

---

---

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

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

For the quarterly period ended June 30, 2015

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)

**37-1699499**  
(I.R.S. Employer  
Identification No.)

**12300 Liberty Boulevard**  
**Englewood, Colorado**  
(Address of principal executive offices)

**80112**  
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  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 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 number of outstanding shares of Liberty Media Corporation's common stock as of July 31, 2015 was:

Series A common stock	102,068,624
Series B common stock	9,873,972
Series C common stock	223,571,881

---

---

**Table of Contents**

<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Balance Sheets (unaudited)</a>	I-3
<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Balance Sheets (Continued) (unaudited)</a>	I-4
<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Operations (unaudited)</a>	I-5
<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Comprehensive Earnings (Loss) (unaudited)</a>	I-6
<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Cash Flows (unaudited)</a>	I-7
<a href="#">LIBERTY MEDIA CORPORATION Condensed Consolidated Statement of Equity (unaudited)</a>	I-8
<a href="#">LIBERTY MEDIA CORPORATION Notes to Condensed Consolidated Financial Statements</a>	I-9
<a href="#">Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	I-27
<a href="#">Item 3. Quantitative and Qualitative Disclosures about Market Risk.</a>	I-36
<a href="#">Item 4. Controls and Procedures.</a>	I-37
<a href="#">Part II - Other Information</a>	II-1
<a href="#">Item 1. Legal Proceedings</a>	II-1
<a href="#">Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</a>	II-3
<a href="#">Item 6. Exhibits</a>	II-4
<a href="#">SIGNATURES</a>	II-5
<a href="#">EXHIBIT INDEX</a>	II-6

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(unaudited)**

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	<u>amounts in millions</u>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 790	681
Trade and other receivables, net	332	235
Short term marketable securities (note 4)	51	199
Deferred income tax assets	957	931
Other current assets	348	270
Total current assets	<u>2,478</u>	<u>2,316</u>
Investments in available-for-sale securities and other cost investments (note 5)	654	816
Investments in affiliates, accounted for using the equity method (note 6)	752	851
Property and equipment, at cost	2,321	2,215
Accumulated depreciation	<u>(604)</u>	<u>(501)</u>
	<u>1,717</u>	<u>1,714</u>
Intangible assets not subject to amortization (note 7):		
Goodwill	14,345	14,345
FCC licenses	8,600	8,600
Other	1,073	1,073
	<u>24,018</u>	<u>24,018</u>
Intangible assets subject to amortization, net (note 7)	1,125	1,166
Other assets, at cost, net of accumulated amortization	367	326
Total assets	<u>\$ 31,111</u>	<u>31,207</u>

(continued)

See accompanying notes to condensed consolidated financial statements.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets (Continued)**  
**(unaudited)**

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	amounts in millions, except share amounts	
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 939	712
Current portion of debt	258	257
Deferred revenue	1,756	1,641
Other current liabilities	17	40
Total current liabilities	<u>2,970</u>	<u>2,650</u>
Long-term debt, including \$941 million and \$990 million measured at fair value at June 30, 2015 and December 31, 2014, respectively (note 8)	6,299	5,595
Deferred income tax liabilities	2,529	2,438
Other liabilities	354	348
Total liabilities	<u>12,152</u>	<u>11,031</u>
Stockholders' equity:		
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 102,061,485 shares at June 30, 2015 and 104,505,449 shares at December 31, 2014	1	1
Series B common stock, \$.01 par value. Authorized 75,000,000 shares; issued and outstanding 9,873,972 shares at June 30, 2015 and December 31, 2014	—	—
Series C common stock, \$.01 par value. Authorized 2,000,000,000 shares; issued and outstanding 223,561,046 shares at June 30, 2015 and 228,781,948 shares December 31, 2014	2	2
Additional paid-in capital	—	—
Accumulated other comprehensive earnings (loss), net of taxes	(40)	(21)
Retained earnings	11,112	11,416
Total stockholders' equity	<u>11,075</u>	<u>11,398</u>
Noncontrolling interests in equity of subsidiaries	7,884	8,778
Total equity	<u>18,959</u>	<u>20,176</u>
Commitments and contingencies (note 9)		
Total liabilities and equity	<u>\$ 31,111</u>	<u>31,207</u>

See accompanying notes to condensed consolidated financial statements.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statements Of Operations**

(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
amounts in millions				
<b>Revenue:</b>				
Subscriber revenue	\$ 936	869	1,843	1,710
Other revenue	286	291	460	461
<b>Total revenue</b>	<b>1,222</b>	<b>1,160</b>	<b>2,303</b>	<b>2,171</b>
<b>Operating costs and expenses, including stock based compensation (note 2):</b>				
<b>Cost of subscriber services (exclusive of depreciation shown separately below):</b>				
Revenue share and royalties	331	201	544	396
Programming and content	61	62	123	128
Customer service and billing	94	90	186	182
Other	34	34	65	64
Subscriber acquisition costs	137	124	259	247
Other operating expense	103	111	133	155
Selling, general and administrative	199	215	401	431
Depreciation and amortization	92	92	176	182
	<u>1,051</u>	<u>929</u>	<u>1,887</u>	<u>1,785</u>
Operating income (loss)	171	231	416	386
<b>Other income (expense):</b>				
Interest expense	(83)	(62)	(160)	(115)
Share of earnings (losses) of affiliates, net (note 6)	—	(12)	(37)	(47)
Realized and unrealized gains (losses) on financial instruments, net (note 4)	40	25	12	(40)
Other, net	6	(1)	8	(38)
	<u>(37)</u>	<u>(50)</u>	<u>(177)</u>	<u>(240)</u>
Earnings (loss) before income taxes	134	181	239	146
Income tax (expense) benefit	(35)	(75)	(121)	32
<b>Net earnings (loss)</b>	<b>99</b>	<b>106</b>	<b>118</b>	<b>178</b>
Less net earnings (loss) attributable to the noncontrolling interests	38	56	76	106
<b>Net earnings (loss) attributable to Liberty stockholders</b>	<b>\$ 61</b>	<b>50</b>	<b>42</b>	<b>72</b>
<b>Basic net earnings (loss) attributable to Liberty stockholders per common share (note 3)</b>				
	\$ 0.18	0.15	0.12	0.21
<b>Diluted net earnings (loss) attributable to Liberty stockholders per common share (note 3)</b>				
	\$ 0.18	0.14	0.12	0.21

See accompanying notes to condensed consolidated financial statements.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements Of Comprehensive Earnings (Loss)**  
**(unaudited)**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
Net earnings (loss)	\$ 99	106	118	178
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(31)	—	(31)	—
Unrealized holding gains (losses) arising during the period	—	—	—	(3)
Share of other comprehensive earnings (loss) of equity affiliates	5	2	(2)	5
Other comprehensive earnings (loss)	(26)	2	(33)	2
Comprehensive earnings (loss)	73	108	85	180
Less comprehensive earnings (loss) attributable to the noncontrolling interests	24	56	62	106
Comprehensive earnings (loss) attributable to Liberty stockholders	\$ 49	52	23	74

See accompanying notes to condensed consolidated financial statements.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements Of Cash Flows**  
**(unaudited)**

	Six months ended	
	June 30,	
	2015	2014
	amounts in millions	
Cash flows from operating activities:		
Net earnings	\$ 118	178
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	176	182
Stock-based compensation	91	98
Excess tax benefit from stock-based compensation	(35)	(12)
Share of (earnings) loss of affiliates, net	37	47
Realized and unrealized (gains) losses on financial instruments, net	(12)	40
Losses (gains) on dilution of investment in affiliate	1	54
Deferred income tax expense (benefit)	81	(61)
Other, net	14	(8)
Changes in operating assets and liabilities		
Current and other assets	(156)	(55)
Payables and other liabilities	367	101
Net cash provided (used) by operating activities	<u>682</u>	<u>564</u>
Cash flows from investing activities:		
Investments in and loans to cost and equity investees	—	(169)
Cash proceeds from sale of investments	149	247
Cash (paid) for acquisitions, net of cash acquired	—	(47)
Proceeds (payments) on financial instruments, net	(19)	—
Capital expended for property and equipment	(139)	(111)
Purchases of short term investments and other marketable securities	(32)	(292)
Sales of short term investments and other marketable securities	180	67
Other investing activities, net	(22)	36
Net cash provided (used) by investing activities	<u>117</u>	<u>(269)</u>
Cash flows from financing activities:		
Borrowings of debt	1,343	1,948
Repayments of debt	(661)	(1,573)
Repurchases of Liberty common stock	(300)	—
Subsidiary shares repurchased by subsidiary	(1,084)	(946)
Funding of subsidiary share repurchase program	—	(246)
Excess tax benefit from stock-based compensation	35	12
Taxes paid in lieu of shares issued for stock-based compensation	(27)	(12)
Other financing activities, net	4	—
Net cash provided (used) by financing activities	<u>(690)</u>	<u>(817)</u>
Net increase (decrease) in cash and cash equivalents	109	(522)
Cash and cash equivalents at beginning of period	681	1,088
Cash and cash equivalents at end of period	<u>\$ 790</u>	<u>566</u>

See accompanying notes to condensed consolidated financial statements.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Condensed Consolidated Statement Of Equity**

(unaudited)

Six months ended June 30, 2015

	Stockholders' equity					Additional Paid-in Capital	Accumulated other comprehensive earnings	Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred Stock	Series A	Series B	Series C						
	amounts in millions									
Balance at January 1, 2015	\$ —	1	—	2	—	(21)	11,416	8,778	20,176	
Net earnings	—	—	—	—	—	—	42	76	118	
Other comprehensive loss	—	—	—	—	—	(19)	—	(14)	(33)	
Stock-based compensation	—	—	—	—	58	—	—	32	90	
Minimum withholding taxes on net share settlements of stock- based compensation	—	—	—	—	(27)	—	—	—	(27)	
Excess tax benefits on stock-based compensation	—	—	—	—	27	—	—	—	27	
Series A Liberty stock repurchases	—	—	—	—	(300)	—	—	—	(300)	
Shares repurchased by subsidiary	—	—	—	—	(84)	—	—	(1,010)	(1,094)	
Shares issued by subsidiary	—	—	—	—	(22)	—	—	22	—	
Reclassification (note 1)	—	—	—	—	346	—	(346)	—	—	
Other	—	—	—	—	2	—	—	—	2	
Balance at June 30, 2015	\$ —	1	—	2	—	(40)	11,112	7,884	18,959	

See accompanying notes to condensed consolidated financial statements.



**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements**

**(unaudited)**

**(1) Basis of Presentation**

The accompanying condensed consolidated financial statements include all the accounts of Liberty Media Corporation and its controlled subsidiaries (formerly named Liberty Spinco, Inc.) ("Liberty" or the "Company" unless the context otherwise requires). All significant intercompany accounts and transactions have been eliminated.

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. The significant subsidiaries include Sirius XM Holdings, Inc. ("SIRIUS XM") and the Atlanta National League Baseball Club, Inc. ("ANLBC"). Our significant investment accounted for under the equity method is Live Nation Entertainment, Inc. ("Live Nation").

The accompanying (a) condensed consolidated balance sheet as of December 31, 2014, which has been derived from audited financial statements, and (b) the interim unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X as promulgated by the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for such periods have been included. The results of operations for any interim period are not necessarily indicative of results for the full year. Additionally, certain prior period amounts have been reclassified for comparability with current period presentation. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in Liberty's Annual Report on Form 10-K for the year ended December 31, 2014.

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) fair value measurement, (ii) accounting for income taxes, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) the determination of the useful life of SIRIUS XM's broadcast/transmission system to be its most significant estimates

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a retrospective or cumulative effect transition method. This guidance is currently effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company is currently evaluating the effect that the updated standard will have on its revenue recognition and has not yet selected a transition method but does not believe the standard will significantly impact its financial statements and related disclosures.

In April 2015, the FASB issued new accounting guidance on the presentation of debt issuance costs which requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability. The new guidance intends to simplify the presentation of debt issuance costs. This standard will more closely align the presentation of debt issuance costs under GAAP with the presentation under comparable International Financial Reporting Standards. The amendments in this new accounting standard are effective for financial statements issued for fiscal years beginning after December 15, 2015 and interim periods within those years. Early adoption is permitted for financial statements that have not been previously issued and retrospective application is required for each balance sheet presented. We plan to adopt this new guidance in the fourth quarter of 2015. The Company is evaluating the effect that the new guidance will have on its consolidated financial statements and related disclosures but other than a reclassification of deferred loan costs on the consolidated balance sheets, the Company does not believe that the standard will significantly impact its financial statements and related disclosures.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

As a result of the Broadband Spin-Off (defined below) and repurchases of Series A common stock, the Company's additional paid-in capital balance was in a deficit position as of June 30, 2015. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit (\$346 million) to retained earnings as of June 30, 2015.

