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So just to review what we are proposing to do in this transaction, we will exchange newly issued Liberty C shares for the remaining outstanding stock of Sirius that the public holds. Immediately prior to the exchange, we will dividend out C shares tax-free to our [current] Liberty holders at a ratio of two new C shares for every A share or B share.

The exchange ratio of Liberty to Sirius is based on the relative trading over a specified period of time, 90 days, and before the dividend, pro forma for the dividend rather is 0.0760, and prior to the dividend it's 0.0253. And based on today's close, that's a 3.1% premium. But if you look at yesterday's close, for example, it's a 4.5% premium. But we really looked at it as effectively where we traded with them over the last 90 days.

This deal obviously is conditioned upon the approval by Sirius's special committee. If their special committee doesn't approve the deal, we're not going to go forward with it. And [the deal is also conditioned upon] a majority vote of the minority non-Liberty Sirius shareholders, and we wouldn't go forward without their approval as well.

Liberty's shareholders will have to approve the issuance of these C shares to the Sirius holders because we're issuing more than 20% of our stock, as required under the NASDAQ rules. Post-close, Sirius will hold 48.6% of the C shares. They're at 39% of the new Liberty total equity market cap based on today's close.

I would note; this is not a change of control. We already control Sirius XM, nor is it a minority squeeze-out because the Sirius shareholders are going to receive equity in which they are the largest piece, and they will continue to benefit from the upside of Sirius XM.

So why are we doing this? What's our rationale? First is we want to simplify our capital structure and have a parent-only structure, eliminate some ambiguity around our long-term relationship between Sirius and Liberty. We also think it increases our financial flexibility and strategic flexibility. It optimizes our capital structure. It allows the Sirius shareholders to benefit from capital deployment and organic and strategic investments and return of capital across the whole Liberty portfolio. We believe it will enhance Liberty's access to capital to support the pursuit of other potential attractive investment opportunities.

It aligns our management and the Sirius XM management more closely in recognizing that [Sirius XM represents] nearly 70% of [Liberty's] operational value. And as I noted, it's neither a change of control nor minority squeeze-out. All it does is move the Sirius XM shareholders in the position of a non-controlling economic stake at the [subsidiary] level to a similar non-controlling economic position in new Liberty at the parent company level.

So those are some of the reasons we think it's attractive, and we also think it will be attractive similarly for our shareholders to have access to the Sirius XM cash flow to optimize, as I said, the combined capital structure, and to be able to pursue other economic opportunities.

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I would note a couple of things here; that because of the issuance of those C shares, the new Liberty pro forma equity market cap will be \$27 billion. And that will be a very liquid shareholding, a very liquid stock, and one we think will trade very well.

So with that, I'm happy to open it up to questions, if there are any.

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Barton Crockett, Analyst, FBR Capital Markets

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Bryan D. Kraft, Analyst, Evercore Partners (Securities)

... Greg, I guess the alternative to this would have been just selling into Sirius's share repurchase program as a source of capital, further investments, and down the road ultimately doing an RMT spin/merge with Sirius, which would have simplified the capital structure too. I guess just what made this a more attractive option than that first option that I had laid out?

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. Gregory Maffei

I think that we like Sirius XM. We are not really interested in selling down, and we're certainly not interested in giving up control. And we thought, frankly, that there were a bunch of reasons why this is more attractive. First, it gives more financial flexibility to go do other things with that capital. But it could be doing other things with the stock to enhance Sirius. I would point out, today, if Sirius wants to do a big acquisition, concerns about votes, and everything become more meaningful, that will go away with these C share structures. And so we think this creates flexibility for Sirius to do things as well. So we think it's very attractive in terms of creating flexibility in ways that holding and trying to sell down aren't.

, Bryan D. Kraft

Okay. And I guess it sounds like you're pretty positive on the long term for Sirius's business against probably a backdrop where there are concerns, secular concerns...

**G**regory Maffei

We read your report, Bryan. We read your report and moved.

Bryan D. Kraft

So that was what drove it?

Gregory Maffei

No, I did read your report though.

Bryan D. Kraft

Thanks for promoting it on your conference call. But I guess it's safe to assume then you are pretty constructive and feel that there is a pretty good mode around their business long term despite new competition coming into the car?

Gregory Maffei

Yes, there's competition all the time. We obviously are very enthused with Sirius XM business. It's been a great performer and we expect it to continue to be.

, Kannan Venkateshwar, Analyst, Barclays Capital, Inc.

Thanks, just a couple of questions. The first is until recently you guys were talking about a buyback on a pretty large scale, and suddenly the whole focus has changed now to more of a controlling structure, and buybacks now don't seem to be a priority.

. Gregory Maffei

I'm sorry. I didn't read that in the press release nor did I hear that in my earlier comments. I think buybacks will be one of the things that will absolutely be on the table and attractive for this company going forward.

, Kannan Venkateshwar

No, purely from a Sirius buyback perspective as a source of capital, that is something that you guys were talking about until recently. And now the structure that you're approaching the whole transaction with is slightly different

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from a capital perspective. So what seemed to over the last couple of months, purely in terms of conversation with Sirius management and...

. Gregory Maffei

Again, one more time, I dispute your premise. You keep suggesting that we won't be doing share repurchase. And what I noted, as I said earlier in the call is, I think share repurchase will be an important part of our capital structure or our capital operations going forward. And I expect we will be doing share repurchase, but we're going to weigh it against the full range of opportunities that are available to Sirius XM and Liberty.

, Kannan Venkateshwar

Yes, sorry, I was talking about actually the Sirius buyback program, not the Liberty program.

. Gregory Maffei

Yes, but now they're going to be one and the same. So I'm not sure exactly how that changes. Now you're going to have...

Kannan Venkateshwar



 $\dots$  Look, the Sirius buyback program becomes the Liberty buyback program.

. , Kannan Venkateshwar

No, that's true. But purely in terms of who's driving that buyback program, it's slightly different.

. Gregory Maffei

Who do you think drives it today? Liberty owns 52% of the company. Believe me, if Liberty wasn't endorsing a buyback program at Sirius, it wouldn't be happening.

, Kannan Venkateshwar

Okay, so I guess the logical assumption then to make ithe Believe



It has only been offered at the company, which the special committee will have to rule on and look at.

Sachin Shah

Okay. But are they aware of this, aside from the letter? This could have been done behind the scenes and you could have announced the...

. Gregory Maffei

My understanding is, given our large position, when we changed our intent and made the decision to make an offer, we were obligated to make a 13-D filing and make the offer public.

Sachin Shah

Okay. And so they're aware . . .

**G**regory Maffei

Sorry, they're aware? I didn't hetyth gedhetyD p p

olve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, to ity of Liberty to negotiate mutually satisfactory definitive transaction documents with Sirius, the ability of Liberty and Sirius to complete any such proposed transaction ability of Liberty to complete any such proposed transaction ability of Liberty.	he 1,