



LIBERTY MEDIA CORPORATION
2017 ANNUAL REPORT



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 anticipated business plans, events, and opportunities; our business, product and marketing strategies; projected benefits of tax reform; expected share repurchases; revenue growth and subscriber trends at Sirius XM Holdings Inc. (“SIRIUS XM”); new service offerings; the recoverability of our goodwill and other long-lived assets; the performance of our equity affiliates; our projected sources and uses of cash; SIRIUS XM’s stock repurchase program; the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings; the expected benefits of the acquisition of Formula 1; and the future financial performance of Formula 1’s business and other matters arising in the ordinary course of business. In particular, statements in our “Letter to Shareholders” 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 businesses’ 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;
- our businesses’ significant dependence upon automakers;
- our businesses’ ability to attract and retain subscribers 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;
- 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 SIRIUS XM’s 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 or investigation;
- 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 consumer protection laws, 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;
- impairments of third-party intellectual property rights;
- our indebtedness could adversely affect 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 businesses’ customers, subjecting our businesses 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 impact of AT&T Inc.’s agreement to acquire Time Warner Inc. on our 2.25% Exchangeable Senior Debentures due 2046;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate; and
- threatened terrorist attacks, political unrest in international markets and ongoing military action around the world.

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 and in our publicly filed documents, including our most recent Forms 10-K and 10-Q. 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 controlling and non-controlling interests that file reports and other information with the SEC in accordance with the Securities Exchange Act of 1934, as amended. 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.

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

By Liberty standards, 2017 was a “quiet year” (it’s rare to write two sequential shareholder letters with no change to the tickers referenced), but it was a year of great accomplishment. The primary businesses attributed to each of our trackers – Liberty SiriusXM Group, Formula One Group and Braves Group – were laser focused on operations, and we were very pleased with performance across the board.

At our Investor Day in November, we emphasized the power of “live” running throughout the Liberty Media portfolio. A snapshot of 2017: 20 F1 Grands Prix, 29k Live Nation concerts, 81 Braves home games, 501 SiriusXM special events plus a portfolio of live talk, news and sports content. In a media landscape cluttered with distractions, consumers are increasingly spending more of their time and wallet with live experiences. We think the power of live is real, and we will continue to explore new opportunities to expand and strengthen our portfolio.

Liberty SiriusXM Group

SiriusXM had a stellar year – both operationally and strategically. Their financial performance continued to impress. Total subscriber count grew to 32.7 million as of year-end, leveraging longstanding OEM relationships to drive new car activations while growing their presence in the used car market. Used car penetration reached 35% in 2017, with SiriusXM representation at over 30,000 US auto dealers.

In addition to superb execution, 2017 was a year of strategic actions:

- \$480 million investment in Pandora enables SiriusXM to test their participation in the ad-supported radio market with relatively low risk
- Acquisition of Automatic Labs, while small compared to the core business, is representative of the gaining momentum of SiriusXM’s connected vehicle initiatives
- Recapitalization of SiriusXM Canada provided SiriusXM with a 70% economic interest / 33% voting interest and creates opportunity to leverage operational efficiencies

Perhaps most exciting of all, 360L made its long awaited debut in the all-new Ram 1500 in January 2018, and the hype was well warranted. 360L combines SiriusXM’s near-ubiquitous satellite coverage with the benefits of two-way wireless connectivity in a sharp and high-tech interface. We look forward to its continued deployment over the next five years.

With recent launches on Sonos, Alexa and Apple TV, SiriusXM continues to position itself well for ease of use outside of the car. The redesigned app is expected to launch later this quarter, and who knows what Howard has in store once his video is incorporated onto the platform...

In summary, through execution and investment, the future at SiriusXM is bright under Jim Meyer and his team’s excellent management. Tax reform is an added positive that we expect will materially improve SiriusXM’s free cash flow over the next several years.