Liberty holds investments that are accounted for using the equity method. Liberty does not control the decision making process or business management practices of these affiliates. Accordingly, Liberty 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, Liberty 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 Liberty's condensed consolidated financial statements.

During 2014, Liberty's board approved the issuance of shares of its Series C common stock to holders of its Series A and Series B common stock, effected by means of a dividend. On July 23, 2014, holders of Series A and Series B common stock as of 5:00 p.m., New York City time, on July 7, 2014, the record date for the dividend, received a dividend of two shares of Series C common stock for each share of Series A or Series B common stock held by them as of the record date. The impact of the Series C common stock issuance has been reflected retroactively due to the treatment of the dividend as a stock split for accounting purposes.

On November 4, 2014, Liberty completed the spin-off to its stockholders common stock of a newly formed company called Liberty Broadband Corporation ("Liberty Broadband") (the "Broadband Spin-Off"). Shares of Liberty Broadband were distributed to the shareholders of Liberty as of a record date of 5:00 p.m., New York City time, on October 29, 2014. Liberty Broadband is comprised of, among other things, (i) Liberty's former interest in Charter Communications, Inc. ("Charter"), (ii) Liberty's former subsidiary TruePosition, Inc. ("TruePosition"), (iii) Liberty's former minority equity investment in Time Warner Cable, Inc. ("Time Warner Cable"), (iv) certain deferred tax liabilities, as well as liabilities related to Time Warner Cable call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. Prior to the transaction, Liberty Broadband borrowed funds under margin loans and made a final distribution to Liberty of approximately \$300 million in cash. The Broadband Spin-Off is intended to be tax-free to stockholders of Liberty. In the Broadband Spin-Off, record holders of Liberty's Series A, Series B and Series C common stock received one share of the corresponding series of Liberty Broadband common stock for every four shares of common stock held by them as of the record date for the Broadband Spin-Off, with cash paid in lieu of fractional shares. The Company's former investments in and results of Charter and Time Warner Cable are no longer included in the results of Liberty from the date of the completion of the Broadband Spin-Off forward. Based on the relative significance of TruePosition to Liberty, the Company concluded that discontinued operations presentation of TruePosition is not necessary.

Liberty has entered into certain agreements with Liberty Interactive Corporation ("Liberty Interactive"), Starz, Liberty TripAdvisor Holdings, Inc. ("TripCo") and Liberty Broadband, all of which are separate publicly traded companies, in order to govern relationships between the companies. None of these entities has any stock ownership, beneficial or otherwise, in any of the others. These agreements include Reorganization Agreements (in the case of Starz and Liberty Broadband only) Services Agreements, Facilities Sharing Agreements, a Lease Agreement (in the case of Starz only) and Tax Sharing Agreements (in the case of Starz and Liberty Broadband only).

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Liberty Interactive, Starz and Liberty Broadband, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Liberty Interactive, Starz, TripCo and Liberty Broadband with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive, Starz, TripCo and Liberty Broadband reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and, in the case of Liberty Interactive and Starz, Liberty Interactive's and Starz's respective 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, while TripCo and Liberty Broadband pay an annual fee for the provision

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

of these services. Under the Facilities Sharing Agreements, Liberty shares office space and related amenities at its corporate headquarters with Liberty Interactive, TripCo and Liberty Broadband. Under these various agreements approximately \$6 million of these allocated expenses were reimbursed to Liberty during each of the three months ended June 30, 2015 and 2014, and \$12 million and \$8 million for the six months ended June 30, 2015 and 2014, respectively. 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.

**(2) Stock-Based Compensation**

Liberty grants, to certain of its directors, employees and employees of its subsidiaries, restricted stock, restricted stock units, stock options and stock appreciation rights ("SARs") to purchase shares of its common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an equity classified Award (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 a liability classified Award (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.

Included in the accompanying condensed consolidated statements of operations are the following amounts of stock-based compensation, a portion of which relates to SIRIUS XM, as discussed below:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(amounts in millions)			
Cost of subscriber services:				
Programming and content	\$ 4	5	8	9
Customer service and billing	2	1	3	2
Other	2	2	4	4
Other operating expense	4	4	8	8
Selling, general and administrative	35	37	68	75
	<u>\$ 47</u>	<u>49</u>	<u>91</u>	<u>98</u>

During the six months ended June 30, 2015, the Company granted a total of approximately 2.4 million options to purchase shares of Series C common stock. A portion of the options granted was comprised of 676 thousand options with a weighted average grant-date fair value ("GDFV") of \$10.86 per share that vest annually over 3 years and 1.3 million options with a weighted average GDFV of \$15.52 per share that vest 50% each on December 31, 2019 and 2020.

In connection with our CEO's employment agreement, Liberty also granted 420 thousand performance-based options of Series C common stock and 34 thousand performance-based restricted stock units of Series C common stock. Such options and restricted stock units had a weighted average grant-date fair value of \$12.15 per share and \$38.20 per share, respectively. The performance-based options and performance-based restricted stock units cliff vest in one year, subject to satisfaction of certain performance objectives.

The Company did not grant any options to purchase Series A or Series B common stock during the six months ended June 30, 2015.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

Liberty calculates the GDFV for all of its equity classified awards and the subsequent remeasurement of its liability classified awards using the Black-Scholes Model. Liberty estimates the expected term of the Awards based on historical exercise and forfeiture data. The volatility used in the calculation for Awards is based on the historical volatility of Liberty common stock and the implied volatility of publicly traded Liberty options. Liberty uses a zero dividend rate and the risk-free rate for Treasury Bonds with a term similar to that of the subject Awards.

**Liberty—Outstanding Awards**

The following tables present 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 and certain Awards of employees of Starz.

	Series A			
	Liberty Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	3,207	\$ 23.21		
Granted	—	\$ —		
Exercised	(316)	\$ 22.34		
Forfeited/Cancelled	(2)	\$ 32.29		
Outstanding at June 30, 2015	<u>2,889</u>	\$ 23.30	3.7 years	\$ 37
Exercisable at June 30, 2015	<u>2,430</u>	\$ 23.10	3.6 years	\$ 31

	Series C			
	Liberty Awards (000's)	WAEP	Weighted average remaining life	Aggregate intrinsic value (millions)
Outstanding at January 1, 2015	9,833	\$ 26.71		
Granted	2,362	\$ 38.29		
Exercised	(619)	\$ 22.01		
Forfeited/Cancelled	(5)	\$ 32.20		
Outstanding at June 30, 2015	<u>11,571</u>	\$ 29.33	5.3 years	\$ 82
Exercisable at June 30, 2015	<u>4,928</u>	\$ 22.81	3.6 years	\$ 65

As of June 30, 2015, the total unrecognized compensation cost related to unvested Awards was approximately \$75 million. Such amount will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.8 years.

As of June 30, 2015, Liberty reserved 14.5 million shares of Series A and Series C common stock for issuance under exercise privileges of outstanding stock Awards.

**SIRIUS XM - Stock-based Compensation**

SIRIUS XM granted various types of stock awards to its employees and members of its board of directors during the six months ended June 30, 2015. As of June 30, 2015, SIRIUS XM has approximately 250 million options outstanding of which approximately 102 million are exercisable, each with a weighted-average exercise price per share of \$2.77 and \$2.27, respectively. The aggregate intrinsic value of SIRIUS XM options outstanding and exercisable as of June 30, 2015 is \$257 million and \$165 million, respectively. The stock-based compensation related to SIRIUS XM was \$37 million and

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

\$35 million for the three months ended June 30, 2015 and 2014, respectively and \$74 million and \$71 million for the six months ended June 30, 2015 and 2014, respectively. As of June 30, 2015, the total unrecognized compensation cost related to unvested SIRIUS XM stock options and restricted stock units was \$168 million. The SIRIUS XM unrecognized compensation cost will be recognized in the Company's condensed consolidated statements of operations over a weighted average period of approximately 2.1 years.

**(3) Earnings Attributable to Liberty Media Corporation Stockholders Per Common Share**

Basic earnings (loss) per common share ("EPS") is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding for the period. 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, Series B and Series C Common Stock*

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock. As discussed in note 1, on July 23, 2014 the Company completed a stock dividend of two shares of Series C common stock for every share of Series A or Series B common stock held as of the record date. Therefore, the prior period outstanding share amounts for purposes of the calculation of EPS have been retroactively adjusted for comparability.

Excluded from diluted EPS for the three and six months ended June 30, 2015 are 22 million potential common shares because their inclusion would be antidilutive.

	<b>Liberty Common Stock</b>			
	<b>Three months ended</b>	<b>Six months ended</b>	<b>Three months ended</b>	<b>Six months ended</b>
	<b>June 30, 2015</b>	<b>June 30, 2015</b>	<b>June 30, 2014</b>	<b>June 30, 2014</b>
	numbers of shares in millions			
Basic EPS	339	340	341	341
Potentially dilutive shares	3	3	4	4
Diluted EPS	342	343	345	345

**(4) 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. Liberty does not have any assets or liabilities required to be measured at fair value considered to be Level 3.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

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

Description	Fair Value Measurements at June 30, 2015			Fair Value Measurements at December 31, 2014		
	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	\$ 449	449	—	507	507	—
Short term marketable securities	\$ 51	—	51	199	—	199
Available-for-sale securities	\$ 604	554	50	769	691	78
Financial instrument assets	\$ 305	134	171	305	96	209
Debt	\$ 941	—	941	990	—	990

The majority of Liberty's Level 2 financial assets and debt are primarily investments in debt related instruments and certain derivative instruments. The Company notes that these assets and liabilities are not always traded publicly or not considered to be traded on "active markets," as defined in GAAP. The fair values for such instruments are derived from a typical model using observable market data as the significant inputs or a trading price of a similar asset or liability is utilized. Accordingly, those available-for-sale securities, financial instruments and debt or debt related instruments are reported in the foregoing table as Level 2 fair value. The financial instrument assets included in the table above are included in the Other assets, at cost, net of accumulated amortization line item in the condensed consolidated balance sheets.

**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:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	\$ 9	78	(22)	63
Cash convertible notes (a)	49	(82)	49	(23)
Change in fair value of bond hedges (a)	(46)	4	(38)	(88)
Other derivatives (b)	28	25	23	8
	\$ 40	25	12	(40)

- (a) Liberty issued \$1 billion of cash convertible notes in October 2013 which are accounted for at fair value (Level 2), as elected by Liberty at the issuance of the notes. Contemporaneously with the issuance of the convertible notes, Liberty entered into privately negotiated cash convertible note hedges, which are 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. The bond hedges are marked to market based on the trading price of underlying securities and other observable market data as the significant inputs (Level 2). See note 8 for additional discussion of the convertible notes and the bond hedges.
- (b) Derivatives are marked to market based on the trading price of underlying securities and other observable market data as the significant inputs (Level 2). During September 2014, Liberty entered into a forward contract to acquire up to 15.9 million shares of Live Nation common stock. The counterparty has acquired 11.2 million shares of Live Nation common stock through June 30, 2015 at a volume weighted average share price of \$23.71 per share. Prior to the

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

contract's original expiration during March 2015, the Company extended the contract through September 2015. Upon expiration of the contract, Liberty has the option to cash settle the contract.

**(5) 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 "fair value option"). The Company previously 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 these 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 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 gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

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

	June 30, 2015	December 31, 2014
amounts in millions		
<b>Fair Value Option Securities</b>		
Time Warner, Inc. (a)	\$ 372	363
Viacom, Inc. (b)	120	273
Other equity securities (a)	63	55
Other debt securities	25	54
Total Fair Value Option Securities	580	745
<b>AFS and cost investments</b>		
Live Nation Entertainment, Inc. ("Live Nation") debt securities	24	24
Other AFS and cost investments	50	47
Total AFS and cost investments	74	71
	<b>\$ 654</b>	<b>816</b>

- (a) See note 8 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of June 30, 2015.
- (b) During the six months ended June 30, 2015, Liberty sold 1.8 million shares of Viacom common stock for approximately \$122 million in proceeds.

