | (61) | — | — | — | 127 | 66 | |
| Shares acquired in disposition of subsidiary | — | — | — | — | — | (937) | — | — | — | — | (937) | |
| Issuance of warrants | — | — | — | — | — | 170 | — | — | — | — | 170 | |
| Non-controlling interest recognized with acquisition of a controlling interest in a subsidiary | — | — | — | — | — | — | — | — | — | 10,841 | 10,841 | |
| Distribution to stockholders for spin-off of Starz | — | — | — | — | — | (92) | — | 3 | — | 9 | (80) | |
| Balance at December 31, 2013 | — | 1 | — | — | — | 2,217 | — | 4 | 11,859 | 9,801 | 23,882 | |

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2013, 2012 and 2011

(1) Basis of Presentation

The accompanying consolidated financial statements of Liberty Media Corporation (formerly named Liberty Spinco, Inc.; see discussion below pertaining to the Spin-Off) ("Liberty" or the "Company" unless the context otherwise requires) represent a combination of the historical financial information of (1) certain video programming and other media related assets and businesses previously attributed to the Starz tracking stock group and the Capital tracking stock group of Liberty Interactive Corporation ("Liberty Interactive" and formerly named Liberty Media Corporation) further described in note 2 and (2) Liberty Media Corporation and its consolidated subsidiaries for the period following the date of the Split-Off (defined below). The Split-Off has been accounted for at historical cost due to the pro rata nature of the distribution.

In September 2011, Liberty Interactive completed the split-off of its former wholly-owned subsidiary (then known as Liberty Media Corporation) from its Liberty Interactive tracking stock group (the "Split-Off"). The Split-Off was effected by means of a redemption of all of the outstanding Liberty Capital common stock and Liberty Starz common stock of Liberty Interactive in exchange for all of the common stock of Liberty, which at the time of the Split-Off held all of the businesses, assets and liabilities attributed to the Capital and Starz tracking stock groups of Liberty Interactive in accordance with the terms of a Reorganization Agreement (described below). Immediately following the Split-Off Liberty utilized a tracking stock capital structure similar to that used by Liberty Interactive prior to the Split-Off, with two tracking stock groups: one tracking the businesses, assets and liabilities previously attributed to Liberty Interactive's Capital Group ("Capital Group") and the other tracking the businesses, assets and liabilities that were previously attributed to Liberty Interactive's Starz Group ("Starz Group"). As further discussed in note 2, Liberty eliminated its tracking stock structure in November 2011 through the conversion of Liberty Starz common stock into Liberty Capital common stock.

In January 2013, the entity then known as Liberty Media Corporation (now named Starz) spun-off (the "Spin-Off") its then-former wholly owned subsidiary, now known as Liberty Media Corporation, which, at the time of the Spin-Off, held all of the businesses, assets and liabilities of Starz not associated with Starz, LLC (with the exception of the Starz, LLC office building). The transaction was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. Due to the relative significance of Liberty to Starz (the legal spinor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty is being treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Spin-Off previously described. Therefore, the historical financial statements of the company formerly known as Liberty Media Corporation continue to be the historical financial statements of Liberty, and Starz, LLC is presented as discontinued operations for all periods prior to the completion of the Spin-Off. Therefore, for purposes of these consolidated financial statements, Liberty is treated as the spinor for purposes of discussion and as a practical matter for describing all the historical information contained herein.

These financial statements have been presented using the historical presentation of the Liberty Interactive attributed financial information as a basis for the consolidated financial statements. Previous transactions of the Liberty Capital group and Liberty Starz group have been reflected as transactions of Liberty and the historical transactions of the Liberty Interactive group have been treated as transactions of Liberty Interactive for purposes of these financial statements. Previous transactions between either the Liberty Starz group or the Liberty Capital group and the Liberty Interactive group, including all reattributions, have been reflected at historical cost on a prospective basis (i.e., treated as book value transfers rather than retroactive as-if poolings). All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Following the Split-Off and Spin-Off, Liberty, Liberty Interactive and Starz operate as separate publicly traded companies, none of which has any stock ownership, beneficial or otherwise, in the other. In connection with the Split-Off and Spin-Off, Liberty entered into certain agreements with Liberty Interactive and Starz, respectively, in order to govern ongoing relationships between the companies and to provide for an orderly transition. These agreements include Reorganization Agreements, Services Agreements, Facilities Sharing Agreements, a Lease Agreement (in the case of the Spin-Off only) and Tax Sharing Agreements. The Reorganization, Services and Facilities Sharing Agreements entered into with Liberty Interactive were assigned from Starz to Liberty in connection with the Spin-Off.

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Liberty Interactive and Starz following the Split-Off and Spin-Off, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Liberty Interactive and Starz with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive and Starz reimburse Liberty for direct,

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out-of-pocket expenses incurred by Liberty in providing these services and for Liberty Interactive's and Starz's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to each respective company. Prior to the Split-Off, these costs were allocated between the tracking stock groups and these amounts have not been significantly different following the completion of the Split-Off. Under the Facilities Sharing Agreements, Liberty shares office space and related amenities with Liberty Interactive and Starz at Liberty's corporate headquarters. Under these various agreements approximately \$16 million and \$10 million of these allocated expenses were reimbursed to Liberty during the years ended December 31, 2013 and 2012. Under the Lease Agreement, Starz leases its corporate headquarters from Liberty. The Lease Agreement with Starz for their corporate headquarters requires a payment of approximately \$3 million annually, subject to certain increases based on the Consumer Price Index. The Lease Agreement expires on December 31, 2023 and contains an extension option.

The Tax Sharing Agreements provide for the allocation and indemnification of tax liabilities and benefits between Liberty and each of Liberty Interactive and Starz as well as other agreements related to tax matters. Among other things, pursuant to the Tax Sharing Agreements, Liberty has agreed to indemnify Liberty Interactive and Starz, subject to certain limited exceptions, for losses and taxes resulting from the Split-Off and the Spin-Off, respectively, except to the extent such losses or taxes (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by Liberty Interactive (applicable to actions or failures to act by Liberty and its subsidiaries following the completion of the Split-Off) or Starz, (ii) result from the Liberty Capital common stock or the Liberty Starz common stock not being treated as stock of Liberty, or being treated as Section 306 stock within the meaning of Section 306(c) of the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes, (iii) result from the Liberty Interactive common stock, the Liberty Capital common stock, or the Liberty Starz common stock not being treated as stock of Liberty Interactive, or being treated as Section 306 stock within the meaning of Section 306(c) of the Code, for U.S. federal income tax purposes, (iv) result from Section 355(e) of the Code applying to the Split-Off or the Spin-Off as a result of the Split-Off or Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Liberty, or (v) result from deferred intercompany items or excess loss accounts that are triggered by the Split-Off, and that would otherwise be allocated to Liberty. In addition, Liberty will be required to indemnify Liberty Interactive for any losses or taxes resulting from the failure of the LEI split-off (a previously completed split-off by Liberty Interactive) and related restructuring transactions to be a tax-free transaction described under Sections 355 and 368(a)(1)(D) (including any such losses or taxes arising as a result of the completion of the Split-Off), except to the extent that such losses or taxes result primarily from, individually or in the aggregate, a breach of certain restrictive covenants made by Liberty Interactive (applicable to actions or failures to act by Liberty Interactive and its subsidiaries following the completion of the Split-Off). With respect to the Split-Off, the IRS has examined the transaction, and during 2012, the IRS and Liberty Interactive entered into a Closing Agreement which provides that the Split-Off qualified for tax-free treatment to Liberty Interactive and Starz. In February 2014, the IRS and Starz entered into a Closing Agreement which provides that the Spin-Off qualified for tax-free treatment to Starz and Liberty.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries primarily in North America. Our significant subsidiaries include Sirius XM Holdings Inc., the Atlanta National League Baseball Club, Inc. (the "Atlanta Braves" or "ANLBC") and TruePosition, Inc. ("TruePosition"). Our significant investments accounted for under the equity method include Charter Communications, Inc. ("Charter") and Live Nation Entertainment, Inc. ("Live Nation").

(2) Tracking Stocks

Tracking stock is a type of common stock that the issuing company intends to reflect or "track" the economic performance of a particular business or "group," rather than the economic performance of the company as a whole. Immediately following the Split-Off, Liberty had two tracking stocks—Liberty Starz common stock and Liberty Capital common stock, which were intended to track and reflect the economic performance of the businesses and assets attributed to the Starz Group and Capital Group, respectively. On November 28, 2011, Liberty completed the conversion of each outstanding share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of any fractional shares (the "Conversion"). As a result of the Conversion there are no outstanding shares of Liberty Starz tracking stock as of the Conversion date. The Liberty Capital common stock previously traded under the LCAPA and LCAPB ticker symbols; at the date of the Conversion the ticker symbols changed to LMCA and LMCB.

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While the Starz Group and the Capital Group had separate collections of businesses, assets and liabilities attributed to them, no group was a separate legal entity and therefore no group could own assets, issue securities or enter into legally binding agreements. Holders of the tracking stocks had no direct claim to the group's stock or assets and were not represented by separate boards of directors. Instead, holders of tracking stock were stockholders of the Company, with a single board of directors and subject to all of the risks and liabilities of the Company.

Prior to the Split-Off, during the time that Liberty Interactive had separate tracking stocks outstanding, certain changes in attribution were made between the respective tracking stock groups which impacted the attributed results of the tracking stock groups in those historical periods and the consolidated results of Liberty. On February 9, 2011, Liberty Interactive's board approved a change in attribution of \$1,138 million of the 3.125% Exchangeable Senior Debentures due 2023, the stock into which such debt is exchangeable (approximately 22 million shares of Time Warner, Inc., 5 million shares of Time Warner Cable Inc. and 2 million shares of AOL, Inc. with an aggregate carrying value of \$1,215 million at the time of the reattribution) and cash of \$264 million from its Capital Group to its Interactive Group (the "TWX Reattribution").

As discussed in note 1, the Liberty Interactive tracking stock businesses and assets remained with Liberty Interactive Corporation in the Split-Off. Liberty has reflected the historical reattributions between the tracking stock groups prospectively for the results attributed to the tracking stock groups in prior periods. In each case, the assets and liabilities were reattributed at their book values rather than the estimated fair values of those assets and liabilities that were considered by our board of directors, among other factors, in approving the applicable reattribution. As a result, on a book value basis, a change in attribution is reflected as a transfer of net assets between the tracking stocks. The principal reasons for the difference between fair value and book value are (i) the deferred tax liabilities under GAAP are required to be carried at the gross undiscounted basis difference multiplied by the company's effective tax rate whereas on a fair value basis, these future tax liabilities are not expected to be incurred for many years and therefore their present discounted value is substantially less, and (ii) certain of the senior exchangeable debentures are expected to continue to generate interest deductions for tax purposes in excess of the annual cash coupon over their remaining life, the present value of which is not reflected in the book values of the reattributed assets and liabilities.

(3) Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

Receivables

Receivables are reflected net of an allowance for doubtful accounts and sales returns. Such allowance aggregated \$4 million and \$1 million at December 31, 2013 and 2012, respectively. Activity in the year ended December 31, 2013 included an increase of \$4 million of bad debt charged to expense and \$1 million of write-offs. The amounts charged to bad debt expense and write-offs in 2012 and 2011 were less than a million each year.

Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. U.S. generally accepted accounting principles ("GAAP") permit entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations (the "fair value option"). Under other relevant GAAP, entities were required to recognize changes in fair value of AFS securities in the balance sheet in accumulated other comprehensive earnings. Liberty has entered into economic hedges for certain of its non-strategic AFS securities (although such instruments are not accounted for as fair value hedges by the Company). Changes in the fair value of these economic hedges are reflected in Liberty's statement of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, Liberty has elected the fair value option for those of its AFS securities which it considers to be non-strategic ("Fair Value Option Securities"). Accordingly, changes in the fair value of Fair Value Option Securities, as determined by quoted market prices, are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The total value of AFS securities for which the Company has elected the fair value option aggregated \$1,253 million and \$1,079 million as of December 31, 2013 and 2012, respectively.

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Other investments in which the Company's ownership interest is less than 20% and are not considered marketable securities are carried at cost.

For those investments in affiliates in which the Company has the ability to exercise significant influence, the equity method of accounting is used. Under this method, the investment, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliate as they occur rather than as dividends or other distributions are received. Losses are limited to the extent of the Company's investment in, advances to and commitments for the investee. In the event the Company is unable to obtain accurate financial information from an equity affiliate in a timely manner, the Company records its share of earnings or losses of such affiliate on a lag. The Company's share of net earnings or loss of affiliates also includes any other than temporary declines in fair value recognized during the period.

Changes in the Company's proportionate share of the underlying equity of an equity method investee, which result from the issuance of additional equity securities by such equity investee, are recognized in the statement of operations through the other, net line item.

The Company continually reviews its equity investments and its AFS securities which are not Fair Value Securities to determine whether a decline in fair value below the cost basis is other than temporary. The primary factors the Company considers in its determination are the length of time that the fair value of the investment is below the Company's carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of the investee. In addition, the Company considers the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; analysts' ratings and estimates of 12 month share price targets for the investee; changes in stock price or valuation subsequent to the balance sheet date; and the Company's intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. If the decline in fair value is deemed to be other than temporary, the cost basis of the security is written down to fair value. In situations where the fair value of an investment is not evident due to a lack of a public market price or other factors, the Company uses its best estimates and assumptions to arrive at the estimated fair value of such investment. The Company's assessment of the foregoing factors involves a high degree of judgment and accordingly, actual results may differ materially from the Company's estimates and judgments. Writedowns for AFS securities which are not Fair Value Option Securities are included in the consolidated statements of operations as other than temporary declines in fair values of investments. Writedowns for equity method investments are included in share of earnings (losses) of affiliates.

Derivative Instruments and Hedging Activities

All of the Company's derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive earnings and are recognized in the statement of operations when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings. If the derivative is not designated as a hedge, changes in the fair value of the derivative are recognized in earnings. None of the Company's derivatives are currently designated as hedges.

The fair value of certain of the Company's derivative instruments are estimated using the Black-Scholes model. The Black-Scholes model incorporates a number of variables in determining such fair values, including expected volatility of the underlying security and an appropriate discount rate. The Company obtained volatility rates from pricing services based on the expected volatility of the underlying security over the remaining term of the derivative instrument. A discount rate was obtained at the inception of the derivative instrument and updated each reporting period, based on the Company's estimate of the discount rate at which it could currently settle the derivative instrument. The Company considered its own credit risk as well as the credit risk of its counterparties in estimating the discount rate. Considerable management judgment was required in estimating the Black-Scholes variables.

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Property and Equipment

Property and equipment consisted of the following:

| | Estimated Useful Life | amounts in millions | |
|------------------------------|--------------------------|---------------------|-------------------|
| | | December 31, 2013 | December 31, 2012 |
| Land | NA | \$ 59 | 13 |
| Buildings and improvements | 10 - 40 years | 157 | 149 |
| Support equipment | 3 - 20 years | 257 | 167 |
| Satellite system | 2 - 15 years | 1,573 | — |
| Construction in progress | NA | 103 | — |
| Total property and equipment | | \$ 2,149 | 329 |

Property and equipment, including significant improvements, is stated at cost. Depreciation is computed using the straight-line method using estimated useful lives. Depreciation expense for the years ended December 31, 2013, 2012 and 2011 was \$200 million, \$23 million and \$24 million, respectively. During the year ended December 31, 2013, SIRIUS XM capitalized expenditures, including interest, of approximately \$87 million related to the construction of one of its satellites, which was launched and placed into operation in the fourth quarter of 2013.

Intangible Assets

Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment upon certain triggering events. Goodwill and other intangible assets with indefinite useful lives (collectively, "indefinite lived intangible assets") are not amortized, but instead are tested for impairment at least annually. Equity method goodwill is also not amortized, but is evaluated for impairment upon certain triggering events.

The Company performs at least annually an impairment analysis of goodwill and other intangibles. The Company adopted current accounting guidance, in prior years, relating to the annual assessments of recoverability of goodwill and other intangibles and utilized a qualitative assessment for determining whether step one of the goodwill impairment analysis was necessary. The accounting guidance adopted was issued to simplify how entities test goodwill for impairment by permitting entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. In evaluating goodwill on a qualitative basis the Company reviewed the business performance of each reporting unit and evaluated other relevant factors as identified in the relevant accounting guidance to determine whether it was more likely than not that an indicated impairment existed for any of our reporting units. The Company considered whether there was any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact company specific performance in future periods. As part of the analysis the Company also considered fair value determinations for certain reporting units that had been made at various points throughout the year for other purposes.

If a step one test would have been necessary based on the qualitative factors the Company would compare the estimated fair value of a reporting unit to its carrying value. Developing estimates of fair value requires significant judgments, including making assumptions about appropriate discount rates, perpetual growth rates, relevant comparable market multiples, public trading prices and the amount and timing of expected future cash flows. The cash flows employed in Liberty's valuation analysis are based on management's best estimates considering current marketplace factors and risks as well as assumptions of growth rates in future years. There is no assurance that actual results in the future will approximate these forecasts. For those reporting units whose carrying value exceeds the fair value, a second test is required to measure the impairment loss (the "Step 2 Test"). In the Step 2 Test, the fair value of the reporting unit is allocated to all of the assets and liabilities of the reporting unit with any residual value being allocated to goodwill. The difference between such allocated amount and the carrying value of the goodwill is recorded as an impairment charge.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangibles) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated

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by such asset, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such assets exceeds their fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets. Accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Noncontrolling Interests

The Company reports noncontrolling interests of subsidiaries within equity in the balance sheet and the amount of consolidated net income attributable to the parent and to the noncontrolling interest is presented in the statement of operations. Also, changes in ownership interests in subsidiaries in which the Company maintains a controlling interest are recorded in equity.

Revenue Recognition

Revenue is recognized as follows:

- Revenue from SIRIUS XM subscribers is recognized as it is realized or realizable and earned. Subscription fees are recognized as services are provided. Prepaid subscription fees received from certain automakers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon retail sale and activation. A portion of subscription revenue earned from subscribers is shared with certain automakers. Such shared revenue is recorded as an expense and not as a reduction to revenue.
- SIRIUS XM recognizes revenue from the sale of advertising as the advertising is broadcast. Agency fees are calculated based on a stated percentage applied to gross billing revenue for advertising inventory and are reported as a reduction of advertising revenue. Advertising revenue is recorded gross of revenue share payments made to certain third parties, which are recorded to Revenue share and royalties during the period in which the advertising is broadcast.
- Equipment revenue and royalties from the sale of satellite radios, components and accessories are recognized upon shipment, net of discounts and rebates. Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs associated with shipping goods to customers are reported as a component of Cost of subscriber services.
- Certain revenue arrangements contain multiple products, services and right to use assets, such as SIRIUS XM's bundled subscription plans. The applicable accounting guidance requires that such multiple deliverable revenue arrangements be divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. Consideration is allocated at the inception of the arrangement to all deliverables based on their relative selling price, which is determined using vendor specific objective evidence of the selling price of self-pay customers.
- TruePosition earns revenue from the sale and licensing of equipment with embedded software and related service and maintenance. For contracts entered into prior to the adoption of new revenue accounting guidance with multiple element arrangements with vendor specific objective evidence, the Company recognized revenue for each specific element when the earnings process was complete. If vendor specific objective evidence did not exist, revenue was deferred and recognized on a straight-line basis over the remaining term of the maintenance period after all other elements had been delivered. The Company adopted revenue accounting guidance prospectively (see discussion below) so subsequent to January 1, 2011 any new contracts or materially modified contracts with multiple element arrangements are accounted for based on the relative fair value of each separate element and recognized as earned.
- Revenue for ticket sales, local radio and television rights, signage and suites are recognized on a per game basis during the baseball season based on a pro rata share of total revenue earned during the entire baseball season to the total number of home games during the season. Concession revenue is recognized as commissions are earned from the sale of food and beverage at the stadium in accordance with agreements with the Company's concessions vendors. Major League Baseball (MLB) revenue is earned throughout the year based on an estimate of revenue generated by MLB on behalf of the 30 MLB clubs through the MLB Central Fund and MLB Properties and revenue sharing income or expense.

Accounting guidance was issued to remove from the scope of industry specific revenue accounting guidance for software and software related transactions, tangible products containing software components and non-software components that function together to deliver the product's essential functionality and amended outstanding guidance (1) to provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (2) to require an entity to allocate revenue in an arrangement using estimated selling prices of deliverables if a vendor does not have vendor-specific objective evidence or third-party evidence of selling price; and (3) to eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method. Adoption, at the election of the Company, was either on a prospective basis or by retrospective application.

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The Company adopted the revenue guidance on a prospective basis as of January 1, 2011. There was no financial statement impact on that date as a result of the adoption of the accounting guidance. In the first quarter of 2011, TruePosition, a consolidated subsidiary of the Company, entered into an amended contract with AT&T (one of TruePosition's largest customers) that materially changed the terms of the existing contract. The transition provisions of the new accounting guidance require that when a contract is materially modified it is subject to the current accounting requirements. This resulted in TruePosition recognizing revenue for all the delivered elements meeting the separation criteria, previously deferred under the previous accounting guidance. TruePosition recognized approximately \$538 million of revenue and \$167 million of deferred cost associated with the delivered elements as of the modification date. Previously, TruePosition did not have Vendor Specific Objective Evidence for the undelivered specified upgrade, which changed the timing of revenue recognition for the entire arrangement. Under the current guidance TruePosition utilized the estimated selling price to determine what portion of the overall consideration to allocate to the delivered and undelivered elements. Additionally, TruePosition's contract with T-Mobile expired in mid-2011; however software maintenance services ordered prior to that date continued to be provided through the year ended December 31, 2011. TruePosition had deferred substantially all of the revenue earned from T-Mobile since the inception of the contract due to an obligation to provide specified upgrades which were not delivered and for which no Vendor Specific Objective Evidence existed. Upon expiration of the software maintenance period, this obligation ceased to exist and, accordingly, TruePosition recognized approximately \$491 million and \$242 million of previously deferred revenue and costs, respectively.

Cost of Subscriber Services

Revenue Share

SIRIUS XM shares a portion of its subscription revenues earned from subscribers with certain automakers. The terms of the revenue share agreements vary with each automaker, but are typically based upon the earned audio revenue as reported or gross billed audio revenue.

Programming Costs

Programming costs which are for a specified number of events are amortized on an event-by-event basis; programming costs which are for a specified season or period are amortized over the season or period on a straight-line basis. SIRIUS XM allocates a portion of certain programming costs which are related to sponsorship and marketing activities to Selling, general and administrative expense on a straight-line basis over the term of the agreement.

Subscriber Acquisition Costs

Subscriber acquisition costs consist of costs incurred to acquire new subscribers and include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid to automakers who include a satellite radio and a prepaid subscription to SIRIUS XM service in the sale or lease price of a new vehicle; subsidies paid for chip sets and certain other components used in manufacturing radios; device royalties for certain radios; commissions paid to automakers as incentives to purchase, install and activate radios; product warranty obligations; freight; and provisions for inventory allowance. Subscriber acquisition costs do not include advertising, loyalty payments to distributors and dealers of radios and revenue share payments to automakers and retailers of radios.

Subsidies paid to radio manufacturers and automakers are expensed upon installation, shipment, receipt of product or activation and are included in Subscriber acquisition costs because SIRIUS XM is responsible for providing the service to the customers. Commissions paid to retailers and automakers are expensed upon either the sale or activation of radios. Chip sets that are shipped to radio manufacturers and held on consignment are recorded as inventory and expensed as subscriber acquisition costs when placed into production by radio manufacturers. Costs for chip sets not held on consignment are expensed as subscriber acquisition costs when the automaker confirms receipt.

SIRIUS XM records product warranty obligations in accordance with ASC 460, *Guarantees*, which requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken by issuing the guarantee. SIRIUS XM warrants that certain products sold through retail and direct to consumer distribution channels will perform in all material respects in accordance with specifications in effect at the time of the purchase of the products by the customer. The product warranty period is 90 days from the purchase date for repair or replacement of components and/or products that contain defects of material or workmanship. A liability is recorded for costs expected to be incurred under warranty obligations when the product is shipped from the manufacturer. Factors affecting the warranty liability include the number of units sold, historical experience, anticipated rates of claims and costs per claim. SIRIUS XM periodically assesses the adequacy of its warranty liability based on changes in these factors.

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Advertising Costs

Advertising expense aggregated \$181 million, \$4 million and \$4 million for the years ended December 31, 2013, 2012 and 2011, respectively. Advertising costs are primarily attributable to costs incurred by SIRIUS XM. Media-related advertising costs are expensed when advertisements air, and advertising production costs are expensed as incurred. These costs are reflected in the Selling, general and administrative expenses line in our consolidated statements of operations.

Stock-Based Compensation

As more fully described in note 15, Liberty has granted to its directors, employees and employees of its subsidiaries options, restricted stock and stock appreciation rights ("SARs") to purchase shares of Liberty common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for an Award of liability instruments (such as stock appreciation rights that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation, a portion of which relates to SIRIUS XM as discussed in note 15 (amounts in millions):

| | Years ended December 31, | | |
|-------------------------------------|--------------------------|-----------|-----------|
| | 2013 | 2012 | 2011 |
| amounts in millions | | | |
| Cost of subscriber services: | | | |
| Programming and content | \$ 15 | — | — |
| Customer service and billing | 4 | — | — |
| Other | 7 | — | — |
| Other operating expense | 14 | — | — |
| Selling, general and administrative | 153 | 46 | 25 |
| | <u>\$ 193</u> | <u>46</u> | <u>25</u> |

Income Taxes

The Company was included in the consolidated tax return of Liberty Interactive through the date of the Split-Off. Following the Split-Off the Company files its own consolidated tax return. The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for each taxing jurisdiction in which the company operates for the year in which those temporary differences are expected to be recovered or settled. Net deferred tax assets are then reduced by a valuation allowance if the Company believes it more likely than not such net deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of an enacted change in tax rates is recognized in income in the period that includes the enactment date.

When the tax law requires interest to be paid on an underpayment of income taxes, the Company recognizes interest expense from the first period the interest would begin accruing according to the relevant tax law. Such interest expense is included in interest expense in the accompanying consolidated statements of operations. Any accrual of penalties related to underpayment of income taxes on uncertain tax positions is included in other income (expense) in the accompanying consolidated statements of operations.

