2013 | annual report

LIBERTY

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

- consumer demand for our products and services and our ability to adapt to changes in demand;
- competitor responses to our products and services;
- uncertainties inherent in the development and integration of new business lines and business strategies;
- uncertainties associated with product and service development and market acceptance, including the development and provision of programming for satellite radio and telecommunications technologies;
- significant dependence of one of our consolidated businesses upon automakers;
- our ability to attract and retain subscribers at a profitable level in the future is uncertain;
- our future financial performance, including availability, terms and deployment of capital;
- our ability to successfully integrate and recognize anticipated efficiencies and benefits from the businesses we acquire;
- our ability to satisfy the conditions to the proposed spin-off of Liberty Broadband;
- our ability to satisfy the conditions to the proposed distribution of our Series C shares;
- the ability of Charter Communications to complete its transaction with Comcast;
- the ability of suppliers and vendors to deliver products, equipment, software and services;
- interruption or failure of our information technology and communication systems, including the failure of our satellites, could negatively impact our results and brand;
- royalties for music rights have increased and may continue to do so in the future;
- the outcome of any pending or threatened litigation;
- availability of qualified personnel;
- changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission, and adverse outcomes from regulatory proceedings;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- general economic and business conditions and industry trends including the current economic downturn;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes
- our indebtedness could adversely affect the operations and could limit the ability of our subsidiaries to react to changes in the economy or our industry;
- failure to protect the security of personal information about our customers, subjecting us to potentially costly government enforcement actions or private litigation and reputational damage;
- capital spending for the acquisition and/or development of telecommunications networks and services;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate; and
- threatened terrorist attacks and ongoing military action in the Middle East and other parts of the world and political unrest in international markets.

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

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

LIBERTY

Letter to our Stockholders

Dear Fellow Stockholders:

Liberty Media continues to transform and position itself to best seize the opportunities that the market presents. Entering 2013, and for many of the previous years, we carried a large cash balance, had little debt on our balance sheet and were meaningful buyers of our stock. Then, in May 2013, we made a highly-strategic investment in Charter Communications, took on debt and scaled back our stock repurchases. As 2014 unfolds, we have implemented a multi-faceted strategy focused on managing our existing investments and optimizing our financial structure. We played a significant role in the negotiation of a very favorable transaction among Charter, Comcast, and Time Warner Cable, increased our investment in Charter, and decided to spin-off that investment in a tax-efficient transaction. Simultaneously, we announced plans to distribute a Liberty Media Series C non-voting share class (LMCK,) which we expect will provide us additional flexibility in the future. While all of this was occurring, we also increased our investment in another one of our strategic affiliates, Live Nation Entertainment, and sold back a significant amount of stock in SiriusXM.

Charter Communications

Our Charter investment provided a unique opportunity to take a meaningful stake in the fourth-largest cable provider in the U.S. Under the strong management of Tom Rutledge, we believe Charter is well-positioned with its product and market share growth strategies, which are designed to reduce transaction costs and increase return on investment. Charter's ongoing upgrade to an all-digital platform has resulted in industry-leading products and services, which should facilitate further increases in the penetration of video, data, and telephone in the residential and commercial markets.

Consolidation remains a key source of option value within the cable industry. We supported Charter's bid for Time Warner Cable, but ultimately Comcast's offer was accepted. However, we are very pleased with the alternate outcome. In April 2014, Charter announced it had reached a series of agreements with Comcast through which: (1) Charter will acquire cable systems serving approximately 1.5 million existing Time Warner Cable residential and commercial video subscribers for approximately $7.8 billion; (2) Charter and Comcast will execute a tax-efficient asset transfer of cable systems serving approximately 1.5 - 1.6 million residential and commercial video subscribers; and (3) Comcast will spin-off cable systems that serve approximately 2.5 million residential and commercial video subscribers into a new publicly traded entity. Charter will own a 33% stake in the new entity and provide it ongoing management services. In aggregate, these transactions would make Charter the second-largest cable company in the U.S., owning or managing cable systems serving 8.3 million residential and commercial video subscribers.

We continue to be strong believers in Charter and the cable industry. We recently announced the purchase of an additional 897,000 Charter shares for $124.5 million, and now beneficially own 26% of the company. As of the writing of this letter, the value of our current stake in Charter has increased 55% to $4.2 billion. Additionally, in May 2014, we announced our intention to spin-off Liberty Broadband Corporation. After the proposed spin-off, Liberty Broadband Corporation will hold our stake in Charter, our subsidiary TruePosition and our minority stake in Time Warner Cable. We expect to complete the spin-off by year-end.

SiriusXM

In 2012, we began to increase our stake in SiriusXM, culminating in Liberty Media taking a controlling ownership position in early 2013. In October 2013, we agreed with SiriusXM to sell back $500 million of SiriusXM stock owned by Liberty Media allowing us to raise capital tax-efficiently without impacting our control of SiriusXM.

In January 2014, we made a bid to acquire the 47% of SiriusXM which Liberty Media did not already own. In light of the historically low discount to net asset value at Liberty Media, we structured our bid as an all-stock deal, through the issuance of Liberty Media Series C non-voting shares. Over time, changes in the price of both Liberty Media and SiriusXM stock made our proposal more expensive and less attractive to both parties. Remaining disciplined, we did not want to chase an unappealing ratio, and we withdrew our offer in March 2014.

While this bid may have seemed in conflict with our prior agreement to sell back the $500 million of SiriusXM shares that Liberty Media owned, we changed our strategy in light of changing market conditions and investment opportunities. To better allow Liberty Media to be flexible for future opportunities, in May 2014, we announced our plan to distribute Liberty Media Series C non-voting stock.

Liberty Media remains the enthusiastic owner of 53% of SiriusXM and a strong admirer of the work Jim Meyer and his team have done.

- SiriusXM's new car business remains strong, with its hardware penetrated in approximately 70% of new cars. The total installed base of SiriusXM radios now exceeds 60 million vehicles, or more than a quarter of the autos in the U.S.
- SiriusXM's previously-owned car initiatives are taking hold. The company now works with over 12,000 auto dealers, up from 8,000 in 2012. These dealers report previously-owned car sales information to SiriusXM, allowing it to effectively market to a vehicle's new owner.

- SiriusXM is committed to being the leader in next generation technology. MySXM, launched in 2013, allows for the personalization of SiriusXM's commercial-free music content. The acquisition of Agero's connected vehicle business in late 2013 expands SiriusXM's technological leadership and enhances the company's relationships with key Asian and European automakers. This connected car technology provides safety and security applications, and allows drivers to more efficiently access navigation and traffic information.
- SiriusXM remains focused on providing superior audio entertainment. It persistently refreshes and renews its programming lineup across a wide range of categories and now has over 165 channels.

Live Nation Entertainment

In May 2014, Liberty Media increased its ownership of Live Nation to 27% through the purchase of an additional 1.7 million Live Nation shares for $38.5 million, at an average cost of $22.74 per share. Live Nation possesses not only a top eCommerce platform with $17 billion in gross transaction value, but also produces 23,000 concerts annually for 60 million fans and manages over 250 artists. Live Nation is executing on Michael Rapino's vision of monetizing its substantial physical and digital traffic leveraging technology, including:

- Sponsorship and online advertising: The sponsorship business delivered steady profit growth over the past several years. In a partnership with Yahoo, it is accelerating its online advertising business with plans to stream a concert every day.
- Ticketing: Over 80% of ticket transactions now occur online or via mobile devices. As technology improves, allowing fans to more easily buy and manage tickets digitally, it expects ticket sales to continue to grow through improved discovery and increased conversion.
- Secondary ticketing market: In 2013, Live Nation launched TM+, a digital platform that brings primary and secondary ticket sales together in one place, allowing Ticketmaster to more effectively participate in the large secondary ticketing market and providing the largest marketplace to securely deliver all ticket options to fans in one location.
- Cost savings: Technology is also driving ongoing cost savings initiatives. Live Nation's re-platforming project is expected to deliver savings of an estimated $0.10 per ticket in 2014, and the company plans on achieving its previously disclosed $0.35 per ticket in total savings as the new technology platform is deployed.

Capital Allocation

In October 2013, we took advantage of the attractive credit markets to extend the term and reduce the cost of our debt. We issued $1 billion in 10-year cash convertible senior notes at 1.375%. We used the proceeds of the offering to pay down a portion of Liberty Media's outstanding margin loans as well as for general corporate purposes.

During much of 2013 we continued to buy back our shares. In October, we completed an attractive §355 tax-free transaction in which a subsidiary of Comcast exchanged approximately 6.3 million LMCA shares, representing 5% of the shares outstanding, at a price per share of $132.01, for a newly created subsidiary of Liberty Media which held (1) Leisure Arts, (2) approximately $417 million in cash, and (3) Liberty Media's rights in and to a fee agreement relating to CNBC.