**Unrealized Holding Gains and Losses**

There were no unrealized holding gains and losses related to investments in AFS securities as of June 30, 2015 or December 31, 2014.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

**(6) 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 of the more significant investments in affiliates at June 30, 2015 and the carrying amount at December 31, 2014:

	June 30, 2015		December 31, 2014	
	Percentage ownership	Fair Value (Level 1)	Carrying amount	Carrying amount
dollar amounts in millions				
Live Nation (a)	27 %	\$ 1,477	\$ 375	396
SIRIUS XM Canada	37 %	\$ 204	176	237
Other	various	NA	201	218
			<u>\$ 752</u>	<u>851</u>

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
amounts in millions				
Charter (b)	\$ NA	(25)	NA	(53)
Live Nation (a)	1	11	(17)	(3)
SIRIUS XM Canada	3	—	(4)	1
Other	(4)	2	(16)	8
	<u>\$ —</u>	<u>(12)</u>	<u>(37)</u>	<u>(47)</u>

- (a) See note 8 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of June 30, 2015.
- (b) As discussed in note 1, Liberty's investment in Charter was spun off as part of the Broadband Spin-Off, which was completed on November 4, 2014. Our share of losses related to Charter included \$13 million and \$32 million of losses due to the amortization of the excess basis of our investment during the three and six months ended June 30, 2014, respectively,

***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 for approximately \$2.6 billion, which represented an approximate 27% beneficial ownership in Charter (including warrants on an as if converted basis) at the time of purchase, and a price per share of \$95.50. Liberty accounted 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 on hand and debt (as discussed in note 8). During the three and six months ended June 30, 2014, in addition to Liberty's share of losses of Charter the Company recognized \$4 million and \$50 million in losses, respectively, due to warrant and stock option exercises at Charter below Liberty's book basis per share. Dilution losses are included in the other, net line in the accompanying condensed consolidated statements of operations. As discussed in note 1, Liberty's investment in Charter was spun off to stockholders as part of the Broadband Spin-Off, which was completed on November 4, 2014. Liberty ceased recording the results of Charter in its financial statements as of the date of the completion of the Broadband Spin-Off.



**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

**SIRIUS XM Canada**

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 percentage based royalty for certain types of subscription revenue earned by SIRIUS XM Canada each month for the distribution of Sirius and XM channels, royalties for activation fees and reimbursement for other charges. At June 30, 2015, SIRIUS XM has approximately \$5 million and \$12 million in current and noncurrent related party liabilities, respectively, related to these agreements described above with SIRIUS XM Canada which are recorded in current and noncurrent other liabilities, respectively, in the Company's condensed consolidated balance sheet. Additionally, SIRIUS XM has approximately \$4 million in current related party assets at June 30, 2015 due to programming and chipset costs for which SIRIUS XM Canada reimburses SIRIUS XM that are recorded in other current assets in the Company's condensed consolidated balance sheet. SIRIUS XM recorded approximately \$13 million in revenue for each of the three months ended June 30, 2015 and 2014 and \$26 million and \$24 million for the six months ended June 30, 2015 and 2014, respectively, associated with these various agreements in the other revenue line in the condensed consolidated statements of operations. SIRIUS XM Canada declared dividends to SIRIUS XM of \$4 million and \$30 million during the three months ended June 30, 2015 and 2014 and \$8 million and \$34 million during the six months ended June 30, 2015 and 2014, respectively.

**(7) Intangible Assets**

*Goodwill and Intangible Assets Not Subject to Amortization*

There were no changes in the carrying amounts of goodwill or other intangible assets not subject to amortization during the six months ended June 30, 2015.

*Intangible Assets Subject to Amortization*

	June 30, 2015			December 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
Customer relationships	\$ 838	(151)	687	838	(122)	716
Licensing agreements	316	(66)	250	316	(52)	264
Other	563	(375)	188	532	(346)	186
Total	\$ 1,717	(592)	1,125	1,686	(520)	1,166

Amortization expense for intangible assets with finite useful lives was \$40 million and \$41 million for the three months ended June 30, 2015 and 2014, respectively, and \$72 million and \$77 million for the six months ended June 30, 2015 and 2014, respectively. Based on its amortizable intangible assets as of June 30, 2015, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

Remainder of 2015	\$ 74
2016	\$ 152
2017	\$ 142
2018	\$ 102
2019	\$ 99

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

**(8) Long-Term Debt**

Debt is summarized as follows:

	Outstanding Principal June 30, 2015	Carrying value	
		June 30, 2015	December 31, 2014
amounts in millions			
Corporate level notes and loans:			
Liberty 1.375% Cash Convertible Notes due 2023	\$ 1,000	941	990
Margin Loans	250	250	250
Subsidiary notes and loans			
SIRIUS XM 5.875% Senior Notes due 2020	650	644	644
SIRIUS XM 5.75% Senior Notes due 2021	600	595	595
SIRIUS XM 5.25% Senior Secured Notes due 2022	400	407	407
SIRIUS XM 4.25% Senior Notes due 2020	500	496	496
SIRIUS XM 4.625% Senior Notes due 2023	500	495	495
SIRIUS XM 6% Senior Notes due 2024	1,500	1,484	1,484
SIRIUS XM 5.375% Senior Notes due 2025	1,000	989	—
SIRIUS XM Credit Facility	—	—	380
Other subsidiary debt	256	256	111
Total debt	<u>\$ 6,656</u>	<u>6,557</u>	<u>5,852</u>
Less debt classified as current		<u>(258)</u>	<u>(257)</u>
Total long-term debt		<u>\$ 6,299</u>	<u>5,595</u>

**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 was 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. During the year ended December 31, 2014, in connection with the issuance of Series C common stock and the Broadband Spin-Off, as discussed in note 1, the conversion rate was adjusted to 21.0859 shares of Series A common stock per \$1,000 principal amount of Convertible Notes and an adjusted conversion price of \$47.43 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 business-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 statement of operations. As of June 30, 2015, the Convertible Notes are classified as a long term liability in the condensed consolidated balance sheet, as the conversion conditions have not been met as of such date.

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

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 was equal to the number of shares of Liberty Series A common stock initially underlying 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 corresponded to the initial conversion price of the Convertible Notes. During the year ended December 31, 2014, in connection with the issuance of Liberty Series C common stock and the Broadband Spin-Off, as discussed in note 1, the number of shares covered by the Bond Hedge Transaction was adjusted to 21,085,900 shares of Liberty Series A common stock and the strike price was adjusted to \$47.43 per share of Liberty Series A common stock, which corresponds to the adjusted conversion price of the Convertible Notes. Liberty paid approximately \$299 million for the Bond Hedge Transaction. The expiration of these instruments is October 15, 2023. The fair value of these instruments is included in Other assets, at cost, net of accumulated amortization as of June 30, 2015 and December 31, 2014 in the accompanying condensed consolidated balance sheets, with changes in the fair value recorded as unrealized gains (losses) on financial instruments in the accompanying condensed consolidated statements of operations.

**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 6, Liberty, through certain of its wholly-owned subsidiaries, entered into several 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 certain other 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.

*\$1 Billion Margin Loan due 2015*

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 with incremental borrowings through the prior year end. 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 bore 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 and such assets and available credit were not available to satisfy the debts and other obligations of Liberty and its other subsidiaries. Given the non-SIRIUS XM market value of the eligible pledged shares as of April 30, 2013, the initial interest rate on the loan was LIBOR plus 2% which did not change during the duration of the period that the loan was outstanding. Interest on the term loan was payable on the first business day of each calendar quarter, and interest was 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. Additionally, up to \$1 billion in loans may have been extended under the loan agreement in the form of incremental loans, subject to the satisfaction of certain conditions. During October 2014, Liberty refinanced this margin loan arrangement for a similar financial instrument with a term loan of \$250 million and a \$750 million undrawn line of credit. The term loan and any drawn portion of the revolver carries an interest rate of LIBOR plus an applicable spread between 1.75% and 2.50% (based on value of collateral) with the undrawn portion carrying a fee of 0.75%. As of December 31,

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

2014, shares of SIRIUS XM, Live Nation, Time Warner, Inc. and Viacom, Inc. common stock were pledged as collateral pursuant to this agreement. Due to the sale of shares of Viacom, Inc. held by Liberty during the six months ended months ended June 30, 2015 (note 5), shares of Viacom, Inc. are no longer pledged as collateral pursuant to this agreement as of June 30, 2015. Borrowings outstanding under this margin loan bear interest at a rate of 2.03% per annum at June 30, 2015. The maturity of the new arrangement is October 28, 2015. Other terms of the loan are substantially similar to the previous arrangement. As of June 30, 2015, availability under the revolving line of credit was \$750 million.

As of June 30, 2015, the values of shares pledged as collateral pursuant to the \$1 billion margin loan due 2015 is as follows:

Investment	Number of Shares Pledged as Collateral as of		Share value as of June 30, 2015
	June 30, 2015		
amounts in millions			
SIRIUS XM	150.0	\$	560
Live Nation	12.0	\$	330
Time Warner, Inc.	3.6	\$	316
Time, Inc.	0.5	\$	12

The outstanding margin loan contains various affirmative and negative covenants that restrict the activities of the borrower. The loan agreement does not include any financial covenants.

***SIRIUS XM 5.375% Senior Notes due 2025***

In March 2015, SIRIUS XM issued \$1.0 billion principal amount of new senior notes due 2025 which bear interest at an annual rate 5.375% (“SIRIUS XM 5.375% Senior Notes due 2025”) with an original issuance discount of \$11 million. The SIRIUS XM 5.375% Senior Notes due 2025 are recorded net of the remaining unamortized discount.

***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. In June 2015, SIRIUS XM amended the agreement to increase the total borrowing capacity under the Credit Facility to \$1,750 million and to extend the maturity to June 2020. The Credit Facility is secured by substantially all SIRIUS XM’s assets and the assets of their subsidiaries. Interest on borrowings is payable on a monthly basis and accrues at a rate based on LIBOR plus an applicable rate. SIRIUS XM is required to pay a variable fee on the average daily unused portion of the Credit Facility which as of June 30, 2015 was 0.30% per annum and is payable on a quarterly basis.

As of June 30, 2015, availability under the Credit Facility was \$1,750 million.

***Other subsidiary debt***

Other subsidiary debt is comprised of SIRIUS XM capital leases and other borrowings at ANLBC. In 2014, ANLBC, through a wholly-owned subsidiary, purchased 82 acres of land for the purpose of constructing a Major League Baseball facility and development of a mixed-use complex adjacent to the ballpark. The new facility is expected to cost approximately \$672 million and ANLBC expects to spend approximately \$50 million in other costs and equipment related to the new ballpark. Funding for the ballpark will be split between ANLBC, Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority. Cobb-Marietta Coliseum and Exhibit Hall Authority and Cobb County (collectively the “Authority”) will be responsible for funding \$392 million of ballpark related construction and ANLBC will be responsible for remainder of cost, including cost overruns. Cobb-Marietta Coliseum and Exhibit Hall Authority will issue \$368 million in bonds that are expected to close and fund in the second half of 2015, based on court rulings which validated the financing

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)**

during June 2015. In order to maintain an April 2017 opening of the ballpark, ANLBC agreed to advance funds to cover project related costs until the Cobb-Marietta Coliseum and Exhibit Hall Authority bonds are funded. Funding for ballpark initiatives by ANLBC has come from cash reserves and utilization of two credit facilities with a capacity of \$350 million. As of June 30, 2015, ANLBC has borrowed approximately \$185 million under these two facilities.

Due to ANLBC providing the initial funding of the project and its ownership of the land during the initial construction period, until the initial reimbursement by the Authority at which time the land will be conveyed to the Authority, ANLBC has been deemed the owner (for accounting purposes) of the stadium during the construction period and costs have been classified as construction in progress ("CIP"), within the Property and equipment, net line item. Future costs of the project will continue to be captured in CIP along with a corresponding liability in other liabilities, for amounts funded by the Authority. At the end of construction an additional determination will need to be made to determine whether the transaction will qualify for sale-leaseback accounting treatment.

In addition, ANLBC through affiliated entities and outside development partners are in the process of developing land around the ballpark for a mixed-use complex that is expected to feature retail, residential, office, hotel and entertainment opportunities. The estimated cost for mixed-use development is \$452 million, of which ANLBC affiliated entities are expected to fund approximately \$363 million through a mix of debt and equity.

As of June 30, 2015, approximately \$169 million has been spent to-date on the baseball facility and mixed-use development, a portion of which is expected to be reimbursed.

