



Liberty Media Corporation

First Quarter 2015 Earnings Call

May 8, 2015

Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, market potential, future financial prospects, growth of SiriusXM's subscriber base, the future financial performance of SiriusXM (including guidance provided by SiriusXM), the continuation of our stock repurchase plan, the repurchase activity of SiriusXM, the construction of the new stadium for the Atlanta Braves and the associated mixed use development and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of new products or services, regulatory matters affecting our businesses, the competitive position of SiriusXM versus other radio and audio entertainment providers, the ability of SiriusXM to attract and retain subscribers, the dependence of SiriusXM upon the auto industry, general economic conditions, the failure of SiriusXM's satellites (which, in most cases, are not insured), the interruption or failure of SiriusXM's information and communication systems, the security of personal customer information, royalties SiriusXM pays for music rights (which increase over time), the unfavorable outcome of pending or future litigation, the failure to realize benefits of acquisitions, rapid technological and industry change, failure of third parties to perform, changes in consumer protection laws and their enforcement, continued access to capital on terms acceptable to Liberty Media, changes in law and market conditions conducive to stock repurchases. These forward-looking statements speak only as of the date of this presentation, and Liberty Media expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Liberty Media's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Liberty Media, including the most recent Forms 10-K and 10-Q, for additional information about Liberty Media and about the risks and uncertainties related to Liberty Media's business which may affect the statements made in this presentation.

On today's call we will discuss certain non-GAAP financial measures including adjusted OIBDA (as we define it) and adjusted EBITDA and free cash flow (each as defined by SiriusXM). The required definitions and reconciliations (Preliminary Note and Schedules 1 - 4) can be found at the end of this presentation. Unless otherwise noted, this presentation compares financial information for the quarter ended March 31, 2015 to the same periods in 2014. Certain prior period amounts have been reclassified for comparability with the current presentation.



Highlights

- SiriusXM reported strong first quarter results
 - Subscriber base grew to 27.7 million
 - First quarter revenue increased 8% to \$1.08 billion
 - Net income climbed 12% to \$106 million
 - Adjusted EBITDA⁽¹⁾ jumped 19% to a record \$399 million
 - Free cash flow⁽¹⁾ reached \$276 million, up 24%
- Liberty Media's ownership of SiriusXM stood at 57.8% as of April 24, 2015
- Sold 1.3 million Viacom shares for \$86 million in proceeds, and sold remaining shares of Barnes & Noble, Inc. for \$27 million in proceeds; gains efficiently offset by tax loss carry forwards
- Continued progress on the Atlanta Braves' new stadium in Cobb County; announced partnership with Omni Hotels & Resorts
- From February 1, 2015 through April 30, 2015, repurchased 1.9 million LMCK shares at an average price per share of \$38.28 and a total cost of \$74 million

1) See schedules for applicable definitions and reconciliations.



Liberty Media

(\$ in millions)	Dec 31, 2014	Mar 31, 2015
<u>Cash and Public Holdings</u>		
Live Nation debt and equity ⁽¹⁾	\$ 1,427	\$ 1,380
Other public holdings ⁽²⁾	745	600
Total	\$ 2,172	\$ 1,980
Cash and liquid investments ⁽³⁾⁽⁴⁾	\$ 880	\$ 1,245
Less: Short-term marketable securities	199	73
Total Liberty Media Cash (GAAP)	\$ 681	\$ 1,172
Total Cash and Public Holdings	\$ 2,853	\$ 3,152
<u>Debt</u>		
SiriusXM senior notes ⁽⁵⁾	\$ 4,150	\$ 5,150
Liberty 1.375% cash convertible notes due 2023 ⁽⁶⁾	1,000	1,000
Margin loans	250	250
ANLBC debt ⁽⁷⁾	100	110
Other subsidiary debt ⁽⁸⁾	391	11
Total Liberty Media Debt	\$ 5,891	\$ 6,521

1) Represents the fair value of Liberty Media's debt and equity investments. In accordance with GAAP, Liberty Media accounts for its investment in the equity of Live Nation using the equity method of accounting and includes it in its consolidated balance sheet at its historical carrying value of \$396 million and \$365 million at December 31, 2014 and March 31, 2015, respectively.

2) Represents the carrying value of other public holdings which are accounted for at fair value.

3) Includes \$199 million and \$73 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015, respectively.