Including this transaction with Comcast, in 2013, we bought 7.6 million Liberty Media shares for $970.7 million, at an average price of $128.51 per share. Since the reclassification of the original Liberty Capital tracking stock on March 4, 2008 through December 31, 2013, we repurchased 65.9 million shares at an average cost of $43.37 per share for total cash consideration of $2.9 billion. These repurchases represent 51% of the shares outstanding at the time of the introduction of the original Liberty Capital stock.

As previously discussed, we announced our plan to distribute, via a dividend, two shares of Liberty Media Series C non-voting stock for each share of LMCA and LMCB. The new Series C shares will trade under the ticker LMCK and we expect to distribute these shares early in the third quarter of 2014. In the future, we expect the Liberty Media Series C shares to become the dominant, most liquid, series of our stock.

In April 2014, we sold 90% of our convertible preferred stake in Barnes & Noble. This proved to be a solid investment for Liberty Media. The sale of our stake provided capital to Liberty Media and a good return on our investment. Including the tax-advantaged cash dividends received, we earned an annualized pre-tax return of almost 20%.

As of this writing, the Atlanta Braves occupy a familiar position atop the National League East. While the team focuses on its success on the field, the Atlanta Braves have also made significant progress on off-field initiatives. The team's new Cobb County stadium recently received approval for almost $400 million in local financing. We look forward to the team moving to its new home in 2017.

Looking Ahead

While our affiliates continue to evolve their business models, our core values at Liberty Media remain unchanged. We believe we are forward looking, and will continue to examine future prospects and seek opportunities to potentially utilize our Liberty Media Series C shares as an acquisition currency. We aim to be nimble, adjusting our tactics as the industry evolves and market circumstances change. We are long-term oriented and will continue to be patient and wait for the right transactions.

We look forward to seeing many of you at this year's annual investor meeting, which will take place on November 19th at the TimesCenter at 242 West 41st Street in New York City.

We appreciate your ongoing support.

Very truly yours,

Gregory B. Maffei
President and Chief Executive Officer
June 10, 2014

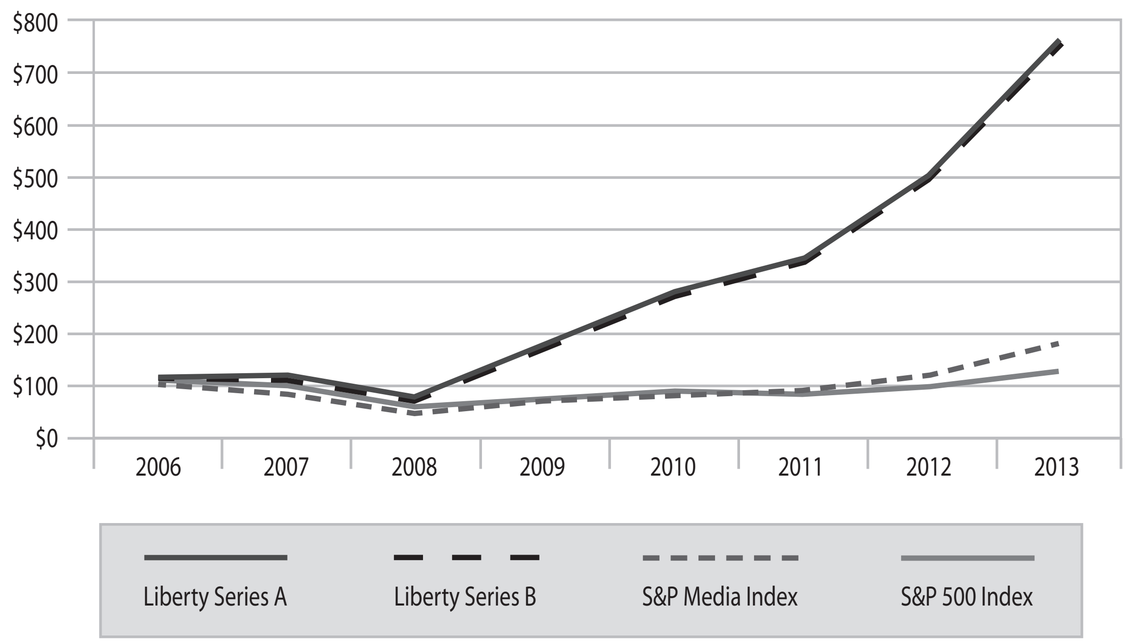
John C. Malone
Chairman of the Board

Stock Performance

The following graph compares the yearly percentage change in the cumulative total stockholder return on an investment in the former Series A and Series B Liberty Capital common stock from December 31, 2006 through December 31, 2013, in comparison to the S&P 500 Media Index, which reflects the performance of companies in our peer group, and the S&P 500 Index. We have combined the closing market prices of each of the predecessor securities to our current Series A and Series B common stock based on the ratios used to issue the Liberty Entertainment group, Liberty Capital group and Liberty Starz group tracking stocks of Liberty Interactive Corporation ("LIC") (our former parent company). The returns presented below include (i) the March 4, 2008 reclassification in which LIC reclassified a portion of assets and liabilities previously allocated to its Liberty Capital group to its newly created Liberty Entertainment group, (ii) the share price of DIRECTV following the split-off of a portion of the Liberty Entertainment group and subsequent combination of that portion of the Liberty Entertainment group with DIRECTV, on an as-exchanged basis and assuming a sale of the resulting DIRECTV shares on the one-year anniversary of the split-off and reinvestment of the proceeds in Liberty Capital common stock, (iii) the Liberty Entertainment group's subsequent redesignation as the Liberty Starz group, (iv) following the completion of our split-off from LIC, the November 28, 2011 conversion of each outstanding share of our Series A and Series B Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, and (v) the spin-off effected by the corporation formerly known as Liberty Media Corporation (now known as Starz) of our company on January 11, 2013.

Liberty vs. S&P Media and 500 Indices

12/31/06 to 12/31/13

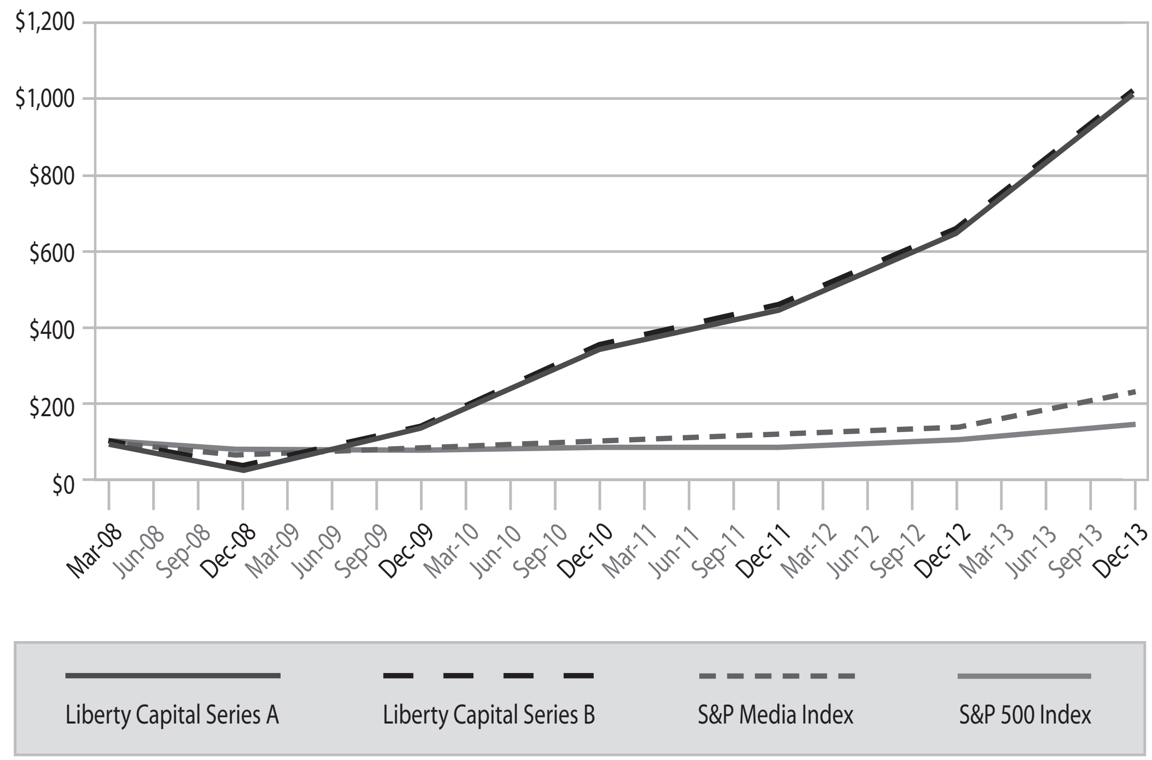


	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
Liberty Series A	$100.00	$118.89	$76.17	$179.36	$275.80	$338.31	$502.84	$760.84
Liberty Series B	$100.00	$118.72	$74.69	$178.38	$274.33	$336.38	$499.52	$756.42
S&P Media Index	$100.00	$83.30	$51.76	$70.01	$84.86	$90.89	$124.16	$184.14
S&P 500 Index	$100.00	$103.53	$63.69	$78.62	$88.67	$88.67	$100.56	$130.32

The following graph compares the percentage change in the cumulative total stockholder return on the former Series A and Series B Liberty Capital group tracking stock from March 4, 2008 through December 31, 2013, in comparison to the S&P Media Index and the S&P 500 Index. Our Series A and Series B common stocks currently trade under the NASDAQ symbols LMCA and LMCB, respectively. This chart includes the value of Starz, which was separated from our company on January 11, 2013.