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Earnings attributable to Liberty Stockholders Per Common Share

Net earnings attributable to Liberty stockholders are comprised of the following:

| | Years ended December 31, | | |
|--|--------------------------|-------|------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Earnings (loss) from continuing operations | \$ 8,780 | 1,160 | 594 |
| Earnings (loss) from discontinued operations | \$ — | 254 | 242 |

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares that were outstanding for the period at the Company. Diluted EPS presents the dilutive effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

Series A and Series B Liberty Common Stock

The basic and diluted EPS calculation is based on the following weighted average shares outstanding (WASO) of Liberty's common stock, based on the conversion ratio of 1 to 1 utilized in the Split-Off, prior to the Split-Off, and the actual Liberty Capital common stock after the Split-Off. Excluded from diluted EPS for the year ended December 31, 2011 are less than a million potential common shares because their inclusion would be anti-dilutive.

| | Years ended December 31, | | |
|---------------|------------------------------|------|------|
| | 2013 | 2012 | 2011 |
| | number of shares in millions | | |
| Basic WASO | 118 | 120 | 85 |
| Stock options | 2 | 4 | 3 |
| Diluted WASO | 120 | 124 | 88 |

Series A and Series B Liberty Starz Common Stock

The basic and diluted EPS calculation is based on the following WASO of Liberty Starz common stock, based on the conversion ratio of 1 to 1 utilized in the Split-Off, prior to the Split-Off, and the actual Liberty Starz common stock immediately after the Split-Off. As discussed in note 2, on November 28, 2011 the Company converted each share of Liberty Starz for 0.88129 of a share of the corresponding series of Liberty Capital common stock (plus cash in lieu of fractional shares) to eliminate the tracking stock structure. Therefore, as of December 31, 2011, there were zero shares of Liberty Starz Common stock outstanding and the Basic and Diluted EPS calculations are through the Conversion date.

| | Years ended December 31, | | |
|---------------|------------------------------|------|------|
| | 2013 | 2012 | 2011 |
| | number of shares in millions | | |
| Basic WASO | NA | NA | 51 |
| Stock options | NA | NA | 2 |
| Diluted WASO | NA | NA | 53 |

Reclasses and adjustments

Certain prior period amounts have been reclassified for comparability with the current year presentation.

Estimates

The preparation of financial statements in conformity with GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company considers (i) recurring and nonrecurring fair value measurements, (ii) accounting for income taxes and (iii) assessments of other-than-temporary declines in fair value of its investments to be its most significant estimates.

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The Company holds investments that are accounted for using the equity method. The Company does not control the decision making process or business management practices of these affiliates. Accordingly, the Company relies on management of these affiliates to provide it with accurate financial information prepared in accordance with GAAP that the Company uses in the application of the equity method. In addition, the Company relies on audit reports that are provided by the affiliates' independent auditors on the financial statements of such affiliates. The Company is not aware, however, of any errors in or possible misstatements of the financial information provided by its equity affiliates that would have a material effect on the Company's consolidated financial statements.

(4) Sirius XM Radio, Inc. Transactions

On January 18, 2013, Liberty settled a block transaction with a financial institution taking possession of an additional 50 million shares of SIRIUS XM as well as converting its remaining SIRIUS XM Convertible Perpetual Preferred Stock, Series B-1, par value \$0.001 per share, into 1,293,509,076 shares of SIRIUS XM Common Stock. As a result of these two transactions Liberty holds more than 50% of the capital stock of SIRIUS XM and is entitled to vote on any matter, including the election of directors. Following the transactions, Liberty designated and SIRIUS XM's board of directors appointed certain directors to SIRIUS XM's board of directors and Liberty effectively controls the board as of January 18, 2013. This resulted in the application of purchase accounting and the consolidation of SIRIUS XM in the first quarter of 2013. Liberty recorded a gain of approximately \$7.5 billion in the first quarter of 2013 associated with application of purchase accounting based on the difference between fair value and the carrying value of the ownership interest Liberty had in SIRIUS XM prior to the acquisition of the controlling interest. The gain on the transaction was excluded from taxable income. Additionally, the difference between the book basis and tax basis of SIRIUS XM, as previously accounted for under the equity method, was relieved as a result of the transaction. The fair value of our ownership interest previously held (\$10,215 million) and the fair value of the initial noncontrolling interest (\$10,286 million) was determined based on the trading price (level 1) of SIRIUS XM on the last trading day prior to the acquisition of the controlling interest. Additionally, the noncontrolling interest includes the fair value of SIRIUS XM's fully vested options (level 2), the fair value of warrants outstanding (level 2) and the intrinsic value of a beneficial conversion feature accounted for in purchase accounting. Following the transaction date SIRIUS XM is a consolidated subsidiary with just less than a 50% noncontrolling interest accounted for in equity and the consolidated statements of operations. Effective November 15, 2013, SIRIUS XM completed a corporate reorganization whereby SIRIUS XM Holdings Inc. replaced Sirius XM Radio Inc. as its publicly held corporation, and Sirius XM Radio Inc. became a wholly-owned subsidiary of SIRIUS XM Holdings Inc and has no operations independent of its subsidiary SIRIUS XM Radio Inc.

The final purchase price allocation for SIRIUS XM is as follows (amounts in millions):

| | |
|---|------------------|
| Fair value of SIRIUS XM equity interests | \$ 10,372 |
| Fair value of SIRIUS XM debt securities | 253 |
| Noncontrolling interest | 10,841 |
| | <u>\$ 21,466</u> |
| | |
| Cash and cash equivalents | \$ 569 |
| Receivables | 210 |
| Property, plant and equipment | 1,714 |
| Goodwill | 13,775 |
| FCC Licenses | 8,600 |
| Tradenames | 930 |
| Intangible assets subject to amortization | 930 |
| Other assets | 480 |
| Debt | (2,490) |
| Deferred revenue | (1,565) |
| Deferred income tax liabilities, net | (685) |
| Other liabilities assumed | (1,002) |
| | <u>\$ 21,466</u> |

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and noncontractual relationships. SIRIUS XM applied purchase accounting for the acquisition of

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XM Satellite Radio Holdings Inc. in 2008 and has entered into many of its operating agreements at market rates in recent years, therefore, the carrying value of the identifiable assets were reflected at amounts near their fair value in SIRIUS XM's financial statements. Accordingly, a large percentage of Liberty's purchase price was allocated to FCC licenses and goodwill. During the year ended December 31, 2013, Liberty adjusted the initial purchase price allocation for SIRIUS XM by recording a decrease to the initial deferred tax liability and an offsetting decrease to goodwill of \$227 million. The adjustment was due to the identification of tax attributes not included in SIRIUS XM's deferred tax assets from excess stock-based compensation deductions. Additionally, during the year ended December 31, 2013, Liberty adjusted the carrying value of certain contract fair values that resulted in a change to the initial purchase price allocation to SIRIUS XM goodwill of \$18 million. This change resulted in a change to the recognition of the contract value through the statements of operations in prior periods and has been reflected retroactively in the appropriate periods. These adjustments are reflected in Liberty's final SIRIUS XM purchase price allocation table above.

The Pro Forma summarized combined unaudited balance sheets and statements of operation of Liberty using the historical financial statements for SIRIUS XM, giving effect to any purchase accounting related adjustments made at the time of acquisition and excluding the impact of the gain, as if the transactions discussed above occurred for the Balance Sheet data as of such dates and for the Statement of Operations data as if they had occurred on January 1, 2011, are as follows:

Summary Balance Sheet Data:

| | December 31, 2012 |
|--|----------------------------|
| | Amounts in millions |
| | (unaudited) |
| Current assets | \$ 3,102 |
| Investments in available-for-sale securities | \$ 1,147 |
| Investments in equity method affiliates | \$ 851 |
| Property, plant and equipment, net | \$ 1,871 |
| Intangible assets not subject to amortization | \$ 23,868 |
| Intangible assets subject to amortization, net | \$ 1,038 |
| Other assets | \$ 805 |
| Total assets | \$ 32,682 |
| Long-term debt | \$ 2,486 |
| Deferred tax liabilities, net | \$ 1,720 |
| Other liabilities | \$ 3,656 |
| Noncontrolling interests in equity of subsidiaries | \$ 10,833 |
| Stockholders' equity | \$ 13,987 |

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Summary Operations Data:

| | Years ended December 31, | |
|--|------------------------------------|----------|
| | 2012 | 2011 |
| | amounts in millions (unaudited) | |
| Revenue | \$ 3,730 | \$ 4,416 |
| Operating income (loss) | 686 | 1,087 |
| Interest expense | (162) | (215) |
| Share of earnings (loss) of affiliates | (21) | (7) |
| Less earnings (loss) attributable to the noncontrolling interests | 1,736 | 210 |
| Net Earnings (loss) from continuing operations attributable to Liberty stockholders: | | |
| Liberty common stock | \$ 2,052 | 788 |
| Liberty Starz common stock | NA | (39) |
| Pro Forma basic net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3): | | |
| Liberty common stock | \$ 17.10 | 9.27 |
| Liberty Starz common stock | NA | (0.76) |
| Pro Forma diluted net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3): | | |
| Liberty common stock | \$ 16.55 | 8.95 |
| Liberty Starz common stock | NA | (0.76) |

This Pro Forma information is not representative of Liberty's future financial position, future results of operations or future cash flows nor does it reflect what Liberty's financial position, results of operations or cash flows would have been as if these transactions happened previously and Liberty controlled or discontinued owning these entities during the periods presented.

On October 9, 2013, Liberty entered into a share repurchase agreement with SIRIUS XM in which SIRIUS XM will acquire 36,600,826 SIRIUS XM shares for \$500 million, in three separate tranches between the fourth quarter of 2013 and second quarter of 2014, at a price of \$3.6603 per share (which was based on a 1.5% discount to the average of the daily volume weighted average price (VWAP) per share of SIRIUS XM common stock over a period of ten days beginning on the third trading day following the date of the public release of SIRIUS XM's third quarter 2013 earnings subject to a cap on the average VWAP of \$4.18 and a floor on the average VWAP of \$3.64). The repurchase of shares will approximate 2% of the outstanding shares of SIRIUS XM on an as adjusted basis as the shares will be retired at the SIRIUS XM level. The first tranche of shares in the amount of 43,712,265 was repurchased on November 14, 2013. The retirement of SIRIUS XM shares on a consolidated basis will not significantly impact the consolidated results except for an adjustment to noncontrolling interest as the shares are repurchased and retired. Liberty expects to continue holding a majority of the SIRIUS XM common stock after the completion of the share repurchases.

On January 3, 2014, Liberty made a proposal ("the Proposal") to SIRIUS XM that outlines the terms by which SIRIUS XM public shareholders would become shareholders of Liberty in a tax-free transaction in which each share of SIRIUS XM common stock would be converted into 0.0760 of a new share of Liberty Series C common stock, and, immediately prior to such conversion, Liberty intends to distribute, on a 2:1 basis, shares of Liberty's Series C common stock to all holders of record of Liberty's Series A and B common stock to create a liquid trading market for Liberty's Series C common stock. (The foregoing exchange ratio would be equivalent to a 0.0253 exchange ratio prior to the distribution of the Liberty Series C common stock dividend.) Upon the completion of the proposed transaction, Liberty expects that SIRIUS XM's public shareholders would own approximately 39% of Liberty's then-outstanding common stock. SIRIUS XM's Board of Directors has formed a special committee of independent directors to consider Liberty's proposal. The transaction is subject to the approval of both the special committee and a majority of the public stockholders of SIRIUS XM, other than Liberty. Approval by the existing Liberty shareholders of the issuance of the Series C common shares in the proposed transaction is also required under applicable Nasdaq Stock Market requirements.

In connection with the Proposal made to SIRIUS XM, Liberty and SIRIUS XM agreed on January 23, 2014 to defer the second tranche of SIRIUS XM's repurchase of \$240 million of its shares of common stock from Liberty pursuant to the share repurchase agreement from January 27, 2014 to April 25, 2014 (the final repurchase date pursuant to the share repurchase agreement). As a

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result of this deferral, SIRIUS XM would repurchase \$340 million of its shares of common stock from Liberty on the final repurchase date.

On November 4, 2013, SIRIUS XM announced the completion of the acquisition of Agero, Inc. ("Agero"), pursuant to a stock purchase agreement in which SIRIUS XM agreed to acquire the connected vehicle business of Agero for an aggregate purchase price of approximately \$525 million, net of cash acquired. Agero's connected vehicle business is a leader in implementing the next generation of connected vehicle services. The business offers a portfolio of location-based services through two-way wireless connectivity, including safety, security, convenience, maintenance and data services and remote vehicle diagnostics. The excess purchase price over identifiable net tangible assets of \$389 million has been recorded to Goodwill in our consolidated balance sheets as of December 31, 2013. A total of \$247 million was allocated to identifiable intangible assets subject to amortization related to the assessed fair value of the acquired OEM relationships and proprietary software and is being amortized over the estimated weighted average useful lives of 15 and 10 years, respectively. Pro forma financial information related to this acquisition has not been provided as it is not material to our consolidated results of operations.

(5) Discontinued Operations

As discussed in note 1, the Spin-Off was completed on January 11, 2013. At the time of the Spin-Off, Liberty owned all of its assets, businesses and liabilities except for Starz. This transaction has been accounted for at historical cost due to the pro rata nature of the distribution. Additionally, due to the short period between the end of the year and the distribution date Liberty did not record any results for Starz in discontinued operations for the statement of operations due to the insignificance of such amounts for that period except for the distribution of approximately \$1.2 billion of cash from Starz prior to the distribution reflected in the consolidated statements of cash flows.

Following the Spin-Off, Liberty and Starz operate as separate, publicly traded companies, and neither has any stock ownership, beneficial or otherwise, in the other. As discussed in note 1, in connection with the Spin-Off, Liberty and Starz entered into certain agreements in order to govern certain of the ongoing relationships between the two companies after the Spin-Off and to provide for an orderly transition.

The consolidated financial statements and accompanying notes of Liberty have been prepared to reflect Starz as discontinued operations. Accordingly, the relevant financial statement balances and activities of the businesses, assets and liabilities owned by Starz at the time of Spin-Off (for periods prior to the Spin-Off) have been excluded from the respective captions in the accompanying consolidated balance sheets, statements of operations, comprehensive earnings and cash flows in such consolidated financial statements.

Certain combined financial information for Starz, which is included in earnings (loss) from discontinued operations, is as follows:

| | Years ended December 31, | |
|-------------------------------------|---------------------------------|-------------|
| | 2012 | 2011 |
| | amounts in millions | |
| Revenue | \$ 1,631 | 1,615 |
| Earnings (loss) before income taxes | \$ 383 | 407 |

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A summary of certain asset and liability amounts for Starz included in assets or liabilities of discontinued operations, is as follows:

| | December 31, 2012 | |
|---|----------------------------|-----|
| | amounts in millions | |
| <i>Assets</i> | | |
| Cash and cash equivalents | \$ | 750 |
| Trade and other receivables, net | \$ | 261 |
| Program rights, including current portion | \$ | 679 |
| <i>Liabilities</i> | | |
| Accrued liabilities | \$ | 245 |
| Debt, including current portion | \$ | 540 |

Earnings per share impact of discontinued operations

The earnings per share from discontinued operations, discussed above, is as follows:

| | Years ended December 31, | |
|--|---------------------------------|-------------|
| | 2012 | 2011 |
| Basic earnings (losses) from discontinued operations attributable to Liberty shareholders per common share (note 3): | | |
| Series A and Series B Liberty common stock | \$ 2.12 | (0.31) |
| Series A and Series B Liberty Starz common stock | NA | 5.25 |
| Diluted earnings (losses) from discontinued operations attributable to Liberty shareholders per common share (note 3): | | |
| Series A and Series B Liberty common stock | \$ 2.05 | (0.31) |
| Series A and Series B Liberty Starz common stock | NA | 5.06 |

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(6) Supplemental Disclosures to Consolidated Statements of Cash Flows

| | Years ended December 31, | | |
|--|-----------------------------|------|------|
| | 2013 | 2012 | 2011 |
| amounts in millions | | | |
| Cash paid for acquisitions: | | | |
| Fair value of assets acquired | \$ 2,586 | — | — |
| Intangibles not subject to amortization | 23,694 | — | — |
| Intangibles subject to amortization | 1,177 | — | — |
| Net liabilities assumed | (5,367) | — | — |
| Deferred tax liabilities | (760) | — | — |
| Fair value of previously held ownership interest | (10,372) | — | — |
| Noncontrolling interest | (10,841) | — | — |
| Cash paid for acquisitions, net of cash acquired | \$ 117 | — | — |
| Cash paid for exchange transaction: | | | |
| Fair value of Liberty Series A common stock received | \$ 937 | — | — |
| Carrying value of business deconsolidated | (19) | — | — |
| Cash held by business deconsolidated | 12 | — | — |
| Gain on transaction | (496) | — | — |
| Tax impact of transaction | (5) | — | — |
| Net cash paid for exchange transaction | \$ 429 | — | — |
| Cash paid for interest | \$ 144 | 3 | 8 |
| Cash paid (received) for income taxes | \$ (75) | 129 | 193 |

(7) Assets and Liabilities Measured at Fair Value

For assets and liabilities required to be reported at fair value, GAAP provides a hierarchy that prioritizes inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The Company does not have any recurring assets or liabilities measured at fair value that would be considered Level 3.

Liberty's assets and liabilities measured at fair value are as follows:

| Description | December 31, 2013 | | | December 31, 2012 | | |
|-------------------------------|-------------------|--|---|-------------------|--|---|
| | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Total | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) |
| amounts in millions | | | | | | |
| Cash equivalents | \$ 859 | 859 | — | 561 | 561 | — |
| Available-for-sale securities | \$ 1,293 | 978 | 315 | 1,361 | 978 | 383 |
| Financial instrument assets | \$ 397 | — | 397 | — | — | — |
| Debt | \$ 1,002 | — | 1,002 | — | — | — |

The majority of Liberty's Level 2 financial instruments are investments in debt related instruments and derivative instruments. The Company notes that these assets are not always traded publicly or not considered to be traded on "active markets," as defined

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in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs. The fair value of debt related instruments in the prior year was based on quoted market prices but not considered to be traded on "active markets," as defined by GAAP. Accordingly, those Available-for-sale securities, financial instruments and debt related instruments are reported in the foregoing table as Level 2 fair value.

Realized and Unrealized Gains (Losses) on Financial Instruments

Realized and unrealized gains (losses) on financial instruments are comprised of changes in the fair value of the following:

| | Years ended December 31, | | |
|------------------------------|--------------------------|------|------|
| | 2013 | 2012 | 2011 |
| Fair Value Option Securities | \$ 306 | 310 | 254 |
| Debt instruments | (17) | — | (85) |
| Other | 6 | (80) | (99) |
| | \$ 295 | 230 | 70 |

(8) Investments in Available-for-Sale Securities and Other Cost Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. GAAP permits entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of such instruments in the entity's statement of operations. The Company previously had entered into economic hedges for certain of its non-strategic AFS securities (although such instruments were not accounted for as fair value hedges by the Company). Changes in the fair value of those economic hedges were reflected in the Company's statement of operations as unrealized gains (losses). In order to better match the changes in fair value of the subject AFS securities and the changes in fair value of the corresponding economic hedges in the Company's financial statements, the Company has elected to account for those of its AFS securities which it considers to be non-strategic ("Fair Value Option Securities") at fair value. Accordingly, changes in the fair value of Fair Value Option Securities, as determined by quoted market prices, are reported in realized and unrealized gains (losses) on financial instruments in the accompanying consolidated statements of operations.

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Investments in AFS securities, including Fair Value Option Securities separately aggregated, and other cost investments are summarized as follows:

| | December 31, 2013 | December 31, 2012 |
|---|----------------------|----------------------|
| amounts in millions | | |
| Fair Value Option Securities | | |
| Time Warner Inc.(a) | \$ 297 | 211 |
| Time Warner Cable Inc. (a) | 320 | 230 |
| Viacom, Inc. (a) | 317 | 192 |
| CenturyLink, Inc. | — | 70 |
| Barnes & Noble, Inc. | 255 | 262 |
| Other equity securities | 37 | 58 |
| Other debt securities | 27 | 56 |
| Total Fair Value Option Securities | 1,253 | 1,079 |
| AFS and cost investments | | |
| SIRIUS XM debt securities (b) | — | 249 |
| Live Nation debt securities | 24 | 25 |
| Other AFS and cost investments | 47 | 39 |
| Total AFS and cost investments | 71 | 313 |
| | \$ 1,324 | 1,392 |

- (a) See note 11 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of December 31, 2013.
- (b) On January 18, 2013, as discussed in note 4, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result consolidates SIRIUS XM as of such date. Therefore, the related SIRIUS XM debt securities are considered effectively settled upon consolidation.

Unrealized Holding Gains and Losses

Unrealized holding gains and losses related to investments in AFS securities are summarized below.

| | December 31, 2013 | | December 31, 2012 | |
|---------------------------------|----------------------|--------------------|----------------------|--------------------|
| | Equity securities | Debt securities | Equity securities | Debt securities |
| amounts in millions | | | | |
| Gross unrealized holding gains | \$ 6 | 1 | 2 | 37 |
| Gross unrealized holding losses | \$ — | — | — | — |

Liberty reclassified approximately 40 million of pre-tax previously unrealized gains in the consolidated statement of operations in gains (losses) on transactions, net during the year ended December 31, 2013 due to the application of purchase accounting and the effective settlement of SIRIUS XM debt securities previously accounted for as available-for-sale securities through other comprehensive earnings (loss). Additionally, Liberty had no securities in a loss position greater than a year.

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(9) Investments in Affiliates Accounted for Using the Equity Method

Liberty has various investments accounted for using the equity method. The following table includes the Company's carrying amount and percentage ownership and market value (level 1) of the more significant investments in affiliates at December 31, 2013, and the carrying amount at December 31, 2012:

| | December 31, 2013 | | December 31, 2012 | |
|-------------------------------------|----------------------|--------------|-------------------|-----------------|
| | Percentage ownership | Market Value | Carrying amount | Carrying amount |
| dollar amounts in millions | | | | |
| Charter Communications, Inc. (a)(c) | 25% | \$ 3,673 | 2,395 | NA |
| SIRIUS XM (b) | NA | NA | NA | 2,766 |
| Live Nation (d)(e) | 26% | 1,029 | 409 | 406 |
| SIRIUS XM Canada (b) | 38% | 432 | 273 | NA |
| Other | various | NA | 222 | 169 |
| | | | \$ 3,299 | 3,341 |

The following table presents the Company's share of earnings (losses) of affiliates:

| | Years ended December 31, | | |
|----------------------------------|--------------------------|-------|------|
| | 2013 | 2012 | 2011 |
| amounts in millions | | | |
| Charter Communications, Inc. (a) | \$ (83) | NA | NA |
| SIRIUS XM (b)(c) | 8 | 1,367 | 94 |
| Live Nation (d) | (18) | (45) | (22) |
| SIRIUS XM Canada (b) | 7 | NA | NA |
| Other | 54 | 24 | 15 |
| | \$ (32) | 1,346 | 87 |

- (a) As discussed below, Liberty acquired its interest in Charter Communications, Inc. during May 2013 for approximately \$2.6 billion. Our share of losses related to Charter in 2013 included \$51 million of losses due to the amortization of the excess basis of our investment.
- (b) On January 18, 2013, as discussed in note 4, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result consolidates SIRIUS XM as of such date. SIRIUS XM has an investment in SIRIUS XM Canada that was recorded at fair value in purchase accounting. See discussion below of SIRIUS XM Canada.
- (c) SIRIUS XM recognized a \$3.0 billion tax benefit during the year ended December 31, 2012. SIRIUS XM recorded the tax benefit as the result of significant positive evidence that a valuation allowance was no longer necessary for its recorded deferred tax assets. The Company recognized its portion of this benefit (\$1,229 million) based on our ownership percentage at the time of the recognition of the deferred tax benefit by SIRIUS XM.
- (d) During the first quarter of 2013, Liberty acquired an additional 1.7 million shares of Live Nation for approximately \$19 million. During the year ended December 31, 2012 the Company acquired approximately 11 million shares of Live Nation for \$107 million.
- (e) See note 11 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of December 31, 2013.

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SIRIUS XM Canada

In the acquisition of SIRIUS XM, Liberty acquired an interest in SIRIUS XM Canada which SIRIUS XM accounts for as an equity method affiliate. Liberty recognized the investment at fair value, based on the market price per share (level 1), on the date of acquisition.

In 2005, SIRIUS XM entered into agreements to provide SIRIUS XM Canada with the right to offer SIRIUS XM satellite radio service in Canada. The agreements have an initial ten year term and Sirius XM Canada has the unilateral option to extend the agreements for an additional five year term. SIRIUS XM receives a 15% royalty for all subscriber fees earned by SIRIUS XM Canada each month for its basic service and an activation fee for each gross activation of a SIRIUS XM Canada subscriber on the satellite radio system. SIRIUS XM Canada is obligated to pay SIRIUS XM a total of \$70 million for the rights to broadcast and market National Hockey League ("NHL") games for a ten year term. SIRIUS XM recognizes these payments on a gross basis as a principal obligor. The estimated fair value of deferred revenue from SIRIUS XM Canada as of the acquisition date was approximately \$21 million, which is amortized on a straight-line basis through 2020, the end of the expected term of the agreements. SIRIUS XM provides chip sets as well other services and SIRIUS XM Canada reimburses SIRIUS XM for such costs. At December 31, 2013, SIRIUS XM has approximately \$10 million and \$21 million in related party assets and liabilities, respectively, related to these agreements described above with SIRIUS XM Canada which are recorded in other assets and other liabilities, respectively, in the consolidated balance sheet. Additionally, SIRIUS XM recorded approximately \$49 million in revenue for the year ended December 31, 2013, associated with these various agreements in the other revenue line in the consolidated statements of operations.

Charter Communications, Inc.

In May 2013, Liberty completed a transaction with investment funds managed by, or affiliated with, Apollo Management, Oaktree Capital Management and Crestview Partners to acquire approximately 26.9 million shares of common stock and approximately 1.1 million warrants in Charter Communications, Inc. ("Charter") for approximately \$2.6 billion, which represented an approximate 27% beneficial ownership (including the warrants on an as if converted basis) in Charter at the time of purchase and a price per share of \$95.50. Liberty accounts for the investment in Charter as an equity method affiliate based on the ownership interest obtained and the board seats held by Liberty appointed individuals. Liberty funded the purchase with a combination of cash of approximately \$1.2 billion on hand and new margin loan arrangements on approximately 20.3 million Charter common shares, approximately 720 million SIRIUS XM common shares, approximately 8.1 million Live Nation common shares and a portion of Liberty's available for sale securities. Liberty allocated the purchase price between the shares of common stock and the warrants acquired in the transaction by determining the fair value of the publicly traded warrants and allocating the remaining balance to the shares acquired, which resulted in an excess basis in the investment of \$2.5 billion. The excess basis was primarily allocated to franchise fees, customer relationships, debt and goodwill based on a valuation of Charter's assets and liabilities.

(10) Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows:

| | SIRIUS XM | Other | Total |
|------------------------------|-----------|-------|--------|
| Balance at January 1, 2011 | NA | 200 | 200 |
| Other | NA | — | — |
| Balance at December 31, 2012 | NA | 200 | 200 |
| Acquisitions (a) | 14,165 | — | 14,165 |
| Balance at December 31, 2013 | \$ 14,165 | 200 | 14,365 |

- (a) The increase to SIRIUS XM goodwill was the result of the acquisition of a controlling interest in SIRIUS XM in January 2013 and SIRIUS XM's acquisition of Agero in November 2013, see note 4 for further discussion.