4) Includes \$148 million and \$482 million of cash and liquid investments held at SiriusXM as of December 31, 2014 and March 31, 2015, respectively.

5) Outstanding principal amount of Senior Notes with no reduction for the net unamortized discount.

6) Face amount of the cash convertible notes with no adjustment for the fair market value adjustment.

7) Atlanta National League Baseball Club, Inc. borrowings largely to fund construction of a new stadium in Cobb County, Georgia.

8) Includes SiriusXM capital leases and borrowings under the SiriusXM revolving credit facility.



LMC Non-GAAP Financial Measures

Preliminary Note

This presentation includes references to adjusted OIBDA, which is a non-GAAP financial measure, for Liberty Media together with a reconciliation to operating income, as determined under GAAP. Liberty Media defines adjusted OIBDA as revenue less operating expenses and selling, general and administrative expenses, excluding all stock based compensation, and excludes from that definition depreciation and amortization, restructuring and impairment charges and separately reported legal settlements that are included in the measurement of operating income pursuant to GAAP.

Liberty Media believes adjusted OIBDA is an important indicator of the operational strength and performance of its businesses, including the 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. Because adjusted OIBDA is used as a measure of operating performance, Liberty Media views operating income as the most directly comparable GAAP measure. Adjusted OIBDA is not meant to replace or supersede operating income or any other GAAP measure, but rather to supplement such GAAP measures in order to present investors with the same information that Liberty Media's management considers in assessing the results of operations and performance of its assets. Please see the attached schedules for a reconciliation of adjusted OIBDA to operating income (loss) calculated in accordance with GAAP for Liberty Media.



Liberty Media Reconciling Schedules (Schedule 1)

(\$ in millions)	1Q-14	2Q-14	3Q-14	4Q-14	1Q-15
Liberty Media⁽¹⁾					
Adjusted OIBDA	\$ 294	\$ 372	\$ 392	\$ 359	\$ 373
Depreciation and amortization	(90)	(92)	(90)	(87)	(84)
Stock compensation expense	(49)	(49)	(53)	(66)	(44)
Operating Income	\$ 155	\$ 231	\$ 249	\$ 206	\$ 245

1) A reconciliation for Liberty Media of adjusted OIBDA to operating income calculated in accordance with GAAP for the three months ended March 31, 2014, June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015, respectively.



Liberty Media Reconciling Schedules (Schedule 2)

(\$ in millions)	Dec 31, 2014	Mar 31, 2015
Cash and liquid investments: ⁽¹⁾⁽²⁾	\$ 880	\$ 1,245
Less: Short-term marketable securities	199	73
Total Liberty Media Cash (GAAP)	\$ 681	\$ 1,172
Debt:		
SiriusXM senior notes ⁽³⁾	\$ 4,150	\$ 5,150
Liberty 1.375% cash convertible notes due 2023 ⁽⁴⁾	1,000	1,000
Margin loans	250	250
ANLBC debt ⁽⁵⁾	100	110
Other subsidiary debt ⁽⁶⁾	391	11
Total Liberty Media Debt	\$ 5,891	\$ 6,521
Unamortized premium	(39)	(50)
Total Liberty Media Debt (GAAP)	\$ 5,852	\$ 6,471

1) Includes \$199 million and \$73 million of short-term marketable securities with an original maturity greater than 90 days as of December 31, 2014 and March 31, 2015.

2) Includes \$148 million and \$482 million of cash and liquid investments held at SiriusXM as of December 31, 2014 and March 31, 2015, respectively.

3) Outstanding principal amount of Senior Notes with no reduction for the net unamortized discount.

4) Face amount of the cash convertible notes with no adjustment for the fair market value adjustment.

5) Atlanta National League Baseball Club, Inc. borrowings largely to fund construction of a new stadium in Cobb County, Georgia.

6) Includes SiriusXM capital leases and borrowings under the SiriusXM revolving credit facility.



