

## EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this “Agreement”), dated as of January 10, 2014 (the “Effective Date”), is between SIRIUS XM RADIO INC., a Delaware corporation (the “Company”), and PATRICK L. DONNELLY (the “Executive”).

WHEREAS, the Company and the Executive previously entered into an employment agreement dated as of January 14, 2010 (the “Prior Agreement”); and

WHEREAS, the Company and the Executive jointly desire to enter into this Agreement, which shall replace and supersede the Prior Agreement in its entirety, to reflect the terms and conditions of the Executive’s continued employment with the Company.

In consideration of the mutual covenants and conditions set forth herein, the Company and the Executive agree as follows:

1. Employment. Subject to the terms and conditions of this Agreement, the Company hereby employs the Executive, and the Executive hereby agrees to continue his employment with the Company.
2. Duties and Reporting Relationship. (a) The Executive shall continue his employment as the Executive Vice President, General Counsel and Secretary of the Company and serve as the Executive Vice President, General Counsel and Secretary of Sirius XM Holdings Inc. (“Holdings”). In such capacity, the Executive shall be responsible for the legal affairs of the Company and Holdings, including all legal aspects of their obligations as reporting companies under the Securities Exchange Act of 1934, as amended; and the selection, hiring and supervision of outside counsel for the companies. During the Term (as defined below), the Executive shall, on a full-time basis and consistent with the needs of the Company and Holdings, use his skills and render services to the best of his ability. The Executive shall perform such activities and duties consistent with his position as the Chief Executive Officer of the Company or Holdings (the “CEOs”) shall from time to time reasonably specify and direct. During the Term, the Executive shall not perform any consulting services for, or engage in any other business enterprises with, any third parties without the express written consent of the Chief Executive Officer of the Company and Holdings, other than passive investments.
  - (b) The Executive shall generally perform his duties and conduct his business at the principal offices of the Company in New York, New York.
  - (c) Unless otherwise required by law, administrative regulation or the listing standards of the exchange on which Holdings’ shares are primarily traded, the Executive shall report directly to the Chief Executive Officer of the Company and Holdings.
  - (d) Notwithstanding anything contained in this Agreement, under no circumstances shall the Company or Holdings be considered to have breached this Agreement or

to have terminated the Executive's employment with or without Cause (as defined below), or shall a Good Reason event (as defined below) be deemed to have occurred, solely as a result of Holdings merging with and/or into the Company, Liberty Media Corporation or any of their wholly-owned subsidiaries (excluding a merger that would result in a Change of Control (as defined in the Sirius XM Radio Inc. 2009 Long-Term Stock Incentive Plan)).

3. Term. The term of this Agreement shall commence on the Effective Date and shall end on January 13, 2017, unless terminated earlier pursuant to the provisions of Section 6 or extended in accordance with Section 6(f)(v) (as applicable, the "Term").

4. Compensation. (a) During the Term, the Executive shall be paid an annual base salary of \$725,000, which may be subject to any increase from time to time by recommendation of the CEOs to, and approval by, the Board of Directors of Holdings (the "Board") or any committee thereof (such amount, as increased, the "Base Salary"). All amounts paid to the Executive under this Agreement shall be in U.S. dollars. The Base Salary shall be paid at least monthly and, at the option of the Company, may be paid more frequently.

(b) On January 10, 2014, the Executive shall be granted the following:

(i) an option to purchase shares of Holdings' common stock, par value \$.001 per share (the "Common Stock"), at an exercise price equal to the closing price of the Common Stock on the Nasdaq Global Select Market on January 10, 2014, with the number of shares of Common Stock subject to such option being that necessary to cause the Black-Scholes-Merton value of such option on January 10, 2014 to be equal to \$4,000,000, determined by using inputs consistent with those Holdings uses for its financial reporting purposes. Such option shall be subject to the terms and conditions set forth in the Option Agreement attached to this Agreement as Exhibit A; and

(ii) a number of restricted stock units equal to \$1,000,000, divided by the closing price of the Common Stock on the Nasdaq Global Select Market on January 10, 2014. Such restricted stock units shall be subject to the terms and conditions set forth in the Restricted Stock Unit Agreement attached to this Agreement as Exhibit B.