The discount at Liberty SiriusXM relative to the underlying SIRI stock persisted in 2017 and widened in early 2018. We took action by raising \$400 million in exchangeable notes in March 2018 and anticipate using these funds for share repurchases.

Earlier in 2018, we also bought an attractive economic position in iHeart Communications through purchases of approximately \$660 million face value of their senior debt. We are in discussions with the creditors regarding a potential equity investment in a restructured radio business. iHeart is the nation’s largest radio network. The resiliency of the radio market is often underappreciated, with over 90% domestic reach that has remained virtually unchanged while other ad supported media have seen consistent declines.

Formula One Group

When we bought Formula 1 (“F1”) in January 2017, we knew there would be investment and time required to elevate the business to its full potential. F1 was a multi-billion dollar brand with very limited corporate infrastructure.

The first step was to build a team behind Chase Carey, Sean Bratches and Ross Brawn. Headcount at F1’s new corporate and commercial headquarters in Central London is currently around

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LETTER TO SHAREHOLDERS, CONTINUED

120 and is expected to reach 150 by mid-2018. We now have teams for sponsorship, research, strategy, digital, marketing and more – many of which previously didn't exist.

A number of important structural steps were taken in 2017. We optimized F1's capital structure by fully repaying their expensive second lien term loan, reducing the balance on the first lien term loan and increasing their revolver size. The net effect of these changes will reduce pro forma annual interest expense by approximately \$115 million, almost all of which will fall to free cash flow. We also facilitated an orderly liquidation for the selling shareholders of F1, removing a potential overhang on FWONK stock.

At our Investor Day in November, Chase laid out four operational pillars to drive long-term success for the business. While it's still early stages, we can already see strong progress being made.

1) Maximize traditional revenue pillars

The team successfully negotiated key broadcast renewals in Australia, France, Germany, US, Spain, Latin America and Italy in 2017. Where possible, we retained important digital rights to help grow additional exposure. Each agreement is different, and the team carefully managed the balance between reach and economics unique to each market.

On promotion, the list of global parties interested in hosting races continues to grow. Our priority remains finding the right partners who will help promote our long-term vision for the sport. At the same time, we are working with existing partners to make the events bigger, broaden the experience and ultimately improve fan engagement to increase the value of the events.

Sponsorship and advertising is still an underexploited area, but the necessary relationship building for long-term partners takes time. We continue to engage sponsors – both new and existing – in more multi-dimensional ways. The opportunity here is substantial.

2) Build and expand franchise revenue opportunities

The team is quickly capitalizing on extensions of the F1 franchise – leveraging new media distribution formats and a fresh approach to fan engagement. Our inaugural F1 Live event

in London drew an estimated crowd of 100,000 to Trafalgar Square, earning it the honor of 'Sports Event of the Year' at the Drum UK Event Awards in 2017. We have four F1 Live events planned for 2018. Hospitality, merchandising, licensing and digital opportunities are abundant, and we announced the launch of the F1 OTT streaming service earlier this year.

3) Build opportunity in new markets

Western Europe remains the foundation of F1, but various under-penetrated markets provide significant white space for a sport with proven global appeal. The US and China are two obvious examples. We continue to evaluate the best expansion points in these markets.

4) Transform the business model

As Chase says, the goal at F1 is to make $1 + 1 = 3$. This involves changing the culture of the sport to one that is collaborative and partnership-oriented across teams, commercial partners and the FIA. The joint announcement of the new power unit with the FIA is one example of this new approach. The new power unit will increase engine noise (a consistent request from our core fan base), reduce cost for teams and improve competitiveness across the grid.

2017 was just the beginning. Audience figures increased across both TV and digital platforms, and 352 million unique viewers tuned in over the season, marking the first increase since 2010. F1 was the fastest growing sports brand on social media platforms. On the track, we had five different drivers stand atop the podium in 1st place last season – the most diversity in a single season since 2013.

Overall, the opportunities are plentiful, but the process will take time. We are focused on building F1 for long-term success. With 21 races in 2018, we look forward to an exciting season ahead.