Liberty Media Common Stock vs. S&P Media and 500 Indices

3/4/08 to 12/31/13



	3/4/08	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
Liberty Media Series A	$100.00	$26.98	$136.77	$358.30	$447.02	$664.43	$1,005.34
Liberty Media Series B	$100.00	$27.03	$136.98	$364.01	$453.20	$671.63	$1,018.84
S&P Media Index	$100.00	$64.67	$87.46	$106.01	$113.54	$155.11	$230.03
S&P 500 Index	$100.00	$68.08	$84.05	$94.79	$94.79	$107.50	$139.31

Investment Summary | Based on publicly available information as of May 31, 2014

www.libertymedia.com/asset-list.aspx

Liberty Media Corporation owns interests in a broad range of media, communications and entertainment businesses. Those interests include subsidiaries Atlanta National League Baseball Club, Inc., SiriusXM Holdings Inc. and TruePosition, interests in Charter Communications, Inc. and Live Nation Entertainment, Inc., and minority equity investments in Time Warner Cable Inc., Time Warner Inc. and Viacom Inc.

The following table sets forth some of Liberty Media Corporation's major assets that are held directly and indirectly through partnerships, joint ventures, common stock investments and instruments convertible into common stock. Ownership percentages in the table are approximate and, where applicable, assume conversion to common stock by Liberty Media Corporation and, to the extent known by Liberty Media Corporation, other holders. In some cases, Liberty Media Corporation's interest may be subject to buy/sell procedures, repurchase rights or dilution.

ENTITY	DESCRIPTION OF OPERATING BUSINESS	OWNERSHIP
Associated Partners, L.P.	Investment and operating partnership that targets long-term, risk-balanced and tax-efficient returns.	37%
Atlanta National League Baseball Club, Inc.	Owner of the Atlanta Braves, a Major League Baseball club, as well as certain of the Atlanta Braves minor league clubs.	100%
Barnes & Noble, Inc. (NYSE: BKS)	The world's largest bookseller and a Fortune 500 company that operates bookstores and conducts its online business through BN.com, one of the Internet's largest eCommerce sites, which also features books, magazines, and more in its NOOK Bookstore.™	2%
Charter Communications, Inc. (NASDAQ: CHTR)	A Fortune 500 company and fourth-largest cable operator in the U.S. Charter provides advanced video, high-speed internet, and telephone services to residential and business customers.	26%
Crown Media Holdings, Inc. (NASDAQ: CRWN)	Owns and operates cable television channels in the U.S. dedicated to high-quality, broad appeal, entertainment programming.	3%
Ideiasnet (BOVESPA: IDNT3)	A Brazil based company that develops projects and acquires stakes in companies in technology, media and telecommunications.	5%
Kroenke Arena Company, LLC	Owner of the Pepsi Center, a sports and entertainment facility in Denver, Colorado.	7%

ENTITY	DESCRIPTION OF OPERATING BUSINESS	OWNERSHIP
Liberty Associated Partners, L.P.	Principal investment firm specializing in private equity investments.	29%
Live Nation Entertainment, Inc. (NYSE: LYV)	Largest live entertainment company in the world, consisting of five segments: concert promotion and venue operations, sponsorship, ticketing solutions, eCommerce and artist management.	27%
MacNeil/Lehrer Productions	Producer of *The PBS NewsHour* in addition to documentaries, web sites, interactive DVDs, civic engagement projects and educational programs.	67%
Mobile Streams plc (LSE: MOS)	Global mobile content retailer that retails a wide range of mobile content including full-track downloads, truetones, polyphonic ringtones, videos, graphics and games.	16%
Sirius XM Holdings Inc. (NASDAQ: SIRI)	A satellite radio company delivering commercial-free music, sports, news, talk, entertainment, traffic and weather.	53%
Time Warner Cable Inc. (NYSE: TWC)	Among the largest cable operators in the U.S. offering residential and commercial video, high-speed data and voice services over its broadband cable systems.	1%
Time Warner Inc. (NYSE: TWX)	Media and entertainment company whose businesses include filmed entertainment, interactive services, television networks, cable systems, music and publishing.	< 1%
TruePosition, Inc.	Leading provider of mission-critical location-based solutions for the public safety and national security markets worldwide.	100%
Viacom Inc. (NASDAQ: VIA)	Global media company, with positions in cable television, motion picture, Internet, mobile, and video game platforms. Brands include MTV, Nickelodeon, Nick at Nite, VH1, BET, Paramount Pictures, TV Land, Comedy Central, CMT: Country Music Television, and SPIKE.	1%

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

Market Information

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

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

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

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

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

Holders

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

Dividends

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

Securities Authorized for Issuance Under Equity Compensation Plans

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

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

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

	Series A Common Stock			
Period	**(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**
October 1 - 31, 2013	6,289,199(1)	NA(1)	None(1)	$327 million(1)
November 1 - 30, 2013	None	NA	None	$327 million
December 1 - 31, 2013	None	NA	None	$327 million
Total	6,289,199		—	

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

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

Selected Financial Data.

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

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

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

(1) As discussed in note 9 in the accompanying consolidated financial statements, during the year ended December 31, 2012, Liberty acquired an additional 312.5 million shares of SIRIUS XM in the open market for $769 million. Additionally, Liberty settled a forward contract and purchased an additional

302.2 million shares of SIRIUS XM for $649 million. SIRIUS XM recognized a $3.0 billion tax benefit during the year ended December 31, 2012. SIRIUS XM recorded the tax benefit as the result of significant positive evidence that a valuation allowance was no longer necessary for its recorded deferred tax assets. The Company recognized its portion of this benefit ($1,229 million) based on our ownership percentage at the time of the recognition of the deferred tax benefit by SIRIUS XM. On January 18, 2013, as discussed in note 4 to the accompanying consolidated financial statements, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result consolidates SIRIUS XM as of such date.

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

(2) In January 2013, the entity then known as Liberty Media Corporation (now named Starz) spun-off (the "Spin-Off") its then-former wholly owned subsidiary, now known as Liberty Media Corporation, which, at the time of the Spin-Off, held all of the businesses, assets and liabilities of Starz not associated with Starz, LLC (with the exception of the Starz, LLC office building). The transaction was effected as a pro-rata dividend of shares of Liberty to the stockholders of Starz. Due to the relative significance of Liberty to Starz (the legal spinnor) and senior management's continued involvement with Liberty following the Spin-Off, Liberty is treated as the "accounting successor" to Starz for financial reporting purposes, notwithstanding the legal form of the Spin-Off previously described. Therefore, the historical financial statements of the company formerly known as Liberty Media Corporation continue to be the historical financial statements of Liberty, and Starz, LLC is presented as discontinued operations for all periods prior to the completion of the Spin-Off. Due to the short period between December 31, 2012 and the distribution date, Liberty did not record any results for Starz in discontinued operations for the statement of operations for the year ended December 31, 2013 due to the insignificance of such amounts for that period.

(3) In 2011 TruePosition recognized $1,029 million of previously deferred revenue and $409 million of deferred costs associated with two separate contracts.

(4) Earnings (loss) from continuing operations attributable to Liberty stockholders were allocated to the Liberty Starz Group and Liberty Capital Group for all the periods prior to the conversion of each share of Liberty Starz common stock for 0.88129 of a share of the corresponding series of Liberty Capital common stock, with cash paid in lieu of fractional shares on November 28, 2011 based on businesses and assets attributed to each respective group at the time prior to any corporate transactions between the groups.

(5) Basic and diluted earnings per share have been calculated for Liberty Capital and Liberty Starz common stock, prior to the Split-Off date, based on the earnings attributable to the businesses and assets to the respective groups divided by the weighted average shares on an as if converted basis for the periods assuming a 1 to 1 exchange ratio for the Split-Off.

