



LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(1) Basis of Presentation

The accompanying condens 4

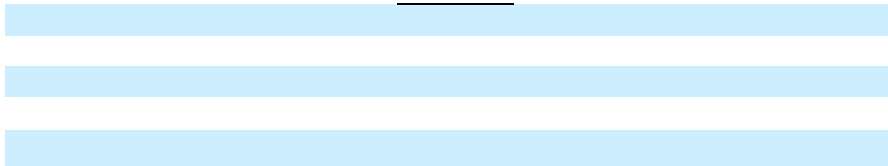
LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

space and related amenities at its corporate headquarters with Liberty Interactive and Starz. Under these various agreements approximately \$6 million and \$5 million of these allocated expenses were reimbursed to Liberty during the three months ended June 30, 2014 and 2013, respectively, and \$8 million and \$9 million for the six months ended June 30, 2014 and 2013, respectively. Under the Lease Agreement, Starz leases its corporate headquarters from Liberty. The Lease Agreement with Starz for their corporate headquarters requires a payment of approximately \$3 million annually, subject to certain increases based on the Consumer Price Index.

On January 18, 2013, Liberty settled a block transaction with a financial institution taking possession



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Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

\$670 Million Margin Loan due 2015

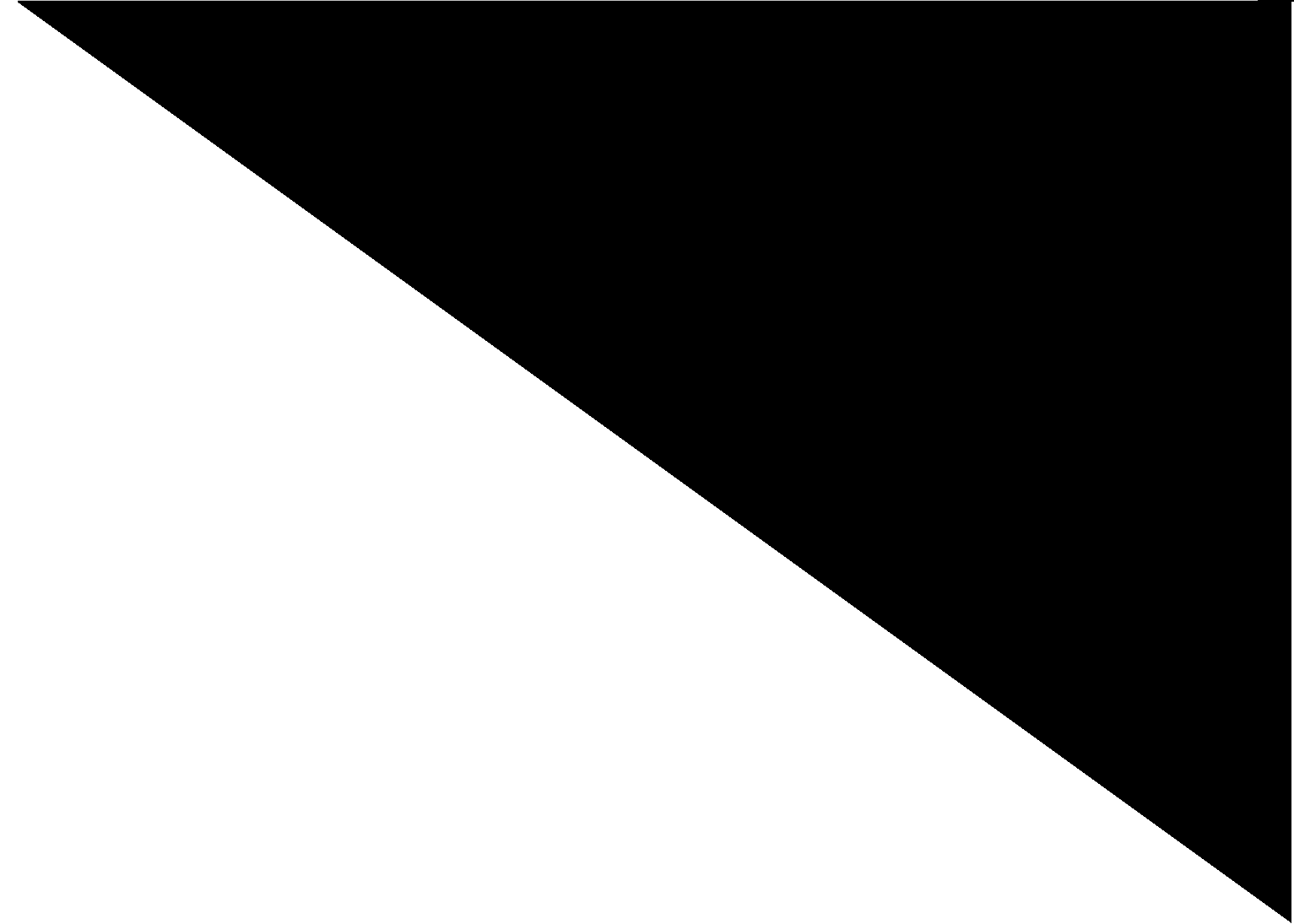
At closing on May 1, 2013, LMC Cheetah 2, LLC, a wholly owned subsidiary of Liberty, entered into a margin loan agreement with an availability of \$670 million pursuant to a term loan with various lender parties ("\$670 Million Margin Loan due 2015"). Shares of Charter common stock were pledged as collateral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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Continued)