(c) All compensation paid to the Executive hereunder shall be subject to any payroll and withholding deductions required by applicable law, including, as and where applicable, federal, New York state and New York City income tax withholding, federal unemployment tax and social security (FICA).

5. Additional Compensation; Expenses and Benefits. (a) During the Term, the Company shall reimburse the Executive for all reasonable and necessary business expenses incurred and advanced by him in carrying out his duties under this Agreement; provided that such expenses are incurred in accordance with the policies and procedures established by the Company. The Executive shall present to the Company an itemized account of all expenses in such form as may be required by the Company from time to time.

(b) During the Term, the Executive shall be eligible to participate fully in any other benefit plans, programs, policies and fringe benefits which may be made available to the executive officers of the Company and Holdings generally, including, without limitation,

disability, medical, dental and life insurance and benefits under the Company's or Holdings' 401(k) savings plan.

(c) During the Term, the Executive shall be eligible to participate in any bonus plans generally offered to executive officers of the Company or Holdings. The Executive's annual bonus (the "Bonus") shall be determined annually by the CEOs, or the Board or the compensation committee of the Board (the "Compensation Committee"). Bonus(es) may be subject to the Executive's individual performance and satisfaction of objectives established by the CEOs or the Board or the Compensation Committee, and further are subject to the exercise of discretion by the CEOs and review and approval by the Compensation Committee. Bonus(es), if any, will be paid in the form of cash, stock options, restricted stock, restricted stock units or other securities of Holdings, as determined by the Compensation Committee in its sole discretion.

6. Termination. The date upon which the Executive's employment with the Company under this Agreement is deemed to be terminated in accordance with any of the provisions of this Section 6 is referred to herein as the "Termination Date." With respect to any payment or benefits that would be considered deferred compensation subject to Section 409A ("Section 409A") of the Internal Revenue Code of 1986, as amended (the "Code"), and which are payable upon or following a termination of employment, a termination of employment shall not be deemed to have occurred unless such termination also constitutes a "separation from service" within the meaning of Section 409A and the regulations thereunder (a "Separation from Service"), and notwithstanding anything contained herein to the contrary, the date on which a Separation from Service takes place shall be the Termination Date.

(a) The Company has the right and may elect to terminate this Agreement for Cause at any time. For purposes of this Agreement, "Cause" means the occurrence or existence of any of the following:

(i) (A) a material breach by the Executive of the terms of this Agreement, (B) a material breach by the Executive of the Executive's duty not to engage in any transaction that represents, directly or indirectly, self-dealing with the Company or any of its affiliates (which, for purposes hereof, shall mean any individual, corporation, partnership, association, limited liability company, trust, estate, or other entity or organization directly or indirectly controlling, controlled by, or under direct or indirect common control with the Company) which has not been approved by a majority of the disinterested directors of the Board, or (C) the Executive's violation of the Company's Code of Ethics or any other written Company policy which is demonstrably and materially injurious to the Company, if any such material breach or violation described in clauses (A), (B) or (C), to the extent curable, remains uncured after fifteen (15) days have elapsed following the date on which the Company gives the Executive written notice of such material breach or violation;

(ii) the Executive's act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar intentional misconduct by the Executive involving the Company or any of its affiliates;

- (iii) the Executive's conviction or the plea of *nolo contendere* or the equivalent in respect of a felony;
- (iv) any damage of a material nature to any property of the Company or any of its affiliates caused by the Executive's willful misconduct or gross negligence;
- (v) the repeated nonprescription use of any controlled substance or the repeated use of alcohol or any other non-controlled substance that, in the reasonable good faith opinion of the Board, renders the Executive unfit to serve as an officer of the Company or its affiliates;
- (vi) the Executive's failure to comply with the CEOs' reasonable written instructions on a material matter within five (5) days unless such instructions conflict with the Executive's duties to the Board; or
- (vii) conduct by the Executive that, in the reasonable good faith written determination of the Board, demonstrates unfitness to serve as an officer of the Company or its affiliates, including a finding by the Board or any judicial or regulatory authority that the Executive committed acts of unlawful harassment or violated any other state, federal or local law or ordinance prohibiting discrimination in employment.