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

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

Explanatory Note

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

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

Overview

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

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

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

Tracking Stocks

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

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

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

Strategies and Challenges of Business Units

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

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

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

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

Results of Operations—Consolidated

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

Consolidated Operating Results

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

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

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

Consolidated Adjusted OIBDA increased $1,314 million and decreased $601 million for the years ended December 31, 2013 and 2012, respectively, as compared to the corresponding prior year periods. The increase in the current year was primarily driven by the treatment of SIRIUS XM as a consolidated subsidiary beginning on January 18, 2013 and an improvement in Adjusted OIBDA for ANLBC. ANLBC's adjusted OIBDA increased $20 million during 2013 due to the increase in revenue, offset by an increase in player salaries during the current year. The decrease in the prior year was primarily due to the one-time recognition of deferred revenues and costs at TruePosition, discussed above. The decrease in the prior year was slightly offset by an improvement in ANLBC's adjusted OIBDA of $28 million, which was primarily due to slightly lower player salaries in 2012. During the year ended December 31, 2011 player salaries were slightly higher as the Braves traded one of their pitchers to another baseball club and agreed to pay a portion of that player's 2012 guaranteed salary in the trade. See Results of Operations—Businesses below for a more complete discussion of the results of operations of SIRIUS XM.

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

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

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

ANLBC's operating loss, as compared to the prior year period, due to certain intangible assets becoming fully amortized in 2011.

Other Income and Expense

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- During 2013, our effective tax rate was lower than the federal tax rate of 35% primarily due to the recognition of a $7.5 billion gain on the consolidation of SIRIUS XM on January 18, 2013, which was not subject to tax, and the gain recognized on a non-taxable exchange of one of our consolidated subsidiaries on October 4, 2013, in exchange for Liberty shares.

- During 2012, our effective tax rate was lower than the federal tax rate of 35% primarily due to tax benefits related to a change in valuation allowance and dividends received deductions offset slightly by state income taxes.
- During the fourth quarter of 2011, we recognized previously unrecognized tax benefits of $104 million as we reached an agreement with the IRS with respect to all disputed items reported on our 2010 income tax return.

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

Liberty's primary uses of cash during the year ended December 31, 2013 were $2,585 million additional investments in cost and equity method investees (primarily Liberty's investment in Charter shares and warrants), $140 million repurchases of shares of Liberty Series A common stock and $2,779 million debt repayments. Additionally, on October 3, 2013, the Company completed a transaction to exchange a subsidiary which held our wholly owned subsidiary Leisure Arts, approximately $417 million of cash and our rights in and to a revenue sharing agreement relating to the carriage of CNBC for 6.3 million shares of Liberty Series A common stock. These uses of cash were funded by cash provided by operating activities, net sales of short term investments, repayments of loans by cost and equity method investees, proceeds from the settlement of financial instruments, debt borrowings and cash on hand. Liberty funded the purchase of Charter shares and warrants with approximately $1.2 billion of cash on hand and $1.4 billion from margin loan arrangements.

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

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

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

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

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

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

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

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

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

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

(2) Amounts (i) are based on our outstanding debt at December 31, 2013, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2013 rates and (iii) assume that our existing debt is repaid at maturity.

(3) SIRIUS XM has entered into various programming agreements under which SIRIUS XM's obligations include fixed payments, advertising commitments and revenue sharing arrangements. Future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the table above.

(4) Includes TruePosition open purchase orders and other guarantees and SIRIUS XM satellite and transmission, marketing and distribution, satellite incentive payments, and other contractual commitments. SIRIUS XM satellite and transmission commitments are attributable to agreements with third parties to operate and maintain the off-site satellite telemetry, tracking and control facilities and certain components of its terrestrial repeater networks. SIRIUS XM marketing and distribution commitments primarily relate to payments to sponsors, retailers, automakers and radio manufacturers pursuant to marketing, sponsorship and distribution agreements to promote the SIRIUS XM brand. Boeing Satellite Systems International, Inc. and Space Systems/Loral, the manufacturers of SIRIUS XM's in-orbit satellites, may be entitled to future in-orbit satellite incentive performance payments based on the expected operating performance of the satellites exceeding their fifteen-year design life. Boeing may also be entitled to an additional $10 million if the XM-4 satellite continues to operate above baseline specifications during the five years beyond the satellite's fifteen-year design life. Additionally, SIRIUS XM has entered into various agreements with third parties for general operating purposes.

Critical Accounting Estimates

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

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

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

	Goodwill	FCC Licenses	Other	Total
SIRIUS XM	$14,165	8,600	930	23,695
Other	200	—	143	343
Consolidated	$14,365	8,600	1,073	24,038

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

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

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

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

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

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

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

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

Results of Operations—Businesses

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

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

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

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

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

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

Subscriber revenue includes subscription, activation and other fees. For the years ended December 31, 2013 and 2012, subscriber revenue increased 11% and 14%, respectively, as compared to the prior year periods. The current and prior year increases were primarily attributable to a 9% increase in the daily weighted average number of subscribers each year, the impact of the increase in certain subscription rates beginning in January 2012, and an increase in subscriptions to premium services, premier channels and Internet streaming, as well as the inclusion of connected vehicle subscription revenue in 2013. These increases were partially offset by subscription discounts offered through customer acquisition and retention programs, and in 2013, an increasing number of lifetime subscription plans that have reached full revenue recognition.

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

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

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

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

Selling, general and administrative expense includes costs of advertising, media and production, including promotional events and sponsorship, executive management, finance, legal, human resources, information technology and insurance costs. For the years ended December 31, 2013 and 2012, selling, general and administrative expense increased 9% and10%, respectively, but slightly decreased a percentage of total revenue, as compared to the corresponding prior year periods. The increase during the current year was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials and higher information technology costs. The increase in the prior year was primarily due to additional subscriber communications and retention programs associated with a greater number of subscribers and promotional trials, higher OEM cooperative marketing, higher personnel costs, office rent expenses and professional fees, partially offset by lower litigation settlement charges.

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

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

Quantitative and Qualitative Disclosures about Market Risk.

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

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

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

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

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

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

Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Media Corporation are filed under this Item, beginning on Page F-24. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

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

None.

Controls and Procedures.

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

See page F-21 for *Management's Report on Internal Control Over Financial Reporting.*

See page F-22 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

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

Other Information.

None.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

The Company's independent registered public accounting firm audited the consolidated financial statements and related disclosures in the Annual Report on Form 10-K and have issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page F-22 of this Annual Report on Form 10-K.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Media Corporation:

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

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

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

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

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

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

/s/ KPMG LLP

Denver, Colorado
February 28, 2014

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Liberty Media Corporation:

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

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Liberty Media Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

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

/s/ KPMG LLP

Denver, Colorado
February 28, 2014

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2013 and 2012

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2013 and 2012

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

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2013, 2012 and 2011

	2013	2012	2011
	amounts in millions, except per share amounts		
Revenue:			
Subscriber revenue	$3,131	—	—
Other revenue	871	368	1,409
Total revenue	4,002	368	1,409
Operating costs and expenses, including stock-based compensation (note 3):			
Cost of subscriber services (exclusive of depreciation shown separately below):			
Revenue and share royalties	679	—	—
Programming and content	243	—	—
Customer service and billing	308	—	—
Other	104	—	—
Subscriber acquisition costs	491	—	—
Other operating expenses	284	230	674
Selling, general and administrative expenses	764	176	151
Depreciation and amortization	315	42	53
	3,188	448	878
Operating income (loss)	814	(80)	531
Other income (expense):			
Interest expense	(132)	(7)	(16)
Dividend and interest income	48	76	77
Share of earnings (losses) of affiliates, net (note 9)	(32)	1,346	87
Realized and unrealized gains (losses) on financial instruments, net (note 7)	295	230	70
Gains (losses) on transactions, net (notes 4, 13)	7,978	22	1
Other, net (notes 9, 18)	(115)	42	8
	8,042	1,709	227
Earnings (loss) from continuing operations before income taxes	8,856	1,629	758
Income tax (expense) benefit (note 12)	135	(469)	(165)
Net earnings (loss) from continuing operations	8,991	1,160	593
Earnings (loss) from discontinued operations, net of taxes (notes 1, 5)	—	252	239
Net earnings (loss)	8,991	1,412	832
Less net earnings (loss) attributable to the noncontrolling interests	211	(2)	(4)
Net earnings (loss) attributable to Liberty stockholders	$8,780	1,414	836
Net earnings (loss) attributable to Liberty stockholders:			
Liberty common stock	8,780	1,414	607
Liberty Starz common stock	NA	NA	229
	$8,780	1,414	836
Basic net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3):			
Series A and Series B Liberty common stock	$74.41	9.67	7.45
Series A and Series B Liberty Starz common stock	NA	NA	(0.76)
Diluted net earnings (loss) from continuing operations attributable to Liberty stockholders per common share (note 3):			
Series A and Series B Liberty common stock	$73.17	9.35	7.19
Series A and Series B Liberty Starz common stock	NA	NA	(0.77)
Basic net earnings (loss) attributable to Liberty stockholders per common share (note 3):			
Series A and Series B Liberty common stock	$74.41	11.78	7.14
Series A and Series B Liberty Starz common stock	NA	NA	4.49
Diluted net earnings (loss) attributable to Liberty stockholders per common share (note 3):			
Series A and Series B Liberty common stock	$73.17	11.40	6.90
Series A and Series B Liberty Starz common stock	NA	NA	4.32