When it comes to the power of live, no one demonstrates this better than Live Nation – the other large asset attributed to the Formula One Group. Michael Rapino and his team have built unmatched global scale in all three of their businesses – concerts, sponsorship and ticketing. Their proven concert flywheel strategy produced yet another year of record results in 2017. Every 18 minutes, there is a Live Nation concert taking place somewhere around in the world. Yet, Live Nation only

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LETTER TO SHAREHOLDERS, CONTINUED

represents 25% of revenue in the global concerts market. The addressable market here is large, and they are actively going after it.

Braves Group

SunTrust Park and the Battery Atlanta were huge successes in their inaugural year, demonstrating an entirely new business model for professional sports franchises. Through a diversified real estate portfolio surrounding the ballpark, the Braves created a new, stable stream of cash flows that differentiates us from other sports franchises. Fans are piling into the Battery on game days and non-game days alike. Corporate partners are now able to promote their brands to customers 365 days a year. This new model is a showcase for others. Nearly 100 sports franchises and organizations from professional leagues globally have visited the property to learn about the project.

A quick snapshot of the 2017 season metrics highlights the success of SunTrust Park:

- Per game average attendance +23%
- Revenue from ticket sales +76%
- Concession sales +31%
- Retail sales +45%
- Corporate partner revenue +89% (highest in team history)

The new development isn't only a home run for the Braves, it is a win for the local community as well. Since the project was first announced in 2014, more than \$2 billion of commercial development has been generated and more than 10,000 new residents have moved to the Cumberland district, where the development resides. There are still 19 acres of Braves-owned land left to be developed in a phase two, and the Braves are pursuing the best alternatives for this additional land.

Looking Ahead

We frequently get asked about the “end game” for the Liberty Media structure. While it's ever evolving, we thought it worthwhile to revisit our philosophy toward trackers. As you well know, tracking stocks have a deep history in the Liberty family, providing value by (i) offering greater investor choice (ii) leveraging management capabilities (iii) facilitating capital structure flexibility (iv) allowing for tax consolidation (v) providing greater access to capital markets and (vi) creating tailored equities for strategic opportunities and management compensation. All of these benefits have been realized by the Liberty Media trackers; however, the tracking stock has often been a transitional device. If history is any indication, structural discounts tend to present a source of opportunity, and we have not been idle in capitalizing on them. We have no immediate plans to change the structure, but we are constantly weighing our alternatives. Nothing is forever at Liberty, but one element that remains consistent is our relentless focus on creating long-term, sustainable shareholder value.

We look forward to seeing many of you at this year's annual investor meeting, which will take place on Wednesday, November 14th at the TimesCenter at 242 West 41st Street in New York City.

We appreciate your ongoing support.

Very truly yours,



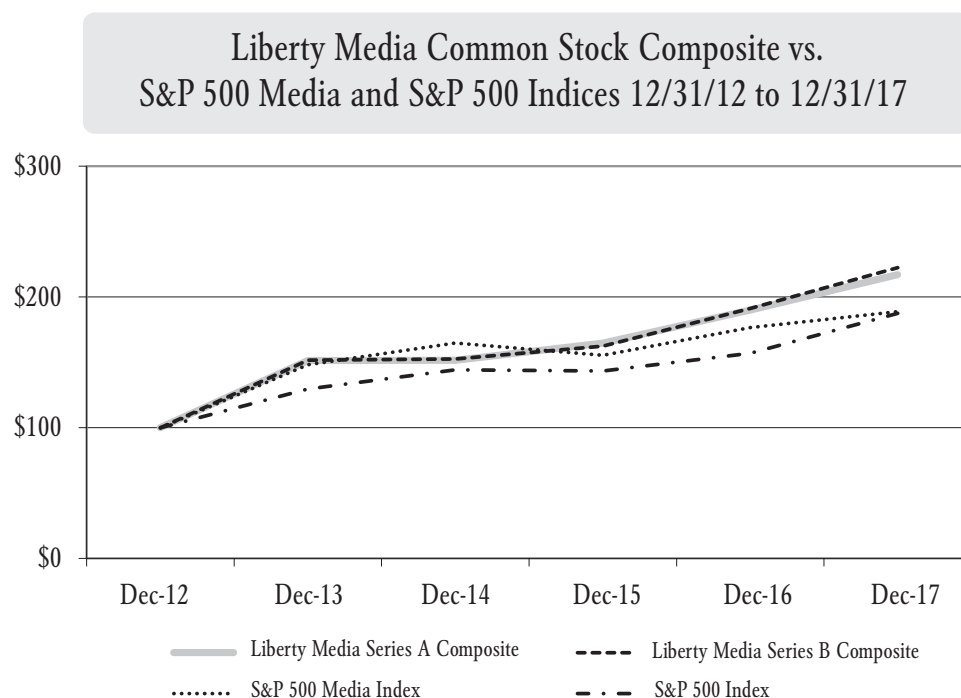
Gregory B. Maffei
President & Chief Executive Officer