Other intangible assets not subject to amortization, not separately disclosed, are SIRIUS XM FCC licenses and tradenames (\$8.6 billion and \$930 million million, respectively) at December 31, 2013 and franchise rights owned by ANLBC (\$143 million)

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as of December 31, 2013 and 2012. We identified these assets as indefinite life intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are used and the effects of obsolescence on their use. The increase in Other intangible assets not subject to amortization from December 31, 2012 was due to the acquisition of SIRIUS XM in January 2013 as discussed in note 4. SIRIUS XM's FCC licenses are currently scheduled to expire in 2014, 2017 and 2018. Prior to expiration, SIRIUS XM is required to apply for a renewal of its FCC licenses. The renewal and extension of its licenses is reasonably certain at minimal cost, which is expensed as incurred. Each of the FCC licenses authorizes SIRIUS XM to use the broadcast spectrum, which is a renewable, reusable resource that does not deplete or exhaust over time.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

| | December 31, 2013 | | | December 31, 2012 | | |
|------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross carrying amount | Accumulated amortization | Net carrying amount | Gross carrying amount | Accumulated amortization | Net carrying amount |
| | amounts in millions | | | | | |
| Customer relationships | \$ 838 | (65) | 773 | 51 | (23) | 28 |
| Licensing agreements | 316 | (22) | 294 | — | — | — |
| Other | 433 | (300) | 133 | 515 | (435) | 80 |
| Total | \$ 1,587 | (387) | 1,200 | 566 | (458) | 108 |

Customer relationships are amortized over 10-15 years and licensing agreements are amortized over 15 years. Amortization expense was \$115 million, \$19 million and \$29 million for the years ended December 31, 2013, 2012 and 2011, respectively. Based on its amortizable intangible assets as of December 31, 2013, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

| | |
|------|--------|
| 2014 | \$ 144 |
| 2015 | \$ 139 |
| 2016 | \$ 112 |
| 2017 | \$ 94 |
| 2018 | \$ 91 |

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(11) Debt

Debt is summarized as follows:

| | Outstanding Principal December 31, 2013 | Carrying value | |
|--|--|----------------------|----------------------|
| | | December 31, 2013 | December 31, 2012 |
| amounts in millions | | | |
| Corporate level notes and loans: | | | |
| Liberty 1.375% Cash Convertible Notes due 2023 | \$ 1,000 | 1,002 | — |
| Margin loans | 920 | 920 | — |
| Subsidiary notes and loans: | | | |
| SIRIUS XM 7% Exchangeable Senior Subordinated Notes due 2014 | 491 | 520 | — |
| SIRIUS XM 5.875% Senior Notes due 2020 | 650 | 643 | — |
| SIRIUS XM 5.75% Senior Notes due 2021 | 600 | 594 | — |
| SIRIUS XM 5.25% Senior Notes due 2022 | 400 | 407 | — |
| SIRIUS XM 4.25% Senior Notes due 2020 | 500 | 494 | — |
| SIRIUS XM 4.625% Senior Notes due 2023 | 500 | 495 | — |
| SIRIUS XM Credit Facility | 460 | 460 | — |
| Other subsidiary debt | 20 | 20 | — |
| Total debt | \$ 5,541 | 5,555 | — |
| Less debt classified as current | | (777) | — |
| Total long-term debt | | \$ 4,778 | — |

Liberty 1.375% Cash Convertible Notes due 2023

On October 17, 2013 Liberty issued \$1 billion aggregate principal amount of 1.375% Cash Convertible Senior Notes due 2023 ("Convertible Notes"). The Convertible Notes will mature on October 15, 2023 unless earlier repurchased by us or converted. Interest on the Convertible Notes is payable semi-annually in arrears on April 15 and October 15 of each year at a rate of 1.375% per annum. All conversion of the Convertible Notes will be settled solely in cash, and not through the delivery of any securities. The initial conversion rate for the Convertible Notes is 5.5882 shares of Liberty Series A common stock per \$1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of \$178.95 per share of Liberty Series A common stock. Holders of the Convertible Notes may convert their notes at their option at any time prior to the close of business on the second business day immediately preceding the maturity date of the notes under the following circumstances: (1) during any fiscal quarter after the fiscal quarter ending December 31, 2013, if the last reported sale price of our Series A common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of the notes on the last day of such preceding fiscal quarter; (2) during the five day period after any five consecutive trading day period, which we refer to as the measurement period, in which the trading price per \$1,000 principal amount of notes for each trading day of that measurement period was less than 98% of the product of the last reported sale price of our Series A common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate transactions. Liberty has elected to account for this instrument using the fair value option. Accordingly, changes in the fair value of this instrument are recognized as unrealized gains (losses) in the statements of operations. As of December 31, 2013, the Convertible Notes are classified as a long term liability in the consolidated balance sheets, as the conversion conditions have not been met as of such date.

Additionally, contemporaneously with the issuance of the Convertible Notes Liberty entered into privately negotiated cash convertible note hedges and purchased call options (the "Bond Hedge Transaction"). The Bond Hedge Transaction covered approximately 5,588,200 shares of Liberty Series A common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which is equal to the number of shares of Liberty Series A common stock that will initially underlie the Convertible Notes. The Bond Hedge Transaction is expected to offset potential cash payments Liberty would be required to make in excess of the principal amount of the Convertible Notes, upon conversion of the notes in the event that the volume-weighted average price per share of the Liberty Series A common stock, as measured under the cash convertible note hedge transactions on each trading day of the relevant cash settlement averaging period or other relevant valuation period, is greater than the strike price of \$178.95 per share of Liberty Series A common stock, which initially corresponds to the conversion price of the Convertible Notes. Liberty

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paid approximately \$299 million for the Bond Hedge Transaction. The bond hedge expires on October 15, 2023 and is included in other long-term assets as of December 31, 2013 in the accompanying consolidated balance sheet, with changes in the fair value recorded in the Unrealized gains (losses) on financial instruments, net line item of the statements of operations.

Concurrently with the Bond Hedge Transaction and Convertible Notes, Liberty also entered into separate privately negotiated warrant transactions under which Liberty sold warrants relating to the same number of shares of common stock as underlie the Bond Hedge Transaction, subject to anti-dilution adjustments. The warrant transactions may have a dilutive effect with respect to the Liberty Series A common stock to the extent that the price of the Liberty Series A common stock exceeds the strike price of the warrant transactions and warrant transactions are settled with shares of Liberty Series A common stock. The first expiration date of the warrants is January 16, 2024 and expire over a period covering 81 days thereafter. Liberty may elect to settle its delivery obligation under the warrant transactions with cash. The strike price of the warrants will initially be \$255.64 per share of Liberty Series A common stock. Liberty received approximately \$170 million in proceeds for the sale of warrants. The issuance of the warrants were recorded as a component of Additional paid-in capital.

The net proceeds from these transactions of \$871 million will be used for general corporate purposes and approximately \$200 million was used to pay down a portion of the revolving credit facility under the margin loans.

Margin Loans

During the year ended December 31, 2013, in connection with Liberty's acquisition of Charter common stock and warrants, as discussed in note 9, Liberty, through certain of its wholly-owned subsidiaries, entered into three different margin loans with various financial institutions ("lender parties") in order to fund the purchase. Each agreement contains language that indicates that Liberty, as borrower and transferor of underlying shares as collateral, has the right to exercise all voting, consensual and other powers of ownership pertaining to the transferred shares for all purposes, provided that Liberty agrees that it will not vote the shares in any manner that would reasonably be expected to give rise to transfer or other certain restrictions. Similarly, the loan agreements indicate that no lender party shall have any voting rights with respect to the shares transferred, except to the extent that a lender party buys any shares in a sale or other disposition made pursuant to the terms of the loan agreements. The margin loans consist of the following:

\$1 Billion Margin Loan due 2014

On April 30, 2013, Liberty Siri MarginCo, LLC, a wholly owned subsidiary of Liberty, entered into a margin loan agreement whereby Liberty Siri MarginCo, LLC borrowed \$250 million pursuant to a term loan and \$450 million pursuant to a revolving credit facility with various lender parties. Shares of SIRIUS XM, Live Nation, Time Warner, Inc., Viacom, Inc., CenturyLink, Inc., and Time Warner Cable, Inc. common stock were pledged as collateral pursuant to this agreement. Borrowings under this agreement are due October 31, 2014 and bear interest equal to the three-month LIBOR plus a spread, based on the market value of the non-SIRIUS XM shares pledged as collateral pursuant to the agreement. The initial interest rate on the loan is LIBOR plus 2%. Interest on the term loan is payable on the first business day of each calendar quarter, and interest is payable on the revolving line of credit on the last day of the interest period applicable to the borrowing of which such loan is a part. During June 2013, Liberty Siri MarginCo, LLC repaid \$250 million outstanding under the revolving credit facility. During October 2013, Liberty Siri MarginCo, LLC repaid an additional \$200 million outstanding under the revolving credit facility. Therefore, as of December 31, 2013, availability under the revolving line of credit was \$750 million. Additionally, up to \$1 billion in loans may be extended under the loan agreement in the form of incremental loans, subject to the satisfaction of certain conditions.

\$670 Million Margin Loan due 2015

At closing on May 1, 2013, LMC Cheetah 2, LLC, a wholly owned subsidiary of Liberty, entered into a margin loan agreement with an availability of \$670 million pursuant to a term loan with various lender parties ("670 Million Margin Loan due 2015") whereby LMC Cheetah 2, LLC borrowed \$370 million. Shares of Charter common stock were pledged as collateral pursuant to this agreement. The \$670 Million Margin Loan due May 1, 2015 bears interest equal to the three-month LIBOR plus 3.25%, payable on the first day of each of February, May, August and November throughout the term of the loan. As of December 31, 2013, Liberty has fully drawn the \$670 Million Margin Loan due 2015 (see below).

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\$300 Million Margin Loan due 2014

At closing on May 1, 2013, LMC Cheetah 3, LLC, a wholly owned subsidiary of Liberty, entered into a margin loan agreement whereby LMC Cheetah 3, LLC borrowed \$300 million pursuant to a term loan due June 1, 2014. Shares of Charter common stock were pledged as collateral pursuant to this agreement. Outstanding borrowings pursuant to this agreement bear interest equal to the three-month LIBOR plus 5.00%, payable on the first day of each September, December, March and June throughout the term of the loan. During June 2013, Liberty repaid in full the principal and accrued interest on amounts drawn pursuant to this agreement and borrowed an additional \$300 million pursuant to the \$670 Million Margin Loan due 2015, discussed above.

As of December 31, 2013, the value of shares pledged as collateral pursuant to all three margin loan agreements is as follows:

| Investment | Number of Shares Pledged as Collateral as of December 31, 2013 | Share value as of December 31, 2013 |
|-------------------------|--|--|
| | amounts in millions | |
| SIRIUS XM | 719.9 | \$ 2,513 |
| Charter | 20.3 | \$ 2,772 |
| Live Nation | 8.1 | \$ 159 |
| Time Warner, Inc. | 3.6 | \$ 252 |
| Viacom, Inc. | 3.5 | \$ 308 |
| Time Warner Cable, Inc. | 1.1 | \$ 151 |

Each of the margin loans contain various affirmative and negative covenants that restrict the activities of the borrower. The loan agreements do not include any financial covenants.

SIRIUS XM Outstanding Debt

SIRIUS XM 7% Exchangeable Senior Subordinated Notes due 2014

In August 2008, SIRIUS XM issued \$550 million aggregate principal amount of 7% Exchangeable Senior Subordinated Notes due 2014 (the "Exchangeable Notes"). The Exchangeable Notes are senior subordinated obligations and rank junior in right of payment to SIRIUS XM's existing and future senior debt and equally in right of payment with SIRIUS XM's existing and future senior subordinated debt. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries have guaranteed the Exchangeable Notes on a senior subordinated basis.

Interest is payable semi-annually in arrears on June 1 and December 1 of each year at a rate of 7% per annum. The Exchangeable Notes mature on December 1, 2014. The Exchangeable Notes are exchangeable at any time at the option of the holder into shares of SIRIUS XM's common stock at an initial exchange rate of 533.3333 shares of common stock per \$1,000 principal amount of Exchangeable Notes, which is equivalent to an approximate exchange price of \$1.875 per share of common stock. If a holder of the Exchangeable Notes elects to exchange the notes in connection with a corporate transaction that constitutes a fundamental change, the exchange rate will be increased by an additional number of shares of common stock determined by the indenture governing the Exchangeable Notes. Due to a special cash dividend in December 2012, the conversion rate increased to 543.1372 shares per common stock per \$1,000 principal amount. Liberty owns approximately \$11 million of principal amount of the outstanding debentures which are considered effectively settled on a consolidated basis. The premium associated with the Exchangeable Notes was recorded in purchase accounting as the difference between fair value less the intrinsic value of the conversion feature and the outstanding principal amount at the date of acquisition. This premium is being amortized over the remaining period to maturity through interest expense.

As a result of Liberty's acquisition of an additional 50 million shares of SIRIUS XM, a fundamental change occurred under the indenture governing the Exchangeable Notes. In accordance with the indenture, on February 1, 2013, SIRIUS XM made an offer to each holder of the Exchangeable Notes to: (i) repurchase his or her Exchangeable Notes at a purchase price in cash equal to \$1,000 per \$1,000 principal amount of the Exchangeable Notes (plus accrued and unpaid interest to, but excluding March 1, 2013); (ii) exchange his or her Exchangeable Notes for SIRIUS XM's common stock, at an exchange rate of 581.3112 shares per

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\$1,000 principal amount of Notes, or (iii) retain his or her Exchangeable Notes pursuant to their terms through maturity on December 1, 2014, or otherwise transfer or exchange them in the ordinary course. Following the expiration of this offer, the exchange rate for the Exchangeable Notes reverted to 543.1372 shares of common stock per \$1,000 principal amount of Exchangeable Notes.

In connection with this offer, \$48 million in principal amount of the Exchangeable Notes were converted resulting in the issuance of approximately 28 million shares of SIRIUS XM common stock during the first quarter of 2013, considered to be a non-cash financing activity. As a result of this conversion, Liberty retired approximately \$48 million in principal amount of the Exchangeable Notes and recognized a proportionate share of unamortized premium to noncontrolling interest. No loss was recognized as a result of the exchange.

SIRIUS XM 5.25% Senior Notes due 2022

In August 2012, SIRIUS XM issued \$400 million aggregate principal amount of 5.25% Senior Notes due 2022 (the "5.25% Notes"). Interest is payable semi-annually in arrears on February 15 and August 15 of each year at a rate of 5.25% per annum. The 5.25% Notes mature on August 15, 2022. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries guarantee SIRIUS XM's obligations under the 5.25% Notes. The premium associated with the 5.25% Notes was recorded in purchase accounting as the difference between fair value and the outstanding principal amount at the date of acquisition. This premium is being amortized over the remaining period to maturity through interest expense.

SIRIUS XM Senior Secured Revolving Credit Facility

In December 2012, SIRIUS XM entered into a five-year senior secured revolving credit facility (the "Credit Facility") with a syndicate of financial institutions for \$1,250 million. The Credit Facility is secured by substantially all SIRIUS XM's assets and the assets of their subsidiaries. The proceeds of loans under the Credit Facility will be used for working capital and other general corporate purposes, including financing acquisitions, share repurchases and dividends. Interest on borrowings is payable on a quarterly basis and accrues at a rate based on LIBOR plus an applicable rate. The interest rate on borrowings outstanding under the Credit Facility as of December 31, 2013 bear interest at a rate of 2.42% per annum. SIRIUS XM is required to pay a variable fee on the average daily unused portion of the Credit Facility which is currently 0.35% per annum and is payable on a quarterly basis. The Credit Facility contains customary covenants, including a maintenance covenant.

As of December 31, 2013, availability under the Credit Facility was \$790 million.

SIRIUS XM Senior Notes Due 2020 and 2023

In May 2013, SIRIUS XM issued \$500 million of Senior Notes due 2020 which bear interest at an annual rate of 4.25% and \$500 million of Senior Notes due 2023 which bear interest at an annual rate of 4.625%. SIRIUS XM received net proceeds of \$989 million from the sale of the notes after deducting commissions, fees and expenses. Interest on the notes is payable semi-annually in arrears on May 15 and November 15 of each year. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries guarantee SIRIUS XM's obligations under the notes. Proceeds from this offering were used to redeem its 8.75% Notes and its 7.625% Notes and for general corporate purposes.

SIRIUS XM 5.75% Senior Notes Due 2021

During August 2013, SIRIUS XM issued \$600 million of 5.75% Senior Notes due 2021 ("5.75% Notes"). Interest on the notes is payable semi-annually in arrears on February 1 and August 1 of each year at a rate of 5.75% per annum. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries guarantee SIRIUS XM's obligations under the notes. The 5.75% Notes were issued for \$594 million. SIRIUS XM used the net proceeds from this offering, together with cash on-hand, to redeem its outstanding 8.75% Notes.

SIRIUS XM 5.875% Senior Notes Due 2020

During September 2013, SIRIUS XM issued \$650 million of 5.875% Senior Notes Due 2020 ("5.875% Notes"). Interest on the notes is payable semi-annually in arrears on April 1 and October 1 of each year at a rate of 5.875% per annum. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries guarantee SIRIUS XM's obligations under the notes. The 5.875% Notes were issued for \$643 million. SIRIUS XM used the net proceeds from the 5.875% Notes offering, together with cash on-hand, to redeem its outstanding 7.625% Notes.

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2013 SIRIUS XM Debt Retirements

SIRIUS XM 8.75% Senior Notes due 2015

In March 2010, SIRIUS XM issued \$800 million aggregate principal amount of 8.75% Senior Notes due 2015 (the "8.75% Notes"). Interest was payable semi-annually in arrears on April 1 and October 1 of each year at a rate of 8.75% per annum. Substantially all of its domestic wholly-owned subsidiaries guaranteed its obligations under the 8.75% Notes on a senior unsecured basis. Liberty owned approximately \$150 million principal amount of the outstanding debentures, which were considered effectively settled on a consolidated basis upon consolidation of SIRIUS XM on January 17, 2013. The premium associated with the 8.75% Notes was recorded in purchase accounting as the difference between fair value and the outstanding principal amount at the date of acquisition. This premium was being amortized over the remaining period to maturity through interest expense.

During the year ended December 31, 2013, SIRIUS XM purchased all of the \$800 million principal amount of the 8.75% Notes. The aggregate purchase price for these 8.75% Notes was approximately \$928 million, including premium and accrued interest. Liberty participated in the redemption of the 8.75% Notes. The redemption of the 8.75% Notes on a consolidated basis resulted in the recognition of a loss on extinguishment of approximately \$14 million.

SIRIUS XM 7.625% Senior Notes due 2018

In October 2010, SIRIUS XM issued \$700 million aggregate principal amount of 7.625% Senior Notes due 2018 (the "7.625% Notes") which were scheduled to mature on November 1, 2018. Interest was payable semi-annually in arrears on May 1 and November 1 of each year at a rate of 7.625% per annum. Substantially all of SIRIUS XM's domestic wholly-owned subsidiaries guaranteed SIRIUS XM's obligations under the 7.625% Notes. Liberty owned approximately \$50 million principal amount of the 7.625% Notes which were considered effectively settled on a consolidated basis upon consolidation of SIRIUS XM on January 18, 2013. The premium associated with the 7.625% Notes was recorded in purchase accounting as the difference between fair value and the outstanding principal amount at the date of acquisition. This premium was being amortized over the remaining period to maturity through interest expense.

During the year ended December 31, 2013, SIRIUS XM purchased all of the \$700 million outstanding carrying amount of the 7.625% Notes for an aggregate purchase price of approximately \$798 million, including premium and accrued interest. Liberty participated in the redemption of the 7.625% Notes. The retirement of the 7.625% Notes resulted in a loss on extinguishment of \$4 million during the year ended December 31, 2013, on a consolidated basis.

Debt Covenants

The SIRIUS XM Credit Facility contains certain financial covenants related to SIRIUS XM's leverage ratio. Additionally, SIRIUS XM's Credit Facility and other borrowings contain certain non-financial covenants. As of December 31, 2013, SIRIUS XM was in compliance with all debt covenants.

Fair Value of Debt

The fair value, based on quoted market prices of the same instruments but not considered to be active markets (Level 2), of SIRIUS XM's publicly traded debt securities is as follows (amounts in millions):

| | December 31, 2013 |
|--|------------------------------|
| SIRIUS XM 5.875% Senior Notes due 2020 | \$ 667 |
| SIRIUS XM 5.75% Senior Notes due 2021 | \$ 608 |
| SIRIUS XM 7% Exchangeable Senior Subordinated Notes due 2014 | \$ 961 |
| SIRIUS XM 5.25% Senior Notes due 2022 | \$ 407 |
| SIRIUS XM 4.25% Senior Notes due 2020 | \$ 474 |
| SIRIUS XM 4.625% Senior Notes due 2023 | \$ 451 |

Due to the variable rate nature of the Credit Facility, margin loans and other debt, the Company believes that the carrying amount approximates fair value at December 31, 2013.

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Five Year Maturities

The annual principal maturities of outstanding debt obligations for each of the next five years is as follows (amounts in millions):

| | |
|------|--------|
| 2014 | \$ 749 |
| 2015 | \$ 677 |
| 2016 | \$ 4 |
| 2017 | \$ 461 |
| 2018 | \$ — |

(12) Income Taxes

Income tax benefit (expense) consists of:

| | Years ended December 31, | | |
|------------------------------|--------------------------|--------------|--------------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Current: | | | |
| Federal | \$ (45) | (7) | (125) |
| State and local | 3 | 4 | 2 |
| Foreign | 5 | (1) | — |
| | <u>(37)</u> | <u>(4)</u> | <u>(123)</u> |
| Deferred: | | | |
| Federal | 165 | (407) | (4) |
| State and local | 7 | (58) | (38) |
| Foreign | — | — | — |
| | <u>172</u> | <u>(465)</u> | <u>(42)</u> |
| Income tax benefit (expense) | <u>\$ 135</u> | <u>(469)</u> | <u>(165)</u> |

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

| | Years ended December 31, | | |
|---|--------------------------|--------------|--------------|
| | 2013 | 2012 | 2011 |
| | amounts in millions | | |
| Computed expected tax benefit (expense) | \$ (3,100) | (570) | (265) |
| Non-taxable gain on book consolidation of SIRIUS XM | 3,054 | — | — |
| Taxable liquidation of a consolidated subsidiary | — | 101 | — |
| Non-taxable exchange of subsidiary | 174 | — | — |
| Dividends received deductions | 46 | 40 | 9 |
| Sale of subsidiary shares to subsidiary treated as a dividend for tax | (56) | — | — |
| State and local income taxes, net of federal income taxes | 11 | (46) | (22) |
| Change in valuation allowance affecting tax expense | 9 | 1 | (3) |
| Recognition of tax benefits not previously recognized, net | — | 5 | 109 |
| Other, net | (3) | — | 7 |
| Income tax benefit (expense) | <u>\$ 135</u> | <u>(469)</u> | <u>(165)</u> |

For the year ended December 31, 2013 the significant reconciling items, as noted in the table above, are the result of \$7.5 billion non-taxable gain on the consolidation of SIRIUS XM on January 18, 2013, as discussed in note 4, and the non-taxable exchange of one of Liberty's consolidated subsidiaries on October 4, 2013, in exchange for Liberty shares (see note 13 for further discussion of this transaction).

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For the year ended December 31, 2012 the significant reconciling items, as noted in the table above, are the result of a capital loss realized on the taxable liquidation of a consolidated subsidiary. The realized capital loss was approximately \$289 million and as a result a \$101 million federal tax benefit was recorded that offset federal tax expense from capital gains realized during the year ended December 31, 2012.

The significant reconciling items for the year ended December 31, 2011, as noted in the table above, are the result of settlements reached with the IRS regarding certain tax positions taken on the Company's prior year tax returns. During the fourth quarter of 2011, the Company and the IRS agreed to proposed tax treatments of several disputed items on the Company's 2010 tax return. Upon settlement, the Company recorded additional tax benefit through the statement of operations due to the reversal of certain tax reserves (\$104 million) and settled net tax liabilities previously recorded for cash consideration of \$136 million.

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

| | December 31, | |
|--|--------------|------|
| | 2013 | 2012 |
| amounts in millions | | |
| Deferred tax assets: | | |
| Net operating and capital loss carryforwards | \$ 2,487 | 45 |
| Accrued stock compensation | 99 | 6 |
| Other accrued liabilities | 44 | 34 |
| Discount on convertible debt | 34 | — |
| Deferred revenue | 598 | 16 |
| Other future deductible amounts | 24 | 12 |
| Deferred tax assets | 3,286 | 113 |
| Valuation allowance | (9) | (6) |
| Net deferred tax assets | 3,277 | 107 |
| Deferred tax liabilities: | | |
| Investments | 457 | 820 |
| Intangible assets | 3,955 | 91 |
| Other | 261 | — |
| Deferred tax liabilities | 4,673 | 911 |
| Net deferred tax liabilities | \$ 1,396 | 804 |

The Company's deferred tax assets and liabilities are reported in the accompanying consolidated balance sheets as follows:

| | December 31, | |
|---|--------------|------|
| | 2013 | 2012 |
| amounts in millions | | |
| Current deferred tax liabilities (assets) | \$ (916) | (13) |
| Long-term deferred tax liabilities (assets) | 2,312 | 817 |
| Net deferred tax liabilities | \$ 1,396 | 804 |

SIRIUS XM's deferred tax assets and liabilities are included in the amounts above although SIRIUS XM's deferred tax assets and liabilities are not offset with Liberty's deferred tax assets and liabilities as SIRIUS XM is not included in the group tax return of Liberty. Liberty's acquisition of a controlling interest in SIRIUS XM's outstanding common stock during January 2013 did not create a change in control under Section 382 of the Internal Revenue Code.

The Company's net increase in the valuation allowance was \$3 million in 2013. Of the change in valuation allowance, \$9 million was a decrease to tax expense and \$12 million was an increase due to certain acquisitions made during the year ended December 31, 2013.

At December 31, 2013, the Company had federal net operating loss carryforwards for income tax purposes which, if not utilized to reduce taxable income in future periods, will expire between 2017 and 2028, most of which expire between 2024 and

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2027. The Company's federal net operating loss carryforwards are primarily attributable to those at the SIRIUS XM level (\$6.5 billion). These net operating loss carryforwards are subject to certain limitations and may not be currently utilized.

A reconciliation of unrecognized tax benefits is as follows:

| | December 31, | |
|---|---------------------|------|
| | 2013 | 2012 |
| | amounts in millions | |
| Balance at beginning of year | \$ 29 | 34 |
| Reductions for tax positions of prior years | — | (5) |
| Increase in tax positions from acquisition | 1 | — |
| Balance at end of year | \$ 30 | 29 |

As of December 31, 2013, the Company had recorded tax reserves of \$30 million related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, \$22 million would be reflected in the Company's tax expense and affect its effective tax rate. The Company's estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment.

As of December 31, 2013, the Company's 2001 through 2009 tax years are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2010 through 2012 tax years. The Company's tax loss carryforwards from its 2010 through 2012 tax years are still subject to adjustment. The Company's 2013 tax year is being examined currently as part of the IRS's Compliance Assurance Process ("CAP") program. Various states are currently examining the Company's prior years state income tax returns. The Company believes it is reasonably possible that the amount of the Company's gross unrecognized tax benefits will decrease by \$28 million within the next twelve months. Sirius XM, which does not consolidate with Liberty for income tax purposes, has federal and certain state income tax audits pending. We do not expect the ultimate disposition of these audits to have a material adverse affect on the our financial position or results of operations.

As of December 31, 2013, the Company had no accrued interest and penalties recorded related to uncertain tax positions.