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2013, 2012 and 2011

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

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2013, 2012 and 2011

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

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statement Of Equity

Years ended December 31, 2013, 2012 and 2011

	Stockholders' equity										Noncontrolling interest in equity of subsidiaries	Total equity
	Preferred Stock	Liberty			Liberty Starz		Additional Paid-in Capital	Parent's Investment	Accumulated other comprehensive earnings	Retained earnings		
		Series A	Series B	Series C	Series A	Series B						
	amounts in millions											
Balance at January 1, 2011	$—	$—	$—	$—	$—	$—	$ —	$ 4,117	$ 54	$ 829	$ —	$5,000
Net earnings	—	—	—	—	—	—	—	—	—	836	(4)	832
Other comprehensive earnings	—	—	—	—	—	—	—	—	(25)	—	—	(25)
Stock compensation	—	—	—	—	—	—	7	16	—	—	—	23
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(9)	—	—	—	—	(9)
Excess tax benefits on stock-based compensation	—	—	—	—	—	—	9	—	—	—	—	9
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	1	6	—	—	—	7
Series A Liberty stock repurchases	—	—	—	—	—	—	(152)	(213)	—	—	—	(365)
Series A Liberty Starz stock repurchases	—	—	—	—	—	—	(100)	—	—	—	—	(100)
Impact of reattribution with Liberty Interactive	—	—	—	—	—	—	—	45	—	—	—	45
Transfer of tax attributes to Liberty Interactive	—	—	—	—	—	—	—	(59)	—	—	—	(59)
Change in capitalization in connection with Split-Off	—	1	—	—	—	—	3,808	(3,809)	—	—	—	—
Sale of noncontrolling interest, net of tax impacts	—	—	—	—	—	—	—	(100)	—	—	(6)	(106)
Other	—	—	—	—	—	—	—	(3)	—	—	—	(3)
Balance at December 31, 2011	—	1	—	—	—	—	3,564	—	29	1,665	(10)	5,249
Net earnings	—	—	—	—	—	—	—	—	—	1,414	(2)	1,412
Other comprehensive loss	—	—	—	—	—	—	—	—	(17)	—	—	(17)
Stock compensation	—	—	—	—	—	—	68	—	—	—	—	68
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(181)	—	—	—	—	(181)
Excess tax benefits on stock-based compensation	—	—	—	—	—	—	146	—	—	—	—	146
Stock issued upon exercise of stock options	—	—	—	—	—	—	7	—	—	—	—	7
Series A Liberty stock repurchases	—	—	—	—	—	—	(323)	—	—	—	—	(323)
Non-cash benefit from reversal of contingent liability (note 18)	—	—	—	—	—	—	72	—	—	—	—	72
Other	—	—	—	—	—	—	(5)	—	—	—	4	(1)
Balance at December 31, 2012	—	1	—	—	—	—	3,348	—	12	3,079	(8)	6,432
Net earnings	—	—	—	—	—	—	—	—	—	8,780	211	8,991
Other comprehensive loss	—	—	—	—	—	—	—	—	(11)	—	—	(11)
Stock compensation	—	—	—	—	—	—	140	—	—	—	63	203
Minimum withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	(51)	—	—	—	—	(51)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statement Of Equity (Continued)

Years ended December 31, 2013, 2012 and 2011

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

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation

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

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

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

These financial statements have been presented using the historical presentation of the Liberty Interactive attributed financial information as a basis for the consolidated financial statements. Previous transactions of the Liberty Capital group and Liberty Starz group have been reflected as transactions of Liberty and the historical transactions of the Liberty Interactive group have been treated as transactions of Liberty Interactive for purposes of these financial statements. Previous transactions between either the Liberty Starz group or the Liberty Capital group and the Liberty Interactive group,

(1) Basis of Presentation (Continued)

including all reattributions, have been reflected at historical cost on a prospective basis (i.e., treated as book value transfers rather than retroactive as-if poolings). All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

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

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Liberty Interactive and Starz following the Split-Off and Spin-Off, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Liberty Interactive and Starz with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive and Starz reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and for Liberty Interactive's and Starz's allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to each respective company. Prior to the Split-Off, these costs were allocated between the tracking stock groups and these amounts have not been significantly different following the completion of the Split-Off. Under the Facilities Sharing Agreements, Liberty shares office space and related amenities with Liberty Interactive and Starz at Liberty's corporate headquarters. Under these various agreements approximately $16 million and $10 million of these allocated expenses were reimbursed to Liberty during the years ended December 31, 2013 and 2012. Under the Lease Agreement, Starz leases its corporate headquarters from Liberty. The Lease Agreement with Starz for their corporate headquarters requires a payment of approximately $3 million annually, subject to certain increases based on the Consumer Price Index. The Lease Agreement expires on December 31, 2023 and contains an extension option.

The Tax Sharing Agreements provide for the allocation and indemnification of tax liabilities and benefits between Liberty and each of Liberty Interactive and Starz as well as other agreements related to tax matters. Among other things, pursuant to the Tax Sharing Agreements, Liberty has agreed to indemnify Liberty Interactive and Starz, subject to certain limited exceptions, for losses and taxes resulting from the Split-Off and the Spin-Off, respectively, except to the extent such losses or taxes (i) result primarily from, individually or in the aggregate, the breach of certain restrictive covenants made by Liberty Interactive (applicable to actions or failures to act by Liberty and its subsidiaries following the completion of the Split-Off) or Starz, (ii) result from the Liberty Capital common stock or the Liberty Starz common stock not being treated as stock of Liberty, or being treated as Section 306 stock within the meaning of Section 306(c) of the Internal Revenue Code of 1986, as amended (the "Code"), for U.S. federal income tax purposes, (iii) result from the Liberty Interactive common stock, the Liberty Capital common stock, or the Liberty Starz common stock not being treated as stock of Liberty Interactive, or being treated as Section 306 stock within the meaning of

(1) Basis of Presentation (Continued)

Section 306(c) of the Code, for U.S. federal income tax purposes, (iv) result from Section 355(e) of the Code applying to the Split-Off or the Spin-Off as a result of the Split-Off of Spin-Off being part of a plan (or series of related transactions) pursuant to which one or more persons acquire a 50-percent or greater interest (measured by vote or value) in the stock of Liberty, or (v) result from deferred intercompany items or excess loss accounts that are triggered by the Split-Off, and that would otherwise be allocated to Liberty. In addition, Liberty will be required to indemnify Liberty Interactive for any losses or taxes resulting from the failure of the LEI split-off (a previously completed split-off by Liberty Interactive) and related restructuring transactions to be a tax-free transaction described under Sections 355 and 368(a)(1)(D) (including any such losses or taxes arising as a result of the completion of the Split-Off), except to the extent that such losses or taxes result primarily from, individually or in the aggregate, a breach of certain restrictive covenants made by Liberty Interactive (applicable to actions or failures to act by Liberty Interactive and its subsidiaries following the completion of the Split-Off). With respect to the Split-Off, the IRS has examined the transaction, and during 2012, the IRS and Liberty Interactive entered into a Closing Agreement which provides that the Split-Off qualified for tax-free treatment to Liberty Interactive and Starz. In February 2014, the IRS and Starz entered into a Closing Agreement which provides that the Spin-Off qualified for tax-free treatment to Starz and Liberty.

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

(2) Tracking Stocks

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

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

(2) Tracking Stocks (Continued)

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

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

(3) Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Receivables

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

Investments

All marketable equity and debt securities held by the Company are classified as available-for-sale ("AFS") and are carried at fair value generally based on quoted market prices. U.S. generally accepted accounting principles ("GAAP") permit entities to choose to measure many financial instruments, such as AFS securities, and certain other items at fair value and to recognize the changes in fair value of

(3) Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

(3) Summary of Significant Accounting Policies (Continued)

the Company's estimates and judgments. Writedowns for AFS securities which are not Fair Value Option Securities are included in the consolidated statements of operations as other than temporary declines in fair values of investments. Writedowns for equity method investments are included in share of earnings (losses) of affiliates.