John C. Malone
Chairman of the Board

STOCK PERFORMANCE

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 (and its successor issuances) from December 31, 2012 through December 31, 2017, in comparison to the S&P 500 Media Index and the S&P 500 Index. On April 15, 2016 our former Series A and Series B common stock was recapitalized into common stock of three tracking stock groups: the Liberty SiriusXM Group (Nasdaq: LSXMA, LSXMB), the Formula One Group (Nasdaq: FWONA) (formerly known as the Liberty Media Group (Nasdaq: LMCA)) and the Braves Group (Nasdaq: BATRA). This chart includes the impact of (i) the value of Starz, which was separated from our company on January 11, 2013, assuming a sale of the resulting

Starz shares on the one-year anniversary of the spin-off and reinvestment of the proceeds in our common stock, (ii) the distribution of our former Series C shares in July 2014, (iii) the spin-off of Liberty Broadband Corporation on November 4, 2014, assuming a sale of the resulting Liberty Broadband shares on the one-year anniversary of the spin-off and reinvestment of the proceeds in our common stock, (iv) the Liberty Broadband rights offering, assuming the value of the Liberty Broadband rights on the one-year anniversary of the spin-off was reinvested in our common stock, (v) the aforementioned recapitalization of Liberty Media's common stock into three tracking stock groups and (vi) the Braves Group rights offering.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Liberty Media Series A Composite	\$100.00	\$151.31	\$151.63	\$164.62	\$189.91	\$217.17
Liberty Media Series B Composite	\$100.00	\$151.70	\$152.60	\$162.29	\$191.15	\$222.54
S&P 500 Media Index	\$100.00	\$148.31	\$164.86	\$155.43	\$176.67	\$188.74
S&P 500 Index	\$100.00	\$129.60	\$144.36	\$143.31	\$156.98	\$187.47