(13) Stockholders' Equity

Preferred Stock

Liberty's preferred stock is issuable, from time to time, with such designations, preferences and relative participating, optional or other rights, qualifications, limitations or restrictions thereof, as shall be stated and expressed in a resolution or resolutions providing for the issue of such preferred stock adopted by Liberty's board of directors. As of December 31, 2013, no shares of preferred stock were issued.

Common Stock

Liberty's Series A common stock has one vote per share and Liberty's Series B common stock has ten votes per share. Each share of the Series B common stock is exchangeable at the option of the holder for one share of Series A common stock. The Series A and Series B common stock participate on an equal basis with respect to dividends and distributions.

As of December 31, 2013, there were 3.7 million shares of Series A common stock reserved for issuance under exercise privileges of outstanding stock options.

In addition to the Series A and Series B common stock there are 2 billion shares of Series C common stock authorized for issuance.

As discussed in note 4, on January 3, 2014, a proposal was made to SIRIUS XM that outlines the terms by which SIRIUS XM public shareholders would become shareholders of Liberty in a tax-free transaction in which each share of SIRIUS XM common stock would be converted into 0.0760 of a new share of Liberty Series C common stock, and, immediately prior to such conversion, Liberty intends to distribute, on a 2:1 basis, shares of Liberty's Series C common stock to all holders of record of

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Liberty's Series A and B common stock to create a liquid trading market for Liberty's Series C common stock. The transaction is subject to the approval of both the special committee and a majority of the public stockholders of SIRIUS XM, other than Liberty. Approval by the existing Liberty shareholders of the issuance of the Series C common shares in the proposed transaction is also required under applicable Nasdaq Stock Market requirements.

Purchases of Common Stock

As described in note 2, in November of 2011, Liberty converted each outstanding share of Liberty Starz common stock into 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of any fractional shares.

During the year ended December 31, 2011, the Company repurchased 5,229,166 shares of Series A Liberty common stock for aggregate cash consideration of \$365 million and 1,534,200 shares of Series A Liberty Starz common stock for aggregate cash consideration of \$100 million under the authorized repurchase program.

During the year ended December 31, 2012 the Company repurchased 3,591,271 shares of Series A Liberty common stock for aggregate cash consideration of \$323 million under the authorized repurchase program.

During the year ended December 31, 2013 the Company repurchased 1,264,550 shares of Series A Liberty common stock for the aggregate cash consideration of \$140 million under the authorized repurchase program. Additionally, Liberty obtained shares of Liberty Series A common stock on October 3, 2013, pursuant to a transaction in which a subsidiary of Comcast, Inc. exchanged approximately 6.3 million shares of Liberty's Series A common stock for a newly created subsidiary of Liberty which held Liberty's wholly owned subsidiary Leisure Arts, Inc., approximately \$417 million in cash and Liberty's rights in and to a revenue sharing agreement relating to the carriage of CNBC ("CNBC Agreement"). Liberty recorded a gain of approximately \$496 million determined based on the difference between the fair value of the shares obtained in the exchange transaction and the carrying value assets and businesses delivered. These exchange shares obtained were done so through special approval from the Company's Board of Directors and was not considered a repurchase of shares under the Company's formal share repurchase program. Liberty treated the transaction as a tax-free exchange. In January 2014, the IRS completed its review of the exchange and notified Liberty that it agreed with the non-taxable characterization of the transaction.

All of the foregoing shares obtained have been retired and returned to the status of authorized and available for issuance.

(14) Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

On December 17, 2009, the Compensation Committee (the "Committee") of Liberty approved a compensation arrangement for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term which began on January 1, 2010 and ends December 31, 2014, with an annual base salary of \$1.5 million, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 200% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause" or terminates his employment without "good reason," he will be entitled only to his accrued base salary and any amounts due under applicable law, and he will forfeit all rights to his unvested restricted shares and unvested options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for good reason, the arrangement provides for him to receive \$7.8 million and for his unvested restricted shares and unvested options to vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the CEO's death or his disability, the arrangement provides for a payment of \$7.8 million, for his unvested restricted shares and unvested options to fully vest and for his vested and accelerated options to remain exercisable until their respective expiration dates.

Salary compensation related to services provided by the CEO are allocated from Liberty to Liberty Interactive pursuant to the Services Agreement. Any cash bonus attributable to the performance of Liberty and Liberty Interactive is paid directly by Liberty and Liberty Interactive, respectively.

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Chairman's Employment Agreement

On December 12, 2008, the Committee determined to modify its employment arrangements with its Chairman of the Board, to permit the Chairman to begin receiving payments in 2009 in satisfaction of Liberty's obligations to him under two deferred compensation plans and a salary continuation plan. Under one of the deferred compensation plans (the "8% Plan"), compensation has been deferred by the Chairman since January 1, 1993 and accrues interest at the rate of 8% per annum compounded annually from the applicable date of deferral. The amount owed to the Chairman under the 8% Plan aggregated approximately \$2.4 million at December 31, 2008. Under the second plan (the "13% Plan"), compensation was deferred by the Chairman from 1982 until December 31, 1992 and accrues interest at the rate of 13% per annum compounded annually from the applicable date of deferral. The amount owed to the Chairman under the 13% Plan aggregated approximately \$20 million at December 31, 2008. Both deferred compensation plans had provided for payment of the amounts owed to him in 240 monthly installments beginning upon termination of his employment. Under his salary continuation plan, the Chairman would have been entitled to receive \$15,000 (increased at the rate of 12% per annum compounded annually from January 1, 1998 to the date of the first payment, (the "Base Amount") per month for 240 months beginning upon termination of his employment. The amount owed to the Chairman under the salary continuation plan aggregated approximately \$39 million at December 31, 2008. There is no further accrual of interest under the salary continuation plan once payments have begun.

The Committee determined to modify all three plans and began making payments to the Chairman in 2009, while he remains employed by the company. By commencing payments under the salary continuation plan, interest ceased to accrue on the Base Amount. As a result of these modifications, the Chairman will receive 240 equal monthly installments as follows: (1) approximately \$20,000 under the 8% Plan; (2) approximately \$237,000 under the 13% Plan; and (3) approximately \$164,000 under the salary continuation plan.

The Committee also approved certain immaterial amendments to the Chairman's employment agreement intended to comply with Section 409A of the Internal Revenue Code.

(15) Stock-Based Compensation

Liberty - Incentive Plans

Pursuant to the Liberty Media Corporation 2013 Incentive Plan (the "2013 Plan"), the Company has granted and may grant to certain of its employees stock options and stock appreciation rights ("SARs") (collectively, "Awards") to purchase shares of Series A and Series B Liberty common stock. The 2013 Plan provides for Awards to be made in respect of a maximum of 25 million shares of Liberty common stock. Awards generally vest over 4-5 years and have a term of 7-10 years. Liberty issues new shares upon exercise of equity awards. The Company measures the cost of employee services received in exchange for an Award of equity instruments (such as stock options and restricted stock) based on the grant-date fair value of the Award, and recognizes that cost over the period during which the employee is required to provide service (usually the vesting period of the Award). The Company measures the cost of employee services received in exchange for an Award of liability instruments (such as SARs that will be settled in cash) based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

Pursuant to the Liberty Media Corporation 2013 Nonemployee Director Incentive Plan, as amended from time to time (the "2013 NDIP"), the Liberty Board of Directors has the full power and authority to grant eligible nonemployee directors stock options, SARs, stock options with tandem SARs, and restricted stock.

In connection with the Spin-Off in January 2013, all outstanding Awards with respect to Liberty Capital common stock ("Liberty Capital Award") were adjusted pursuant to the anti-dilution provisions of the incentive plans under which the equity awards were granted, such that a holder of a Liberty Capital Award received (other than those held by Starz employees, as discussed below):

- i. an adjustment to the exercise price or base price, as applicable, and number of shares relating to the Liberty Capital Award (as so adjusted, a "Liberty Award") and
- ii. an equity award relating to shares of Starz common stock (a "Starz Award").

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The exercise prices and number of shares subject to the Liberty Award and the Starz Award were determined based on 1) the exercise prices and number of shares subject to the Liberty Capital Award, 2) the pre-distribution trading price of Liberty Capital common stock and 3) the post-distribution trading prices of Liberty common stock and Starz common stock, such that (other than those held by Starz employees, as discussed below) all of the pre-distribution intrinsic value of the Liberty Capital Award was allocated between the Liberty Award and the Starz Award for the Company's corporate employees and directors. For employees of Starz, LLC, the pre-distribution intrinsic value of the vested Liberty Capital Award was allocated between a vested Liberty Award and a vested Starz Award, while the pre-distribution intrinsic value of the unvested Liberty Capital Award was maintained solely within an unvested Starz Award.

Following the Spin-Off, employees of Liberty and Starz hold Awards in both Liberty common stock and Starz common stock. The compensation expense relating to the employees of Liberty is recorded at Liberty and the compensation expense relating to employees of Starz is recorded at Starz.

In November 2011, the Company exchanged each share of outstanding Liberty Starz common stock for 0.88129 shares of Liberty Capital common stock (plus cash in lieu of fractional share interests). The outstanding Liberty Starz stock options, SARs and restricted stock were also exchanged for Liberty Capital stock options, SARs and restricted stock using the same ratio, and an adjustment was made to the strike price, as applicable, using the same ratio. The exchange of stock options, SARs and restricted stock was considered a modification of the previous Award. However, the impact to compensation expense was not significant.

Liberty - Grants of stock options

Awards granted in 2013, 2012 and 2011 pursuant to the Incentive Plans discussed above are summarized as follows:

| | Years ended December 31, | | | | | |
|---|--------------------------|--|-----------------|--|-----------------|--|
| | 2013 | | 2012 | | 2011 | |
| | Options granted | Weighted average grant-date fair value | Options granted | Weighted average grant-date fair value | Options granted | Weighted average grant-date fair value |
| Series A Liberty common stock | 23,000 | \$ 55.16 | 834,000 | \$ 42.04 | 162,347 | \$ 33.95 |
| Series A Liberty Capital from Option Exchange | NA | NA | 3,713,000 | \$ 37.25 | NA | NA |
| Series A Liberty Starz | NA | NA | NA | NA | 496,000 | \$ 21.36 |

During the year ended December 31, 2013, Liberty granted 23,000 options to purchase shares of Series A Liberty common stock at a weighted average grant-date fair value of \$55.16 per share. These options primarily vest quarterly over a 4 year vesting period.

During the fourth quarter of 2012, the Company entered into a series of transactions with certain officers of Liberty and its subsidiaries, which transactions were associated with stock options, in order to recognize tax deductions in the current year versus future years (the "Option Exchange"). On December 4, 2012 (the "Grant Date"), pursuant to the approval of the Compensation Committee of its Board of Directors, the Company effected the acceleration of each unvested in-the-money option to acquire shares of LMCA held by certain of its and its subsidiaries' officers (collectively, the "Eligible Optionholders"). Following this acceleration, also on the Grant Date, each Eligible Optionholder exercised, on a net settled basis, substantially all of his or her outstanding in-the-money vested and unvested options to acquire LMCA shares (the "Eligible Options"), and:

- with respect to each vested Eligible Option, the Company granted the Eligible Optionholder a vested new option with substantially the same terms and conditions as the exercised vested Eligible Option;
- and with respect to each unvested Eligible Option:
 - the Eligible Optionholder sold to the Company, for cash, the shares of LMCA received upon exercise of such unvested Eligible Option and used the proceeds of that sale to purchase from the Company an equal number of restricted LMCA shares which have a vesting schedule identical to that of the exercised unvested Eligible Option; and

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- the Company granted the Eligible Optionholder an unvested new option, with substantially the same terms and conditions as the exercised unvested Eligible Option, except that (a) the number of shares underlying the new option is equal to the number of shares underlying such exercised unvested Eligible Option less the number of restricted shares purchased from the Company as described above and (b) the exercise price of the new option is the closing price per LMCA share on The Nasdaq Global Select Market on the Grant Date.

The Option Exchange was considered a modification under ASC 718 -*Stock Compensation* and resulted in incremental compensation expense in 2012 of \$18 million. Incremental compensation expense is also being recognized over the remaining vesting periods of the new unvested options and the restricted shares and is included in unrecognized compensation.

The Company has calculated the grant-date fair value for all of its equity classified awards and any subsequent remeasurement of its liability classified awards using the Black-Scholes Model. The Company estimates the expected term of the Awards based on historical exercise and forfeiture data. For grants made in 2013, 2012 and 2011, the range of expected terms was 1.3 to 9.0 years. The volatility used in the calculation for Awards is based on the historical volatility of Liberty's stocks and the implied volatility of publicly traded Liberty options. The Company uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject options.

The following table presents the volatilities used by the Company in the Black-Scholes Model for the 2013, 2012 and 2011 grants.

| | Volatility | | |
|-------------------------|------------|-------|-------|
| | | | |
| <i>2013 grants</i> | | | |
| Liberty options | 31.3% | 0.414 | 41.4% |
| <i>2012 grants</i> | | | |
| Liberty Capital options | 25.1% | - | 54.2% |
| <i>2011 grants</i> | | | |
| Liberty Capital options | 43.9% | - | 54.2% |
| Liberty Starz options | 31.9% | - | 31.9% |

Liberty - Outstanding Awards

The following table presents the number and weighted average exercise price ("WAEP") of Awards to purchase Liberty common stock granted to certain officers, employees and directors of the Company, as well as the weighted average remaining life and aggregate intrinsic value of the Awards.

| | Series A | | | |
|----------------------------------|---------------------------|-----------|---------------------------------|-----------------------------------|
| | Liberty Awards (000's) | WAEP | Weighted average remaining life | Aggregate intrinsic value (000's) |
| Outstanding at January 1, 2013 | 5,219 | \$ 98.77 | | |
| Granted | 23 | \$ 148.81 | | |
| Exercised | (386) | \$ 82.15 | | |
| Forfeited/Cancelled/Exchanged | (5) | \$ 72.08 | | |
| Spin-off adjustment | (1,195) | \$ 83.25 | | |
| Outstanding at December 31, 2013 | <u>3,656</u> | \$ 91.74 | 5.2 years | \$ 199,519 |
| Exercisable at December 31, 2013 | <u>2,185</u> | \$ 89.22 | 5.0 years | \$ 124,667 |

There were no grants or exercises of any of the Company's Series B options during 2013.

As of December 31, 2013, the total unrecognized compensation cost related to unvested Liberty Awards was approximately \$65 million, including incremental compensation under the Option Exchange. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.4 years.

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Liberty - Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2013, 2012 and 2011 was \$23 million, \$494 million and \$46 million, respectively. The aggregate intrinsic value of options exercised for the year ended December 31, 2012 includes approximately \$358 million related to the intrinsic value of options exercised as a result of the Option Exchange.

Liberty - Restricted Stock

Associated with the Option Exchange the Company issued approximately 1.5 million shares of unvested restricted Liberty common stock, of which 685,000 shares vested during the year ended December 31, 2013. These shares continue to vest over the next two years and since the Option Exchange was accounted for as a modification, the compensation expense associated with these restricted shares was treated as incremental compensation, as discussed above, and is included in unrecognized compensation costs under the outstanding Awards section above. The Company had approximately 79,000 unvested restricted shares of Liberty common stock held by certain directors, officers and employees of the Company as of December 31, 2013, not issued under the Option Exchange, with a weighted average grant-date fair value of \$63.40 per share.

The aggregate fair value of all restricted shares of Liberty common stock that vested during the years ended December 31, 2013, 2012 and 2011 was \$7 million, \$10 million and \$14 million, respectively.

SIRIUS XM - Stock-based Compensation

During the year ended December 31, 2013, SIRIUS XM granted stock options and restricted stock units to its employees and members of its board of directors. During the year ended December 31, 2013, SIRIUS XM granted approximately 57.2 million stock options with a weighted-average exercise price of \$3.59 per share and a grant date fair value of \$1.48 per share. As of December 31, 2013, SIRIUS XM has approximately 264 million options outstanding of which approximately 114 million are exercisable, each with a weighted-average exercise price per share of \$2.42 and \$2.26, respectively. The aggregate intrinsic value of these outstanding and exercisable options were \$327 million and \$180 million, respectively. During the year ended December 31, 2013, SIRIUS XM granted approximately 6.9 million restricted stock units with a grant date fair value of \$3.59 per share. The stock-based compensation related to SIRIUS XM stock options and restricted stock awards was \$133 million for the year ended December 31, 2013. As of December 31, 2013, the total unrecognized compensation cost related to unvested SIRIUS XM stock options was \$308 million. The SIRIUS XM unrecognized compensation cost will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 3 years.

Other

Certain of the Company's other subsidiaries have stock based compensation plans under which employees and non-employees are granted options or similar stock based awards. Awards made under these plans vest and become exercisable over various terms. The awards and compensation recorded, if any, under these plans is not significant to the Company.

(16) Employee Benefit Plans

Liberty is the sponsor of the Liberty Media 401(k) Savings Plan (the "Liberty 401(k) Plan"), which provides its employees and the employees of certain of its subsidiaries an opportunity for ownership in the Company and creates a retirement fund. The Liberty 401(k) Plan provides for employees to make contributions to a trust for investment in Liberty common stock, as well as several mutual funds. The Company and its subsidiaries make matching contributions to the Liberty 401(k) Plan based on a percentage of the amount contributed by employees. In addition, certain of the Company's subsidiaries have similar employee benefit plans. Employer cash contributions to all plans aggregated \$12 million for each of the years ended December 31, 2013, 2012 and 2011.

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(17) Other Comprehensive Earnings (Loss)

Accumulated other comprehensive earnings (loss) included in Liberty's consolidated balance sheets and consolidated statements of equity reflect the aggregate of foreign currency translation adjustments, unrealized holding gains and losses on AFS securities and Liberty's share of accumulated other comprehensive earnings of affiliates.

The change in the components of accumulated other comprehensive earnings (loss), net of taxes ("AOCI"), is summarized as follows:

| | Unrealized holding gains (losses) on securities | Other | AOCI of discontinued operations | AOCI |
|--|--|-------|---------------------------------------|------|
| amounts in millions | | | | |
| Balance at January 1, 2011 | \$ 60 | (7) | 1 | 54 |
| Other comprehensive loss attributable to Liberty Media Corporation stockholders | (24) | 2 | (3) | (25) |
| Balance at December 31, 2011 | 36 | (5) | (2) | 29 |
| Other comprehensive earnings (loss) attributable to Liberty Media Corporation stockholders | (16) | — | (1) | (17) |
| Balance at December 31, 2012 | 20 | (5) | (3) | 12 |
| Other comprehensive earnings (loss) attributable to Liberty Media Corporation stockholders | (15) | 4 | — | (11) |
| Distribution to stockholders for Spin-Off of Starz, LLC | — | — | 3 | 3 |
| Balance at December 31, 2013 | \$ 5 | (1) | — | 4 |

The components of other comprehensive earnings (loss) are reflected in Liberty's consolidated statements of comprehensive earnings (loss) net of taxes. The following table summarizes the tax effects related to each component of other comprehensive earnings (loss).

| | Before-tax amount | Tax (expense) benefit | Net-of-tax amount |
|--|----------------------|-----------------------------|----------------------|
| amounts in millions | | | |
| <i>Year ended December 31, 2013:</i> | | | |
| Unrealized holding gains (losses) on securities arising during period | \$ 16 | (6) | 10 |
| Reclassification adjustment for holding (gains) losses realized in net earnings (loss) | (40) | 15 | (25) |
| Other, net | 6 | (2) | 4 |
| Other comprehensive earnings | \$ (18) | 7 | (11) |
| <i>Year ended December 31, 2012:</i> | | | |
| Unrealized holding gains (losses) on securities arising during period | \$ (5) | 2 | (3) |
| Reclassification adjustment for holding losses realized in net earnings | (21) | 8 | (13) |
| Other comprehensive earnings from discontinued operations | (2) | 1 | (1) |
| Other comprehensive earnings | \$ (28) | 11 | (17) |
| <i>Year ended December 31, 2011:</i> | | | |
| Unrealized holding gains (losses) on securities arising during period | \$ (39) | 15 | (24) |
| Share of earnings (loss) from equity method affiliates | 3 | (1) | 2 |
| Other comprehensive earnings from discontinued operations | (5) | 2 | (3) |
| Other comprehensive loss | \$ (41) | 16 | (25) |

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(18) Commitments and Contingencies

Guarantees

The Company continues to guarantee Starz's obligations under certain of its studio output agreements. At December 31, 2013, the Company's guarantees for obligations for films released by such date aggregated \$159 million. One guarantee associated with these studio output agreements lapsed in November of 2013 and the other is expected to expire in November of 2014. While the guarantee amount for films not yet released is not determinable, such amount is expected to be significant. The Company considered whether a liability associated with the guarantee was considered necessary at the time of Spin-Off and determined that based on a number of scenarios associated with this guarantee due to the financial well-being of Starz, the anticipated financial performance of Starz over the next year and Starz's availability under its Credit Facility, that no liability was considered necessary.

In connection with agreements for the sale of assets by the Company or its subsidiaries, the Company may retain liabilities that relate to events occurring prior to its sale, such as tax, environmental, litigation and employment matters. The Company generally indemnifies the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification obligations may extend for a number of years. The Company is unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification guarantees.

Employment Contracts

The Atlanta Braves and certain of their players and coaches have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of December 31, 2013 aggregated \$133 million, which is payable as follows: \$52 million in 2014, \$46 million in 2015, \$17 million in 2016, \$18 million in 2017 and none thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

Operating Leases

The Company leases business offices, has entered into satellite transponder lease agreements and uses certain equipment under lease arrangements. These leases provide for minimum lease payments, additional operating expense charges, leasehold improvements and rent escalations, and certain leases have options to renew. The effect of the rent holidays and rent concessions are recognized on a straight-line basis over the lease term, including reasonably assured renewal periods.

Rental expense under such arrangements amounted to \$48 million, \$9 million and \$9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

A summary of future minimum lease payments under cancelable and noncancelable operating leases as of December 31, 2013 follows (amounts in millions):

| Years ending December 31: | |
|---------------------------|--------|
| 2014 | \$ 45 |
| 2015 | \$ 49 |
| 2016 | \$ 42 |
| 2017 | \$ 39 |
| 2018 | \$ 36 |
| Thereafter | \$ 464 |

It is expected that in the normal course of business, leases that expire generally will be renewed or replaced by leases on other properties; thus, it is anticipated that future lease commitments will not be less than the amount shown for 2013.

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Programming and content

SIRIUS XM has entered into various programming agreements under which SIRIUS XM's obligations include fixed payments, advertising commitments and revenue sharing arrangements. Amounts due under such agreements are payable as follows: \$245 million in 2014, \$218 million in 2015, \$97 million in 2016, \$73 million in 2017 and \$60 million in 2018. Future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the amounts above.

Litigation

The Company has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible the Company may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

In connection with a commercial transaction that closed during 2002 among Liberty, Vivendi Universal S.A. ("Vivendi") and the former USA Holdings, Inc., Liberty brought suit against Vivendi and Universal Studios, Inc. in the United States District Court for the Southern District of New York, alleging, among other things, breach of contract and fraud by Vivendi. On June 25, 2012, a jury awarded Liberty damages in the amount of €765 million, plus prejudgment interest, in connection with a finding of breach of contract and fraud by the defendants. On January 17, 2013, the court entered judgment in favor of Liberty in the amount of approximately €945 million, including prejudgment interest. The parties negotiated a stay of the execution of the judgment during the pendency of the appeal. Vivendi has filed notice of its appeal of the judgment to the United States Court of Appeals for the Second Circuit, and, in that court, Liberty intends to seek a higher rate of pre-judgment interest than what the district court awarded. As a result, the amount that Liberty may ultimately recover in connection with the final resolution of the action, if any, is uncertain. Any recovery by Liberty will not be reflected in our consolidated financial statements until such time as the final disposition of this matter has been reached.

Other

During the period from March 9, 1999 to August 10, 2001, Liberty Interactive (Liberty's former parent) was included in the consolidated federal income tax return of AT&T and was party to a tax sharing agreement with AT&T (the "AT&T Tax Sharing Agreement"). While Liberty Interactive was a subsidiary of AT&T, Liberty Interactive recorded its stand-alone tax provision on a separate return basis. Under the AT&T Tax Sharing Agreement, Liberty Interactive received a cash payment from AT&T in periods when Liberty Interactive generated taxable losses and such taxable losses were utilized by AT&T to reduce its consolidated income tax liability. To the extent such losses were not utilized by AT&T, such amounts were available to reduce federal taxable income generated by Liberty Interactive in future periods, similar to a net operating loss carryforward, and were accounted for as a deferred federal income tax benefit. Subsequent to Liberty Interactive's split off from AT&T, if adjustments were made to amounts previously paid under the AT&T Tax Sharing Agreement, such adjustments are reflected as adjustments to additional paid-in capital. During the period from March 10, 1999 to December 31, 2002, Liberty Interactive received cash payments from AT&T aggregating \$670 million as payment for Liberty Interactive's taxable losses that AT&T utilized to reduce its income tax liability. AT&T requested a refund from Liberty of \$70 million, plus accrued interest, relating to losses that it generated in 2002 and 2003 and was able to carry back to offset taxable income previously offset by Liberty Interactive's losses. AT&T had previously asserted that Liberty Interactive's losses caused AT&T to pay \$70 million in alternative minimum tax ("AMT") that it would not have been otherwise required to pay had Liberty Interactive's losses not been included in its return.

Liberty indemnified Liberty Interactive for the contingent liability and therefore the liability remained with Liberty after the Split-Off. In prior years, a \$72 million contingent liability was recorded through additional paid in capital as these liabilities were considered to have been equity transactions with Liberty Interactive's former parent. Additionally, interest was accrued on the liabilities and recorded through interest expense, until the amounts reached an amount the Company considered to be the maximum exposure under the contingent liability. The total liability recorded, including accrued interest was \$128 million. During the year ended December 31, 2012, the Company determined that a requisite amount of time had passed under the applicable state statutes and that the liability should be released. As \$72 million was originally set up through additional paid in capital that amount of the liability was relieved against additional paid in capital and the remainder was recorded through the Other, net line item in the Other income (expense) section of the accompanying consolidated Statement of Operations.

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(19) Information About Liberty's Operating Segments

The Company, through its ownership interests in subsidiaries and other companies, is primarily engaged in the media, communications and entertainment industries. The Company identifies its reportable segments as (A) those consolidated subsidiaries that represent 10% or more of its consolidated annual revenue, annual Adjusted OIBDA or total assets and (B) those equity method affiliates whose share of earnings represent 10% or more of the Company's annual pre-tax earnings. The segment presentation for prior periods has been conformed to the current period segment presentation, as discussed below.

The Company evaluates performance and makes decisions about allocating resources to its operating segments based on financial measures such as revenue and Adjusted OIBDA. In addition, the Company reviews nonfinancial measures such as subscriber growth and penetration.

The Company defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses (excluding stock-based compensation). The Company believes this measure is an important indicator of the operational strength and performance of its businesses, including each business's ability to service debt and fund capital expenditures. In addition, this measure allows management to view operating results and perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. This measure of performance excludes depreciation and amortization, stock-based compensation, separately reported litigation settlements and restructuring and impairment charges that are included in the measurement of operating income pursuant to GAAP. Accordingly, Adjusted OIBDA should be considered in addition to, but not as a substitute for, operating income, net income, cash flow provided by operating activities and other measures of financial performance prepared in accordance with GAAP. The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current prices.