Derivative Instruments and Hedging Activities

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

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

Property and Equipment

Property and equipment consisted of the following:

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

(3) Summary of Significant Accounting Policies (Continued)

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

Intangible Assets

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

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

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

(3) Summary of Significant Accounting Policies (Continued)

Impairment of Long-lived Assets

The Company periodically reviews the carrying amounts of its property and equipment and its intangible assets (other than goodwill and indefinite-lived intangibles) to determine whether current events or circumstances indicate that such carrying amounts may not be recoverable. If the carrying amount of the asset is greater than the expected undiscounted cash flows to be generated by such asset, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such assets exceeds their fair value. The Company generally measures fair value by considering sale prices for similar assets or by discounting estimated future cash flows using an appropriate discount rate. Considerable management judgment is necessary to estimate the fair value of assets. Accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Noncontrolling Interests

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

Revenue Recognition

Revenue is recognized as follows:

- Revenue from SIRIUS XM subscribers is recognized as it is realized or realizable and earned. Subscription fees are recognized as services are provided. Prepaid subscription fees received from certain automakers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon retail sale and activation. A portion of subscription revenue earned from subscribers is shared with certain automakers. Such shared revenue is recorded as an expense and not as a reduction to revenue.
- SIRIUS XM recognizes revenue from the sale of advertising as the advertising is broadcast. Agency fees are calculated based on a stated percentage applied to gross billing revenue for advertising inventory and are reported as a reduction of advertising revenue. Advertising revenue is recorded gross of revenue share payments made to certain third parties, which are recorded to Revenue share and royalties during the period in which the advertising is broadcast.
- Equipment revenue and royalties from the sale of satellite radios, components and accessories are recognized upon shipment, net of discounts and rebates. Shipping and handling costs billed to customers are recorded as revenue. Shipping and handling costs associated with shipping goods to customers are reported as a component of Cost of subscriber services.
- Certain revenue arrangements contain multiple products, services and right to use assets, such as SIRIUS XM's bundled subscription plans. The applicable accounting guidance requires that such multiple deliverable revenue arrangements be divided into separate units of accounting if the deliverables in the arrangement meet certain criteria. Consideration is allocated at the inception

(3) Summary of Significant Accounting Policies (Continued)

of the arrangement to all deliverables based on their relative selling price, which is determined using vendor specific objective evidence of the selling price of self-pay customers.

- TruePosition earns revenue from the sale and licensing of equipment with embedded software and related service and maintenance. For contracts entered into prior to the adoption of new revenue accounting guidance with multiple element arrangements with vendor specific objective evidence, the Company recognized revenue for each specific element when the earnings process was complete. If vendor specific objective evidence did not exist, revenue was deferred and recognized on a straight-line basis over the remaining term of the maintenance period after all other elements had been delivered. The Company adopted revenue accounting guidance prospectively (see discussion below) so subsequent to January 1, 2011 any new contracts or materially modifed contracts with multiple element arrangements are accounted for based on the relative fair value of each separate element and recognized as earned.

- Revenue for ticket sales, local radio and television rights, signage and suites are recognized on a per game basis during the baseball season based on a pro rata share of total revenue earned during the entire baseball season to the total number of home games during the season. Concession revenue is recognized as commissions are earned from the sale of food and beverage at the stadium in accordance with agreements with the Company's concessions vendors. Major League Baseball (MLB) revenue is earned throughout the year based on an estimate of revenue generated by MLB on behalf of the 30 MLB clubs through the MLB Central Fund and MLB Properties and revenue sharing income or expense.

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

The Company adopted the revenue guidance on a prospective basis as of January 1, 2011. There was no financial statement impact on that date as a result of the adoption of the accounting guidance. In the first quarter of 2011, TruePosition, a consolidated subsidiary of the Company, entered into an amended contract with AT&T (one of TruePosition's largest customers) that materially changed the terms of the existing contract. The transition provisions of the new accounting guidance require that when a contract is materially modified it is subject to the current accounting requirements. This resulted in TruePosition recognizing revenue for all the delivered elements meeting the separation criteria, previously deferred under the previous accounting guidance. TruePosition recognized approximately $538 million of revenue and $167 million of deferred cost associated with the delivered elements as of the modification date. Previously, TruePosition did not have Vendor Specific Objective Evidence for the undelivered specified upgrade, which changed the timing of revenue recognition for the entire arrangement. Under the current guidance TruePosition utilized the estimated selling price to

(3) Summary of Significant Accounting Policies (Continued)

determine what portion of the overall consideration to allocate to the delivered and undelivered elements. Additionally, TruePosition's contract with T-Mobile expired in mid-2011; however software maintenance services ordered prior to that date continued to be provided through the year ended December 31, 2011. TruePosition had deferred substantially all of the revenue earned from T-Mobile since the inception of the contract due to an obligation to provide specified upgrades which were not delivered and for which no Vendor Specific Objective Evidence existed. Upon expiration of the software maintenance period, this obligation ceased to exist and, accordingly, TruePosition recognized approximately $491 million and $242 million of previously deferred revenue and costs, respectively.

Cost of Subscriber Services

Revenue Share

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

Programming Costs

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

Subscriber Acquisition Costs

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

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

SIRIUS XM records product warranty obligations in accordance with ASC 460, *Guarantees* , which requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken by issuing the guarantee. SIRIUS XM warrants that certain products sold

(3) Summary of Significant Accounting Policies (Continued)

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

Advertising Costs

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

Stock-Based Compensation

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

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

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

(3) Summary of Significant Accounting Policies (Continued)

Income Taxes

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

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

Earnings attributable to Liberty Stockholders Per Common Share

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

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

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

Series A and Series B Liberty Common Stock

The basic and diluted EPS calculation is based on the following weighted average shares outstanding (WASO) of Liberty's common stock, based on the conversion ratio of 1 to 1 utilized in the Split-Off, prior to the Split-Off, and the actual Liberty Capital common stock after the Split-Off.

(3) Summary of Significant Accounting Policies (Continued)

Excluded from diluted EPS for the year ended December 31, 2011 are less than a million potential common shares because their inclusion would be anti-dilutive.

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

Series A and Series B Liberty Starz Common Stock

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

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

Reclasses and adjustments

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

Estimates

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

(3) Summary of Significant Accounting Policies (Continued)

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

(4) Sirius XM Radio, Inc. Transactions

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

(4) Sirius XM Radio, Inc. Transactions (Continued)

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

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

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and noncontractual relationships. SIRIUS XM applied purchase accounting for the acquisition of XM Satellite Radio Holdings Inc. in 2008 and has entered into many of its operating agreements at market rates in recent years, therefore, the carrying value of the identifiable assets were reflected at amounts near their fair value in SIRIUS XM's financial statements. Accordingly, a large percentage of Liberty's purchase price was allocated to FCC licenses and goodwill. During the year ended December 31, 2013, Liberty adjusted the initial purchase price allocation for SIRIUS XM by recording a decrease to the initial deferred tax liability and an offsetting decrease to goodwill of $227 million. The adjustment was due to the identification of tax attributes not included in SIRIUS XM's deferred tax assets from excess stock-based compensation deductions. Additionally, during the year ended December 31, 2013, Liberty adjusted the carrying value of certain contract fair values that resulted in a change to the initial purchase price allocation to SIRIUS XM goodwill of $18 million. This change resulted in a change to the recognition of the contract value through the statements of operations in prior periods and has been reflected retroactively in the appropriate periods. These adjustments are reflected in Liberty's final SIRIUS XM purchase price allocation table above.

The Pro Forma summarized combined unaudited balance sheets and statements of operation of Liberty using the historical financial statements for SIRIUS XM, giving effect to any purchase accounting related adjustments made at the time of acquisition and excluding the impact of the gain, as

(4) Sirius XM Radio, Inc. Transactions (Continued)

if the transactions discussed above occurred for the Balance Sheet data as of such dates and for the Statement of Operations data as if they had occurred on January 1, 2011, are as follows:

Summary Balance Sheet Data:

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

(4) Sirius XM Radio, Inc. Transactions (Continued)

Summary Operations Data:

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

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

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

(4) Sirius XM Radio, Inc. Transactions (Continued)

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

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

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

(5) Discontinued Operations

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

(5) Discontinued Operations (Continued)

such amounts for that period except for the distribution of approximately $1.2 billion of cash from Starz prior to the distribution reflected in the consolidated statements of cash flows.

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

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

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

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

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

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

(5) Discontinued Operations (Continued)

Earnings per share impact of discontinued operations

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

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

(6) Supplemental Disclosures to Consolidated Statements of Cash Flows

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

(7) Assets and Liabilities Measured at Fair Value

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

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

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

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

Realized and Unrealized Gains (Losses) on Financial Instruments

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

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

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

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

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

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

(a) See note 11 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of December 31, 2013.

(b) On January 18, 2013, as discussed in note 4, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result

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

consolidates SIRIUS XM as of such date. Therefore, the related SIRIUS XM debt securities are considered effectively settled upon consolidation.