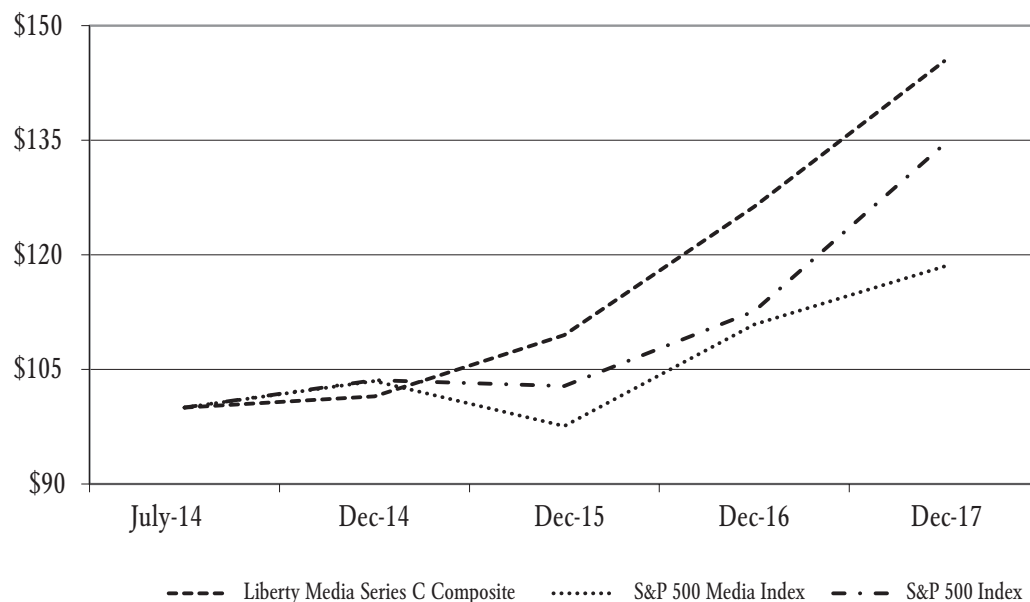
Note: Trading data for all Series B shares is limited as they are thinly traded.

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on our former Series C common stock (and its successor issuances) from July 24, 2014 (the date on which the former Series C common stock first traded “regular way”) through December 31, 2017, in comparison to the S&P 500 Media Index and the S&P 500 Index. On April 15, 2016 our former Series C common stock was recapitalized into common stock of three tracking stock groups: the Liberty SiriusXM Group (Nasdaq: LSXMK), the Formula One Group (Nasdaq: FWONK) (formerly known as the Liberty Media Group (Nasdaq: LMCK)) and the Braves

Group (Nasdaq: BTRK). This chart includes (i) the impact of the spin-off of Liberty Broadband Corporation on November 4, 2014, assuming a sale of the resulting Liberty Broadband shares on the one-year anniversary of the spin-off and reinvestment of the proceeds in our common stock, (ii) the Liberty Broadband rights offering, assuming the value of the Liberty Broadband rights on the one-year anniversary of the spin-off was reinvested in our common stock, (iii) the aforementioned recapitalization of Liberty Media’s common stock into three tracking stock groups and (iv) the Braves Group rights offering.

Liberty Media Series C Common Stock Composite vs. S&P 500 Media and S&P 500 Indices 7/24/14 to 12/31/17