***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. The Company and SIRIUS XM are 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, not reported at fair value, are as follows (amounts in millions):

	<b>June 30, 2015</b>
SIRIUS XM 5.875% Senior Notes due 2020	\$ 674
SIRIUS XM 5.75% Senior Notes due 2021	\$ 615
SIRIUS XM 5.25% Senior Secured Notes due 2022	\$ 421
SIRIUS XM 4.25% Senior Notes due 2020	\$ 497
SIRIUS XM 4.625% Senior Notes due 2023	\$ 473
SIRIUS XM 6% Senior Notes due 2024	\$ 1,537
SIRIUS XM 5.375% Senior Notes due 2025	\$ 964

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 June 30, 2015.

**(9) Commitments and Contingencies*****Guarantees***

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

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

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 condensed 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 June 30, 2015 aggregated \$343 million, which is payable as follows: \$64 million in 2015, \$59 million in 2016, \$61 million in 2017, \$54 million in 2018 and \$105 million 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 and its subsidiaries lease business offices, have entered into satellite transponder lease agreements and use certain equipment under lease arrangements.

***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 condensed 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. The matter has been fully briefed and oral argument before the Second Circuit is expected prior to the end of 2015. 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 financial statements until such time as the final disposition of this matter has been reached.

In August and September 2013, SIRIUS XM was named as a defendant in three class action suits and one additional suit, which challenge the use and public performance via satellite radio and the Internet of sound recordings fixed prior to February 15, 1972 under California, New York and/or Florida law. The plaintiffs in each of these suits purport to seek in excess of \$100 million in compensatory damages along with unspecified punitive damages and injunctive relief.

These cases are titled Flo & Eddie Inc. v. Sirius XM Radio Inc., No. 2:13-cv-5693-PSG-RZ (C.D. Cal.), Flo & Eddie, Inc. v. Sirius XM Radio Inc., No. 1:13-cv-23182-DPG (S.D. Fla.), and Flo & Eddie, Inc. v. Sirius XM Radio Inc., No. 1:13-cv-5784-CM (S.D.N.Y.) (collectively, the "Flo & Eddie Cases"), and Capitol Records LLC et al. v. Sirius XM Radio Inc., No. BC-520981 (Super. Ct. L.A. County) (the "Capitol Records Case"). Each of the three Flo & Eddie Cases are in different procedural postures: a class has been certified in the case pending in the Central District of California and

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

**(unaudited)**

SIRIUS XM has filed a motion seeking interlocutory appeal of that decision, SIRIUS XM was granted summary judgment in the case pending in the Southern District of Florida and the plaintiffs have filed a notice to appeal that decision, and in the case pending in the Southern District of New York SIRIUS XM has been granted the right to appeal the trial court's denial of its motion for summary judgment. Additional information concerning each of these actions is publicly available in court filings under their docket numbers.

In June 2015, SIRIUS XM entered into a settlement agreement with the plaintiffs in the Capitol Records Case, Capitol Records LLC, Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp. and ABKCO Music & Records, Inc., to settle the case in its entirety (the "Capitol Settlement"). Pursuant to the settlement agreement, SIRIUS XM agreed to pay the plaintiffs, in the aggregate, \$210 million and the plaintiffs will dismiss the case with prejudice. SIRIUS XM paid the settlement amount during July 2015. The settlement resolves all past claims as to SIRIUS XM's use of pre-1972 recordings owned or controlled by the plaintiffs and enables SIRIUS XM, without any additional payment, to reproduce, perform and broadcast such recordings in the United States through December 31, 2017. As part of the settlement, SIRIUS XM has the right, to be exercised before December 31, 2017, to enter into a license with each plaintiff to reproduce, perform and broadcast pre-1972 recordings owned or controlled by the plaintiffs from January 1, 2018 through December 31, 2022. The royalty rate for each such license will be determined by negotiation or, if the parties are unable to agree, binding arbitration. The plaintiffs have represented and warranted to SIRIUS XM that in the United States they own, control or otherwise have the right to settle with respect to approximately 80% of the pre-1972 recordings SIRIUS XM has historically played.

Pursuant to the Capitol Settlement, SIRIUS XM recorded a \$210 million liability, which is included in the Accounts payable and accrued expenses line item within the unaudited condensed consolidated balance sheet as of June 30, 2015 and recognized approximately \$108 million to Revenue share and royalties within the unaudited condensed consolidated statement of operations during the three and six months ended June 30, 2015. The amount recognized during the current period relates to SIRIUS XM's use of pre-1972 sound recordings prior to June 30, 2015. Of the remaining \$102 million of the settlement, approximately \$39 million was recorded to Other current assets and approximately \$63 million was recorded to Other long-term assets within the unaudited condensed consolidated balance sheets as of June 30, 2015, which will be amortized to Revenue share and royalties within the unaudited condensed consolidated statement of operations over the future service period of July 2015 through December 2017.

In addition, in August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that SIRIUS XM underpaid royalties for statutory licenses during the 2007-2012 rate period in violation of the regulations established by the Copyright Royalty Board for that period. SoundExchange principally alleges that SIRIUS XM improperly reduced its calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not "separately charged" as required by the regulations. SoundExchange is seeking compensatory damages of not less than \$50 million and up to \$100 million or more, payment of late fees and interest, and attorneys' fees and costs.

In August 2014, the United States District Court for the District of Columbia granted SIRIUS XM's motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the Copyright Royalty Board rather than the district court. In December 2014, SoundExchange filed a petition with the Copyright Royalty Board requesting an order interpreting the applicable regulations. At this point SIRIUS XM cannot estimate the reasonably possible loss, or range of loss, which could be incurred if the plaintiffs were to prevail in the allegations, but SIRIUS XM believes it has substantial defenses to the claims asserted and intends to defend these actions vigorously.

SIRIUS XM is also a defendant in several purported class action suits, which were commenced in February 2012, January 2013, January 2015, April 2015 and July 2015, in the United States District Court for the Eastern District of Virginia, Newport News Division, the United States District Court for the Southern District of California, the United States District Court for the Northern District of Illinois and the United States District Court for the Middle District of Florida

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**

**Notes to Condensed Consolidated Financial Statements (Continued)**

(unaudited)

that allege that SIRIUS XM, or certain call center vendors acting on its behalf, made numerous calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the "TCPA"). The plaintiffs in these actions allege, among other things, that SIRIUS XM called mobile phones using an automatic telephone dialing system without the consumer's prior consent or, alternatively, after the consumer revoked their prior consent and, in one of the actions, that SIRIUS XM violated the TCPA's call time restrictions. The plaintiffs in these suits are seeking various forms of relief, including statutory damages of \$500 for each violation of the TCPA or, in the alternative, treble damages of up to \$1,500 for each knowing and willful violation of the TCPA, as well as payment of interest, attorneys' fees and costs, and certain injunctive relief prohibiting violations of the TCPA in the future. Plaintiffs in certain of these suits have filed a motion with the Judicial Panel on Multidistrict Litigation to transfer these purported class actions, and other allegedly related cases, to the United States District Court for the Northern District of Illinois for consolidated or coordinated pretrial proceedings. SIRIUS XM believes it has substantial defenses to the claims asserted in these actions and intends to defend them vigorously.

SIRIUS XM has notified certain of its call center vendors of these actions and requested that they defend and indemnify it against these claims pursuant to the provisions of their existing or former agreements with SIRIUS XM. SIRIUS XM believes it has valid contractual claims against certain call center vendors in connection with these claims and intends to preserve and pursue its rights to recover from these entities.

With respect to the SIRIUS XM matters described above, it was determined, based on current knowledge, that the amount of loss or range of loss that is reasonably possible is not reasonably estimable. However, these matters are inherently unpredictable and subject to significant uncertainties, many of which are beyond SIRIUS XM's control. As such, there can be no assurance that the final outcome of these matters will not materially and adversely affect the business, financial condition, results of operations, or cash flows.

**(10) 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 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, churn and penetration.

The Company defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses excluding all 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.



**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES****Notes to Condensed Consolidated Financial Statements (Continued)****(unaudited)**

For the six months ended June 30, 2015, 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 SIRIUS XM's Internet radio service, including through applications for mobile devices.

The Company's segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, differing revenue sources and marketing strategies. The accounting policies of the segments are the same as those described in the Company's summary of significant policies in the Company's annual financial statements filed on Form 10-K.

**Performance Measures**

	Three months ended June 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
SIRIUS XM	\$ 1,119	420	1,025	369
Corporate and other	103	(2)	135	3
	<u>\$ 1,222</u>	<u>418</u>	<u>1,160</u>	<u>372</u>

	Six months ended June 30,			
	2015		2014	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions			
SIRIUS XM	\$ 2,195	824	2,013	704
Corporate and other	108	(33)	158	(38)
	<u>\$ 2,303</u>	<u>791</u>	<u>2,171</u>	<u>666</u>

**LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**  
**Notes to Condensed Consolidated Financial Statements (Continued)**  
**(unaudited)**

**Other Information**

	June 30, 2015		
	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions		
SIRIUS XM	\$ 28,169	176	61
Corporate and other	2,942	576	78
	<u>\$ 31,111</u>	<u>752</u>	<u>139</u>

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	amounts in millions			
Consolidated segment Adjusted OIBDA	\$ 418	372	791	666
Legal settlement (note 9)	(108)	—	(108)	—
Stock-based compensation	(47)	(49)	(91)	(98)
Depreciation and amortization	(92)	(92)	(176)	(182)
Interest expense	(83)	(62)	(160)	(115)
Share of earnings (losses) of affiliates, net	—	(12)	(37)	(47)
Realized and unrealized gains (losses) on financial instruments, net	40	25	12	(40)
Other, net	6	(1)	8	(38)
Earnings (loss) from continuing operations before income taxes	<u>\$ 134</u>	<u>181</u>	<u>239</u>	<u>146</u>

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Certain statements in this Quarterly Report on Form 10-Q 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; revenue growth and subscriber trends at SIRIUS XM Holdings, Inc. ("SIRIUS XM"); the recoverability of our goodwill and other long-lived assets; the performance of our equity affiliates; our projected sources and uses of cash; SIRIUS XM's stock repurchase program; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. 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 (as they relate to our consolidated subsidiaries and equity affiliates) 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;
- our significant dependence 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 consumer protection laws, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint ventures;
- 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;
- impairments of third-party intellectual property rights;
- 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, political unrest in international markets and ongoing military action around the world.

For additional risk factors, please see Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014. These forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Quarterly 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.

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 condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2014.

#### **Explanatory Note**

On November 4, 2014, Liberty completed the Broadband Spin-Off as described in note 1 in the accompanying condensed consolidated financial statements. Shares of Liberty Broadband Corporation ("Liberty Broadband") were distributed to the shareholders of Liberty as of a record date of 5:00 p.m., New York City time, on October 29, 2014. Liberty Broadband is comprised of, among other things, (i) Liberty's former interest in Charter Communications, Inc. ("Charter"), (ii) Liberty's former subsidiary TruePosition, Inc. ("TruePosition") (iii) Liberty's former minority equity investment in Time Warner Cable, Inc. ("Time Warner Cable"), (iv) certain deferred tax liabilities, as well as liabilities related to Time Warner Cable call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. Prior to the transaction, Liberty Broadband borrowed funds under margin loans and made a final distribution to Liberty of approximately \$300 million in cash. The Broadband Spin-Off was intended to be tax-free to stockholders of Liberty. In the Broadband Spin-Off, record holders of Series A, Series B and Series C common stock received one share of the corresponding series of Liberty Broadband common stock for each four shares of common stock held by them as of the record date for the Broadband Spin-Off, with cash paid in lieu of fractional shares. The Company's former investments in and results of Charter and Time Warner Cable are no longer included in the results of Liberty from the date of the completion of the Broadband Spin-Off forward. Based on the relative significance of TruePosition to Liberty, the Company concluded that discontinued operations presentation of TruePosition is not necessary.

#### **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 also our principal reportable segment, is SIRIUS XM. SIRIUS XM 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 their music and other channels, plus features such as SiriusXM On Demand and MySXM, over SIRIUS XM's Internet radio service, including through applications for mobile devices.

Our "Corporate and Other" category includes our consolidated subsidiary, the Atlanta National League Baseball Club, Inc. ("ANLBC") and corporate expenses. TruePosition, Inc. ("TruePosition") was also included in the "Corporate and Other" category for the period prior to the Broadband Spin-Off. ANLBC owns the Atlanta Braves, a major league baseball club, as well as certain of the Atlanta Braves' minor league clubs.