SiriusXM Non-GAAP Financial Measures

Preliminary Note

This presentation includes references to Adjusted EBITDA, which is a non-GAAP financial measure, for SiriusXM together with a reconciliation to net income, as determined under GAAP. SiriusXM defines Adjusted EBITDA as follows: EBITDA is defined as net income before interest and investment income (loss); interest expense, net of amounts capitalized; income tax expense and depreciation and amortization. SiriusXM adjusts EBITDA to remove the impact of other income and expense, loss on extinguishment of debt, loss on change in value of derivatives, as well as certain other charges discussed below. This measure is one of the primary non-GAAP financial measures on which SiriusXM (i) evaluates the performance of its businesses, (ii) bases its internal budgets and (iii) compensates management. Adjusted EBITDA is a non-GAAP financial performance measure that excludes (if applicable): (i) certain adjustments as a result of the purchase price accounting for the merger of Sirius and XM, (ii) depreciation and amortization and (iii) share-based payment expense. The purchase price accounting adjustments include: (i) the elimination of deferred revenue associated with the investment in XM Canada, (ii) recognition of deferred subscriber revenues not recognized in purchase price accounting, and (iii) elimination of the benefit of deferred credits on executory contracts, which are primarily attributable to third party arrangements with an OEM and programming providers. SiriusXM believes Adjusted EBITDA is a useful measure of the underlying trend of SiriusXM's operating performance, which provides useful information about its business apart from the costs associated with its physical plant, capital structure and purchase price accounting. SiriusXM believes investors find this non-GAAP financial measure useful when analyzing its results and comparing its operating performance to the performance of other communications, entertainment and media companies. SiriusXM believes investors use current and projected Adjusted EBITDA to estimate its current and prospective enterprise value and to make investment decisions. Because SiriusXM funds and builds-out its satellite radio system through the periodic raising and expenditure of large amounts of capital, its results of operations reflect significant charges for depreciation expense. The exclusion of depreciation and amortization expense is useful given significant variation in depreciation and amortization expense that can result from the potential variations in estimated useful lives, all of which can vary widely across different industries or among companies within the same industry. SiriusXM also believes the exclusion of share-based payment expense is useful given share-based payment expense is not directly related to the operational conditions of the business.

Adjusted EBITDA has certain limitations in that it does not take into account the impact to SiriusXM's statements of comprehensive income of certain expenses, including share-based payment expense and certain purchase price accounting for the merger of Sirius and XM. SiriusXM endeavors to compensate for the limitations of the non-GAAP measure presented by also providing the comparable GAAP measure with equal or greater prominence and descriptions of the reconciling items, including quantifying such items, to derive the non-GAAP measure. Investors that wish to compare and evaluate SiriusXM's operating results after giving effect for these costs, should refer to net income as disclosed in its unaudited consolidated statements of comprehensive income. Since Adjusted EBITDA is a non-GAAP financial performance measure, SiriusXM's calculation of Adjusted EBITDA may be susceptible to varying calculations; may not be comparable to other similarly titled measures of other companies; and should not be considered in isolation, as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. The reconciliation of SiriusXM's net income to Adjusted EBITDA is set forth in Reconciling Schedule 3.

Free cash flow is derived from cash flow provided by operating activities, capital expenditures and restricted and other investment activity. The reconciliation of SiriusXM's operating cash flow to free cash flow is set forth in Reconciling Schedule 4.



SiriusXM Reconciling Schedules (Schedule 3)

(\$ in thousands)

	Unaudited	
	For the Three Months Ended	
	March 31,	
	2015	2014
Net income (GAAP):	\$ 105,692	\$ 93,988
Add back items excluded from Adjusted EBITDA:		
Purchase price accounting adjustments:		
Revenues	1,813	1,813
Operating expenses	(836)	(945)
Share-based payment expense (GAAP)	19,417	18,240
Depreciation and amortization (GAAP)	65,027	68,267
Interest expense, net of amounts capitalized (GAAP)	69,908	54,092
Interest and investment income (GAAP)	(981)	(4,349)
Loss on change in value of derivatives (GAAP)	-	27,023
Other loss (income) (GAAP)	258	(95)
Income tax expense (GAAP)	138,929	76,748
Adjusted EBITDA	\$ 399,227	\$ 334,782



SiriusXM Reconciling Schedules (Schedule 4)

(\$ in thousands)

	Unaudited	
	For the Three Months Ended	
	March 31,	
	2015	2014
Cash Flow Information		
Net cash provided by operating activities	\$ 310,029	\$ 251,390
Net cash used in investing activities	\$ (33,797)	\$ (27,457)
Net cash provided by (used in) financing activities	\$ 58,087	\$ (237,567)
Free Cash Flow		
Net cash provided by operating activities	\$ 310,029	\$ 251,390
Additions to property and equipment	(29,831)	(28,601)
Purchases of restricted and other investments	(3,966)	-
Free Cash Flow	\$ 276,232	\$ 222,789