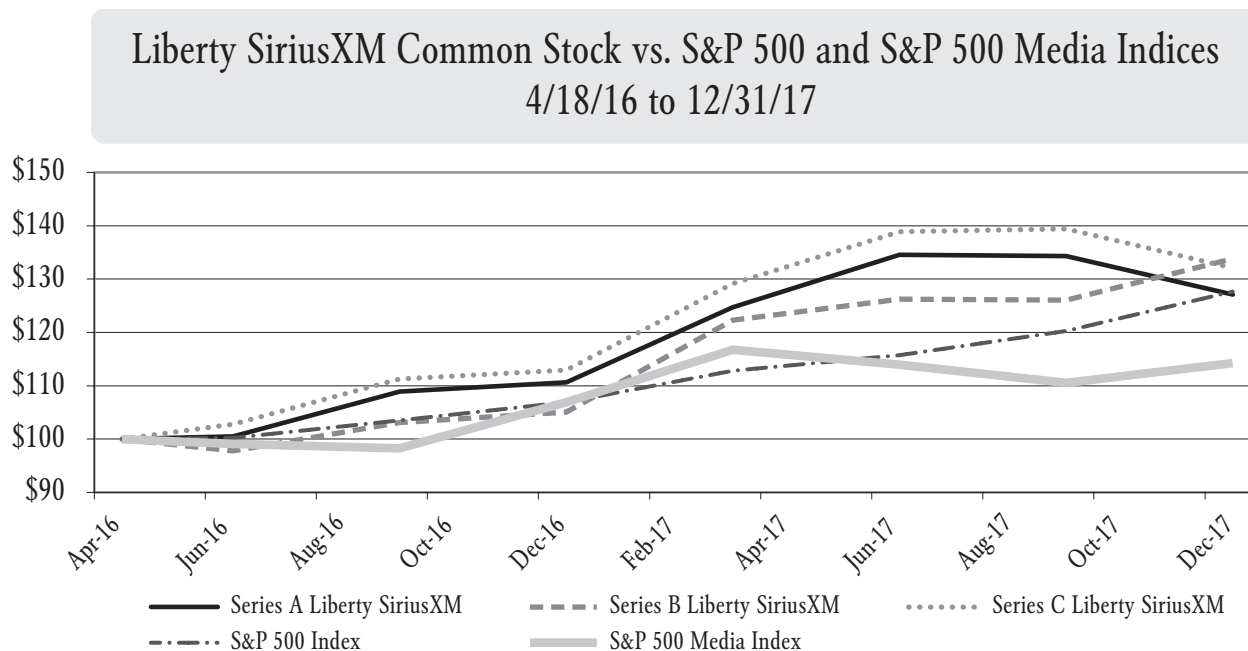


	7/24/2014	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Liberty Media Series C Composite	\$100.00	\$101.46	\$109.47	\$126.30	\$145.38
S&P 500 Media Index	\$100.00	\$103.47	\$97.55	\$110.88	\$118.46
S&P 500 Index	\$100.00	\$103.57	\$102.81	\$112.62	\$134.49

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on our Series A, Series B and Series C Liberty SiriusXM common stock (Nasdaq: LSXMA, LSXMB, LSXMK) from April 18, 2016

(the date on which these shares first traded “regular way”) through December 31, 2017, in comparison to the S&P 500 Media Index and the S&P 500 Index.



	4/18/2016	12/31/2016	12/31/2017
Series A Liberty Sirius XM	\$100.00	\$110.64	\$127.12
Series B Liberty Sirius XM	\$100.00	\$105.08	\$133.83
Series C Liberty Sirius XM	\$100.00	\$112.95	\$132.07
S&P 500 Media Index	\$100.00	\$106.92	\$114.22
S&P 500 Index	\$100.00	\$106.90	\$127.66

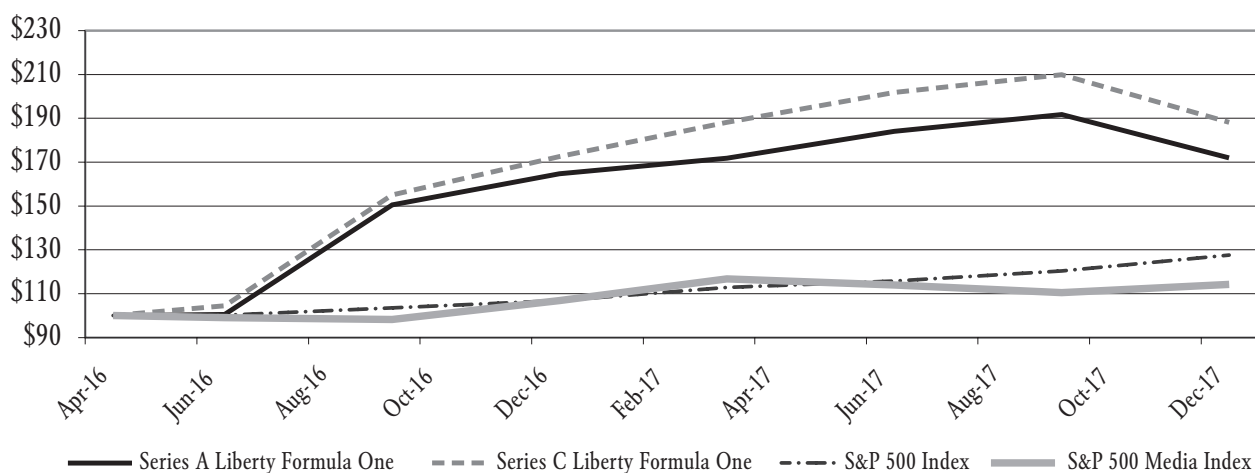
Note: Trading data for Series B shares is limited as they are thinly traded.