For the year ended December 31, 2013, the Company has identified SIRIUS XM as its reportable segment. SIRIUS XM is a consolidated subsidiary that provides a subscription based satellite radio service. SIRIUS XM broadcasts music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems - the Sirius system and the XM system. Subscribers can also receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over the Internet, including through applications for mobile devices.

ANLBC is no longer considered a reportable segment due to the overall size of the business in comparison to the consolidated results of Liberty. ANLBC in previous years met the quantitative thresholds because of the size of the business as compared to the consolidated results prior to consolidation of SIRIUS XM. We have reflected the results of ANLBC in corporate and other on a comparative basis for all periods presented in the tables below.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, distribution channels and marketing strategies. The accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the Company's summary of significant policies.

Performance Measures

| | Years ended December 31, | | | | | |
|---------------------|--------------------------|----------------|------------|----------------|--------------|----------------|
| | 2013 | | 2012 | | 2011 | |
| | Revenue | Adjusted OIBDA | Revenue | Adjusted OIBDA | Revenue | Adjusted OIBDA |
| | amounts in millions | | | | | |
| SIRIUS XM | \$ 3,625 | 1,289 | NA | NA | NA | NA |
| Corporate and other | 377 | 33 | 368 | 8 | 1,409 | 609 |
| Total | <u>\$ 4,002</u> | <u>1,322</u> | <u>368</u> | <u>8</u> | <u>1,409</u> | <u>609</u> |

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
December 31, 2013, 2012 and 2011

Other Information

| | December 31, 2013 | | | December 31, 2012 | | |
|---------------------|---------------------|---------------------------|----------------------|-------------------|---------------------------|----------------------|
| | Total assets | Investments in affiliates | Capital expenditures | Total assets | Investments in affiliates | Capital expenditures |
| | amounts in millions | | | | | |
| SIRIUS XM | \$ 28,203 | 273 | 200 | NA | NA | NA |
| Corporate and other | 6,339 | 3,026 | 7 | 8,325 | 3,341 | 16 |
| Total | \$ 34,542 | 3,299 | 207 | 8,325 | 3,341 | 16 |

The following table provides a reconciliation of segment Adjusted OIBDA to earnings (loss) from continuing operations before income taxes:

| | Years ended December 31, | | |
|--|--------------------------|-------|------|
| | 2013 | 2012 | 2011 |
| Consolidated segment Adjusted OIBDA | \$ 1,322 | 8 | 609 |
| Stock-based compensation | (193) | (46) | (25) |
| Depreciation and amortization | (315) | (42) | (53) |
| Interest expense | (132) | (7) | (16) |
| Dividend and interest income | 48 | 76 | 77 |
| Share of earnings (losses) of affiliates, net | (32) | 1,346 | 87 |
| Realized and unrealized gains (losses) on financial instruments, net | 295 | 230 | 70 |
| Gains (losses) on dispositions, net | 7,978 | 22 | 1 |
| Other, net | (115) | 42 | 8 |
| Earnings (loss) from continuing operations before income taxes | \$ 8,856 | 1,629 | 758 |

(20) Quarterly Financial Information (Unaudited)

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter (1) |
|--|-------------|--|-------------|-----------------|
| | | amounts in millions, except per share amounts | | |
| <i>2013:</i> | | | | |
| Revenue | \$ 789 | 1,078 | 1,110 | 1,025 |
| Operating income | \$ 151 | 226 | 248 | 189 |
| Earnings from continuing operations | \$ 8,104 | 152 | 116 | 619 |
| Net earnings (loss) attributable to Liberty Media Corporation stockholders (1): | | | | |
| Series A and Series B Liberty common stock | \$ 8,059 | 93 | 76 | 552 |
| Basic net earnings (loss) attributable to Liberty Media Corporation stockholders per common share (1): | | | | |
| Series A and Series B Liberty common stock | \$ 67.72 | 0.78 | 0.64 | 4.84 |
| Diluted net earnings (loss) attributable to Liberty Media Corporation stockholders per common share (1): | | | | |
| Series A and Series B Liberty common stock | \$ 66.60 | 0.77 | 0.63 | 4.80 |

(1) See note 13 for further discussion of a gain on the exchange transaction in the fourth quarter.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
December 31, 2013, 2012 and 2011

| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|---|----------------|----------------|----------------|----------------|
| amounts in millions, except per share amounts | | | | |
| <i>2012:</i> | | | | |
| Revenue | \$ 35 | 135 | 154 | 44 |
| Operating income (loss) | \$ (32) | 2 | 10 | (60) |
| Earnings (loss) from continuing operations | \$ 72 | 867 | 162 | 59 |
| Net earnings (loss) attributable to Liberty Media Corporation stockholders: | | | | |
| Series A and Series B Liberty common stock | \$ 150 | 937 | 221 | 106 |
| Basic net earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share: | | | | |
| Series A and Series B Liberty common stock | \$ 0.60 | 7.29 | 1.36 | 0.49 |
| Diluted earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share: | | | | |
| Series A and Series B Liberty common stock | \$ 0.58 | 7.05 | 1.32 | 0.48 |
| Basic net earnings (loss) attributable to Liberty Media Corporation stockholders per common share: | | | | |
| Series A and Series B Liberty common stock | \$ 1.24 | 7.87 | 1.86 | 0.88 |
| Diluted net earnings (loss) attributable to Liberty Media Corporation stockholders per common share: | | | | |
| Series A and Series B Liberty common stock | \$ 1.20 | 7.62 | 1.80 | 0.87 |

[QuickLinks](#) -- Click here to rapidly navigate through this document

PART III.

The following required information is incorporated by reference to our definitive proxy statement for our 2014 Annual Meeting of Stockholders presently anticipated to be held in the second quarter of 2014:

| | |
|--------------------------|--|
| Item 10. | Directors, Executive Officers and Corporate Governance |
| Item 11. | Executive Compensation |
| Item 12. | Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters |
| Item 13. | Certain Relationships and Related Transactions, and Director Independence |
| Item 14. | Principal Accountant Fees and Services |

We expect to file our definitive proxy statement for our 2014 Annual Meeting of Shareholders with the Securities and Exchange Commission on or before April 30, 2014.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements

Included in Part II of this Report:

| | <u>Page No.</u> |
|--|-----------------|
| Liberty Media Corporation: | |
| Reports of Independent Registered Public Accounting Firm | II-19 - 20 |
| Consolidated Balance Sheets, December 31, 2013 and 2012 | II-21 |
| Consolidated Statements of Operations, Years ended December 31, 2013, 2012 and 2011 | II-23 |
| Consolidated Statements of Comprehensive Earnings (Loss), Years ended December 31, 2013, 2012 and 2011 | II-25 |
| Consolidated Statements of Cash Flows, Years Ended December 31, 2013, 2012 and 2011 | II-26 |
| Consolidated Statements of Equity, Years ended December 31, 2013, 2012 and 2011 | II-27 |
| Notes to Consolidated Financial Statements, December 31, 2013, 2012 and 2011 | II-29 |

(a)(2) Financial Statement Schedules

(i) All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

(a)(3) Exhibits

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

2 - Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession:

- 2.1 Reorganization Agreement, dated as of August 30, 2011, by and between Liberty Interactive Corporation (f/k/a Liberty Media Corporation) and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty CapStarz, Inc.) (incorporated by reference to Exhibit 2.1 to Post-Effective Amendment No. 1 to Starz's Registration Statement on Form S-4 filed on September 23, 2011 (File No. 333-171201) (the "Starz S-4")).
- 2.2 Reorganization Agreement, dated as of January 10, 2013, between Starz (f/k/a Liberty Media Corporation) and Liberty Media Corporation (f/k/a Liberty Spinco, Inc.) (incorporated by reference to Exhibit 2.1 to Starz's Current Report on Form 8-K filed on January 17, 2013 (File No. 001-35294) (the "Starz 8-K")).

3 - Articles of Incorporation and Bylaws:

- 3.1 Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on January 17, 2013 (File No. 001-35707) (the "Liberty 8-K").
- 3.2 Amended and Restated Bylaws of the Registrant.*

4 - Instruments Defining the Rights of Securities Holders, including Indentures:

- 4.1 Specimen certificate for shares of the Registrant's Series A common stock, par value \$.01 per share (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 10 filed on October 19, 2012 (File No. 001-35707) (the "Liberty Form 10")).
- 4.2 Specimen certificate for shares of the Registrant's Series B common stock, par value \$.01 per share (incorporated by reference to Exhibit 4.2 to the Liberty Form 10).
- 4.3 Indenture dated as of October 17, 2013 among the Registrant, as issuer and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on November 5, 2013 (File No. 001-35707) (the "Liberty Q3 201310-Q"))).
- 4.4 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith.

10 - Material Contracts:

- 10.1 Form of Liberty Media Corporation 2013 Incentive Plan (the "2013 Plan") (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Registrant's Registration Statement on Form 10 filed on November 30, 2012 (File No. 001-35707) (the "Liberty Form 10 Amendment No. 1")).
- 10.2 Amendment to the 2013 Plan (incorporated by reference to Exhibit 10.2 to the Liberty Q3 201310-Q).
- 10.3 Form of Non-Qualified Stock Option Agreement.*
- 10.4 Form of Restricted Stock Award Agreement.*
- 10.5 Form of Non-Qualified Stock Option Agreement under the 2013 Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.2 to Starz's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 (File No. 001-35294) (the "Starz 2011 10-K"))).
- 10.6 Form of Liberty Media Corporation 2013 Nonemployee Director Incentive Plan (the "2013 Nonemployee Director Plan") (incorporated by reference to Exhibit 10.2 to the Liberty Form 10 Amendment No. 1).
- 10.7 Amendment to the 2013 Nonemployee Director Plan (incorporated by reference to Exhibit 10.3 to the Liberty Q3 201310-Q).
- 10.8 Form of Non-Qualified Stock Option Agreement under the 2013 Nonemployee Director Plan (incorporated by reference to Exhibit 10.4 to the Starz 2011 10-K).
- 10.9 Form of Restricted Stock Award Agreement under the 2013 Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.5 to the Starz 2011 10-K).
- 10.10 Form of Liberty Media Corporation Transitional Stock Adjustment Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 2 to the Registrant's Registration Statement on Form 10 filed on December 17, 2012 (File No. 001-35707)).
- 10.11 Liberty Media Corporation 2006 Deferred Compensation Plan (As Amended and Restated as of January 11, 2013) (incorporated by reference to Exhibit 10.8 to the Liberty 2012 10-K).
- 10.12 Tax Sharing Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation) (incorporated by reference to Exhibit 10.4 to the Starz S-4).
- 10.13 Tax Sharing Agreement, dated as of January 11, 2013, by and between Starz and Liberty Media Corporation (incorporated by reference to Exhibit 10.1 to the Starz 8-K).

- 10.14 Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.5 to the Starz S-4).
- 10.15 Services Agreement, dated as of January 11, 2013, by and between Starz and Liberty Media Corporation (incorporated by reference to Exhibit 10.2 to the Starz 8-K).
- 10.16 Facilities Sharing Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Property Holdings, Inc. (incorporated by reference to Exhibit 10.6 to the Starz S-4).
- 10.17 Facilities Sharing Agreement, dated as of January 11, 2013, by and between Starz and Liberty Property Holdings, Inc. (incorporated by reference to Exhibit 10.3 to the Starz 8-K).
- 10.18 Lease Agreement, dated as of January 11, 2013, by and among Starz, LLC, Liberty Property Holdings, Inc. and, for the limited purposes specified therein, Starz Entertainment, LLC (incorporated by reference to Exhibit 10.5 to the Starz 8-K).
- 10.19 Form of Indemnification Agreement by and between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.13 to the Liberty Form 10).
- 10.20 Aircraft Time Sharing Agreements, dated as of January 11, 2013, by and between Liberty Media Corporation and Starz (incorporated by reference to Exhibit 10.4 to the Starz 8-K).
- 10.21 Restated and Amended Employment Agreement dated November 1, 1992, between Tele-Communications, Inc. and John C. Malone (assumed by Liberty Media LLC as of March 9, 1999), and the amendment thereto dated June 30, 1999 and effective as of March 9, 1999, between Liberty Media LLC and John C. Malone (collectively, the "Malone Employment Agreement" (assumed, as amended, by the Registrant as of January 10, 2013)) (incorporated by reference to Exhibit 10.11 to Liberty Interactive Corporation's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 (File No. 001-33982) (the "Liberty Interactive 2009 10-K")).
- 10.22 Second Amendment to Malone Employment Agreement effective January 1, 2003 (incorporated by reference to Exhibit 10.12 to the Liberty Interactive 2009 10-K).
- 10.23 Third Amendment to Malone Employment Agreement effective January 1, 2007 (incorporated by reference to Exhibit 10.13 to Liberty Interactive Corporation's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982)) (the "Liberty Interactive 2008 10-K").
- 10.24 Fourth Amendment to Malone Employment Agreement effective January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Liberty Interactive 2008 10-K).
- 10.25 Amended and Restated Executive Employment Agreement dated September 23, 2011, between Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) and Gregory B. Maffei (incorporated by reference to Exhibit 10.29 to the Starz 2011 10-K).
- 10.26 Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.23 to the Liberty 2012 10-K).
- 10.27 Executive Employment Agreement dated effective as of October 31, 2012, by and between Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) and Richard Baer (incorporated by reference to Exhibit 10.24 to the Liberty 2012 10-K).
- 10.28 Stockholders Agreement, dated as of March 19, 2013, by and among Charter Communications, Inc. and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed on May 9, 2013 (the "Liberty Q1 2013 10-Q") (File No. 001-35707)).
- 10.29 Stock Purchase Agreement, dated as of March 19, 2013, by and among the Registrant, the funds affiliated with Apollo Management Holdings, L.P. set forth therein, the funds affiliated with Oaktree Capital Management, L.P. set forth therein and the funds affiliated with Crestview Partners set forth therein (incorporated by reference to Exhibit 10.2 to the Liberty Q1 2013 10-Q).

- 10.30 Credit Agreement, dated as of December 5, 2012 among the Sirius XM Radio, Inc. (“SIRIUS XM”), JPMorgan Chase Bank, N.A. as administrative agent, and the other agents and lenders party thereto (incorporated by reference to SIRIUS XM's Current Report on Form 8-K filed on December 10, 2012 (File No. 001-34295)).
- 10.31 Indenture, dated as of May 16, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 4.25% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 to SIRIUS XM's Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34295) (the “SIRIUS XM 8-K”)).
- 10.32 Indenture, dated as of May 16, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 4.625% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the SIRIUS XM 8-K).
- 10.33 Indenture, dated as of August 1, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 5.75% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to SIRIUS XM's Current Report on Form 8-K filed on August 1, 2013 (File No. 001-34295)).
- 10.34 Indenture, dated as of September 24, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 5.875% Senior Notes due 2020 (incorporated by reference to Exhibit 4.2 to SIRIUS XM's Current Report on Form 8-K filed on September 25, 2013 (File No. 001-34295)).
- 10.35 Share Repurchase Agreement, dated as of October 9, 2013, by and between the Registrant and SIRIUS XM (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed on October 10, 2013 (File No. 001-35707)).
- 10.36 Operational Assistance Agreement, dated as of June 7, 1999, between XM Satellite Radio Inc. and Clear Channel Communications, Inc. (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to XM Satellite Radio Holdings Inc.'s Registration Statement on Form S-1 filed on September 28, 1999 (File No. 333-83619)).***
- 10.37 Technology Licensing Agreement among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc., WorldSpace Management Corporation and American Mobile Satellite Corporation, dated as of January 1, 1998, amended by Amendment No. 1 to Technology Licensing Agreement, dated June 7, 1999 (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 filed on February 28, 2008 (File No. 333-39178)(the “XM Satellite Radio 10-K”)).***
- 10.38 Third Amended and Restated Distribution and Credit Agreement, dated as of February 6, 2008, among General Motors Corporation, XM Satellite Radio Holdings Inc. and XM Satellite Radio Inc. (incorporated by reference to Exhibit 10.63 to the XM Satellite Radio 10-K).***
- 10.39 Third Amended and Restated Satellite Purchase Contract for In-Orbit Delivery, dated as of May 15, 2001, between XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.36 to Amendment No. 1 to XM Satellite Radio Holdings Inc.'s Registration Statement on Form S-3 filed on June 21, 2002 (File No. 333-89132)).***
- 10.40 Assignment and Novation Agreement, dated as of December 5, 2001, between XM Satellite Radio Holdings Inc., XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed on December 6, 2001 (File No. 000-27441)(the “June 2001 XM Satellite Radio 8-K”)).
- 10.41 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated as of December 5, 2001, between XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.4 to the June 2001 XM Satellite Radio 8-K).***
- 10.42 Amended and Restated Assignment and Use Agreement, dated as of January 28, 2003, between XM Satellite Radio Inc. and XM Radio Inc. (incorporated by reference to Exhibit 10.7 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed on January 29, 2003 (File No. 000-27441)).
- 10.43 Amended and Restated Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated May 23, 2003, among XM Satellite Radio Inc. and XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.53 to XM Satellite Radio Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 filed on August 14, 2003 (File No. 000-27441) (the “XM Satellite Radio 10-Q”)).***

- 10.44 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated July 31, 2003, among XM Satellite Radio Inc. and XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.54 to the XM Satellite Radio 10-Q).***
- 10.45 December 2003 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated December 19, 2003, among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.57 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 15, 2004 (File No. 000-27441)).***
- 10.46 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.5 to the Liberty Q3 2013 10-Q). ***
- 10.47 Confirmation, dated October 10, 2013, of Base Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.6 to the Liberty Q3 2013 10-Q).***
- 10.48 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.7 to the Liberty Q3 2013 10-Q).***
- 10.49 Confirmation, dated October 10, 2013, of Base Warrants Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.8 to the Liberty Q3 2013 10-Q).***
- 10.50 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.9 to the Liberty Q3 2013 10-Q).***
- 10.51 Confirmation, dated October 10, 2013, of Base Warrants Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.10 to the Liberty Q3 2013 10-Q).***
- 10.52 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.11 to the Liberty Q3 2013 10-Q).***
- 10.53 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.12 to the Liberty Q3 2013 10-Q).***
- 10.54 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.13 to the Liberty Q3 2013 10-Q).***
- 10.55 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.14 to the Liberty Q3 2013 10-Q).***
- 10.56 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.15 to the Liberty Q3 2013 10-Q).***
- 10.57 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.16 to the Liberty Q3 2013 10-Q).***

| | |
|---------|---|
| 21 | Subsidiaries of Liberty Media Corporation.* |
| 23.1 | Consent of KPMG LLP.* |
| 31.1 | Rule 13a-14(a)/15d - 14(a) Certification.* |
| 31.2 | Rule 13a-14(a)/15d - 14(a) Certification.* |
| 32 | Section 1350 Certification. ** |
| 101.INS | XBRL Instance Document.** |
| 101.SCH | XBRL Taxonomy Extension Schema Document.** |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document.** |
| 101.LAB | XBRL Taxonomy Label Linkbase Document.** |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document.** |
| 101.DEF | XBRL Taxonomy Definition Document.** |

* Filed herewith.

** Furnished herewith.

*** Pursuant to the Commission's Orders Granting Confidential Treatment under Rule 406 of the Securities Act of 1933, as amended, or Rule 24(b)-2 under the Securities Exchange Act of 1934, as amended, certain confidential portions of this Exhibit were omitted by means of redacting a portion of the text.

SIGNATURES

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

LIBERTY MEDIA CORPORATION

Date: February 28, 2014

By: /s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Date: February 28, 2014

By: /s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
Senior Vice President and Chief Financial Officer (Principal Financial Officer and
Principal Accounting 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 date indicated.

| <u>Signature</u> | <u>Title</u> | <u>Date</u> |
|--|--|-------------------|
| <u>/s/John C. Malone</u> John C. Malone | Chairman of the Board and Director | February 28, 2014 |
| <u>/s/Gregory B. Maffei</u> Gregory B. Maffei | Director, President and Chief Executive Officer | February 28, 2014 |
| <u>/s/Robert R. Bennett</u> Robert R. Bennett | Director | February 28, 2014 |
| <u>/s/Donne F. Fisher</u> Donne F. Fisher | Director | February 28, 2014 |
| <u>/s/M. Ian G. Gilchrist</u> M. Ian G. Gilchrist | Director | February 28, 2014 |
| <u>/s/Evan D. Malone</u> Evan D. Malone | Director | February 28, 2014 |
| <u>/s/David E. Rapley</u> David E. Rapley | Director | February 28, 2014 |
| <u>/s/Larry E. Romrell</u> Larry E. Romrell | Director | February 28, 2014 |
| <u>/s/Andrea L. Wong</u> Andrea L. Wong | Director | February 28, 2014 |

EXHIBIT INDEX

Listed below are the exhibits which are filed as a part of this Report (according to the number assigned to them in Item 601 of Regulation S-K):

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- 2.1 Reorganization Agreement, dated as of August 30, 2011, by and between Liberty Interactive Corporation (f/k/a Liberty Media Corporation) and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty CapStarz, Inc.) (incorporated by reference to Exhibit 2.1 to Post-Effective Amendment No. 1 to Starz's Registration Statement on Form S-4 filed on September 23, 2011 (File No. 333-171201) (the "Starz S-4"))).
- 2.2 Reorganization Agreement, dated as of January 10, 2013, between Starz (f/k/a Liberty Media Corporation) and Liberty Media Corporation (f/k/a Liberty Spinco, Inc.) (incorporated by reference to Exhibit 2.1 to Starz's Current Report on Form 8-K filed on January 17, 2013 (File No. 001-35294) (the "Starz 8-K"))).

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- 3.2 Amended and Restated Bylaws of the Registrant.*

4 - Instruments Defining the Rights of Securities Holders, including Indentures:

- 4.1 Specimen certificate for shares of the Registrant's Series A common stock, par value \$.01 per share (incorporated by reference to Exhibit 4.1 to Registrant's Registration Statement on Form 10 filed on October 19, 2012 (File No. 001-35707) (the "Liberty Form 10")).
- 4.2 Specimen certificate for shares of the Registrant's Series B common stock, par value \$.01 per share (incorporated by reference to Exhibit 4.2 to the Liberty Form 10).
- 4.3 Indenture dated as of October 17, 2013 among the Registrant, as issuer and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on November 5, 2013 (File No. 001-35707) (the "Liberty Q3 201310-Q"))).
- 4.4 The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith.

10 - Material Contracts:

- 10.1 Form of Liberty Media Corporation 2013 Incentive Plan (the "2013 Plan") (incorporated by reference to Exhibit 10.3 to Amendment No. 1 to the Registrant's Registration Statement on Form 10 filed on November 30, 2012 (File No. 001-35707) (the "Liberty Form 10 Amendment No. 1")).
- 10.2 Amendment to the 2013 Plan (incorporated by reference to Exhibit 10.2 to the Liberty Q3 201310-Q).
- 10.3 Form of Non-Qualified Stock Option Agreement.*
- 10.4 Form of Restricted Stock Award Agreement.*
- 10.5 Form of Non-Qualified Stock Option Agreement under the 2013 Plan [for certain designated award recipients] (incorporated by reference to Exhibit 10.2 to Starz's Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 (File No. 001-35294) (the "Starz 2011 10-K"))).

- 10.6 Form of Liberty Media Corporation 2013 Nonemployee Director Incentive Plan (the "2013 Nonemployee Director Plan") (incorporated by reference to Exhibit 10.2 to the Liberty Form 10 Amendment No. 1).
- 10.7 Amendment to the 2013 Nonemployee Director Plan (incorporated by reference to Exhibit 10.3 to the Liberty Q3 201310-Q).
- 10.8 Form of Non-Qualified Stock Option Agreement under the 2013 Nonemployee Director Plan (incorporated by reference to Exhibit 10.4 to the Starz 2011 10-K).
- 10.9 Form of Restricted Stock Award Agreement under the 2013 Non-Employee Director Incentive Plan (incorporated by reference to Exhibit 10.5 to the Starz 2011 10-K).
- 10.10 Form of Liberty Media Corporation Transitional Stock Adjustment Plan (incorporated by reference to Exhibit 10.3 to Amendment No. 2 to the Registrant's Registration Statement on Form 10 filed on December 17, 2012 (File No. 001-35707)).
- 10.11 Liberty Media Corporation 2006 Deferred Compensation Plan (As Amended and Restated as of January 11, 2013) (incorporated by reference to Exhibit 10.8 to the Liberty 2012 10-K).
- 10.12 Tax Sharing Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation) (incorporated by reference to Exhibit 10.4 to the Starz S-4).
- 10.13 Tax Sharing Agreement, dated as of January 11, 2013, by and between Starz and Liberty Media Corporation (incorporated by reference to Exhibit 10.1 to the Starz 8-K).
- 10.14 Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) (incorporated by reference to Exhibit 10.5 to the Starz S-4).
- 10.15 Services Agreement, dated as of January 11, 2013, by and between Starz and Liberty Media Corporation (incorporated by reference to Exhibit 10.2 to the Starz 8-K).
- 10.16 Facilities Sharing Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Property Holdings, Inc. (incorporated by reference to Exhibit 10.6 to the Starz S-4).
- 10.17 Facilities Sharing Agreement, dated as of January 11, 2013, by and between Starz and Liberty Property Holdings, Inc. (incorporated by reference to Exhibit 10.3 to the Starz 8-K).
- 10.18 Lease Agreement, dated as of January 11, 2013, by and among Starz, LLC, Liberty Property Holdings, Inc. and, for the limited purposes specified therein, Starz Entertainment, LLC (incorporated by reference to Exhibit 10.5 to the Starz 8-K).
- 10.19 Form of Indemnification Agreement by and between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.13 to the Liberty Form 10).
- 10.20 Aircraft Time Sharing Agreements, dated as of January 11, 2013, by and between Liberty Media Corporation and Starz (incorporated by reference to Exhibit 10.4 to the Starz 8-K).
- 10.21 Restated and Amended Employment Agreement dated November 1, 1992, between Tele-Communications, Inc. and John C. Malone (assumed by Liberty Media LLC as of March 9, 1999), and the amendment thereto dated June 30, 1999 and effective as of March 9, 1999, between Liberty Media LLC and John C. Malone (collectively, the "Malone Employment Agreement" (assumed, as amended, by the Registrant as of January 10, 2013)) (incorporated by reference

- to Exhibit 10.11 to Liberty Interactive Corporation's Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 (File No. 001-33982) (the "Liberty Interactive 2009 10-K").
- 10.22 Second Amendment to Malone Employment Agreement effective January 1, 2003 (incorporated by reference to Exhibit 10.12 to the Liberty Interactive 2009 10-K).
- 10.23 Third Amendment to Malone Employment Agreement effective January 1, 2007 (incorporated by reference to Exhibit 10.13 to Liberty Interactive Corporation's Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982)) (the "Liberty Interactive 2008 10-K").
- 10.24 Fourth Amendment to Malone Employment Agreement effective January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Liberty Interactive 2008 10-K).
- 10.25 Amended and Restated Executive Employment Agreement dated September 23, 2011, between Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) and Gregory B. Maffei (incorporated by reference to Exhibit 10.29 to the Starz 2011 10-K).
- 10.26 Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.23 to the Liberty 2012 10-K).
- 10.27 Executive Employment Agreement dated effective as of October 31, 2012, by and between Liberty Media Corporation (as assignee of Starz (f/k/a Liberty Media Corporation)) and Richard Baer (incorporated by reference to Exhibit 10.24 to the Liberty 2012 10-K).
- 10.28 Stockholders Agreement, dated as of March 19, 2013, by and among Charter Communications, Inc. and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 filed on May 9, 2013 (the "Liberty Q1 2013 10-Q") (File No. 001-35707)).
- 10.29 Stock Purchase Agreement, dated as of March 19, 2013, by and among the Registrant, the funds affiliated with Apollo Management Holdings, L.P. set forth therein, the funds affiliated with Oaktree Capital Management, L.P. set forth therein and the funds affiliated with Crestview Partners set forth therein (incorporated by reference to Exhibit 10.2 to the Liberty Q1 2013 10-Q).
- 10.30 Credit Agreement, dated as of December 5, 2012 among the Sirius XM Radio, Inc. ("SIRIUS XM"), JPMorgan Chase Bank, N.A. as administrative agent, and the other agents and lenders party thereto (incorporated by reference to SIRIUS XM's Current Report on Form 8-K filed on December 10, 2012 (File No. 001-34295)).
- 10.31 Indenture, dated as of May 16, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 4.25% Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 to SIRIUS XM's Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34295) (the "SIRIUS XM 8-K")).
- 10.32 Indenture, dated as of May 16, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 4.625% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to the SIRIUS XM 8-K).
- 10.33 Indenture, dated as of August 1, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 5.75% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to SIRIUS XM's Current Report on Form 8-K filed on August 1, 2013 (File No. 001-34295)).
- 10.34 Indenture, dated as of September 24, 2013, among SIRIUS XM, the guarantors named therein and U.S. Bank National Association, as trustee, relating to SIRIUS XM's 5.875% Senior Notes due 2020 (incorporated by reference to Exhibit 4.2 to SIRIUS XM's Current Report on Form 8-K filed on September 25, 2013 (File No. 001-34295)).