(unaudited)

The Atlanta Braves and certain of their players and coaches have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of June 30, 2014 aggregated \$406 million, which is payable as follows: \$39 million is payable in 1



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

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business, product and marketing strategies; new service offerings; revenue growth and subscriber trends at SIRIUS XM Holdings, Inc. ("SIRIUS XM"); the recoverability of our goodwill and other long-lived assets; the performance of our equity affiliates; our projected sources and uses of cash; the proposed spin-off of Liberty Broadband Corporation; SIRIUS XM's stock repurchase program; and the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. The following include some but not all of the factors (as they relate to our consolidated subsidiaries and equity affiliates) that could cause actual results or events to differ materially from those anticipated:

• ~~Q~~ ~~assumptions and risks~~ ~ ò

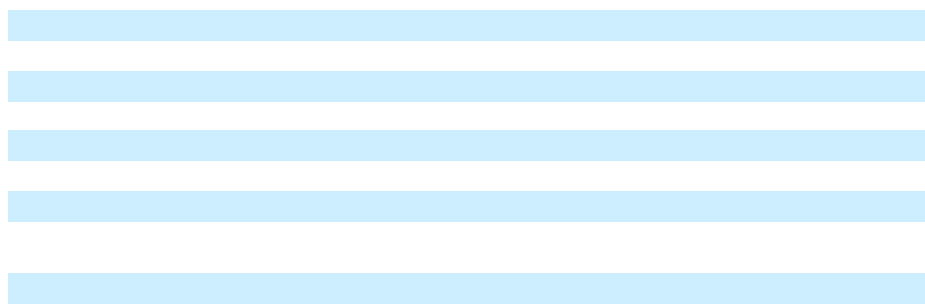
The following discussion and analysis provides information concerning our results of operations and financial condition. This discussion should be read in conjunction with our accompanying condensed consolidated financial statements and the notes thereto and our Annual Report on Form 10-K for the year ended December 31, 2013.

Explanatory Note

On January 18, 2013, Liberty settled a block transaction with a financial institution taking possession of an additional 50,000,000 common 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 13.5% of the outstanding common stock of SIRIUS XM as of January 18, 2013.

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PART II—OTHER INFORMATION

Item 1. Legal Proceedings

In early to mid-January 2014, a series of stockholder class actions were filed in Delaware and New York state courts against Sirius XM, Liberty, Liberty Radio LLC, and certain present and former Sirius XM board members (Joan L. Amble, Anthony J. Bates, George W. Bodenheimer, David J.A. Flowers, Eddy W. Hartenstein, James P. Holden, Gregory B. Maffei, Evan D. Malone, John C. Malone, James E. Meyer, James F. Mooney, Carl E. Vogel, Vanessa A. Wittman, David Zaslav). In Delaware, the cases are captioned: Roy v. Meyer, et al., Case No. 9248-VCN (Del. Ch.); Ebenau v. Meyer, et al., Case No. 9249-VCN (Del. Ch.); Ricciardi v. Sirius XM Holdings Inc., et al., Case No. 9253-VCN (Del. Ch.); Western Washington Laborers-Employers Pension Trust v. Sirius XM Holdings Inc., et al., Case No. 9269-VCN (Del. Ch.); and Varvolis v. Malone, et al., Case No. 9283-VCN (Del. Ch.). In New York, the cases are captioned: Freedman v. Sirius XM Holdings Inc., et al., Index No. 650038/2014 (N.Y. Sup. Ct.); Adoni v. Amble, et al., Index No. 650085/2014 (N.Y. Sup. Ct.); Goodman v. Amble, et al., Index No. 650141/2014 (N.Y. Sup. Ct.); Hartleib v. Sirius XM Holdings Inc., et al., Index No. 650158/2014 (N.Y. Sup. Ct.); Shenk v. Sirius XM Holdings Inc., et al., Index No. 650188/2014 (N.Y. Sup. Ct.); The Booth Family Trust v. Meyer, et al., Index No. 650235/2014 (N.Y. Sup. Ct.); Corso v. Sirius XM Holdings Inc., et al., Index No. 650253/2014 (N.Y. Sup. Ct.); and Sciortino v. Sirius XM Holdings Inc., et al., Index No. 650268/2014 (N.Y. Sup. Ct.).