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on our Series A and Series C Liberty Formula One common stock (Nasdaq: FWONA, FWONK) (formerly known as the Liberty Media common

stock (Nasdaq: LMCA, LMCK)), from April 18, 2016 (the date on which these shares first traded, “regular way”) through December 31, 2017, in comparison to the S&P 500 Index and the S&P 500 Media Index.

Liberty Formula One Common Stock vs. S&P 500 and S&P 500 Media Indices 4/18/16 to 12/31/17



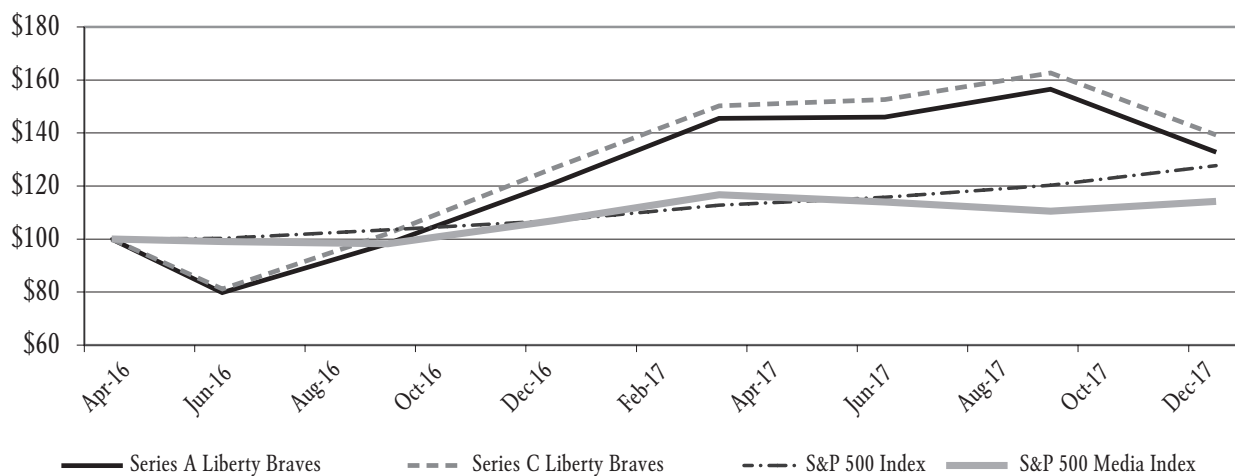
	4/18/2016	12/31/2016	12/31/2017
Series A Liberty Formula One	\$100.00	\$164.74	\$171.94
Series C Liberty Formula One	\$100.00	\$172.62	\$188.21
S&P 500 Media Index	\$100.00	\$106.92	\$114.22
S&P 500 Index	\$100.00	\$106.90	\$127.66

STOCK PERFORMANCE

The following graph compares the percentage change in the cumulative total stockholder return on our Series A and Series C Liberty Braves common stock (Nasdaq: BATRA, BATRK), including the impact of the Braves Group rights offering, from

April 18, 2016 (the date on which these shares first traded “regular way”) through December 31, 2017, in comparison to the S&P 500 Index and the S&P 500 Media Index.

**Liberty Braves Common Stock vs. S&P 500 and S&P 500 Media Indices
4/18/16 to 12/31/17**



	4/18/2016	12/31/2016	12/31/2017
Series A Liberty Braves	\$100.00	\$121.06	\$132.72
Series C Liberty Braves	\$100.00	\$126.70	\$139.22
S&P 500 Media Index	\$100.00	\$106.92	\$114.22
S&P 500 Index	\$100.00	\$106.90	\$127.66

INVESTMENT SUMMARY

Based on publicly available information as of January 31, 2018 – libertymedia.com/overview/asset-list.html

Liberty Media Corporation owns interests in a broad range of media, communications and entertainment businesses. Those interests are attributed to three tracking stock groups: the Braves Group, Formula One Group and Liberty SiriusXM Group.