- 10.35 Share Repurchase Agreement, dated as of October 9, 2013, by and between the Registrant and SIRIUS XM (incorporated by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K filed on October 10, 2013 (File No. 001-35707)).
- 10.36 Operational Assistance Agreement, dated as of June 7, 1999, between XM Satellite Radio Inc. and Clear Channel Communications, Inc. (incorporated by reference to Exhibit 10.10 to Amendment No. 1 to XM Satellite Radio Holdings Inc.'s Registration Statement on Form S-1 filed on September 28, 1999 (File No. 333-83619)).***
- 10.37 Technology Licensing Agreement among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc., WorldSpace Management Corporation and American Mobile Satellite Corporation, dated as of January 1, 1998, amended by Amendment No. 1 to Technology Licensing Agreement, dated June 7, 1999 (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2007 filed on February 28, 2008 (File No. 333-39178)(the "XM Satellite Radio 10-K")).***
- 10.38 Third Amended and Restated Distribution and Credit Agreement, dated as of February 6, 2008, among General Motors Corporation, XM Satellite Radio Holdings Inc. and XM Satellite Radio Inc. (incorporated by reference to Exhibit 10.63 to the XM Satellite Radio 10-K).***
- 10.39 Third Amended and Restated Satellite Purchase Contract for In-Orbit Delivery, dated as of May 15, 2001, between XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.36 to Amendment No. 1 to XM Satellite Radio Holdings Inc.'s Registration Statement on Form S-3 filed on June 21, 2002 (File No. 333-89132)).***
- 10.40 Assignment and Novation Agreement, dated as of December 5, 2001, between XM Satellite Radio Holdings Inc., XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.3 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed on December 6, 2001 (File No. 000-27441)(the "June 2001 XM Satellite Radio 8-K")).
- 10.41 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated as of December 5, 2001, between XM Satellite Radio Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.4 to the June 2001 XM Satellite Radio 8-K).***
- 10.42 Amended and Restated Assignment and Use Agreement, dated as of January 28, 2003, between XM Satellite Radio Inc. and XM Radio Inc. (incorporated by reference to Exhibit 10.7 to XM Satellite Radio Holdings Inc.'s Current Report on Form 8-K filed on January 29, 2003 (File No. 000-27441)).
- 10.43 Amended and Restated Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated May 23, 2003, among XM Satellite Radio Inc. and XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.53 to XM Satellite Radio Holdings Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 filed on August 14, 2003 (File No. 000-27441) (the "XM Satellite Radio 10-Q")).***
- 10.44 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated July 31, 2003, among XM Satellite Radio Inc. and XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.54 to the XM Satellite Radio 10-Q)).***
- 10.45 December 2003 Amendment to the Satellite Purchase Contract for In-Orbit Delivery, dated December 19, 2003, among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc. and Boeing Satellite Systems International Inc. (incorporated by reference to Exhibit 10.57 to XM Satellite Radio Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003 filed on March 15, 2004 (File No. 000-27441)).***

- 10.46 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.5 to the Liberty Q3 2013 10-Q).***
- 10.47 Confirmation, dated October 10, 2013, of Base Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.6 to the Liberty Q3 2013 10-Q).***
- 10.48 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.7 to the Liberty Q3 2013 10-Q).***
- 10.49 Confirmation, dated October 10, 2013, of Base Warrants Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.8 to the Liberty Q3 2013 10-Q).***
- 10.50 Confirmation, dated October 10, 2013, of Base Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.9 to the Liberty Q3 2013 10-Q).***
- 10.51 Confirmation, dated October 10, 2013, of Base Warrants Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.10 to the Liberty Q3 2013 10-Q).***
- 10.52 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.11 to the Liberty Q3 2013 10-Q).***
- 10.53 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.12 to the Liberty Q3 2013 10-Q).***
- 10.54 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.13 to the Liberty Q3 2013 10-Q).***
- 10.55 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between Wells Fargo Bank, N.A. and Liberty Media Corporation (incorporated by reference to Exhibit 10.14 to the Liberty Q3 2013 10-Q).***
- 10.56 Confirmation, dated October 11, 2013, of Additional Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.15 to the Liberty Q3 2013 10-Q).***
- 10.57 Confirmation, dated October 11, 2013, of Additional Warrants Transaction between Deutsche Bank AG, London Branch and Liberty Media Corporation (incorporated by reference to Exhibit 10.16 to the Liberty Q3 2013 10-Q).***

| | |
|---------|---|
| 21 | Subsidiaries of Liberty Media Corporation.* |
| 23.1. | Consent of KPMG LLP.* |
| 31.1. | Rule 13a-14(a)/15d - 14(a) Certification.* |
| 31.2. | Rule 13a-14(a)/15d - 14(a) Certification.* |
| 32 | Section 1350 Certification.** |
| 101.INS | XBRL Instance Document.** |
| 101.SCH | XBRL Taxonomy Extension Schema Document.** |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document.** |
| 101.LAB | XBRL Taxonomy Label Linkbase Document.** |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document.** |
| 101.DEF | XBRL Taxonomy Definition Document.** |

* Filed herewith.

** Furnished herewith.

*** Pursuant to the Commission's Orders Granting Confidential Treatment under Rule 406 of the Securities Act of 1933, as amended, or Rule 24(b)-2 under the Securities Exchange Act of 1934, as amended, certain confidential portions of this Exhibit were omitted by means of redacting a portion of the text.

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- [LIBERTY MEDIA CORPORATION Consolidated Statements Of Operations](#)
- [LIBERTY MEDIA CORPORATION Consolidated Statements Of Operations \(Continued\)](#)
- [LIBERTY MEDIA CORPORATION Consolidated Statements Of Comprehensive Earnings \(Loss\)](#)
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LIBERTY MEDIA CORPORATION
A Delaware Corporation
AMENDED AND RESTATED BYLAWS

ARTICLE I

STOCKHOLDERS

Section 1.1 Annual Meeting.

An annual meeting of stockholders for the purpose of electing directors and of transacting any other business properly brought before the meeting pursuant to these Bylaws shall be held each year at such date, time and place, either within or without the State of Delaware or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), as may be specified by the Board of Directors in the notice of meeting.

Section 1.2 Special Meetings.

Except as otherwise provided in the terms of any series of preferred stock or unless otherwise provided by law or by the Certificate of Incorporation, special meetings of stockholders of the Corporation, for the transaction of such business as may properly come before the meeting, may be called by the Secretary of the Corporation (the “**Secretary**”) only (i) upon written request received by the Secretary at the principal executive offices of the Corporation by or on behalf of the holder or holders of record of outstanding shares of capital stock of the Corporation, representing collectively not less than 66 ²/₃% of the total voting power of the outstanding capital stock of the Corporation entitled to vote at such meeting or (ii) at the request of not less than 75% of the members of the Board of Directors then in office. Only such business may be transacted as is specified in the notice of the special meeting. The Board of Directors shall have the sole power to determine the time, date and place, either within or without the State of Delaware, or, if so determined by the Board of Directors in its sole discretion, at no place (but rather by means of remote communication), for any special meeting of stockholders (including those properly called by the Secretary in accordance with Section 1.2(i) hereof). Following such determination, it shall be the duty of the Secretary to cause notice to be given to the stockholders entitled to vote at such meeting that a meeting will be held at the time, date and place, if any, and in accordance with the record date determined by the Board of Directors.

Section 1.3 Record Date.

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than

sixty (60) calendar days nor less than ten (10) calendar days before the date of such meeting. If the Board of Directors so fixes a record date for determining the stockholders entitled to notice of any meeting of stockholders, such date shall be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes the record date for determining the stockholders entitled to notice of such meeting, that a later date on or before the date of the meeting shall be the record date for determining stockholders entitled to vote at such meeting. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) calendar days prior to such action. If no record date is fixed by the Board of Directors: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting in accordance with this Section 1.3.

Section 1.4 Notice of Meetings.

Notice of all stockholders meetings, stating the place, if any, date and hour thereof, as well as the record date for determining stockholders entitled to vote at such meeting (if such record date is different from the record date for determining stockholders entitled to notice of the meeting); the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting; and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Corporation in accordance with Section 5.4 of these Bylaws, applicable law and applicable stock exchange rules and regulations by the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary, to each stockholder entitled to notice of such meeting, unless otherwise provided by applicable law or the Certificate of Incorporation, at least ten (10) calendar days but not more than sixty (60) calendar days before the date of the meeting.

Section 1.5 Notice of Stockholder Business.

(a) Annual Meetings of Stockholders.

(1) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, nominations for persons for election to the Board of Directors and the proposal of business to be considered by the stockholders must be (i) specified in the notice of

meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (iii) otherwise properly be requested to be brought before the meeting by a stockholder (x) who complies with the procedures set forth in this Section 1.5 and (y) who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in Section 1.5(a)(2) is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the meeting, and (z) who is entitled to vote at the meeting upon such election of directors or upon such business, as the case may be.

(2) In addition to any other requirements under applicable law and the Corporation's Certificate of Incorporation, for a nomination for election to the Board of Directors or the proposal of business to be properly requested to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary and any such proposed business, other than the nominations of persons for election to the Board of Directors, must constitute a proper matter for stockholder action pursuant to the Certificate of Incorporation, these Bylaws, and applicable law. To be timely, a stockholder's notice must be received at the principal executive offices of the Corporation (x) in the case of an annual meeting that is called for a date that is within thirty (30) calendar days before or after the anniversary date of the immediately preceding annual meeting of stockholders, not less than sixty (60) calendar days nor more than ninety (90) calendar days prior to the meeting and (y) in the case of an annual meeting that is called for a date that is not within thirty (30) calendar days before or after the anniversary date of the immediately preceding annual meeting, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the meeting was communicated to stockholders or public announcement (as defined below) of the date of the meeting was made, whichever occurs first. In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder notice as described herein.

To be in proper written form, such stockholder's notice to the Secretary must be submitted by a holder of record of stock entitled to vote on the nomination of directors of the Corporation and shall set forth in writing and describe in fair, accurate, and material detail (A) as to each person whom the stockholder proposes to nominate for election as a director (a "**nominee**") (i) all information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and (ii) such nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the annual meeting, (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of

the proposed amendment), and (iii) any material interest of the stockholder and beneficial owner, if any, on whose behalf the proposal is made, in such business; and (C) as to such stockholder giving notice and the beneficial owner or owners, if different, on whose behalf the nomination or proposal is made, and any affiliates or associates (each within the meaning of Rule 12b-2 under the Exchange Act) of such stockholder or beneficial owner (each a **“Proposing Person”**) (i) the name and address, as they appear on the Corporation’s books, of such Proposing Person, (ii) the class or series and number of shares of the capital stock of the Corporation that are owned beneficially and of record by such Proposing Person, (iii) a description of all arrangements or understandings between such Proposing Person and any other person or persons (including their names) pursuant to which the proposals are to be made by such stockholder, (iv) a representation by each Proposing Person who is a holder of record of stock of the Corporation (A) that the notice the Proposing Person is giving to the Secretary is being given on behalf of (x) such holder of record and/or (y) if different than such holder of record, one or more beneficial owners of stock of the Corporation held of record by such holder of record, (B) as to each such beneficial owner, the number of shares held of record by such holder of record that are beneficially owned by such beneficial owner, with documentary evidence of such beneficial ownership, and (C) that such holder of record is entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination set forth in its notice, (v) a representation (I) whether any such Proposing Person or nominee has received any financial assistance, funding or other consideration from any other person in respect of the nomination (and the details thereof) (a **“Stockholder Associated Person”**) and (II) whether and the extent to which any hedging, derivative or other transaction has been entered into with respect to the Corporation within the past six (6) months by, or is in effect with respect to, such stockholder, any person to be nominated by such stockholder or any Stockholder Associated Person, the effect or intent of which transaction is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such stockholder, nominee or any such Stockholder Associated Person, and (vi) a representation whether any Proposing Person intends or is part of a group that intends to (I) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation’s outstanding voting power required to approve or adopt the proposal or elect the nominee and/or (II) otherwise solicit proxies from stockholders in support of such proposal, and (vii) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies in support of such proposal pursuant to Section 14 of the Exchange Act, and any rules and regulations promulgated thereunder. The foregoing notice requirements of this Section 1.5 shall not apply to any proposal made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act. A proposal to be made pursuant to Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act shall be deemed satisfied if the stockholder making such proposal complies with the provisions of Rule 14a-8 and has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 and such stockholder’s proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine (x) the eligibility of such proposed nominee to serve as a director of the Corporation and (y) whether the nominee would qualify as an “independent director” or “audit committee financial expert” under applicable law,

securities exchange rule or regulation, or any publicly disclosed corporate governance guideline or committee charter of the Corporation.

(3) Notwithstanding anything in paragraph (a)(2) of this Section 1.5 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) calendar days prior to the first anniversary date of the immediately preceding annual meeting, a stockholder's notice required by this Section 1.5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote at such meeting who was a stockholder of record of the Corporation (and, with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the Corporation) both at the time the notice provided for in paragraph (a)(2) of this Section 1.5 is delivered to the Secretary and on the record date for the determination of stockholders entitled to vote at the special meeting may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice meeting the requirements of paragraph (a)(2) of this Section 1.5 (substituting special meeting for annual meeting as applicable) shall be received by the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the ninetieth (90th) day prior to such special meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting; provided, however, that a stockholder may nominate persons for election at a special meeting only to such directorship(s) as specified in the Corporation's notice of the meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Updating and Supplementing of Stockholder Information. A stockholder providing notice of nominations of persons for election to the Board of Directors at an annual or special meeting of stockholders or notice of business proposed to be brought before an annual meeting of stockholders shall further update and supplement such notice so that the information provided or required to be provided in such notice pursuant to paragraph (a)(2) of this Section 1.5 shall be true and correct both as of the record date for the determination of stockholders entitled to notice of the meeting and as of the date that is ten (10) business days before the meeting or any adjournment or postponement thereof, and such updated and supplemental information shall be delivered to, or mailed and received by, the Secretary at the principal

executive offices of the Corporation (a) in the case of information that is required to be updated and supplemented to be true and correct as of the record date for the determination of stockholders entitled to notice of the meeting, not later than the later of five (5) business days after such record date or five (5) business days after the public announcement of such record date, and (b) in the case of information that is required to be updated and supplemented to be true and correct as of ten (10) business days before the meeting or any adjournment or postponement thereof, not later than eight (8) business days before the meeting or any adjournment or postponement thereof (or if not practicable to provide such updated and supplemental information not later than eight (8) business days before any adjournment or postponement, on the first practicable date before any such adjournment or postponement).

(d) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.5 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.5. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (i) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.5 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(2)(C)(vi) of this Section 1.5) and (ii) if any proposed nomination or proposed business was not made or proposed in compliance with this Section 1.5, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 1.5, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present the nomination to the Board of Directors or to present the proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.5, to be considered a qualified representative of the stockholder, a person must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 1.5, (i) "**public announcement**" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act, and (ii) "**business day**" shall mean any day, other than Saturday, Sunday and any day on which banks located in the State of New York are authorized or obligated by applicable law to close.

(3) Notwithstanding the foregoing provisions of this Section 1.5, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.5. Nothing in this Section 1.5 shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors pursuant to any applicable provisions of the Corporation's Certificate of Incorporation.

Section 1.6 Quorum.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law or in the Certificate of Incorporation or these Bylaws, at any meeting of stockholders, the holders of a majority in total voting power of the outstanding shares of stock entitled to vote at the meeting shall be present or represented by proxy in order to constitute a quorum for the transaction of any business. The chairman of the meeting shall have the power and duty to determine whether a quorum is present at any meeting of the stockholders. Shares of its own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the Corporation or any subsidiary of the Corporation to vote stock, including, but not limited to, its own stock, held by it in a fiduciary capacity. In the absence of a quorum, the chairman of the meeting may adjourn the meeting from time to time in the manner provided in Section 1.7 hereof until a quorum shall be present.

Section 1.7 Adjournment.

Any meeting of stockholders, annual or special, may be adjourned from time to time solely by the chairman of the meeting because of the absence of a quorum or for any other reason and to reconvene at the same or some other time, date and place, if any, or by means of remote communication. Notice need not be given of any such adjourned meeting if the time, date and place, if any, and the means of remote communications, if any, thereof are announced at the meeting at which the adjournment is taken. The chairman of the meeting shall have full power and authority to adjourn a stockholder meeting in his sole discretion even over stockholder opposition to such adjournment. The stockholders present at a meeting shall not have the authority to adjourn the meeting. If the time, date and place, if any, thereof, and the means of remote communication, if any, by which the stockholders and the proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken and the adjournment is for less than thirty (30) calendar days, no notice need be given of any such adjourned meeting. If the adjournment is for more than thirty (30) calendar days or if after the adjournment a new record date for determining stockholders entitled to vote at the adjourned meeting is fixed for the adjourned meeting, then notice shall be given to each stockholder entitled to vote at the meeting. At the adjourned meeting, the stockholders may transact any business that might have been transacted at the original meeting.

Section 1.8 Organization.

The Chairman of the Board, or in his absence the President, or in their absence any Vice President, shall call to order meetings of stockholders and preside over and act as chairman of such meetings. The Board of Directors or, if the Board fails to act, the stockholders, may appoint any stockholder, director or officer of the Corporation to act as chairman of any meeting in the absence of the Chairman of the Board, the President and all Vice Presidents. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the chairman of the meeting and announced at the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board of Directors, the chairman of the meeting shall have the exclusive right to determine the order of business and to prescribe other such rules, regulations and procedures and shall have the authority in his discretion to regulate the conduct of any such meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) rules and procedures for maintaining order at the meeting and the safety of those present; (ii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iii) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (iv) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

The Secretary shall act as secretary of all meetings of stockholders, but, in the absence of the Secretary, the chairman of the meeting may appoint any other person to act as secretary of the meeting.

Section 1.9 Postponement or Cancellation of Meeting.

Any previously scheduled annual or special meeting of the stockholders may be postponed or canceled by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

Section 1.10 Voting.

Subject to the rights of the holders of any series of preferred stock and except as otherwise provided by law, the Certificate of Incorporation or these Bylaws and except for the election of directors, at any meeting duly called and held at which a quorum is present, the affirmative vote of a majority of the combined voting power of the outstanding shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Subject to the rights of the holders of any series of preferred stock, at any meeting duly called and held for the election of directors at which a quorum is present, directors shall be elected by a plurality of the combined voting power of the outstanding shares

present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Section 1.11 List of Stockholders.

It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of the stock ledger to prepare and make, at least ten (10) calendar days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the stockholder's name; provided, however, if the record date for determining the stockholders entitled to vote at the meeting is fewer than ten (10) calendar days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth (10th) calendar day before the meeting date. Nothing contained in this Section 1.11 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) calendar days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. If the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible network, and the information required to access such list shall be provided with the notice of the meeting. The stock ledger shall be the only evidence of the identity of the stockholders entitled to examine such list.

Section 1.12 Remote Communications.

For purposes of these Bylaws, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrent with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of

remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number and Term of Office.

(a) Subject to any limitations set forth in the Certificate of Incorporation and to any provision of the Delaware General Corporation Law relating to the powers or rights conferred upon or reserved to the stockholders or the holders of any class or series of the issued and outstanding stock of the Corporation, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the direction of the Board of Directors. Subject to any rights of the holders of any series of preferred stock to elect additional directors, the Board of Directors shall be comprised of not less than three (3) members and the exact number will be fixed from time to time by the Board of Directors by resolution adopted by the affirmative vote of not less than 75% of the members of the Board of Directors then in office. Directors need not be stockholders of the Corporation. The Corporation shall nominate the persons holding the offices of Chairman of the Board and President for election as directors at any meeting at which such persons are subject to election as directors.

(b) Except as otherwise fixed by the Certificate of Incorporation relating to the rights of the holders of any series of preferred stock to separately elect additional directors, which additional directors are not required to be classified pursuant to the terms of such series of preferred stock, the Board of Directors shall be divided into three (3) classes: Class I, Class II and Class III. Each class shall consist, as nearly as possible, of a number of directors equal to one-third (33 1/3%) of the then authorized number of members of the Board of Directors. The term of office of the initial Class I directors shall expire at the annual meeting of stockholders in 2014; the term of office of the initial Class II directors shall expire at the annual meeting of stockholders in 2015; and the term of office of the initial Class III directors shall expire at the annual meeting of stockholders in 2013. At each annual meeting of stockholders of the Corporation the successors of that class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. The directors of each class will serve until the earliest to occur of their death, resignation, removal or disqualification or the election and qualification of their respective successors.

Section 2.2 Resignations.

Any director of the Corporation, or any member of any committee, may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors, the Chairman of the Board or the President or Secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified therein, then upon receipt thereof. The

acceptance of such resignation shall not be necessary to make it effective unless otherwise stated therein.

Section 2.3 Removal of Directors.

Subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of not less than a majority of the total voting power of the then outstanding shares entitled to vote at an election of directors voting together as a single class.

Section 2.4 Newly Created Directorships and Vacancies.

Subject to the rights of the holders of any series of preferred stock, vacancies on the Board of Directors resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the Board of Directors, shall be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is apportioned, and until such director's successor shall have been elected and qualified. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director, except as may be provided in the terms of any series of preferred stock with respect to any additional director elected by the holders of such series of preferred stock. If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder may call a special meeting of stockholders in the same manner that the Board of Directors may call such a meeting, and directors for the unexpired terms may be elected at such special meeting.

Section 2.5 Meetings.

Regular meetings of the Board of Directors shall be held on such dates and at such times and places, within or without the State of Delaware, as shall from time to time be determined by the Board of Directors, such determination to constitute the only notice of such regular meetings to which any director shall be entitled. In the absence of any such determination, such meeting shall be held, upon notice to each director in accordance with Section 2.6 of this Article II, at such times and places, within or without the State of Delaware, as shall be designated in the notice of meeting.

Special meetings of the Board of Directors shall be held at such times and places, if any, within or without the State of Delaware, as shall be designated in the notice of the meeting in accordance with Section 2.6 hereof. Special meetings of the Board of Directors may be called by the Chairman of the Board, and shall be called by the President or Secretary upon the written request of not less than 75% of the members of the Board of Directors then in office.

Section 2.6 Notice of Meetings.

The Secretary, or in his absence any other officer of the Corporation, shall give each director notice of the time and place of holding of any regular meetings (if required) or special meetings of the Board of Directors, in accordance with Section 5.4 of these Bylaws, by mail at least ten (10) calendar days before the meeting, or by courier service at least three (3) calendar days before the meeting, or by facsimile transmission, electronic mail or other electronic transmission, or personal service, in each case, at least twenty-four (24) hours before the meeting, unless notice is waived in accordance with Section 5.4 of these Bylaws. Unless otherwise stated in the notice thereof, any and all business may be transacted at any meeting without specification of such business in the notice.

Section 2.7 Meetings by Conference Telephone or Other Communications.

Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of telephone conference or other communications equipment by means of which all persons participating in the meeting can hear each other and communicate with each other, and such participation in a meeting by such means shall constitute presence in person at such meeting.

Section 2.8 Quorum and Organization of Meetings.

A majority of the total number of members of the Board of Directors as constituted from time to time shall constitute a quorum for the transaction of business, but, if at any meeting of the Board of Directors (whether or not adjourned from a previous meeting) there shall be less than a quorum present, a majority of those present may adjourn the meeting to another time, date and place, and the meeting may be held as adjourned without further notice or waiver. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, a majority of the directors present at any meeting at which a quorum is present may decide any question brought before such meeting. Meetings shall be presided over by the Chairman of the Board or in his absence by such other person as the directors may select. The Board of Directors shall keep written minutes of its meetings. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more Directors as alternate members of any committee to replace absent or disqualified members at any meeting of such committee. If a member of a committee shall be absent from any meeting, or disqualified from voting thereat, the remaining member or members present and not disqualified from voting, whether or not such member or members constitute a quorum, may, by a unanimous vote, appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board of Directors passed as aforesaid, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be impressed on all papers that may require it, but

no such committee shall have the power or authority of the Board of Directors in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the laws of the State of Delaware to be submitted to the stockholders for approval or (ii) adopting, amending or repealing any Bylaw of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless otherwise specified in the resolution of the Board of Directors designating a committee, at all meetings of such committee a majority of the total number of members of the committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the committee present at any meeting at which there is a quorum shall be the act of the committee. Each committee shall keep regular minutes of its meetings. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

Section 2.9 Indemnification.

The Corporation shall indemnify members of the Board of Directors and officers of the Corporation and their respective heirs, personal representatives and successors in interest for or on account of any action performed on behalf of the Corporation, to the fullest extent permitted by the laws of the State of Delaware and the Corporation's Certificate of Incorporation, as now or hereafter in effect.

Section 2.10 Indemnity Undertaking.

To the extent not prohibited by law, the Corporation shall indemnify any person who is or was made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding (a "**Proceeding**"), whether civil, criminal, administrative or investigative, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Corporation, or is or was serving in any capacity at the request of the Corporation for any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprises (an "**Other Entity**"), against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees). Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of service to the Corporation or to an Other Entity at the request of the Corporation to the extent the Board of Directors at any time specifies that such persons are entitled to the benefits of this Section 2.10. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

Section 2.11 Advancement of Expenses.