Unrealized Holding Gains and Losses

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

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

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

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

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

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

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

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

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

(a) As discussed below, Liberty acquired its interest in Charter Communications, Inc. during May 2013 for approximately $2.6 billion. Our share of losses related to Charter in 2013 included $51 million of losses due to the amortization of the excess basis of our investment.

(b) On January 18, 2013, as discussed in note 4, Liberty acquired an additional 50 million common shares and acquired a controlling interest in SIRIUS XM and as a result consolidates SIRIUS XM as of such date. SIRIUS XM has an investment in SIRIUS XM Canada that was recorded at fair value in purchase accounting. See discussion below of SIRIUS XM Canada.

(c) SIRIUS XM recognized a $3.0 billion tax benefit during the year ended December 31, 2012. SIRIUS XM recorded the tax benefit as the result of significant positive evidence that a valuation allowance was no longer necessary for its recorded deferred tax assets. The Company recognized its portion of this benefit ($1,229 million) based on our ownership percentage at the time of the recognition of the deferred tax benefit by SIRIUS XM.

(d) During the first quarter of 2013, Liberty acquired an additional 1.7 million shares of Live Nation for approximately $19 million. During the year ended December 31, 2012 the Company acquired approximately 11 million shares of Live Nation for $107 million.

(e) See note 11 for details regarding the number and fair value of shares pledged as collateral pursuant to certain margin loan agreements as of December 31, 2013.

SIRIUS XM Canada

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

In 2005, SIRIUS XM entered into agreements to provide SIRIUS XM Canada with the right to offer SIRIUS XM satellite radio service in Canada. The agreements have an initial ten year term and

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

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

Charter Communications, Inc.

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

(10) Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill are as follows:

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

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

Other intangible assets not subject to amortization, not separately disclosed, are SIRIUS XM FCC licenses and tradenames ($8.6 billion and $930 million million, respectively) at December 31, 2013 and franchise rights owned by ANLBC ($143 million) as of December 31, 2013 and 2012. We identified these assets as indefinite life intangible assets after considering the expected use of the assets, the regulatory and economic environment within which they are used and the effects of obsolescence on their use. The increase in Other intangible assets not subject to amortization from December 31, 2012 was due to the acquisition of SIRIUS XM in January 2013 as discussed in note 4. SIRIUS XM's FCC licenses are currently scheduled to expire in 2014, 2017 and 2018. Prior to expiration, SIRIUS XM is required to apply for a renewal of its FCC licenses. The renewal and extension of its licenses is reasonably certain at minimal cost, which is expensed as incurred. Each of the FCC licenses authorizes SIRIUS XM to use the broadcast spectrum, which is a renewable, reusable resource that does not deplete or exhaust over time.

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

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

Customer relationships are amortized over 10-15 years and licensing agreements are amortized over 15 years. Amortization expense was $115 million, $19 million and $29 million for the years ended

(10) Goodwill and Other Intangible Assets (Continued)

December 31, 2013, 2012 and 2011, respectively. Based on its amortizable intangible assets as of December 31, 2013, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2014	$144
2015	$139
2016	$112
2017	$ 94
2018	$ 91

(11) Debt

Debt is summarized as follows:

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

Liberty 1.375% Cash Convertible Notes due 2023

On October 17, 2013 Liberty issued $1 billion aggregate principal amount of 1.375% Cash Convertible Senior Notes due 2023 ("Convertible Notes"). The Convertible Notes will mature on October 15, 2023 unless earlier repurchased by us or converted. Interest on the Convertible Notes is payable semi-annually in arrears on April 15 and October 15 of each year at a rate of 1.375% per annum. All conversion of the Convertible Notes will be settled solely in cash, and not through the delivery of any securities. The initial conversion rate for the Convertible Notes is 5.5882 shares of

(11) Debt (Continued)

Liberty Series A common stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of $178.95 per share of Liberty Series A common stock. Holders of the Convertible Notes may convert their notes at their option at any time prior to the close of business on the second business day immediately preceding the maturity date of the notes under the following circumstances: (1) during any fiscal quarter after the fiscal quarter ending December 31, 2013, if the last reported sale price of our Series A common stock for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of the notes on the last day of such preceding fiscal quarter; (2) during the five day period after any five consecutive trading day period, which we refer to as the measurement period, in which the trading price per $1,000 principal amount of notes for each trading day of that measurement period was less than 98% of the product of the last reported sale price of our Series A common stock and the applicable conversion rate on each such day; or (3) upon the occurrence of specified corporate transactions. Liberty has elected to account for this instrument using the fair value option. Accordingly, changes in the fair value of this instrument are recognized as unrealized gains (losses) in the statements of operations. As of December 31, 2013, the Convertible Notes are classified as a long term liability in the consolidated balance sheets, as the conversion conditions have not been met as of such date.

Additionally, contemporaneously with the issuance of the Convertible Notes Liberty entered into privately negotiated cash convertible note hedges and purchased call options (the “Bond Hedge Transaction”). The Bond Hedge Transaction covered approximately 5,588,200 shares of Liberty Series A common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which is equal to the number of shares of Liberty Series A common stock that will initially underlie the Convertible Notes. The Bond Hedge Transaction is expected to offset potential cash payments Liberty would be required to make in excess of the principal amount of the Convertible Notes, upon conversion of the notes in the event that the volume-weighted average price per share of the Liberty Series A common stock, as measured under the cash convertible note hedge transactions on each trading day of the relevant cash settlement averaging period or other relevant valuation period, is greater than the strike price of $178.95 per share of Liberty Series A common stock, which initially corresponds to the conversion price of the Convertible Notes. Liberty paid approximately $299 million for the Bond Hedge Transaction. The bond hedge expires on October 15, 2023 and is included in other long-term assets as of December 31, 2013 in the accompanying consolidated balance sheet, with changes in the fair value recorded in the Unrealized gains (losses) on financial instruments, net line item of the statements of operations.

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

(11) Debt (Continued)

Liberty Series A common stock. Liberty received approximately $170 million in proceeds for the sale of warrants. The issuance of the warrants were recorded as a component of Additional paid-in capital.

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

Margin Loans

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

$1 Billion Margin Loan due 2014

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

$670 Million Margin Loan due 2015

At closing on May 1, 2013, LMC Cheetah 2, LLC, a wholly owned subsidiary of Liberty, entered into a margin loan agreement with an availability of $670 million pursuant to a term loan with various lender parties ("$670 Million Margin Loan due 2015") whereby LMC Cheetah 2, LLC borrowed $370 million. Shares of Charter common stock were pledged as collateral pursuant to this agreement.

(11) Debt (Continued)

The $670 Million Margin Loan due May 1, 2015 bears interest equal to the three-month LIBOR plus 3.25%, payable on the first day of each of February, May, August and November throughout the term of the loan. As of December 31, 2013, Liberty has fully drawn the $670 Million Margin Loan due 2015 (see below).

$300 Million Margin Loan due 2014

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

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

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

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

SIRIUS XM Outstanding Debt

SIRIUS XM 7% Exchangeable Senior Subordinated Notes due 2014

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

Interest is payable semi-annually in arrears on June 1 and December 1 of each year at a rate of 7% per annum. The Exchangeable Notes mature on December 1, 2014. The Exchangeable Notes are

(11) Debt (Continued)

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

As a result of Liberty's acquisition of an additional 50 million shares of SIRIUS XM, a fundamental change occurred under the indenture governing the Exchangeable Notes. In accordance with the indenture, on February 1, 2013, SIRIUS XM made an offer to each holder of the Exchangeable Notes to: (i) repurchase his or her Exchangeable Notes at a purchase price in cash equal to $1,000 per $1,000 principal amount of the Exchangeable Notes (plus accrued and unpaid interest to, but excluding March 1, 2013); (ii) exchange his or her Exchangeable Notes for SIRIUS XM's common stock, at an exchange rate of 581.3112 shares per $1,000 principal amount of Notes, or (iii) retain his or her Exchangeable Notes pursuant to their terms through maturity on December 1, 2014, or otherwise transfer or exchange them in the ordinary course. Following the expiration of this offer, the exchange rate for the Exchangeable Notes reverted to 543.1372 shares of common stock per $1,000 principal amount of Exchangeable Notes.