In addition to the foregoing businesses, we hold ownership interests in Live Nation Entertainment, Inc. ("Live Nation") and through SIRIUS XM, SIRIUS XM Canada, which we account for as equity method investments; and we continue to maintain investments and related financial instruments in public companies such as Time Warner, Inc. and Viacom, Inc. which are accounted for at their respective fair market values and are included in corporate and other.

**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 reportable segment see "Results of Operations—Business" below.

**Consolidated Operating Results**

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
amounts in millions				
<b>Revenue</b>				
SIRIUS XM	\$ 1,119	1,025	2,195	2,013
Corporate and other	103	135	108	158
	<u>\$ 1,222</u>	<u>1,160</u>	<u>2,303</u>	<u>2,171</u>
<b>Adjusted OIBDA</b>				
SIRIUS XM	\$ 420	369	824	704
Corporate and other	(2)	3	(33)	(38)
	<u>\$ 418</u>	<u>372</u>	<u>791</u>	<u>666</u>
<b>Operating Income (Loss)</b>				
SIRIUS XM	\$ 194	255	484	474
Corporate and other	(23)	(24)	(68)	(88)
	<u>\$ 171</u>	<u>231</u>	<u>416</u>	<u>386</u>

**Revenue.** Our consolidated revenue increased \$62 million and \$132 million for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase was primarily due to revenue growth at SIRIUS XM (\$94 million and \$182 million for the three and six months ended June 30, 2015, respectively). The increase in revenue at SIRIUS XM was partially offset by a \$13 million and \$14 million decline in revenue from ANLBC during the three and six months ended June 30, 2015, respectively, primarily due to lower game attendance, decreased concession sales and fewer games played during the three and six months ended June 30, 2015 as compared to the corresponding periods in the prior year. Additionally, no revenue was recognized from TruePosition during the current period as a result of the Broadband Spin-Off. See "Results of Operations—Business" below for a more complete discussion of the results of operations of SIRIUS XM, including a discussion of the SIRIUS XM results on a comparative basis.

**Adjusted OIBDA.** We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative ("SG&A") expenses excluding all stock-based 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 10 to the accompanying condensed consolidated financial statements for a reconciliation of Adjusted OIBDA to Earnings (loss) from continuing operations before income taxes. As separately reported in note 9 of the accompanying condensed consolidated financial statements, the \$108 million SIRIUS XM legal settlement related to the Capitol Records Case recognized during the current period has been excluded from Adjusted OIBDA for the three and six months ended June 30, 2015. The remaining \$102 million of the settlement associated with the future use of pre-1972 sound recordings will be included as a component of Adjusted OIBDA in future periods as a cost of subscriber services.

Consolidated Adjusted OIBDA increased \$46 million and \$125 million for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in SIRIUS XM Adjusted OIBDA (\$51 million and \$120 million for the three and six months ended June 30, 2015) was partially offset by a decline in ANLBC Adjusted OIBDA for the three and six months ended June 30, 2015. The decline in ANLBC Adjusted OIBDA is primarily the result of decreased revenue. Additionally, Adjusted OIBDA was positively impacted during the current period as TruePosition, which had an Adjusted OIBDA loss during the prior period, is no longer a consolidated subsidiary in the current period as a result of the Broadband Spin-Off. See "Results of Operations—Business" 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 and performance-based restricted stock unit grants.

We recorded \$91 million and \$98 million of stock compensation expense for the six months ended June 30, 2015 and 2014, respectively. The decrease in stock compensation expense is primarily due to a decrease in the Company's corporate and ANLBC stock-based compensation expense, partially offset by an increase in SIRIUS XM stock compensation expense. As of June 30, 2015, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$75 million. Such amount will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 2.8 years. Additionally, as of June 30, 2015, the total unrecognized compensation cost related to unvested SIRIUS XM stock options was \$168 million. The SIRIUS XM unrecognized compensation cost will be recognized in our condensed consolidated statements of operations over a weighted average period of approximately 2.1 years.

**Operating income.** Our consolidated operating income decreased \$60 million and increased \$30 million for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The decrease for the three month period is primarily due to the \$108 million SIRIUS XM legal settlement during the period, which is offset in the six month period due to improved operating results at SIRIUS XM during the period. Additionally, operating income was impacted for both the three and six months ended June 30, 2015 as the results from TruePosition are not included in the current period as a result of the Broadband Spin-Off. See "Results of Operations—Business" below for a more complete discussion of the results of operations of SIRIUS XM.

**Other Income and Expense**

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
Other income (expense):				
Interest expense	\$ (83)	(62)	(160)	(115)
Share of earnings (losses) of affiliates, net	—	(12)	(37)	(47)
Realized and unrealized gains (losses) on financial instruments, net	40	25	12	(40)
Other, net	6	(1)	8	(38)
	<u>\$ (37)</u>	<u>(50)</u>	<u>(177)</u>	<u>(240)</u>

**Interest expense.** Consolidated interest expense increased \$21 million and \$45 million for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase was primarily due to an increase in the average amount of SIRIUS XM and other subsidiary debt outstanding during the period.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
Charter	\$ NA	(25)	NA	(53)
Live Nation	1	11	(17)	(3)
SIRIUS XM Canada	3	—	(4)	1
Other	(4)	2	(16)	8
	<u>\$ —</u>	<u>(12)</u>	<u>(37)</u>	<u>(47)</u>

Our share of losses related to Charter included \$13 million and \$32 million of losses due to the amortization of the excess basis of our investment for the three and six months ended June 30, 2014, respectively. As discussed above, on November 4, 2014, Liberty completed the spin-off to its stockholders of common stock of a newly formed company called Liberty Broadband, which was comprised of, among other things, Liberty's interest in Charter. As of the date of the completion of the Broadband Spin-Off, the Company's former investment in and results of Charter are no longer included in the results of Liberty.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	amounts in millions			
Fair Value Option Securities	\$ 9	78	(22)	63
Cash convertible notes	49	(82)	49	(23)
Change in fair value of bond hedges	(46)	4	(38)	(88)
Other derivatives	28	25	23	8
	<u>\$ 40</u>	<u>25</u>	<u>12</u>	<u>(40)</u>

The decrease in gains on Fair Value Option Securities is primarily due to a general decrease in market valuation adjustments for Liberty's public portfolio during 2015.

Liberty issued \$1 billion of cash convertible notes in October 2013 which are accounted for at fair value, as elected by Liberty at the issuance of the notes. At the same time Liberty entered into a bond hedge transaction on the same amount of underlying shares. These derivatives are marked to fair value on a recurring basis. Changes in the fair value are included in the realized and unrealized gains (losses) on financial instruments, net line item. The primary driver of the change in the current period is the change in the fair value of the underlying stock.

Liberty obtained Charter warrants in the second quarter of 2013. These warrants were marked to fair value based on the trading price of Charter and other observable market data as the significant inputs. The change in fair value was primarily driven by the change in the trading price of the Charter common stock and was recorded as part of other derivatives in the realized and unrealized gains (losses) on financial instruments line, net item. As discussed above, on November 4, 2014, Liberty completed the spin-off to its stockholders of common stock of a newly formed company called Liberty Broadband, which was comprised of, among other things, Liberty's interest in Charter. The Company's former investment in and results of Charter, including the Charter warrants, are no longer included in the results of Liberty from the date of the completion of the Broadband Spin-Off forward. The unrealized gain on other derivatives for the three and six months ended June 30, 2015 is primarily due to gains on the forward contract on Live Nation shares (see note 4 in the accompanying condensed consolidated financial statements).

**Other, net.** Other, net loss for the six months ended June 30, 2014 is primarily the impact of stock issuances at Charter below Liberty's cost basis (primarily from stock option exercises).

**Income taxes.** We had income tax expense for the three and six months ended June 30, 2015 of \$35 million and \$121 million, respectively. We had income tax expense for the three months ended June 30, 2014 of \$75 million and an

income tax benefit for the six months ended June 30, 2014 of \$32 million, respectively. Tax expense for the three months ended June 30, 2015 was lower than the federal tax rate of 35% due to the effect of a tax law change in New York City (“NYC”) during the period which will allow SIRIUS XM to utilize additional NYC net operating losses in the future, resulting in an increase in SIRIUS XM’s deferred tax assets. Tax expense for the six months ended June 30, 2015 was higher than the federal tax rate of 35% due to the effect of a tax law change in the District of Columbia (“D.C.”) during the first quarter of 2015, which will reduce the allocation of SIRIUS XM’s taxable income in D.C. As a result, SIRIUS XM expects it will utilize less of its D.C. net operating losses in the future, resulting in an increase in the valuation allowance offsetting the deferred tax asset for these net operating losses. The primary reason for the tax benefit for the six months ended June 30, 2014 was the liquidation of a consolidated partnership investment and the related reduction in the tax basis of the partnership’s assets, which was not recognized for financial statement purposes.

**Net earnings.** We had net earnings of \$99 million and \$118 million for the three and six months ended June 30, 2015, respectively, and we had net earnings of \$106 million and \$178 million for the three and six months ended June 30, 2014, respectively. The change in net earnings was the result of the above-described fluctuations in our revenue, expenses and other gains and losses.

**Material Changes in Financial Condition**

As of June 30, 2015, substantially all of our cash and cash equivalents were invested in U.S. Treasury securities, other government agencies, 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 subsidiaries (to the extent such cash exceeds the working capital needs of the subsidiaries and is not otherwise restricted), proceeds from asset sales, monetization of our public investment portfolio (including derivatives), debt borrowings and equity issuances, and dividend and interest receipts.

Liberty does not have a debt rating.

As of June 30, 2015 Liberty's liquidity position consisted of the following:

	Cash and Cash Equivalents	Unencumbered Fair Value Option AFS Securities
	amounts in millions	
Corporate and other	\$ 496	252
SIRIUS XM	\$ 294	—

To the extent Liberty 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. Liberty has a controlling interest in SIRIUS XM which has significant cash and cash 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 their cash.

	Six months ended June 30,	
	2015	2014
	amounts in millions	
<b>Cash Flow Information</b>		
Sirius XM cash provided (used) by operating activities	\$ 712	592
Liberty cash provided (used) by operating activities	(30)	(28)
Net cash provided (used) by operating activities	\$ 682	564
Sirius XM cash provided (used) by investing activities	\$ (65)	(33)
Liberty cash provided (used) by investing activities	182	(236)
Net cash provided (used) by investing activities	\$ 117	(269)
Sirius XM cash provided (used) by financing activities	\$ (501)	(524)
Liberty cash provided (used) by financing activities	(189)	(293)
Net cash provided (used) by financing activities	\$ (690)	(817)



Liberty's primary use of cash during the six months ended June 30, 2015 (excluding SIRIUS XM's uses of cash) was the repurchase of approximately \$300 million of shares of Liberty Series A and Series C common stock which was funded through the use of cash on hand (including amounts from the Broadband Spin-Off) and proceeds from the sale of shares of Barnes & Noble, Inc. and Viacom, Inc. during the period. SIRIUS XM's primary uses of cash were the repayment of their outstanding credit facility and the repurchase of outstanding SIRIUS XM common stock. The SIRIUS XM uses of cash were funded by cash provided by operating activities, the issuance of additional senior notes and cash on hand.

The projected uses of Liberty's cash (excluding SIRIUS XM's uses of cash) are primarily the investment in existing or new businesses, debt service, capital expenditures and the potential buyback of common stock under the approved share buyback program as well as further repayment of the margin loans. Estimated capital expenditures for the remainder of 2015 include approximately \$140 million for the construction of a new ballpark facility and adjacent mixed-use complex, excluding amounts to be paid for by the Authority. See note 8 in the accompanying condensed consolidated financial statements for further details. Liberty expects to fund its projected uses of cash with cash on hand, cash from operations, and borrowing capacity under margin loans and outstanding credit facilities. Liberty may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. SIRIUS XM's uses of cash are expected to be the payment of debt service costs on outstanding debt, capital expenditures, the repurchases of its common stock in accordance with its approved share buyback program and strategic opportunities. Additionally, SIRIUS XM has agreed to pay the plaintiffs in the Capitol Records Case the settlement amount of \$210 million during July 2015. Liberty expects SIRIUS XM to fund its projected uses of cash with cash on hand, cash provided by operations and borrowings under the existing credit facility.