The Corporation shall, from time to time, reimburse or advance to any director or officer or other person entitled to indemnification hereunder the funds necessary for payment of expenses, including attorneys' fees, incurred in connection with any Proceeding in advance of the final disposition of such Proceeding; provided, however, that, such expenses incurred by or on behalf of any director or officer or other person may be paid in advance of the final disposition of a Proceeding only upon receipt by the Corporation of an undertaking, by or on behalf of such director or officer or such person, to repay all amounts advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such director, officer or other person is not entitled to be indemnified for such expenses. Except as otherwise provided in Section 2.12 hereof, the Corporation shall be required to reimburse or advance expenses incurred by a person in connection with a proceeding (or part thereof) commenced by such person only if the commencement of such proceeding (or part thereof) by the person was authorized by the Board of Directors.

Section 2.12 Claims.

If a claim for indemnification or advancement of expenses under this Article II is not paid in full within sixty (60) calendar days after a written claim therefor by the person seeking indemnification or reimbursement or advancement of expenses has been received by the Corporation, the person may file suit to recover the unpaid amount of such claim and, if successful, in whole or in part, shall be entitled to be paid the expense (including attorneys' fees) of prosecuting such claim to the fullest extent permitted by Delaware law. In any such action the Corporation shall have the burden of proving that the person seeking indemnification or reimbursement or advancement of expenses is not entitled to the requested indemnification, reimbursement or advancement of expenses under applicable law.

Section 2.13 Amendment, Modification or Repeal.

Any amendment, modification or repeal of the foregoing provisions of this Article II shall not adversely affect any right or protection hereunder of any person entitled to indemnification under Section 2.9 hereof in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 2.14 Executive Committee of the Board of Directors.

The Board of Directors, by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, may designate an executive committee, all of whose members shall be directors, to manage and operate the affairs of the Corporation or particular properties or enterprises of the Corporation. Subject to the limitations of the law of the State of Delaware and the Certificate of Incorporation, such executive committee shall exercise all powers and authority of the Board of Directors in the management of the business and affairs of the Corporation including, but not limited to, the power and authority to authorize the issuance of shares of common or preferred stock. The executive committee shall keep minutes of its meetings and report to the Board of Directors not less often than quarterly on its activities and

shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to it. Regular meetings of the executive committee, of which no notice shall be necessary, shall be held at such time, dates and places, if any, as shall be fixed by resolution adopted by the executive committee. Special meetings of the executive committee shall be called at the request of the President or of any member of the executive committee, and shall be held upon such notice as is required by these Bylaws for special meetings of the Board of Directors, provided that oral notice by telephone or otherwise, or notice by electronic transmission shall be sufficient if received not later than the day immediately preceding the day of the meeting.

Section 2.15 Other Committees of the Board of Directors.

The Board of Directors may by resolution establish committees other than an executive committee and shall specify with particularity the powers and duties of any such committee. Subject to the limitations of the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall exercise all powers and authority specifically granted to it by the Board of Directors, which powers may include the authority to authorize the issuance of shares of common or preferred stock. Such committees shall serve at the pleasure of the Board of Directors, keep minutes of their meetings and have such names as the Board of Directors by resolution may determine and shall be responsible to the Board of Directors for the conduct of the enterprises and affairs entrusted to them.

Section 2.16 Directors' Compensation.

Directors shall receive such compensation for attendance at any meetings of the Board and any expenses incidental to the performance of their duties as the Board of Directors shall determine by resolution. Such compensation may be in addition to any compensation received by the members of the Board of Directors in any other capacity.

Section 2.17 Action Without Meeting.

Nothing contained in these Bylaws shall be deemed to restrict the power of members of the Board of Directors or any committee designated by the Board of Directors to take any action required or permitted to be taken by them without a meeting; provided, however, that if such action is taken without a meeting by consent by electronic transmission or transmissions, such electronic transmission or transmissions must either set forth or be submitted with information from which it can be determined that the electronic transmission or transmissions were authorized by the director.

ARTICLE III

OFFICERS

Section 3.1 Executive Officers.

The Board of Directors shall elect from its own number, a Chairman of the Board and a President. The Board of Directors may also elect such Vice Presidents as in the opinion of the Board of Directors the business of the Corporation requires, a Treasurer and a Secretary, any of whom may or may not be directors. The Board of Directors may also elect, from time to time, such other or additional officers as in its opinion are desirable for the conduct of business of the Corporation and such officers shall hold office at the pleasure of the Board of Directors; provided, however, that the President shall not hold any other office except that of Chairman of the Board.

Section 3.2 Powers and Duties of Officers.

The Chairman of the Board shall have overall responsibility for the management and direction of the business and affairs of the Corporation and shall exercise such duties as customarily pertain to the office of Chairman of the Board and such other duties as may be prescribed from time to time by the Board of Directors. He shall be the senior officer of the Corporation and in case of the inability or failure of the President to perform his duties, he shall perform the duties of the President. He may appoint and terminate the appointment or election of officers, agents or employees other than those appointed or elected by the Board of Directors. He may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. The Chairman of the Board shall preside at all meetings of stockholders and of the Board of Directors at which he is present, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or these Bylaws.

The President of the Corporation shall have such powers and perform such duties as customarily pertain to a chief executive officer and the office of a president, including, without limitation, being responsible for the active direction of the daily business of the Corporation, and shall exercise such other duties as may be prescribed from time to time by the Board of Directors. The President may sign, execute and deliver, in the name of the Corporation, powers of attorney, contracts, bonds and other obligations. In the absence or disability of the Chairman of the Board, the President shall perform the duties and exercise the powers of the Chairman of the Board.

Vice Presidents shall have such powers and perform such duties as may be assigned to them by the Chairman of the Board, the President, the executive committee, if any, or the Board of Directors. A Vice President may sign and execute contracts and other obligations pertaining to the regular course of his duties which implement policies established by the Board of Directors.

The Treasurer shall be the chief financial officer of the Corporation. Unless the Board of Directors otherwise declares by resolution, the Treasurer shall have general custody of

all the funds and securities of the Corporation and general supervision of the collection and disbursement of funds of the Corporation. He shall endorse for collection on behalf of the Corporation checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depository as the Board of Directors may designate. He may sign, with the Chairman of the Board, President or such other person or persons as may be designated for the purpose by the Board of Directors, all bills of exchange or promissory notes of the Corporation. He shall enter or cause to be entered regularly in the books of the Corporation a full and accurate account of all moneys received and paid by him on account of the Corporation, shall at all reasonable times exhibit his books and accounts to any director of the Corporation upon application at the office of the Corporation during business hours and, whenever required by the Board of Directors or the President, shall render a statement of his accounts. He shall perform such other duties as may be prescribed from time to time by the Board of Directors or by these Bylaws. He may be required to give bond for the faithful performance of his duties in such sum and with such surety as shall be approved by the Board of Directors. Any Assistant Treasurer shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Secretary shall keep the minutes of all meetings of the stockholders and of the Board of Directors. The Secretary shall cause notice to be given of meetings of stockholders, of the Board of Directors, and of any committee appointed by the Board of Directors. He shall have custody of the corporate seal, minutes and records relating to the conduct and acts of the stockholders and Board of Directors, which shall, at all reasonable times, be open to the examination of any director. The Secretary or any Assistant Secretary may certify the record of proceedings of the meetings of the stockholders or of the Board of Directors or resolutions adopted at such meetings, may sign or attest certificates, statements or reports required to be filed with governmental bodies or officials, may sign acknowledgments of instruments, may give notices of meetings and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 3.3 Bank Accounts.

In addition to such bank accounts as may be authorized in the usual manner by resolution of the Board of Directors, the Treasurer, with approval of the Chairman of the Board or the President, may authorize such bank accounts to be opened or maintained in the name and on behalf of the Corporation as he may deem necessary or appropriate, provided payments from such bank accounts are to be made upon and according to the check of the Corporation, which may be signed jointly or singularly by either the manual or facsimile signature or signatures of such officers or bonded employees of the Corporation as shall be specified in the written instructions of the Treasurer or Assistant Treasurer of the Corporation with the approval of the Chairman of the Board or the President of the Corporation.

Section 3.4 Proxies; Stock Transfers.

Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their

designees shall have full power and authority on behalf of the Corporation to attend and to vote upon all matters and resolutions at any meeting of stockholders of any corporation in which this Corporation may hold stock, and may exercise on behalf of this Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, whether regular or special, and at all adjournments thereof, and shall have power and authority to execute and deliver proxies and consents on behalf of this Corporation in connection with the exercise by this Corporation of the rights and powers incident to the ownership of such stock, with full power of substitution or revocation. Unless otherwise provided in the Certificate of Incorporation or directed by the Board of Directors, the Chairman of the Board or the President or any Vice President or their designees shall have full power and authority on behalf of the Corporation to transfer, sell or dispose of stock of any corporation in which this Corporation may hold stock.

ARTICLE IV

CAPITAL STOCK

Section 4.1 Shares.

The shares of the Corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the Chairman of the Board of Directors or the President and by the Secretary or the Treasurer, and sealed with the seal of the Corporation. Such seal may be a facsimile, engraved or printed. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the Delaware General Corporation Law or a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights.

Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such an officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar had not ceased to hold such position at the time of its issuance.

Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 4.2 Transfer of Shares.

(a) Upon surrender to the Corporation or the transfer agent of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of

proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be cancelled, and the issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation.

(b) The person in whose name shares of stock stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

Section 4.3 Lost Certificates.

The Board of Directors or any transfer agent of the Corporation may direct a new certificate or certificates or uncertificated shares representing stock of the Corporation to be issued in place of any certificate or certificates theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the Board of Directors (or any transfer agent of the Corporation authorized to do so by a resolution of the Board of Directors) may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the Corporation a bond in such sum as the Board of Directors (or any transfer agent so authorized) shall direct to indemnify the Corporation and the transfer agent against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed or the issuance of such new certificates or uncertificated shares, and such requirement may be general or confined to specific instances.

Section 4.4 Transfer Agent and Registrar.

The Board of Directors may appoint one or more transfer agents and one or more registrars, and may require all certificates for shares to bear the manual or facsimile signature or signatures of any of them.

Section 4.5 Regulations.

The Board of Directors shall have power and authority to make all such rules and regulations as it may deem expedient concerning the issue, transfer, registration, cancellation and replacement of certificates representing stock of the Corporation or uncertificated shares, which rules and regulations shall comply in all respects with the rules and regulations of the transfer agent.

ARTICLE V

GENERAL PROVISIONS

Section 5.1 Offices.

The Corporation shall maintain a registered office in the State of Delaware as required by the laws of the State of Delaware. The Corporation may also have offices in such other places, either within or without the State of Delaware, as the Board of Directors may from time to time designate or as the business of the Corporation may require.

Section 5.2 Corporate Seal.

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words “Corporate Seal” and “Delaware.”

Section 5.3 Fiscal Year.

The fiscal year of the Corporation shall be determined by resolution of the Board of Directors.

Section 5.4 Notices and Waivers Thereof.

Whenever any notice is required by the laws of the State of Delaware, the Certificate of Incorporation or these Bylaws to be given by the Corporation to any stockholder, director or officer, such notice, except as otherwise provided by law, may be given personally, or by mail, or, in the case of directors or officers, or stockholders who consent thereto, by electronic transmission in accordance with applicable law. Any notice given by electronic transmission shall be deemed to have been given when it shall have been transmitted and any notice given by mail shall be deemed to have been given when deposited in the United States mail with postage thereon prepaid directed to such stockholder, director, or officer, as the case may be, at such stockholder’s, director’s, or officer’s, as the case may be, address as it appears in the records of the Corporation. An affidavit of the Secretary or Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by personal delivery, by mail, or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Whenever any notice is required to be given by law, the Certificate of Incorporation, or these Bylaws to the person entitled to such notice, a waiver thereof, in writing signed by the person, or by electronic transmission, whether before or after the meeting or the time stated therein, shall be deemed equivalent in all respects to such notice to the full extent permitted by law. If such waiver is given by electronic transmission, the electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the person waiving notice. In addition, notice of any meeting of the Board of Directors, or any committee thereof, need not be given to any director if such director shall sign the minutes of such meeting or attend the meeting, except that if such

director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, then such director shall not be deemed to have waived notice of such meeting.

Section 5.5 Saving Clause.

These Bylaws are subject to the provisions of the Certificate of Incorporation and applicable law. In the event any provision of these Bylaws is inconsistent with the Certificate of Incorporation or the corporate laws of the State of Delaware, such provision shall be invalid to the extent only of such conflict, and such conflict shall not affect the validity of any other provision of these Bylaws.

Section 5.6 Amendments.

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, the Board of Directors, by action taken by the affirmative vote of not less than 75% of the members of the Board of Directors then in office, is hereby expressly authorized and empowered to adopt, amend or repeal any provision of the Bylaws of this Corporation.

Subject to the rights of the holders of any series of preferred stock, these Bylaws may be adopted, amended or repealed by the affirmative vote of the holders of not less than 66 ²/₃% of the total voting power of the then outstanding capital stock of the Corporation entitled to vote thereon; provided, however, that this paragraph shall not apply to, and no vote of the stockholders of the Corporation shall be required to authorize, the adoption, amendment or repeal of any provision of the Bylaws by the Board of Directors in accordance with the preceding paragraph.

Section 5.7 Gender/Number.

As used in these Bylaws, the masculine, feminine, or neuter gender, and the singular and plural number, shall include the other whenever the context so indicates.

Section 5.8 Electronic Transmission.

For purposes of these Bylaws, “**electronic transmission**” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such recipient through an automated process.

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this “Agreement”) is made as of the date set forth on Schedule I hereto (the “Grant Date”), by and between the issuer identified in Schedule I hereto (the “Company”), and the recipient (the “Grantee”) of an Award of Options granted by the Plan Administrator (as defined in Schedule I hereto) as set forth in this Agreement.

The Company has adopted the incentive plan identified on Schedule I hereto (as has been or may hereafter be amended, the “Plan”), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible persons as specified in the Plan. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to award Options to the Grantee, subject to the conditions and restrictions set forth herein and in the Plan, in order to provide the Grantee with additional remuneration for services rendered, to encourage the Grantee to remain in the service or employ of the Company or its Subsidiaries and to increase the Grantee’s personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings:

“Base Price” means, with respect to each type of Common Stock for which Options are granted hereunder, the amount set forth on Schedule I hereto as the Base Price for such Common Stock, which is the Fair Market Value of a share of such Common Stock on the Grant Date.

“Business Day” means any day other than Saturday, Sunday or a day on which banking institutions in Denver, Colorado, are required or authorized to be closed.

“Cause” has the meaning specified as “cause” in Section 10.2(b) of the Plan.

“Close of Business” means, on any day, 5:00 p.m., Denver, Colorado time.

“Common Stock” has the meaning specified in Schedule I hereto.

“Company” has the meaning specified in the preamble to this Agreement.

“Grant Date” has the meaning specified in the preamble to this Agreement.

“Grantee” has the meaning specified in the preamble to this Agreement.

“Options” has the meaning specified in Section 2.

“Option Share” has the meaning specified in Section 4(c)(i).

“Option Termination Date” has the meaning specified in Schedule I hereto.

“Plan” has the meaning specified in the recitals of this Agreement.

“Plan Administrator” has the meaning specified in Schedule I hereto.

“Required Withholding Amount” has the meaning specified in Section 5.

“Section 409(A)” has the meaning specified in Section 21.

“Term” has the meaning specified in Section 2.

“Unvested Fractional Option” has the meaning specified in Section 3(b).

“Vesting Date” has the meaning specified in Section 3(a).

“Vesting Percentage” has the meaning specified in Section 3(a).

2. Award. Pursuant to the terms of the Plan and in consideration of the covenants and promises of the Grantee herein contained, the Company hereby awards to the Grantee as of the Grant Date nonqualified stock options to purchase from the Company at the applicable Base Price the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to the Grantee pursuant to the Company’s online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the “Options”). The Options are exercisable as set forth in Section 3 during the period commencing on the Grant Date and expiring at the Close of Business on the Option Termination Date (the “Term”), subject to earlier termination as provided in Section 7 below. No fractional shares of Common Stock will be issuable upon exercise of an Option, and the Grantee will receive, in lieu of any fractional share of such Common Stock that the Grantee otherwise would receive upon such exercise, cash equal to the fraction representing such fractional share multiplied by the Fair Market Value of one share of such Common Stock as of the date on which such exercise is considered to occur pursuant to Section 4.

3. Conditions of Exercise. Unless otherwise determined by the Plan Administrator in its sole discretion, the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) Except as otherwise provided in Section 10.1(b) of the Plan, the Options may be exercised only to the extent they have become exercisable in accordance with the provisions of this Section 3(a) or Section 3(b), and subject to the provisions of Section 3(c). That number of each type of Options that is equal to the fraction or percentage specified on Schedule I hereto (the “Vesting Percentage”) of the total number of such type of Options that are subject to this Agreement, in each case rounded down to the nearest whole number of such type of Options, shall become exercisable on each of the dates specified on Schedule I hereto (each such date, together with any other date on which Options vest pursuant to this Agreement, a “Vesting Date”).

(b) If rounding pursuant to Section 3(a) prevents any portion of an Option from becoming exercisable on a particular Vesting Date (any such portion, an “Unvested Fractional Option”), one additional Option to purchase a share of the type of Common Stock covered by such Option will become exercisable on the earliest succeeding Vesting Date on which the cumulative fractional amount of all Unvested Fractional Options to purchase shares of such type of Common Stock (including any Unvested Fractional Option created on such succeeding Vesting Date) equals or exceeds one whole Option, with any excess treated as an Unvested Fractional Option thereafter subject to the application of this Section 3(b). Any Unvested Fractional Option comprising part of a

whole Option that vests pursuant to the preceding sentence will thereafter cease to be an Unvested Fractional Option.

(c) Notwithstanding the foregoing, (i) in the event that any date on which Options would otherwise become exercisable is not a Business Day, such Options will become exercisable on the first Business Day following such date, (ii) all Options will become exercisable on the date of the Grantee's termination of employment or, if the Grantee is a non-employee director of the Company, on the date of the Grantee's termination of service as such if (A) the Grantee's employment with the Company or a Subsidiary or service as a non-employee director, as applicable terminates by reason of Disability or (B) the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, and (iii) if the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, any unvested Options will become exercisable to the extent, if any, indicated on Schedule I.

(d) To the extent the Options become exercisable, such Options may be exercised in whole or in part (at any time or from time to time, except as otherwise provided herein) until expiration of the Term or earlier termination thereof.

(e) The Grantee acknowledges and agrees that the Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations from time to time after the date hereof with respect to the exercise of the Options and that the exercise by the Grantee of Options will be subject to the further condition that such exercise is made in accordance with all such rules and regulations as the Plan Administrator may determine are applicable thereto.

4. Manner of Exercise. Options will be considered exercised (as to the number of Options specified in the notice referred to in Section 4(c)(i)) on the latest of (a) the date of exercise designated in the written notice referred to in Section 4(c)(i), (b) if the date so designated is not a Business Day, the first Business Day following such date or (c) the earliest Business Day by which the Company has received all of the following:

(i) Written notice, in such form as the Plan Administrator may require, containing such representations and warranties as the Plan Administrator may

require and designating, among other things, the date of exercise and the number and type of shares of Common Stock to be purchased by exercise of Options (each, an "Option Share");

(ii) Payment of the applicable Base Price for each Option Share in any (or a combination) of the following forms: (A) cash, (B) check, (C) the delivery, together with a properly executed exercise notice, of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay such Base Price (and, if applicable, the Required Withholding Amount as described in Section 5) or (D) the delivery of irrevocable instructions via the Company's online grant and administration program for the Company to withhold the number of shares of Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay such Base Price (and, if applicable, the Required Withholding Amount as described in Section 5) that would otherwise be delivered by the Company to the Grantee upon exercise of the Options; and

(iii) Any other documentation that the Plan Administrator may reasonably require.

5. Mandatory Withholding for Taxes. The Grantee acknowledges and agrees that the Company will deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of the applicable Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) that is equal to the amount of all federal, state and other governmental taxes required to be withheld by the Company or any Subsidiary of the Company upon such exercise, as determined by the Company (the "Required Withholding Amount"), unless provisions to pay such Required Withholding Amount have been made to the satisfaction of the Company. If the Grantee elects to make payment of the applicable Base Price by delivery of irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds required to pay such Base Price, such instructions may also include instructions to deliver the Required Withholding Amount to the Company. In such case, the Company will notify the broker promptly of its determination of the Required Withholding Amount.

6. Payment or Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 4, and subject to the withholding referred to in Section 5, the Company will (a) deliver or cause to be delivered to the Grantee certificates issued in the Grantee's name for, or cause to be transferred to a brokerage account through Depository Trust Company for the benefit of the Grantee, the number of shares of Common Stock purchased by exercise of Options and (b) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of Common Stock as provided in Section 2. Any delivery of shares of Common Stock will be deemed effected for all purposes when certificates representing such shares have been delivered personally to the Grantee or, if delivery is by mail, when the stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee or at the time the stock transfer agent initiates transfer of shares to a brokerage account through Depository Trust Company for the benefit of the Grantee, if applicable, and any cash payment will be deemed effected when a check from the Company, payable to the Grantee and in the

amount equal to the amount of the cash payment, has been delivered personally to the Grantee or deposited in the United States mail, addressed to the Grantee.

7. Early Termination of Options. Subject to any longer period of exercisability specified in Schedule I hereto, the Options will terminate, prior to the expiration of the Term, at the time specified below:

(a) Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary is terminated or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated, in each case other than (i) by the Company or such Subsidiary for Cause, or (ii) by reason of death or Disability, then the Options will terminate at the Close of Business on the first Business Day following the expiration of the 90-day period that began on the date of termination of the Grantee's employment or, in the case of a non-employee director of the Company, at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of termination of the Grantee's service as a non-employee director of the Company.

(b) If the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, or prior to the expiration of a period of time following termination of the Grantee's employment or service during which the Options remain exercisable as provided in Section 7(a) or Section 7(c), as applicable, the Options will terminate at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of the Grantee's death.

(c) Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary terminates by reason of Disability, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by reason of Disability, then the Options will terminate at the Close of Business on the first Business Day following the expiration of the one-year period that began on the date of termination of the Grantee's employment or service.

(d) If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary for Cause, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by the Company for Cause, then the Options will terminate immediately upon such termination of the Grantee's employment or service.

In any event in which Options remain exercisable for a period of time following the date of termination of the Grantee's employment or service as provided above, the Options may be exercised during such period of time only to the extent the same were exercisable as provided in Section 3 on such date of termination of the Grantee's employment or service. Notwithstanding any period of time referenced in this Section 7 or any other provision of this Section 7 that may be construed to the contrary, the Options will in any event terminate upon the expiration of the Term.

Unless the Plan Administrator otherwise determines, a change of the Grantee's employment from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of the Grantee's employment for purposes of this Agreement if such change of employment is made at the request or with the express consent of the Company. Unless the Plan

Administrator otherwise determines, however, any such change of employment that is not made at the request or with the express consent of the Company will be a termination of the Grantee's employment within the meaning of this Agreement.

8. Nontransferability. Options are not transferable (either voluntarily or involuntarily), before or after Grantee's death, except as follows: (a) during Grantee's lifetime, pursuant to a domestic relations order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Options are transferred in accordance with the provisions of the preceding sentence shall take such Options subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Options are exercisable only by the Grantee (or, during the Grantee's lifetime, by the Grantee's court appointed legal representative) or a person to whom the Options have been transferred in accordance with this Section.

9. No Stockholder Rights. Prior to the exercise of Options in accordance with the terms and conditions set forth in this Agreement, the Grantee will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by the Options, nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.15 or Section 10.16, as applicable, of the Plan.

10. Adjustments.

(a) The Options will be subject to adjustment (including, without limitation, as to the Base Price) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

(b) In the event of any Approved Transaction, Board Change or Control Purchase following the Grant Date, the Options may become exercisable in accordance with Section 10.1(b) of the Plan.

11. Restrictions Imposed by Law. Without limiting the generality of Section 10.7 or Section 10.8, as applicable, of the Plan, the Grantee will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of Common Stock, if counsel to the Company determines that such exercise, payment or issuance would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The

Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement.

12. Notice. Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from the Grantee of a change of address.

13. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.6(b) or Section 10.7(b), as applicable, of the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Options to the extent then exercisable.

14. Grantee Employment or Status as a Director. Nothing contained in this Agreement, and no action of the Company or the Plan Administrator with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or any Subsidiary or as a non-employee director of the Company or interfere in any way with the right of the Company or any employing Subsidiary (or the Company's stockholders in the case of a non-employee director) to terminate the Grantee's employment or service, as

applicable, at any time, with or without Cause, subject to the provisions of any employment agreement between the Grantee and the Company or any Subsidiary.

15. Nonalienation of Benefits. Except as provided in Section 8, (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

16. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

17. Construction. References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules appended hereto, including the Plan. All references to “Sections” in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

18. Rules by Plan Administrator. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

19. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 and 15, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

20. Grantee Acknowledgment. The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company.

21. Code Section 409A Compliance. To the extent that Section 409A of the Code or the related regulations and Treasury pronouncements (“Section 409A”) is applicable to the Grantee in connection with the Award, if any provision of this Agreement would result in the

imposition of an excise tax under Section 409A, that provision will be reformed to avoid imposition of the excise tax and no action taken to comply with Section 409A shall be deemed to impair a benefit under this Agreement.

Schedule I
to Liberty Media Corporation
Nonqualified Stock Option Agreement
[LOA][LND]_____

Grant Date: _____, 201_

Issuer/Company: Liberty Media Corporation, a Delaware corporation

Plan: Liberty Media Corporation _____ Incentive Plan

Plan Administrator: **[The Compensation Committee of the Board of Directors of the Company appointed by the Board of Directors of the Company pursuant to Section 3.1 of the Plan to administer the Plan] [The Board of Directors of the Company]**

Common Stock: Series A Common Stock

Option Termination Date: The [7th] [10th] anniversary of the Grant Date

Base Price: \$ _____

Vesting Percentage: _____%

Vesting Dates: _____

Additional Vesting Terms: **[INCLUDE ONLY IN STANDARD OPTION AGREEMENT FOR LMC EMPLOYEES; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR LMC NON-EMPLOYEE DIRECTORS OR IN MULTI-YEAR OPTION AGREEMENT.]**

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, any unvested Options that otherwise would become exercisable during the remainder of the calendar year in which the Grantee's employment with the Company or a Subsidiary is terminated will become exercisable on the date of the Grantee's termination of employment.

[INCLUDE ONLY IN MULTI-YEAR OPTION AGREEMENT FOR LMC EMPLOYEES.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause prior to _____ **[Insert final Vesting Date]**, the number of each type of Option subject to this Agreement that shall become exercisable as of the date of such termination shall equal the sum of (a) the number of such Options that would have become exercisable during the Forward Vesting Period had the Grantee remained in the employ of the Company or a Subsidiary for the entire Forward Vesting Period plus (b) the number of such Options that is equal to the product (rounded down to the nearest whole number) of (i) the total number of such Options subject to this Agreement minus (A) any such Options that have already become exercisable prior to the date of such termination and (B) any such Options that would have become exercisable during the Forward Vesting Period in clause (a) above multiplied by (ii) a fraction, the numerator of which is the total number of days elapsed during the period beginning on the Grant Date, and ending on the date of termination, inclusive, and the denominator of which is the total number of days during the period beginning on the Grant Date, and ending on _____ **[Insert final Vesting Date]**, inclusive.