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

SIRIUS XM 5.25% Senior Notes due 2022

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

(11) Debt (Continued)

SIRIUS XM Senior Secured Revolving Credit Facility

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

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

SIRIUS XM Senior Notes Due 2020 and 2023

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

SIRIUS XM 5.75% Senior Notes Due 2021

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

SIRIUS XM 5.875% Senior Notes Due 2020

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

(11) Debt (Continued)

2013 SIRIUS XM Debt Retirements

SIRIUS XM 8.75% Senior Notes due 2015

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

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

SIRIUS XM 7.625% Senior Notes due 2018

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

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

Debt Covenants

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

(11) Debt (Continued)

Fair Value of Debt

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

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

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

Five Year Maturities

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

2014	$749
2015	$677
2016	$ 4
2017	$461
2018	$ —

(12) Income Taxes

Income tax benefit (expense) consists of:

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

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

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

For the year ended December 31, 2013 the significant reconciling items, as noted in the table above, are the result of a 7.5 billion non-taxable gain on the consolidation of SIRIUS XM on January 18, 2013, as discussed in note 4, and the non-taxable exchange of one of Liberty's consolidated

(12) Income Taxes (Continued)

subsidiaries on October 4, 2013, in exchange for Liberty shares (see note 13 for further discussion of this transaction).

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

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

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

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

(12) Income Taxes (Continued)

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

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

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

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

At December 31, 2013, the Company had federal net operating loss carryforwards for income tax purposes which, if not utilized to reduce taxable income in future periods, will expire between 2017 and 2028, most of which expire between 2024 and 2027. The Company's federal net operating loss carryforwards are primarily attributable to those at the SIRIUS XM level ($6.5 billion). These net operating loss carryforwards are subject to certain limitations and may not be currently utilized.

A reconciliation of unrecognized tax benefits is as follows:

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

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

As of December 31, 2013, the Company's 2001 through 2009 tax years are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2010 through 2012

(12) Income Taxes (Continued)

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

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

(13) Stockholders' Equity

Preferred Stock

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

Common Stock

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

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

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

As discussed in note 4, on January 3, 2014, a proposal was made to SIRIUS XM that outlines the terms by which SIRIUS XM public shareholders would become shareholders of Liberty in a tax-free transaction in which each share of SIRIUS XM common stock would be converted into 0.0760 of a new share of Liberty Series C common stock, and, immediately prior to such conversion, Liberty intends to distribute, on a 2:1 basis, shares of Liberty's Series C common stock to all holders of record of Liberty's Series A and B common stock to create a liquid trading market for Liberty's Series C common stock. The transaction is subject to the approval of both the special committee and a majority of the public stockholders of SIRIUS XM, other than Liberty. Approval by the existing Liberty shareholders of the issuance of the Series C common shares in the proposed transaction is also required under applicable Nasdaq Stock Market requirements.

(13) Stockholders' Equity (Continued)

Purchases of Common Stock

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

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

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

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

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

(14) Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

On December 17, 2009, the Compensation Committee (the "Committee") of Liberty approved a compensation arrangement for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term which began on January 1, 2010 and ends December 31, 2014, with an annual base salary of $1.5 million, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 200% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause" or terminates his employment without "good reason," he will be entitled only to his accrued base salary and any amounts due under applicable law, and he will forfeit all rights to his unvested restricted shares and unvested options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for good reason, the arrangement provides for him to receive $7.8 million

(14) Transactions with Officers and Directors (Continued)

and for his unvested restricted shares and unvested options to vest pro rata based on the portion of the term elapsed through the termination date plus 18 months and for all vested and accelerated options to remain exercisable until their respective expiration dates. Lastly, in the case of the CEO's death or his disability, the arrangement provides for a payment of $7.8 million, for his unvested restricted shares and unvested options to fully vest and for his vested and accelerated options to remain exercisable until their respective expiration dates.

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

Chairman's Employment Agreement

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

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

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

(15) Stock-Based Compensation

Liberty—Incentive Plans

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

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

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

i. an adjustment to the exercise price or base price, as applicable, and number of shares relating to the Liberty Capital Award (as so adjusted, a "Liberty Award") and

ii. an equity award relating to shares of Starz common stock (a "Starz Award").

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

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

In November 2011, the Company exchanged each share of outstanding Liberty Starz common stock for 0.88129 shares of Liberty Capital common stock (plus cash in lieu of fractional share interests). The outstanding Liberty Starz stock options, SARs and restricted stock were also exchanged for Liberty

(15) Stock-Based Compensation (Continued)

Capital stock options, SARs and restricted stock using the same ratio, and an adjustment was made to the strike price, as applicable, using the same ratio. The exchange of stock options, SARs and restricted stock was considered a modification of the previous Award. However, the impact to compensation expense was not significant.

Liberty—Grants of stock options

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

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

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

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

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

(15) Stock-Based Compensation (Continued)

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

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

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

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

	Volatility
2013 grants	
Liberty options	31.3% - 41.4%
2012 grants	
Liberty Capital options	25.1% - 54.2%
2011 grants	
Liberty Capital options	43.9% - 54.2%
Liberty Starz options	31.9% - 31.9%

(15) Stock-Based Compensation (Continued)

Liberty—Outstanding Awards

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

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

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

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

Liberty—Exercises

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

Liberty—Restricted Stock

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

(15) Stock-Based Compensation (Continued)

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

SIRIUS XM—Stock-based Compensation

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

Other

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

(16) Employee Benefit Plans

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

(17) Other Comprehensive Earnings (Loss)

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

(17) Other Comprehensive Earnings (Loss) (Continued)

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

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

(17) Other Comprehensive Earnings (Loss) (Continued)

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

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

(18) Commitments and Contingencies

Guarantees

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

In connection with agreements for the sale of assets by the Company or its subsidiaries, the Company may retain liabilities that relate to events occurring prior to its sale, such as tax, environmental, litigation and employment matters. The Company generally indemnifies the purchaser in the event that a third party asserts a claim against the purchaser that relates to a liability retained by the Company. These types of indemnification obligations may extend for a number of years. The Company is unable to estimate the maximum potential liability for these types of indemnification obligations as the sale agreements may not specify a maximum amount and the amounts are dependent

(18) Commitments and Contingencies (Continued)

upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification guarantees.

Employment Contracts

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

Operating Leases

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

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

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

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

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

Programming and content

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

(18) Commitments and Contingencies (Continued)

Litigation

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

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

Other

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

(18) Commitments and Contingencies (Continued)

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

(19) Information About Liberty's Operating Segments

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

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

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

For the year ended December 31, 2013, the Company has identified SIRIUS XM as its reportable segment. SIRIUS XM is a consolidated subsidiary that provides a subscription based satellite radio service. SIRIUS XM broadcasts music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis through its two proprietary satellite radio systems—the Sirius system and the XM system. Subscribers can also

(19) Information About Liberty's Operating Segments (Continued)

receive music and other channels, plus features such as SiriusXM On Demand and MySXM, over the Internet, including through applications for mobile devices.

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

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

Performance Measures

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

Other Information

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

(19) Information About Liberty's Operating Segments (Continued)

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

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

(20) Quarterly Financial Information (Unaudited)

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

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

(20) Quarterly Financial Information (Unaudited) (Continued)

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

Corporate Data

Board of Directors
John C. Malone
Chairman of the Board
Liberty Media Corporation

Robert R. Bennett
Managing Director
Hilltop Investments LLC

Donne F. Fisher
President
Fisher Capital Partners, Ltd.

M. Ian G. Gilchrist
Retired Investment Banker

Gregory B. Maffei
President and CEO
Liberty Media Corporation

Evan D. Malone, Ph.D.
President
NextFab Studio, LLC

David E. Rapley
President and CEO
Rapley Consulting, Inc.

Larry E. Romrell
Retired Executive Vice President
Tele-Communications, Inc.

Andrea L. Wong
President, International Production
Sony Pictures Television
President, International
Sony Pictures Entertainment

EXECUTIVE COMMITTEE

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Gregory B. Maffei
John C. Malone

COMPENSATION COMMITTEE

M. Ian G. Gilchrist *(Chairman)*
Donne F. Fisher
David E. Rapley
Andrea L. Wong

AUDIT COMMITTEE

Donne F. Fisher *(Chairman)*
M. Ian G. Gilchrist
Larry E. Romrell

NOMINATING & CORPORATE GOVERNANCE COMMITTEE

David E. Rapley *(Chairman)*
M. Ian G. Gilchrist
Larry E. Romrell
Andrea L. Wong

SENIOR OFFICERS

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Chairman of the Board

Gregory B. Maffei
President and CEO

Richard N. Baer
Senior Vice President
and General Counsel

Mark D. Carleton
Senior Vice President

Albert E. Rosenthaler
Senior Vice President

Christopher W. Shean
Senior Vice President
and CFO

CORPORATE SECRETARY

Pamela L. Coe

CORPORATE HEADQUARTERS

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STOCK INFORMATION

Series A Common Stock (LMCA) and Series B Common Stock (LMCB) trade on the NASDAQ Global Select Market

CUSIP NUMBERS

LMCA - 531229 102
LMCB - 531229 201

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FINANCIAL STATEMENTS

Liberty Media Corporation financial statements are filed with the Securities and Exchange Commission. Copies of these financial statements can be obtained from the Transfer Agent or through Liberty Media's website.

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