### **Results of Operations—Businesses**

***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 their proprietary satellite radio systems. Subscribers can also receive their music and other channels, plus features such as SiriusXM On Demand and MySXM, over SIRIUS XM's Internet radio service, including through applications for mobile devices. SIRIUS XM is also a leader in providing connected vehicle services. Its connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers. Subscribers to its connected vehicle services are not included in the subscriber count below. SIRIUS XM has agreements with every major automaker ("OEMs") to offer satellite radios in their vehicles from which SIRIUS XM acquires the majority of its subscribers. SIRIUS XM also acquires subscribers through the marketing to owners and lessees of vehicles that include factory-installed satellite radios that are not currently subscribing to SIRIUS XM services. Additionally, SIRIUS XM distributes its radios through retail locations nationwide and through its 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 plans. SIRIUS XM offers discounts for prepaid, longer term subscription plans, as well as multiple subscription discounts. 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, data and traffic services. SIRIUS XM is a separate publicly traded company and additional information about SIRIUS XM can be obtained through its website and public filings.

As of June 30, 2015, SIRIUS XM had 28.4 million subscribers of which 23.4 million were self-pay subscribers and 5.0 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 weather, traffic, and data services who do not also have satellite radio subscriptions.

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. Prior 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 three and six months ended June 30, 2015 and 2014 see the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below. As of June 30, 2015, there is an approximate

41% noncontrolling interest in SIRIUS XM, and the net earnings (loss) of SIRIUS XM attributable to such noncontrolling interest is eliminated through the noncontrolling interest line item in the condensed consolidated statement of operations.

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2015 (1)	2014(1)	2015 (1)	2014(1)
	amounts in millions			
Subscriber revenue	\$ 940	879	1,851	1,730
Other revenue	183	156	353	303
Total revenue	1,123	1,035	2,204	2,033
Operating expenses (excluding stock-based compensation included below):				
Cost of subscriber services (excluding legal settlement)	(413)	(389)	(816)	(776)
Subscriber acquisition costs	(137)	(124)	(259)	(247)
Other operating expenses	(14)	(14)	(27)	(28)
Selling, general and administrative expenses	(145)	(139)	(290)	(279)
Adjusted OIBDA	414	369	812	703
Legal settlement	(108)	—	(108)	—
Stock-based compensation	(20)	(18)	(39)	(36)
Depreciation and amortization	(67)	(67)	(132)	(135)
Operating income	\$ 219	284	533	532

(1) See the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below.

*Subscriber revenue* includes subscription, activation and other fees. Subscriber revenue increased approximately 7% for both the three and six months ended June 30, 2015 as compared to the corresponding periods in the prior year. The increase was primarily attributable to an increase in the daily weighted average number of subscribers, partially offset by subscription discounts offered through customer acquisition and retention programs.

*Other revenue* includes advertising revenue, royalties, equipment revenue and other ancillary revenue. For both the three and six months ended June 30, 2015, other revenue increased approximately 17% as compared to the corresponding prior year periods. The most significant change in other revenue was the result of an increase in revenue from the U.S. Music Royalty Fee due to an increase in the rate along with an increase in the number of subscribers who pay royalty fees as well as higher revenue generated from SIRIUS XM's connected vehicle business. Additionally, advertising revenue increased due to a greater number of advertising spots sold and broadcast along with increased rates per spot.

*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 approximately 6% and slightly decreased as a percentage of total revenue and increased approximately 5% and slightly decreased as a percentage of total revenue for the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in the prior year. The increase in costs was due to increased revenue share and royalties which were higher due to greater revenue from increased subscribers subject to royalty and revenue sharing arrangements and an increase in the royalty rate. Programming and content costs slightly decreased and decreased as a percentage of total revenue for the three and six months ended June 30, 2015, as compared to the corresponding periods in the prior year. The decrease was primarily due to the termination of certain agreements. Additionally, customer service and billing expense slightly increased but decreased as a percentage of total revenue for the three and six months ended June 30, 2015, as compared to the corresponding periods in the prior year. The increase in costs was primarily due to a higher subscriber base driving increased transaction fees and higher personnel related costs, partially offset by efficiencies attained in SIRIUS XM's call centers.

*Subscriber acquisition costs* include hardware subsidies paid to radio manufacturers, distributors and automakers, including 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 and retailers; 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 three and six months ended June 30, 2015, subscriber acquisition costs increased approximately 10% and 5%, respectively, and remained flat as a percentage of revenue for all periods. Increased costs related to a larger number of satellite radio installations in new vehicles were partially offset by improved OEM and chipset subsidy rates per vehicle.

*Other operating expense* includes engineering, design and development costs. For the three months ended June 30, 2015, other operating expense remained relatively flat in total and as a percentage of total revenue as compared to the corresponding period in the prior year. For the six months ended June 30, 2015, other operating expense decreased 4% but remained relatively flat as a percentage of total revenue as compared to the corresponding period in the prior year. The decrease for the six month period was driven primarily by lower personnel costs.

*Selling, general and administrative expense* includes costs of advertising, media and production, including promotional events and sponsorship, executive management, facilities costs, finance, legal, human resources, information technology and insurance costs. For both the three and six months ended June 30, 2015, selling, general and administrative expense increased 4%, as compared to the corresponding period in the prior year. The increase in costs was primarily due to higher personnel costs, the timing of certain OEM marketing campaigns and additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials, partially offset by lower litigation costs as well as lower legal fees and costs due to certain non-recurring transactions during the same periods in the prior year.

*Legal settlement* is due to an expense of \$108 million recorded for the portion of the \$210 million Capitol Records lawsuit settlement related to SIRIUS XM's use of pre-1972 sound recordings for the periods prior to June 30, 2015. The \$108 million recognized during the current period is included in the Revenue share and royalties line item in the accompanying condensed consolidated financial statements for the three and six months ended June 30, 2015 but has been excluded from Adjusted OIBDA for the corresponding periods as this expense was not incurred as a part of the Company's normal operations for the period, and this lump sum amount does not relate to the on-going performance of the business. The remaining \$102 million of the settlement will be recorded as a component of Adjusted OIBDA in future periods through December 2017, as the ongoing amount is considered to be a part of the Company's normal operations.

*Stock-based compensation* remained relatively flat during the three and six months ended June 30, 2015 as compared to the corresponding periods in the prior year.

*Depreciation and amortization* remained relatively flat during the three and six months ended June 30, 2015 as compared to the corresponding periods in the prior year.

The following tables reconcile the results reported by SIRIUS XM, used for comparison purposes above to understand SIRIUS XM's operations, to the results reported by Liberty for the three and six months ended June 30, 2015 and 2014

	Three months ended June 30, 2015			Six months ended June 30, 2015		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty
	amounts in millions					
Subscriber revenue	\$ 940	(5)	935	1,851	(9)	1,842
Other revenue	183	1	184	353	—	353
Total revenue	1,123	(4)	1,119	2,204	(9)	2,195
Operating expenses (excluding stock-based compensation included below):						
Cost of subscriber services (excluding legal settlement)	(413)	10	(403)	(816)	21	(795)
Subscriber acquisition costs	(137)	—	(137)	(259)	—	(259)
Other operating expenses	(14)	—	(14)	(27)	—	(27)
Selling, general and administrative expenses	(145)	—	(145)	(290)	—	(290)
Adjusted OIBDA	414	6	420	812	12	824
Legal settlement	(108)	—	(108)	(108)	—	(108)
Stock-based compensation	(20)	(17)	(37)	(39)	(35)	(74)
Depreciation and amortization	(67)	(14)	(81)	(132)	(26)	(158)
Operating income	\$ 219	(25)	194	533	(49)	484

	Three months ended June 30, 2014			Six months ended June 30, 2014		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty	As reported by SIRIUS XM	Adjustment for Purchase Accounting	As reported by Liberty
	amounts in millions					
Subscriber revenue	\$ 879	(10)	869	1,730	(20)	1,710
Other revenue	156	—	156	303	—	303
Total revenue	1,035	(10)	1,025	2,033	(20)	2,013
Operating expenses (excluding stock-based compensation included below):						
Cost of subscriber services	(389)	10	(379)	(776)	21	(755)
Subscriber acquisition costs	(124)	—	(124)	(247)	—	(247)
Other operating expenses	(14)	—	(14)	(28)	—	(28)
Selling, general and administrative expenses	(139)	—	(139)	(279)	—	(279)
Adjusted OIBDA	369	—	369	703	1	704
Stock-based compensation	(18)	(17)	(35)	(36)	(35)	(71)
Depreciation and amortization	(67)	(12)	(79)	(135)	(24)	(159)
Operating income	\$ 284	(29)	255	532	(58)	474

**Item 3. 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. Market risk refers to the risk of loss arising from adverse changes in stock prices, interest rates and foreign currency exchange 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 June 30, 2015, 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				
SIRIUS XM	\$ —	— %	\$ 5,167	5.5 %
Corporate and other	\$ 489	1.8 %	\$ 1,000	1.4 %

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 and other appropriate methods.

At June 30, 2015, the fair value of our AFS equity securities was \$604 million. Had the market price of such securities been 10% lower at June 30, 2015, the aggregate value of such securities would have been \$60 million lower. Additionally, our stock in Live Nation and SIRIUS XM Canada (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 statement of operations and had the market price of such securities been 10% lower at June 30, 2015 the aggregate value of such securities would have been \$168 million lower.

**Item 4. Controls and Procedures.**

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its chief executive officer, principal accounting officer and principal 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 June 30, 2015 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.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2015 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

#### *Pre-1972 Sound Recording Matters*

In August and September 2013, SIRIUS XM was named as a defendant in three class action suits and one additional suit, which challenge SIRIUS XM's use and public performance via satellite radio and the Internet of sound recordings fixed prior to February 15, 1972 under California, New York and/or Florida law. The plaintiffs in each of these cases seek compensatory and punitive damages and injunctive relief.

These cases are titled Flo & Eddie Inc. v. Sirius XM Radio Inc. et al., No. 2:13-cv-5693-PSG-RZ (C.D. Cal.), Flo & Eddie, Inc. v. Sirius XM Radio Inc., et al., No. 1:13-cv-23182-DPG (S.D. Fla.), Flo & Eddie, Inc. v. Sirius XM Radio Inc. et al., No. 1:13-cv-5784-CM (S.D.N.Y.), and Capitol Records LLC et al. v. Sirius XM Radio Inc., No. BC-520981 (Super. Ct. L.A. County). Additional information concerning each of these actions is publicly available in court filings under their docket numbers.

Each of these cases is at varying stages:

- *Flo & Eddie California Case.* In September 2014, the United States District Court for the Central District of California ruled that California Civil Code Section 980(a), which provides that the owner of a pre-1972 recording has “exclusive ownership” therein, includes the exclusive right to control public performances of that recording. The Court granted Flo & Eddie’s motion for summary judgment on liability, holding that SIRIUS XM was liable for unfair competition, misappropriation, and conversion under California law for publicly performing Flo & Eddie’s pre-1972 recordings without authorization. SIRIUS XM intends to appeal that decision. In May 2015, the Court granted Flo & Eddie’s motion for class certification and certified a class of owners of pre-1972 recordings that have been performed and used by SIRIUS XM in California without authorization. In June 2015, SIRIUS XM filed a motion with the United States Court of Appeals for the Ninth Circuit seeking interlocutory review of that class certification decision.
- *Flo & Eddie New York Case.* In November 2014, the United States District Court for the Southern District of New York ruled that New York common law grants a public performance right to owners of pre-1972 recordings. The Court denied SIRIUS XM’s motion for summary judgment on liability. In April 2015, the United States Court of Appeals for the Second Circuit granted SIRIUS XM’s petition for interlocutory review of that decision.
- *Flo & Eddie Florida Case.* In June 2015, the United States District Court for the Southern District of Florida ruled that Florida common law does not grant a public performance right to owners of pre-1972 recordings. In July 2015, Flo & Eddie filed a notice of appeal of that decision.
- *Capitol Records Case.* In October 2014, the Superior Court of the State of California for the County of Los Angeles adopted the Flo & Eddie California court’s interpretation of California law and granted plaintiffs’ motion for a jury instruction providing, in relevant part: “The owner of a sound recording ‘fixed’ (i.e., recorded) prior to February 15, 1972, possesses a property interest and exclusive ownership rights in that sound recording ... [that] include[s] the exclusive right to publicly perform, or authorize others to publicly perform, the sound recording by means of digital transmission.” The Court did not make any finding of liability. In June 2015, SIRIUS XM entered into a settlement agreement with the plaintiffs, Capitol Records LLC, Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp. and ABKCO Music & Records, Inc., to settle that case in its entirety. Pursuant to the settlement agreement, SIRIUS XM agreed to pay the plaintiffs, in the aggregate, \$210 million on or before July 31, 2015 and the plaintiffs will dismiss the Capitol Records case with prejudice. The settlement resolves all past claims as to SIRIUS XM’s use of pre-1972 recordings owned or controlled by the plaintiffs and enables SIRIUS XM, without any additional payment, to reproduce, perform and broadcast such

recordings in the United States through December 31, 2017. As part of the settlement, SIRIUS XM has the right, to be exercised before December 31, 2017, to enter into a license with each plaintiff to reproduce, perform and broadcast pre-1972 recordings owned or controlled by the plaintiffs from January 1, 2018 through December 31, 2022. The royalty rate for each such license will be determined by negotiation or, if the parties are unable to agree, binding arbitration. The plaintiffs have represented and warranted to SIRIUS XM that in the United States they own, control or otherwise have the right to settle with respect to approximately 80% of the pre-1972 recordings SIRIUS XM has historically played.