For purposes of determining the number of Options that would have become exercisable in clause (a) above, "Forward Vesting Period" shall mean the period beginning on the date of termination and ending on the corresponding day (or, if there is no corresponding day, on the last day) of (x) the ninth month thereafter, if the Grantee is an Assistant Vice President or Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary or (y) the twelfth month thereafter, if the Grantee is a Senior Vice President or Executive Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary.

Additional Exercisability Terms:

[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LMC EMPLOYEES; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR LMC NON-EMPLOYEE DIRECTORS.]

Section 7 of the Option Agreement is supplemented as follows:

1. The following sentence is added to the end of Section 7(b):

If the Grantee dies prior to the expiration of a period of time following termination of the Grantee's employment during

which the Options remain exercisable as provided in Section 7(e), the Options will terminate at the Close of Business on the first Business Day following the later of the expiration of (i) the one-year period that began on the date of the Grantee's death or (ii) the Special Termination Period (as defined in Section 7(e)).

2. The following provisions are added as Section 7(e):

Subject to Section 7(b), if the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, the Options will terminate at the Close of Business on the first Business Day following the expiration of the Special Termination Period. The Special Termination Period is the period of time beginning on the date of the Grantee's termination of employment and continuing for the number of days that is equal to the sum of (i) 90, plus (ii) 180 multiplied by the Grantee's total Years of Continuous Service. A Year of Continuous Service means a consecutive 12-month period, measured by the Grantee's hire date (as reflected in the payroll records of the Company or a Subsidiary) and the anniversaries of that date, during which the Grantee is employed by the Company or a Subsidiary (or an applicable predecessor of the Company) without interruption. If the Grantee was employed by a Subsidiary at the time of such Subsidiary's acquisition by the Company, the Grantee's employment with the Subsidiary prior to the acquisition date will be included in determining the Grantee's Years of Continuous Service unless the Plan Administrator, in its sole discretion, determines that such prior employment will be excluded.

Additional Provisions Applicable to Grantees who hold the office of Vice President or above as of the Grant Date:

[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LMC EMPLOYEES; DO NOT INCLUDE IN STANDARD OPTION AGREEMENT FOR LMC NON-EMPLOYEE DIRECTORS.]

Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (ii) in the reasonable judgment of the Plan Administrator, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee

during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock received upon exercise of any Options during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

Qualifying Service:

[INCLUDE IN STANDARD AND MULTI-YEAR OPTION AGREEMENTS FOR LMC EMPLOYEES AND IN STANDARD OPTION AGREEMENT FOR LMC NON-EMPLOYEE DIRECTORS.]

Unless the Plan Administrator in its sole discretion determines otherwise in connection with the commencement of employment or service to Liberty Interactive Corporation or its Subsidiary, notwithstanding anything to the contrary in this Agreement, Grantee's employment or service with Liberty Interactive Corporation or any entity that is a Subsidiary of Liberty Interactive Corporation at the time of determination shall be deemed to be employment or service with the Company for all purposes under the Awards granted pursuant to this Agreement.

Company Notice Address: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: General Counsel

RESTRICTED STOCK AWARD AGREEMENT

THIS RESTRICTED STOCK AWARD AGREEMENT (this “Agreement”) is made as of the date set forth on Schedule I hereto (the “Grant Date”), by and between the issuer identified in Schedule I hereto (the “Company”), and the recipient (the “Grantee”) of an Award of Restricted Shares granted by the Plan Administrator (as defined in Schedule I hereto) as set forth in this Agreement.

The Company has adopted the incentive plan identified on Schedule I hereto (as has been or may hereafter be amended, the “Plan”), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and by this reference made a part hereof, for the benefit of eligible persons as specified in the Plan. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to award shares of common stock to the Grantee, subject to the conditions and restrictions set forth herein and in the Plan, in order to provide the Grantee with additional remuneration for services rendered, to encourage the Grantee to remain in the service or employ of the Company or its Subsidiaries and to increase the Grantee’s personal interest in the continued success and progress of the Company.

The Company and the Grantee therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings:

“Cause” has the meaning specified as “cause” in Section 10.2(b) of the Plan.

“Common Stock” has the meaning specified in Section 2.

“Company” has the meaning specified in the preamble to this Agreement.

“Grant Date” has the meaning specified in the preamble to this Agreement.

“Grantee” has the meaning specified in the preamble to this Agreement.

“Plan” has the meaning specified in Schedule I hereto.

“Plan Administrator” has the meaning specified in the preamble to this Agreement.

“Restricted Shares” has the meaning specified in Section 2.

“Retained Distributions” has the meaning specified in Section 4.

“Section 409(A)” has the meaning specified in Section 23.

“Unvested Fractional Restricted Share” has the meaning specified in Section 5.

“Vesting Date” has the meaning specified in Section 5.

“Vesting Percentage” has the meaning specified in Section 5.

2. Award. Pursuant to the terms of the Plan and in consideration of the covenants and promises of the Grantee herein contained, the Company hereby awards to the Grantee as of the Grant Date the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to the Grantee pursuant to the Company’s online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the “Restricted Shares”).

3. Issuance of Restricted Shares at Beginning of the Restriction Period. Upon issuance of the Restricted Shares, such Restricted Shares will be registered in a book entry account in the name of the Grantee. During the Restriction Period, any certificates representing the Restricted Shares that may be issued during the Restriction Period, and any securities constituting Retained Distributions will bear a restrictive legend to the effect that ownership of the Restricted Shares (and such Retained Distributions), and the enjoyment of all rights appurtenant thereto, are subject to the restrictions, terms and conditions provided in the Plan and this Agreement. Any such certificates will remain in the custody of the Company, and upon their issuance the Grantee will deposit with the Company stock powers or other instruments of assignment, each endorsed in blank, so as to permit retransfer to the Company of all or any portion of the Restricted Shares and any securities constituting Retained Distributions that are forfeited or otherwise do not become vested in accordance with the Plan and this Agreement.

4. Restrictions. The Restricted Shares will constitute issued and outstanding shares of Common Stock for all corporate purposes. The Grantee will have the right to vote such Restricted Shares, to receive and retain such dividends and distributions paid or distributed on such Restricted Shares as the Plan Administrator may in its sole discretion designate and to exercise all other rights, powers and privileges of a holder of Common Stock with respect to such Restricted Shares, except that (a) the Grantee will not be entitled to delivery of the stock certificate or certificates representing such Restricted Shares until the Restriction Period shall have expired and unless all other vesting requirements with respect thereto shall have been fulfilled or waived, (b) the Company will retain custody of any stock certificate or certificates representing the Restricted Shares during the Restriction Period as provided in Section 8.2 of the Plan, (c) other than such dividends and distributions as the Plan Administrator may in its sole discretion designate, the Company or its designee will retain custody of all distributions (“Retained Distributions”) made or declared with respect to the Restricted Shares (and such Retained Distributions will be subject to the same restrictions, terms and vesting and other conditions as are applicable to the Restricted Shares) until such time, if ever, as the Restricted Shares with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions will not bear interest or be segregated in a separate account, (d) the Grantee may not sell, assign, transfer, pledge, exchange, encumber or dispose of the Restricted Shares or any Retained Distributions or the Grantee’s interest in any of them during the Restriction Period and (e) a breach of any restrictions, terms or conditions provided in the Plan or established by the Plan Administrator with respect to any Restricted Shares or Retained Distributions will cause a forfeiture of such Restricted Shares and any Retained Distributions with respect thereto.

5. Vesting and Forfeiture of Restricted Shares. Subject to earlier vesting in accordance with Section 6, the Grantee will become vested as to that number of each type of Restricted Shares (if any) subject to this Agreement that is equal to the fraction or percentage set forth on Schedule I hereto (the “Vesting Percentage”) of the total number of such type of Restricted Shares that are subject to this Agreement (in each case, rounded down to the nearest whole number of such type of Restricted Shares) on each of the dates indicated on Schedule I hereto (each such date, together with any other date on which Restricted Shares vest pursuant to this Agreement, a “Vesting Date”). If rounding pursuant to the preceding sentence prevents any portion of a Restricted Share from becoming vested on a particular Vesting Date (any such portion, an “Unvested Fractional Restricted Share”), one additional Restricted Share of such type of Restricted Share will become vested on the earliest succeeding Vesting Date on which the cumulative fractional amount of all Unvested Fractional Restricted Shares of such type of Restricted Share (including any Unvested Fractional Restricted Share created on such succeeding Vesting Date) equals or exceeds one whole Restricted Share, with any excess treated as an Unvested Fractional Restricted Share thereafter subject to the application of this sentence and the following sentence. Any Unvested Fractional Restricted Share comprising part of a whole Restricted Share that vests pursuant to the preceding sentence will thereafter cease to be an Unvested Fractional Restricted Share. Notwithstanding the foregoing, (a) the Grantee will not vest, pursuant to this Section 5, in Restricted Shares as to which the Grantee would otherwise vest as of a given date if the Grantee has not been continuously employed by the Company or its Subsidiaries from the date of this Agreement through such date, or, if the Grantee is a non-employee director, the Grantee has not been continuously providing services as a non-employee director through such date (the vesting or forfeiture of such shares to be governed instead by the provisions of Section 6), and (b) in the event that any date on which vesting would otherwise occur is a Saturday, Sunday or a holiday, such vesting will instead occur on the business day next following such date. Unless otherwise determined by the Plan Administrator in its sole discretion, Retained Distributions will be subject to the same vesting and forfeiture conditions that are applicable to the Restricted Shares to which such Retained Distributions relate.

6. Early Termination or Vesting. Unless otherwise determined by the Plan Administrator in its sole discretion:

- (a) If the Grantee’s employment with the Company or a Subsidiary terminates or, if the Grantee is a non-employee director of the Company, if the Grantee’s service to the Company as such terminates, in each case for any reason other than death or Disability or a termination by the Company or such Subsidiary without Cause, then the Award, to the extent not theretofore vested, will be forfeited immediately;
- (b) If the Grantee dies while employed by the Company or a Subsidiary or while serving as a non-employee director of the Company, as applicable, then the Award, to the extent not theretofore vested, will immediately become fully vested;
- (c) If the Grantee’s employment with the Company or a Subsidiary or service as a non-employee director, as applicable, terminates by reason of Disability, then the Award, to the extent not theretofore vested, will immediately become fully vested; and

(d) If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, or, if the Grantee is a non-employee director of the Company, if the Grantee's service to the Company as such is terminated by the Company or such Subsidiary without Cause, then the Award, to the extent not theretofore vested, will be forfeited immediately, except to the extent, if any, otherwise specified on Schedule I hereto.

Unless the Plan Administrator otherwise determines, a change of the Grantee's employment from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of the Grantee's employment for purposes of this Agreement if such change of employment is made at the request or with the express consent of the Company. Unless the Plan Administrator otherwise determines, however, any such change of employment that is not made at the request or with the express consent of the Company will be a termination of the Grantee's employment within the meaning of this Agreement.

7. Completion of the Restriction Period. On the Vesting Date with respect to each award of Restricted Shares, and the satisfaction of any other applicable restrictions, terms and conditions (a) all or the applicable portion of such Restricted Shares will become vested and (b) any Retained Distributions with respect to such Restricted Shares will become vested to the extent that the Restricted Shares related thereto shall have become vested, all in accordance with the terms of this Agreement. Any such Restricted Shares and Retained Distributions that shall not become vested will be forfeited to the Company, and the Grantee will not thereafter have any rights (including dividend and voting rights) with respect to such Restricted Shares or any Retained Distributions that are so forfeited.

8. Adjustments; Early Vesting in Certain Events.

(a) The Restricted Shares will be subject to adjustment (including, without limitation, as to the number of Restricted Shares) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

(b) In the event of any Approved Transaction, Board Change or Control Purchase following the Grant Date, the restrictions in Sections 3 and 4 may lapse in accordance with Section 10.1(b) of the Plan.

9. Mandatory Withholding for Taxes. The Grantee acknowledges and agrees that, upon the expiration of the Restriction Period, the Company will deduct from the shares of applicable Common Stock otherwise deliverable to the Grantee (or the Grantee's beneficiary, if applicable) that number of shares of such Common Stock (valued at the Fair Market Value on the applicable Vesting Date) that is equal to the amount, as determined by the Company, of all federal, state or other governmental taxes required to be withheld by the Company or any Subsidiary of the Company with respect to the vesting of Restricted Shares and any related Retained Distributions, unless other provisions to pay such withholding requirements have been made to the satisfaction of the Company. Upon the payment of any cash dividends with respect to Restricted Shares during the Restriction Period, the amount of such dividends will be reduced

to the extent necessary to satisfy any withholding tax requirements applicable thereto prior to payment to the Grantee.

10. Delivery by the Company. As soon as practicable after the vesting of Restricted Shares pursuant to Sections 5, 6 or 8, but no later than 30 days after such vesting occurs, and subject to the withholding referred to in Section 9, the Company will (a) cause to be removed from the Restricted Shares that have vested the restriction described in Section 3 or cause to be issued and delivered to the Grantee (in certificate or electronic form) shares of Common Stock equal to the number of Restricted Shares that have vested, and (b) shall cause to be delivered to the Grantee any Retained Distributions with respect to such vested shares. If delivery of certificates is by mail, delivery of shares of Common Stock will be deemed effected for all purposes when a stock transfer agent of the Company has deposited the certificates in the United States mail, addressed to the Grantee.

11. Nontransferability of Restricted Shares Before Vesting. Restricted Shares that have not vested are not transferable (either voluntarily or involuntarily), before or after Grantee's death, except as follows: (a) during Grantee's lifetime, pursuant to a domestic relations order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Committee; or (b) after Grantee's death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Restricted Shares are transferred in accordance with the provisions of the preceding sentence shall take such Restricted Shares subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to the Grantee. Certificates representing Restricted Shares that have vested may be delivered (or, in the case of book entry registration, registered) only to the Grantee (or during the Grantee's lifetime, to the Grantee's court appointed legal representative) or to a person to whom the Restricted Shares have been transferred in accordance with this Section.

12. Company's Rights. The existence of this Agreement will not affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including without limitation, the acts referred to in Section 10.15 or Section 10.16 of the Plan, as applicable.

13. Restrictions Imposed by Law. Without limiting the generality of Section 10.7 or Section 10.8 of the Plan, as applicable, the Grantee will not require the Company to deliver any Restricted Shares and the Company will not be obligated to deliver any Restricted Shares if counsel to the Company determines that such exercise, delivery or payment would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of any Restricted Shares to comply with any such law, rule, regulation or agreement.

14. Notice. Unless the Company notifies the Grantee in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage

prepaid, to the address specified for the Company in Schedule I hereto. Unless the Company elects to notify the Grantee electronically pursuant to the online grant and administration program or via email, any notice or other communication to the Grantee with respect to this Agreement will be in writing and will be delivered personally, or will be sent by first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from the Grantee of a change of address.

15. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.6(b) or Section 10.7(b) of the Plan, as applicable. Without limiting the generality of the foregoing, without the consent of the Grantee:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for the benefit of the Grantee or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect the rights of the Grantee with respect to the Award evidenced hereby or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Award evidenced by this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect the Restricted Shares to the extent then vested.

16. Grantee Employment or Status as a Director. Nothing contained in this Agreement, and no action of the Company or the Plan Administrator with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or any Subsidiary or to continue as a non-employee director of the Company, or interfere in any way with the right of the Company or any employing Subsidiary (or the Company's stockholders in the case of a non-employee director) to terminate the Grantee's employment or service, as applicable, at any time, with or without Cause, subject to the provisions of any employment agreement between the Grantee and the Company or any Subsidiary.

17. Nonalienation of Benefits. Except as provided in Section 11 and prior to the vesting of any Restricted Share with respect to such vested Restricted Share, (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate,

alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

18. Governing Law. This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

19. Construction. References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules appended hereto, including the Plan. All references to “Sections” in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

20. Rules by Plan Administrator. The rights of the Grantee and the obligations of the Company hereunder will be subject to such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

21. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and the Grantee regarding the subject matter hereof. The Grantee and the Company hereby declare and represent that no promise or agreement not herein expressed has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Restricted Shares and replaces and makes null and void any prior agreements between the Grantee and the Company regarding the Restricted Shares. Subject to the restrictions set forth in Sections 11 and 17, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

22. Grantee Acknowledgment. The Grantee will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company.

23. Code Section 409A Compliance. To the extent that Section 409A of the Code or the related regulations and Treasury pronouncements (“Section 409A”) is applicable to the Grantee in connection with the Award, if any provision of this Agreement would result in the imposition of an excise tax under Section 409A, that provision will be reformed to avoid imposition of the excise tax and no action taken to comply with Section 409A shall be deemed to impair a benefit under this Agreement.

Schedule I
to Liberty Media Corporation
Restricted Stock Award Agreement
[LRA][LDR]_____

Grant Date: _____, 201_

Issuer/Company: Liberty Media Corporation, a Delaware corporation

Plan: Liberty Media Corporation _____ Incentive Plan

Plan Administrator: **[The Compensation Committee of the Board of Directors of the Company appointed by the Board of Directors of the Company pursuant to Section 3.1 of the Plan to administer the Plan] [The Board of Directors of the Company]**

Common Stock: Series A Common Stock

Vesting Percentage: _____%

Vesting Dates: _____

Additional Vesting Terms: **[INCLUDE ONLY IN STANDARD RSA FOR LMC EMPLOYEES. DO NOT INCLUDE IN LMC MULTI-YEAR RSA, LMC NEW EMPLOYEE LONG-TERM RSA OR IN RSA FOR LMC NON-EMPLOYEE DIRECTORS.]**

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, then any unvested Restricted Shares that otherwise would have vested during the remainder of the calendar year in which the Grantee's employment with the Company or a Subsidiary is terminated will become vested on the date of the Grantee's termination of employment.

[INCLUDE ONLY IN LMC NEW EMPLOYEE LONG-TERM RSA.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause after the second anniversary of the Grant Date, then the Award, to the extent not theretofore vested, will become fully vested upon the Grantee's execution and delivery to the Company in accordance with the notice requirements of this Agreement of a general release agreement in a form satisfactory to the Company, provided that such

release has been so delivered and has become irrevocable in accordance with its terms not later than 60 days following the date of the Grantee's termination without Cause.

[INCLUDE ONLY IN MULTI-YEAR RSA FOR LMC EMPLOYEES.]

If the Grantee's employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause prior to _____ **[Insert final Vesting Date]**, the number of each type of Restricted Shares subject to this Agreement that shall become vested as of the date of such termination shall equal the sum of (a) the number of such Restricted Shares that would have become vested during the Forward Vesting Period had the Grantee remained in the employ of the Company or a Subsidiary for the entire Forward Vesting Period plus (b) the number of such Restricted Shares that is equal to the product (rounded down to the nearest whole number) of (i) the total number of such Restricted Shares subject to this Agreement minus (A) any such Restricted Shares that have already become vested prior to the date of such termination and (B) any such Restricted Shares that would have become vested during the Forward Vesting Period in clause (a) above multiplied by (ii) a fraction, the numerator of which is the total number of days elapsed during the period beginning on the Grant Date, and ending on the date of termination, inclusive, and the denominator of which is the total number of days during the period beginning on the Grant Date, and ending on _____ **[Insert final Vesting Date]**, inclusive.

For purposes of determining the number of Restricted Shares that would have become vested in clause (a) above, "Forward Vesting Period" shall mean the period beginning on the date of termination and ending on the corresponding day (or, if there is no corresponding day, on the last day) of (x) the ninth month thereafter, if the Grantee is an Assistant Vice President or Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary or (y) the twelfth month thereafter, if the Grantee is a Senior Vice President or Executive Vice President of the Company or a Subsidiary on the date of termination of his or her employment with the Company or a Subsidiary.

Additional Provisions Applicable to Grantees who hold the office of Vice President or above as of the

[INCLUDE IN (1) STANDARD RSA FOR LMC EMPLOYEES, (2) MULTI-YEAR RSA FOR LMC EMPLOYEES AND (3) LMC NEW EMPLOYEE LONG-TERM RSA. DO NOT INCLUDE IN RSA FOR LMC NON-EMPLOYEE

Grant Date:

DIRECTORS.]

Forfeiture for Misconduct and Repayment of Certain Amounts. If (i) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (ii) in the reasonable judgment of the Plan Administrator, (A) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (B) such noncompliance is a result of misconduct on the part of the Grantee, the Grantee will repay to the Company Forfeitable Benefits received by the Grantee during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (i) any and all cash and/or shares of Common Stock received by the Grantee (A) upon the exercise during the Misstatement Period of any SARs held by the Grantee or (B) upon the payment during the Misstatement Period of any Cash Award or Performance Award held by the Grantee, the value of which is determined in whole or in part with reference to the value of Common Stock, and (ii) any proceeds received by the Grantee from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock received by the Grantee upon the exercise, vesting or payment during the Misstatement Period of any Award held by the Grantee. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock received upon vesting of any Restricted Shares during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement.

Qualifying Service:

[INCLUDE IN STANDARD AND MULTI-YEAR RSA AGREEMENTS FOR LMC EMPLOYEES, IN NEW EMPLOYEE LONG-TERM RSA AND IN STANDARD RSA FOR LMC NON-EMPLOYEE DIRECTORS.]

Unless the Plan Administrator in its sole discretion determines otherwise in connection with the commencement of employment or service to Liberty Interactive Corporation or its Subsidiary, notwithstanding anything to the contrary in this Agreement,

Grantee's employment or service with Liberty Interactive Corporation or any entity that is a Subsidiary of Liberty Interactive Corporation at the time of determination shall be deemed to be employment or service with the Company for all purposes under the Awards granted pursuant to this Agreement.

Company Notice Address: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: General Counsel

| NAME | Domicile |
|---|----------|
| Atlanta Braves, Inc. | GA |
| Atlanta National League Baseball Club, Inc. | GA |
| Barefoot Acquisition, LLC | DE |
| Braves Productions, Inc. | GA |
| BRED Co., LLC | GA |
| Communication Capital, LLC | DE |
| JJCK, LLC (dba EmFinders) | TX |
| KnowledgeWhere Holdings, Inc. | DE |
| LBTW I, LLC | DE |
| LCAP Investments, LLC | DE |
| LDIG 2, LLC | DE |
| LDIG Cars, Inc. | DE |
| LDIG Financing LLC | DE |
| Liberty Aero, LLC | DE |
| Liberty AGI, LLC | DE |
| Liberty Animal Planet, LLC | CO |
| Liberty Asset Management, LLC | DE |
| Liberty Associated Holdings LLC | DE |
| Liberty Associated, Inc. | DE |
| Liberty ATCL, Inc. | CO |
| Liberty BC Capital, LLC | DE |
| Liberty Centennial Holdings, Inc. | DE |
| Liberty Challenger, LLC | DE |
| Liberty Citation, Inc. | DE |
| Liberty CM, Inc. | DE |
| Liberty Crown, Inc. | DE |
| Liberty CTL Marginco, LLC | DE |
| Liberty Denver Arena LLC | DE |
| Liberty Fun Assets, LLC | DE |
| Liberty GI II, Inc. | DE |
| Liberty GI, Inc. | DE |
| Liberty GIC, Inc. | CO |
| Liberty IATV Holdings, Inc. | DE |
| Liberty IATV, Inc. | DE |
| Liberty IB2, LLC | DE |
| Liberty Java, Inc. | CO |
| Liberty KV, LLC | DE |
| Liberty LYV Marginco, LLC | DE |
| Liberty MCNS Holdings, Inc. | CO |
| Liberty MLP, Inc. | CO |
| Liberty NC, LLC | DE |
| Liberty NEA, Inc. | DE |
| Liberty PL2, Inc. | DE |
| Liberty PL3, LLC | DE |
| Liberty Programming Company LLC | DE |
| Liberty Property Holdings, Inc. | DE |
| Liberty Radio, LLC | DE |

| | |
|--|----|
| Liberty Radio, 2, LLD | DE |
| Liberty Satellite & Technology, Inc. (fka TCI Satellite Entertainment, Inc.) | DE |
| Liberty Satellite Radio, Inc. | DE |
| Liberty Satellite, LLC | DE |
| Liberty SIRI Marginco, LLC | DE |
| Liberty Sling, Inc. | DE |
| Liberty Sports Interactive, Inc. | DE |
| Liberty Telematics, LLC (fka Liberty Satellite Radio Holdings, LLC) | DE |
| Liberty Tower, Inc. | DE |
| Liberty TWC Marginco, LLC | DE |
| Liberty VIA Marginco, LLC | DE |
| Liberty Virtual Pets, LLC | DE |
| Liberty WDIG, Inc. | DE |
| Liberty XMSR, Inc. | DE |
| LMC BET, LLC | DE |
| LMC Brazil, LLC | DE |
| LMC Cheetah 1, LLC | DE |
| LMC Cheetah 2, LLC | DE |
| LMC Cheetah 3, LLC | DE |
| LMC Denver Arena, Inc. | DE |
| LMC Events, LLC | DE |
| LMC IATV Events, LLC | DE |
| LMC VIV LOC, Inc. | DE |
| LSAT Astro LLC | DE |
| LSR Foreign Holdings 2, LLC | DE |
| LSR Foreign Holdings, LLC | DE |
| LTWX I, LLC | DE |
| LTWX V, Inc. | CO |
| MacNeil/Lehrer Productions [gp] | VA |
| Sirius XM Holdings, Inc. | DE |
| The Stadium Club, Inc. | GA |
| TP Israel, LLC | DE |
| TP Locater Sub, LLC (f/k/a Zoombak, LLC fka Connectid, LLC) | DE |
| TP UK, LLC | DE |
| TPRT, LLC | DE |
| TP Nigeria, LLC | DE |
| TruePosition, Inc. | DE |
| TSAT Holding 1, Inc. | DE |
| TSAT Holding 2, Inc. | DE |
| Useful Networks, Inc. | DE |

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Media Corporation:

We consent to the incorporation by reference in the following registration statements of Liberty Media Corporation and subsidiaries (the Company) of our reports dated February 28, 2014, with respect to the consolidated balance sheets of the Company as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive earnings (loss), cash flows, and equity for each of the years in the three-year period ended December 31, 2013, and the effectiveness of internal control over financial reporting as of December 31, 2013, which reports appear in the December 31, 2013 annual report on Form 10-K of the Company.

| Description | Registration Statement No. | Description |
|-------------|-------------------------------|--|
| S-8 | 333-185992 | Liberty Media Corporation Transitional Stock Adjustment Plan |
| S-8 | 333-185987 | Liberty Media 401(k) Savings Plan |
| S-8 | 333-190018 | Liberty Media Corporation 2013 Nonemployee Director Incentive Plan |
| S-8 | 333-190016 | Liberty Media Corporation 2013 Incentive Plan |

/s/ KPMG LLP

Denver, Colorado
February 28, 2014

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual 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 officers 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 function):
 - 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: February 28, 2014

/s/ GREGORY B. MAFFEI
Gregory B. Maffei
President and Chief Executive Officer

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[EXHIBIT 31.1](#)

CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we 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 annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual 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 officers 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 function):
 - 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: February 28, 2014

/s/ CHRISTOPHER W. SHEAN
Christopher W. Shean
Senior Vice President and Chief Financial Officer

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[EXHIBIT 31.2](#)

Certification

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ended December 31, 2013 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 28, 2014

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Dated: February 28, 2014

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean
*Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

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Exhibit 32

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[Exhibit 32](#)

[Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\)](#)