The cases involved Liberty's former proposal (the "Proposal") to acquire the remaining shares of Sirius XM that it does not already own (which was subsequently withdrawn). The plaintiffs alleged that in pursuing this Proposal, Liberty and the individual director defendants breached their fiduciary duties to the Sirius XM shareholders.

On January 13, 2014, a notice of voluntary discontinuance was filed in the Adoni case. On January 27, 2014, a motion for consolidation (of all of the New York cases) and appointment of lead counsel was filed in the Shenk case. On January 31, 2014, defendants filed a cross-motion to dismiss the New York actions, or in the alternative to stay the New York actions, in favor of the substantially similar actions pending in Delaware.

On March 13, 2014, before the New York Supreme Court heard oral argument on the pending motion and cross-motion, Liberty issued a press release stating that it had withdrawn the Proposal. In light of this withdrawal, plaintiffs' cases became moot. On April 1, 2014, notices of voluntary discontinuances were filed in the Freedman, Goodman, Hartleib, The Booth Family Trust, Corso, and Sciortino cases. In the Shenk case, a stipulation of voluntary discontinuance was faxed to the court on April 2, 2014, and on April 10, 2014, Judge Lawrence Marks "So Ordered" the stipulation. All of the New York cases were voluntarily dismissed on or before April 10, 2014.

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

Share Repurchase Programs

On January 11, 2013 Liberty Media Corporation announced that its board of directors authorized \$450 million of repurchases of Liberty common stock by appointment

Item 6. Exhibits

(a) Exhibits

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

4.1 Form of Specimen Certificate for Shares of Series C common stock, par value \$0.01 per share, of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A (File No. 001-35707) as filed on June 25, 2014)

31.1 Rule 13a-14(a)/15d-14(a) Certification*

31.2 Rule 13a-14(a)/15d-14(a) Certification*

32 Section 1350 Certification**

101.INS XBRL Instance Document**

101.SCH XBRL Taxonomy Extension Schema Document**

101.CAL XBRL Taxonomy Calculation Linkbase Document**

101.LAB XBRL Taxonomy Label Linkbase Document**

101.PRE XBRL Taxonomy Presentation Linkbase Document**

101.DEF XBRL Taxonomy Definition Document**

* Filed herewith

** Furnished herewith

SIGNATURES

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

Date:	August 5, 2014	LIBERTY MEDIA CORPORATION
		By: <u>/s/ GREGORY B. MAFFEI</u>
		Gregory B. Maffei
		President and Chief Executive Officer
Date:	August 5, 2014	By: <u>/s/ CHRISTOPHER W. SHEAN</u>
		Christopher W. Shean
		Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

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

EXHIBIT INDEX

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

4101-1000-6 Specimen Certificate for Shares of Series C common stock, par value \$0.01 per share, of the
Registered Company of Serol

QuickLinks

[LIBERTY MEDIA CORPORATION Condensed Consolidated Balance Sheets \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Balance Sheets \(Continued\) \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Operations \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Operations \(Continued\) \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Comprehensive Earnings \(Loss\) \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Statements Of Cash Flows \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Condensed Consolidated Statement of Equity \(unaudited\)](#)

[LIBERTY MEDIA CORPORATION Notes to Condensed Consolidated Financial Statements](#)

[Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[Item 3. Quantitative and Qualitative Disclosures about Market Risk.](#)

[Item 4. Controls and Procedures.](#)

Part II - Other Information

Item 1. Legal Proceedings

[Item 2. Unregistered Sales of Equity Securities and Use of Proceeds](#)

[Item 6. Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

QuickLinks

[EXHIBIT 31.1](#)

QuickLinks

[EXHIBIT 31.2](#)

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

Exhibit 32

QuickLinks

[Exhibit 32](#)

[Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\)](#)