In addition, in August 2013, SoundExchange, Inc. filed a complaint in the United States District Court for the District of Columbia alleging that SIRIUS XM underpaid royalties for statutory licenses during the 2007-2012 rate period in violation of the regulations established by the Copyright Royalty Board (“CRB”) for that period. SoundExchange principally alleges that SIRIUS XM improperly reduced its calculation of gross revenues, on which the royalty payments are based, by deducting non-recognized revenue attributable to pre-1972 recordings and Premier package revenue that is not “separately charged” as required by the regulations. SoundExchange is seeking compensatory damages, payment of late fees and interest, and attorneys’ fees and costs.

In August 2014, the United States District Court for the District of Columbia granted SIRIUS XM’s motion to dismiss the complaint without prejudice on the grounds that the case properly should be pursued before the CRB rather than the district court. In December 2014, SoundExchange filed a petition with the CRB requesting an order interpreting the applicable regulations. SIRIUS XM believes it has substantial defenses to the claims asserted in this action and intends to defend this action vigorously.

This matter is titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No.13-cv-1290-RJL (D.D.C.), and Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, United States Copyright Royalty Board, No. 2006-1 CRB DSTR. Additional information concerning each of these actions is publicly available in filings under their docket numbers.

#### *Telephone Consumer Protection Act Suits*

SIRIUS XM is a defendant in several purported class action suits, which were commenced in February 2012, January 2013, January 2015, April 2015 and July 2015, in the United States District Court for the Eastern District of Virginia, Newport News Division, the United States District Court for the Southern District of California, the United States District Court for the Northern District of Illinois and the United States District Court for the Middle District of Florida that allege that SIRIUS XM, or certain call center vendors acting on their behalf, made numerous calls which violate provisions of the Telephone Consumer Protection Act of 1991 (the “TCPA”). The plaintiffs in these actions allege, among other things, that SIRIUS XM called mobile phones using an automatic telephone dialing system without the consumer’s prior consent or, alternatively, after the consumer revoked their prior consent and, in one of the actions, that SIRIUS XM violated the TCPA’s call time restrictions. The plaintiffs in these suits are seeking various forms of relief, including statutory damages or, in the alternative, treble damages for each knowing and willful violation of the TCPA, as well as payment of interest, attorneys’ fees and costs, and certain injunctive relief prohibiting violations of the TCPA in the future. SIRIUS XM believes it has substantial defenses to the claims asserted in these actions and intends to defend them vigorously.

SIRIUS XM has notified certain of its call center vendors of these actions and requested that they defend and indemnify SIRIUS XM against these claims pursuant to the provisions of their existing or former agreements with SIRIUS XM. SIRIUS XM believes it has valid contractual claims against certain call center vendors in connection with these claims and intends to preserve and pursue its rights to recover from these entities.

These cases are titled Erik Knutson v. Sirius XM Radio Inc., No. 12-cv-0418-AJB-NLS (S.D. Cal.), Francis W. Hooker v. Sirius XM Radio, Inc., No. 4:13-cv-3 (E.D. Va.) and Brian Trenz v. Sirius XM Holdings, Inc. and Toyota Motor Sales, U.S.A., Inc., No. 15-cv-0044LBLM (S.D. Cal), Yefim Elikman v. Sirius XM Radio, Inc. and Career Horizons, Inc., No. 1:15-cv-02093 (N.D. Ill.) and Anthony Parker v. Sirius XM Radio, Inc., No. 8:15-cv-01710-JSM-EAJ (M.D. Fla). Additional information concerning each of these actions is publicly available in court filings under their docket numbers.

With respect to the matters described above under the captions “Pre-1972 Sound Recording Matters” and “Telephone Consumer Protection Act Suits,” SIRIUS XM has determined, based on its current knowledge, that the amount of loss or range of loss, that is reasonably possible is not reasonably estimable, except for the settlement amount of the Capitol Records Case. However, these matters are inherently unpredictable and subject to significant uncertainties, many of which are beyond SIRIUS XM’s control. As such, there can be no assurance that the final outcome of these matters will not materially and adversely affect its business, financial condition, results of operations, or cash flows.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

*Share Repurchase Programs*

On January 11, 2013 (ratified February 26, 2013) Liberty Media Corporation announced that its board of directors authorized \$450 million of repurchases of Liberty common stock from that day forward. In connection with the Broadband Spin-Off, an additional authorization of \$300 million in Liberty share repurchases was approved by the Liberty board of directors on October 9, 2014. In August 2015, our board of directors authorized an additional \$1 billion of Liberty common stock repurchases.

A summary of the repurchase activity for the three months ended June 30, 2015 is as follows:

Period	Series A Liberty Common Stock				million
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(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 *	
April 1 - 30, 2015	—	NA	—	\$ 536	million
May 1 - 31, 2015	184,400	\$ 37.72	184,400	\$ 472	million
June 1-30, 2015	2,329,019	\$ 38.62	2,329,019	\$ 327	million
Total	2,513,419		2,513,419		

Period	Series C Liberty Common Stock				million
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(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 *	
April 1 - 30, 2015	864,353	\$ 38.72	864,353	\$ 536	million
May 1 - 31, 2015	1,489,950	\$ 37.78	1,489,950	\$ 472	million
June 1-30, 2015	1,437,775	\$ 38.28	1,437,775	\$ 327	million
Total	3,792,078		3,792,078		

\*Represents the maximum dollar value of both Series A and C Liberty common stock that may be yet be purchased under the Company’s share repurchase program, after considering the total of both Series A and Series C Liberty Common Stock share repurchases during each respective month.

During the three months ended June 30, 2015, 475 shares of Series A Liberty common stock and 906 shares of Series C Liberty common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock.



**Item 6. Exhibits**

(a) 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):

- 10.1 Non-Qualified Stock Option Agreement under the Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015) for Gregory B. Maffei, effective December 24, 2014.\*
- 10.2 Liberty Media Corporation 2013 Nonemployee Director Incentive Plan (Amended and Restated as of May 6, 2015) (incorporated by reference to Exhibit 99.1 to Liberty Media Corporation's Registration Statement on Form S-8 filed on June 11, 2015 (File No. 333-204878)).
- 10.3 Amendment No. 2, dated as of June 16, 2015, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and lenders parties thereto. (incorporated by reference to Exhibit 10.1 to Sirius XM Radio's Current Report on Form 8-K filed on June 19, 2015 (File No. 001-34295)).
- 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

**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: August 5, 2015

By: /s/ GREGORY B. MAFFEI  
Gregory B. Maffei  
President and Chief Executive Officer

Date: August 5, 2015

By: /s/ CHRISTOPHER W. SHEAN  
Christopher W. Shean  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

## 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):

- 10.1 Non-Qualified Stock Option Agreement under the Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015) for Gregory B. Maffei, effective December 24, 2014.\*
- 10.2 Liberty Media Corporation 2013 Nonemployee Director Incentive Plan (Amended and Restated as of May 6, 2015) (incorporated by reference to Exhibit 99.1 to Liberty Media Corporation's Registration Statement on Form S-8 filed on June 11, 2015 (File No. 333-204878)).
- 10.3 Amendment No. 2, dated as of June 16, 2015, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and lenders parties thereto. (incorporated by reference to Exhibit 10.1 to Sirius XM Radio's Current Report on Form 8-K filed on June 19, 2015 (File No. 001-34295)).
- 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

December 24, 2014

**Information for Recipients of  
Liberty Media Corporation Nonqualified Stock Options  
2013 Incentive Plan**

**Notice of Grant. Congratulations!** You have been granted Nonqualified Stock Options exercisable for shares of Liberty Media Corporation Series C Common Stock (“LMCK”) (the “Options”). A Nonqualified Stock Option Agreement (the “Agreement”) setting forth the terms of the Options follows this informational page. The Options were granted under the Liberty Media Corporation 2013 Incentive Plan (the “2013 Incentive Plan”).

**Acknowledgment of Grant** By your electronic acknowledgment of the Options, you are acknowledging the terms and conditions of the award set forth in the Agreement that follows as though you and Liberty Media Corporation (the “Company”) had signed an original copy of the Agreement. The Options were granted and became effective as of the Grant Date (as that term is defined in the Agreement) and were granted on the terms and conditions reflected in the Agreement. The number of Options granted to you was approved by the Compensation Committee of the Board of Directors of the Company, and was communicated to you via memo and the Company’s online grant and administration program.

**2013 Incentive Plan – Exhibit A.** The 2013 Incentive Plan that governs the Options is incorporated into the Agreement as Exhibit A. You can access the 2013 Incentive Plan via the link at the end of the Agreement and in the UBS online library.

**SEC Registration Statements.** The LMCK shares issuable upon exercise of the Options were registered with the Securities and Exchange Commission on a Form S-8 filed on July 23, 2014 (Registration No. 333-197590). The statement can be found on the Company’s website at <http://ir.libertymedia.com/sec.cfm>. Also available on the Company’s website are the most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission. Please refer to these reports as well as the Company’s future filings with the Securities and Exchange Commission (also available on the Company’s website) for important information regarding the Company and its common stock.

**Tax and Estate Advice.** We recommend that you consult with your personal tax and/or estate advisor regarding the effect of the award of Options on your personal tax and estate situation.

---

**LIBERTY MEDIA CORPORATION  
2013 INCENTIVE PLAN**

**NON-QUALIFIED STOCK OPTION AGREEMENT**

THIS NON-QUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is entered into effective as of December 24, 2014 by and between LIBERTY MEDIA CORPORATION, a Delaware corporation (the "Company"), and Gregory B. Maffei (the "Grantee").

The Grantee is employed as of the Grant Date as the President and Chief Executive Officer of the Company. The Company has adopted the Liberty Media Corporation 2013 Incentive Plan (as may be amended prior to or after the Grant Date, the "Plan"), a copy of which as in effect on the Grant Date 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 employees and independent contractors of the Company and its Subsidiaries. Capitalized terms used and not otherwise defined herein or in the Employment Agreement between the Company and the Grantee dated as of December 29, 2014 (the "Employment Agreement"), will have the meaning given thereto in the Plan.

The Company and the Grantee therefore agree as follows:

**Definitions.** All capitalized terms not defined in this Agreement that are defined in the Employment Agreement will have the meanings ascribed to them in the Employment Agreement. The following terms, when used in this Agreement, have the following meanings:

"Base Price" means \$34.04, the Fair Market Value of a share of 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 in the Employment Agreement.

"Change in Control" has the meaning specified in the Employment Agreement.

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

"Committee" means the Compensation Committee of the Board of Directors of the Company.

"Common Stock" means the Company's Series C Common Stock.

"Company" has the meaning specified in the preamble to this Agreement.

"Disability" has the meaning specified in the Employment Agreement.

---

“Employment Agreement” has the meaning specified in the recitals to this Agreement.

“Good Reason” has the meaning specified in the Employment Agreement.

“Grant Date” means December 24, 2014.

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

“Malone Group” has the meaning specified in the Employment Agreement.

“Option” has the meaning specified in Section 2 of this Agreement.

“Option Shares” has the meaning specified in Section 4(a) of this Agreement.

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

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

“Separation” means the date as of which the Grantee is no longer employed by the Company or any of its Subsidiaries.

“Subsidiary” has the meaning set forth in the Plan.

“Tranche” has the meaning specified in Section 3(a) of this Agreement.

“Term” has the meaning specified in Section 2 of this Agreement.