(b) Termination of the Executive for Cause pursuant to Section 6(a) shall be communicated by a Notice of Termination for Cause. For purposes of this Agreement, a "Notice of Termination for Cause" shall mean delivery to the Executive of a copy of a resolution or resolutions duly adopted by the affirmative vote of not less than a majority of the directors (other than the Executive, if the Executive is then serving on the Board) present (in person or by teleconference) and voting at a meeting of the Board called and held for that purpose after fifteen (15) days' notice to the Executive (which notice the Company shall use reasonable efforts to confirm that the Executive has actually received) and a reasonable opportunity for the Executive, together with the Executive's counsel, to be heard before the Board prior to such vote, finding that in the good faith opinion of the Board, the Executive was guilty of the conduct set forth in any of clauses (i) through (vii) of Section 6(a) and specifying the particulars thereof in reasonable detail. For purposes of Section 6(a), this Agreement shall terminate on the date specified by the Board in the Notice of Termination for Cause.

(c) (i) This Agreement and the Executive's employment shall terminate upon the death of the Executive.

(ii) If the Executive is unable to perform the essential duties and functions of his position because of a disability, even with a reasonable accommodation, for one hundred eighty (180) days within any three hundred sixty-five (365)-day period ("Disability"), the Company shall have the right and may elect to terminate the services of the Executive by a Notice of Disability Termination. The Executive shall not be terminated following a Disability except pursuant to this Section 6(c)(ii). For purposes of this Agreement, a "Notice of Disability Termination" shall mean a written notice that sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under this Section 6(c)(ii). For purposes of this Agreement, no such purported termination shall be

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effective without such Notice of Disability Termination. This Agreement and the Executive's employment shall terminate on the day such Notice of Disability Termination is received by the Executive.

(d) The Executive shall have the absolute right to terminate his employment at any time with or without Good Reason (as defined below). Should the Executive wish to resign from his position with the Company and Holdings during the Term for other than Good Reason (as defined below), the Executive shall give at least fourteen (14) days' prior written notice to the Company. This Agreement shall terminate on the effective date of the resignation set forth in the notice of resignation; provided that the Company may, at its sole discretion, instruct that the Executive perform no job responsibilities and cease his active employment immediately upon receipt of such notice from the Executive. Further, any resignation by Executive of his position with the Company shall be deemed a resignation of his position with Holdings (and vice versa).

(e) The Company shall have the absolute right to terminate the Executive's employment without Cause at any time. This Agreement shall terminate one (1) day following receipt of such notice by the Executive; provided that the Company may, at its sole discretion, instruct that the Executive cease active employment and perform no more job duties immediately upon provision of such notice to the Executive.

(f) Should the Executive wish to resign from his position with the Company and Holdings for Good Reason during the Term, the Executive shall give at least seven (7) days' prior written notice to the Company. This Agreement shall terminate on the date specified in such notice; provided that the Company may, at its sole discretion, instruct that the Executive cease active employment and perform no more job duties immediately upon receipt of such notice from the Executive. Further, any resignation by Executive of his position with the Company shall be deemed a resignation of his position with Holdings (and vice versa).

For purposes of this Agreement, "Good Reason" shall mean the continuance of any of the following events (without the Executive's prior written consent) for a period of thirty (30) days after delivery to the Company by the Executive of a written notice within ninety (90) days of the Executive becoming aware of the initial occurrence of such event, during which thirty (30) day period of continuation the Company and Holdings shall be afforded an opportunity to cure such event:

(i) the assignment to the Executive by the Company or Holdings of duties not reasonably consistent with the Executive's positions, duties, responsibilities, titles or offices at the commencement of the Term, any material reduction in the Executive's duties or responsibilities as described in Section 2 (provided that any reduction in the Executive's duties and responsibilities with respect to the Company's customer care department shall not constitute a Good Reason event) or any removal of the Executive from or any failure to re-elect the Executive to any of such positions or the Executive not being the most senior executive, other than the CEOs, who is responsible for all legal matters and legal personnel of the Company and Holdings (except in connection with the termination of the Executive's employment for Cause, Disability or as a result of the Executive's death or by the Executive other than for Good Reason); or

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