**Grant of Options.** Subject to the terms and conditions herein and in the Plan, the Company hereby awards to the Grantee as of the Grant Date, options to purchase from the Company, exercisable as set forth in Section 3 below during the period commencing on the Grant Date and expiring at the Close of Business on December 24, 2021 (such period, the “Term”), subject to earlier termination as provided in Section 9 below, at the Base Price, 3,298,724 shares of Common Stock. Each option granted hereunder is a “Nonqualified Stock Option” and is hereinafter referred to as an “Option.” The Base Price of each Option and the number of Options granted hereunder are subject to adjustment pursuant to Section 13 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 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 Common Stock as of the date on which such exercise is considered to occur pursuant to Section 4 below.

**Conditions of Exercise.** Unless otherwise determined by the Committee in its sole discretion (provided that such determination is not adverse to the Grantee), the Options will be exercisable only in accordance with the conditions stated in this Section 3.

(a) The Options may be exercised only to the extent they have become vested and exercisable in accordance with the provisions of this Section 3. Except as otherwise

---

provided in this Agreement or the Employment Agreement, subject to the Grantee's continued employment with the Company or any Subsidiary on each applicable date, one-half of the number of Options subject to this Agreement (with any fractional Option rounded up to the nearest whole Option) will become vested and exercisable on each of December 24, 2018 and December 24, 2019. The Options that become vested and exercisable on each of the foregoing Vesting Dates are referred to as individual "Tranches."

(b) Notwithstanding the foregoing, (i) all Options will become vested and exercisable on the date of the Grantee's Separation if (A) the Grantee's Separation occurs on or after the Grant Date by reason of Disability or (B) the Grantee dies while employed by the Company or a Subsidiary, and (ii) Options that have not theretofore become vested and exercisable will become vested and exercisable (A) to the extent provided in Section 7 of this Agreement, upon the occurrence of a Change in Control, or (B) to the extent provided in Section 8 of this Agreement, on the date of the Grantee's Separation.

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

The Grantee acknowledges and agrees that the Committee, in its discretion and as contemplated by 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 Committee may determine are applicable thereto.

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

(d) Written notice, in such form as the Committee may require, containing such representations and warranties as the Committee may reasonably require and designating, among other things, the date of exercise and the number of shares of Common Stock ("Option Shares") to be purchased by exercise of Options;

(e) Payment of the Base Price for each Option Share to be purchased in any (or a combination) of the following forms, as determined by the Grantee: (A) cash, (B) check, (C) whole shares of any class or series of the Company's common stock, (D) 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 the Base Price (and, if applicable the Required Withholding Amount, as described in Section 5 below), or (E) 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 the Base Price (and, if applicable, the Required Withholding Amount, as described in Section 5 below) that would otherwise be delivered by the Company to the Grantee upon exercise of the Options (it being acknowledged that the method of exercise described in this clause (E) applies to the Options granted pursuant to this Agreement and shall not apply to any options granted under the Plan to the Grantee after the Grant Date unless otherwise provided in the applicable award agreement); and

- (f) Any other documentation that the Committee may reasonably require.

**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 Common Stock having a Fair Market Value on the date of exercise that is equal to the amount of all federal, state and local 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 the Grantee remits the Required Withholding Amount to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. If the Grantee elects to make payment of the 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 the 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 the Company's determination of the Required Withholding Amount. Notwithstanding the foregoing or anything contained herein to the contrary, (i) the Grantee may, in his sole discretion, direct the Company to deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of Common Stock having a Fair Market Value on the date of exercise that is equal to the Required Withholding Amount and (ii) the Company will not withhold any shares of Common Stock to pay the Required Withholding Amount if the Grantee has remitted cash to the Company or a Subsidiary or designee thereof in an amount equal to the Required Withholding Amount by such time as the Company may require.

**Payment or Delivery by the Company.** As soon as practicable after receipt of all items referred to in Section 4 above, and subject to the withholding referred to in Section 5 above, the Company will (i) 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 (ii) deliver any cash payment to which the Grantee is entitled in lieu of a fractional share of Common Stock as provided in Section 2 above. 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 certificates have been received by the Grantee, or at the time the stock transfer agent completes the 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 owed, has been delivered personally to the Grantee or, if delivery is by mail, upon receipt by the Grantee.

---



**Effect of Change in Control on Exercisability of Options.** Upon the occurrence of a Change in Control on or after the Grant Date but prior to the Grantee's Separation, any Options that are outstanding and unvested at the time of such Change in Control will immediately become vested and exercisable in full.

**Effect of Termination of Employment by the Company Without Cause or by the Grantee For or Without Good Reason on Exercisability of Options.**

(g) If the Grantee's Separation occurs on or after the Grant Date on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason, a pro rata portion of each Tranche of Options that is not vested on the date of such Separation will vest as of the date of such Separation, such pro rata portion with respect to each Tranche to be equal to the product of the number of Option Shares represented by the Options in such Tranche that are not vested on the date of such Separation, multiplied by a fraction, the numerator of which is the number of calendar days that have elapsed from the Grant Date through the date of Separation plus an additional 548 calendar days, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of Option Shares represented by the unvested Options in such Tranche as of the date of Separation). For purposes of this Agreement, the vesting period for each Tranche is the period that begins on the Grant Date and ends on the Vesting Date for such Tranche.

(h) Notwithstanding Section 8(a), if (A) members of the Malone Group cease to beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities) and (B) within the period beginning 90 days before and ending 210 days after the date the condition prescribed in the foregoing clause (A) is satisfied (the "Malone Termination Period"), there shall occur a Separation on account of a termination of the Grantee's employment by the Company without Cause or on account of a voluntary termination by the Grantee of his employment for Good Reason and (C) at the time the condition prescribed in clause (A) is satisfied or immediately following the satisfaction of such condition, the Grantee does not beneficially own (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, securities of the Company representing at least 20% of the combined voting power of the then outstanding securities of the Company ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of directors (such percentage to be calculated as provided in Rule 13d-3(d) under the Exchange Act in the case of rights to acquire the Company's securities), then all of the outstanding, unvested Options will vest and become exercisable in full as of the date of such Separation.

(i) If the Grantee's Separation occurs on or after the Grant Date on account of a voluntary termination by the Grantee of his employment without Good Reason, a pro rata

---

portion of each Tranche of Options that is not vested on the date of such Separation will vest and become exercisable as of the date of such Separation, such pro rata portion with respect to each Tranche to be equal to the product of the number of Option Shares represented by the Options in such Tranche that are not vested on the date of such Separation, multiplied by a fraction, the numerator of which is the number of calendar days that have elapsed from the Grant Date through the date of Separation, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of Option Shares represented by the unvested Options in such Tranche as of the date of Separation).

**Termination of Options.** The Options will terminate at the time specified below:

(j) If a Change in Control occurs after the Grant Date but prior to the Grantee's Separation, all Options will terminate at the expiration of the Term.

(k) If a Change in Control after the Grant Date has not then occurred and the Grantee's Separation occurs prior to the Close of Business on December 31, 2019 on account of a termination of the Grantee's employment for Cause, all Options that are not vested and exercisable as of the Close of Business on the date of Separation will terminate at that time and all Options that are vested and exercisable as of the Close of Business on the date of Separation 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 the Grantee's Separation.

(l) If (i) the Grantee's Separation does not occur prior to the Close of Business on December 31, 2019, or (ii) a Change in Control after the Grant Date has not then occurred and the Grantee's Separation occurs (A) on account of a termination of the Grantee's employment without Cause, (B) on account of a termination of the Grantee's employment by the Grantee with or without Good Reason, or (C) by reason of the death or Disability of the Grantee, all Options that are not vested and exercisable as of the Close of Business on the date of Separation after giving effect to the provisions of Sections 3 and 8 above will terminate at that time and all Options that are vested and exercisable as of the Close of Business on the date of Separation after giving effect to the provisions of Sections 3 and 8 above will terminate at the expiration of the Term.

In any event in which Options remain exercisable for a period of time following the date of the Grantee's Separation as provided above, the Options may be exercised during such period of time only to the extent the same were vested and exercisable as provided in Section 3 above on such date of Separation (after giving effect to the application of Section 8 above). Notwithstanding any period of time referenced in this Section 9 or any other provision of this Agreement or any other agreement that may be construed to the contrary, the Options will in any event terminate not later than upon the expiration of the Term.

**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 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 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.

**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 Committee, (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 Committee may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Committee, 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.

**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 underlying the Options, as applicable, nor will the existence of this Agreement affect in any way the right or power of the Company or any stockholder of the Company to accomplish any corporate act, including, without limitation, any reclassification, reorganization or other change of or to its capital or business structure, merger, consolidation, liquidation, or sale or other disposition of all or any part of its business or assets.

**Adjustments.** If the outstanding shares of Common Stock are subdivided into a greater number of shares (by stock dividend, stock split, reclassification or otherwise) or are combined into a smaller number of shares (by reverse stock split, reclassification or otherwise), or if the Committee determines that any stock dividend, extraordinary cash dividend,

---

reclassification, recapitalization, reorganization, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase any shares of Common Stock or other similar corporate event (including mergers or consolidations) affects shares of Common Stock such that an adjustment is required to preserve the benefits or potential benefits intended to be made available under this Agreement, then the Options will be subject to adjustment (including, without limitation, as to the number of Options and the Base Price per share of such Options) in such manner as the Committee, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in this Section 13 following the Grant Date.

**Restrictions Imposed by Law.** Without limiting the generality of Section 10.8 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.

**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 United States first class mail, postage prepaid and addressed as follows:

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

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 United States first class mail, postage prepaid, to the Grantee's address as listed in the records of the Company on the date of this Agreement, unless the Company has received written notification from the Grantee of a change of address.

**Amendment.** Notwithstanding any other provision hereof, this Agreement may be amended from time to time as approved by the Committee as contemplated in the Plan. Without limiting the generality of the foregoing, without the consent of the Grantee,

(m) this Agreement may be amended from time to time as approved by the Committee (i) to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or (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 because of the adoption or promulgation of, or change in or of the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(n) subject to any required action by the Board or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Company 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.

**Grantee Employment.** Nothing contained in this Agreement, and no action of the Company or the Committee with respect hereto, will confer or be construed to confer on the Grantee any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate the Grantee's employment at any time, with or without Cause, subject to the provisions of the Employment Agreement.

**Nonalienation of Benefits.** Except as provided in Section 10 of this Agreement, (i) 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 (ii) no right or benefit hereunder will in any manner be liable for or subject to the debts, contracts, liabilities or torts of the Grantee or other person entitled to such benefits.

**Governing Law.** This Agreement will be governed by, and construed in accordance with, the internal laws of the State of Colorado. Any dispute with respect to the enforcement or interpretation of this Agreement shall be subject to the arbitration provisions set forth in Section 9.12 of the Employment Agreement, whether or not the "Employment Period" under such agreement has ended.

**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. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Committee upon questions regarding this Agreement or the Plan 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.

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

---

**Entire Agreement.** This Agreement, together with the applicable provisions of the Employment 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 expressed herein or in the Employment Agreement has been made regarding the Award and that this Agreement, together with the Employment 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 10 and 18, this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

**Grantee Acceptance.** 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 or by such other method as may be agreed by the Grantee and the Company.

**Code Section 409A Compliance.** To the extent that the provisions of Section 409A of the Code or any U.S. Department of the Treasury regulations promulgated thereunder are applicable to any Option, the parties intend that this Agreement will meet the requirements of such Code section and regulations and that the provisions hereof will be interpreted in a manner that is consistent with such intent. The Grantee will cooperate with the Company in taking such actions as the Company may reasonably request to assure that this Agreement will meet the requirements of Section 409A of the Code and any U.S. Department of the Treasury regulations promulgated thereunder and to limit the amount of any additional payments required by Section 9.7 of the Employment Agreement to be made to the Grantee.

---

## CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
  - d) disclosed in this quarterly 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: August 5, 2015

/s/ GREGORY B. MAFFEI

Gregory B. Maffei  
President and Chief Executive Officer

---

## CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Liberty Media Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements and other financial information included in this quarterly 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 quarterly 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 quarterly 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 quarterly report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this quarterly report based on such evaluation; and
  - d) disclosed in this quarterly 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: August 5, 2015

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean  
Senior Vice President and Chief Financial Officer

---



**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 Quarterly Report on Form 10-Q for the period ended June 30, 2015 (the "Form 10-Q") 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-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2015

*/s/ GREGORY B. MAFFEI*  
\_\_\_\_\_  
Gregory B. Maffei  
*President and Chief Executive Officer*

Dated: August 5, 2015

*/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-Q or as a separate disclosure document.

---