The following tables set forth some of Liberty Media Corporation's assets that are held directly and indirectly through partnerships, joint ventures, common stock investments and/

or instruments convertible into common stock. Ownership percentages in the tables 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.

BRAVES GROUP			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT ⁽¹⁾ (in millions)	ATTRIBUTED OWNERSHIP ⁽²⁾
Braves Holdings, LLC	Owner of the Atlanta Braves, a Major League Baseball club, as well as certain of the Atlanta Braves minor league clubs and associated real estate projects.	N/A	100%

LIBERTY SIRIUSXM GROUP			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT ⁽¹⁾ (in millions)	ATTRIBUTED OWNERSHIP ⁽²⁾
Sirius XM Holdings Inc. (NASDAQ: SIRI)	A satellite radio company delivering commercial-free music plus sports, entertainment, comedy, talk, news, traffic and weather.	3,162.2	70%

FORMULA ONE GROUP			
ENTITY	DESCRIPTION OF OPERATING BUSINESS	ATTRIBUTED SHARE COUNT ⁽¹⁾ (in millions)	ATTRIBUTED OWNERSHIP ⁽²⁾
Associated Partners, L.P.	Investment and operating partnership that targets long-term, risk-balanced and tax-efficient returns.	N/A	33%
Braves Group ⁽³⁾	Consists of Liberty Media Corporation's wholly owned subsidiary Braves Holdings, LLC, which owns the Atlanta Braves, a Major League Baseball club, as well as certain of the Atlanta Braves' minor league clubs and associated real estate projects.	9.1 ⁽³⁾	15% ⁽³⁾
Drone Racing League, Inc.	DRL is the premier drone racing league. A sports and media company, DRL combines world-class pilots, iconic locations, and proprietary technology to create engaging drone racing content with mass appeal.	N/A	3%
Formula 1	Formula 1, which began in 1950, is an iconic global motorsports business.	N/A	100%
Ideiasnet (BOVESPA: IDNT3)	A Brazil-based company that develops projects and acquires stakes in companies in technology, media and telecommunications.	4.0	24%
INRIX, Inc.	Provider of traffic data and analytics to auto OEM's, governments, businesses and consumers.	N/A	4%
Kroenke Arena Company, LLC	Owner of the Pepsi Center, a sports and entertainment facility in Denver, Colorado.	N/A	7%
Liberty Israel Venture Fund, LLC	Investment fund focused on Israeli technology companies.	N/A	80%
Live Nation Entertainment, Inc. (NYSE: LYV)	Largest live entertainment company in the world, consisting of three segments: concert promotion and venue operations, sponsorship and advertising, and ticketing.	69.6	34%
Saavn Global Holdings, Ltd.	Indian music streaming service focused on Bollywood music.	N/A	6%
Tastemade, Inc.	Tastemade brings the world's leading tastemakers in food together to create high-quality shows in the food and lifestyle category for digital platforms.	N/A	6%
Viacom Inc. (NASDAQ: VIA)	Global entertainment content company that creates television programs, motion pictures, short-form content, podcasts, games, consumer products, live events, social media experiences and other entertainment content. Brands include MTV [®] , Nickelodeon [®] , Nick Jr. [®] , VH1 [®] , BET [®] , Paramount Pictures [®] , TV Land [®] , COMEDY CENTRAL [®] , CMT [®] and Paramount Network [™] .	1.9	<1%

1) Applicable only for publicly-traded entities.

2) Represents undiluted ownership interest unless otherwise noted.

3) Represents an inter-group interest in the Braves Group, which is not represented by outstanding shares.

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

Market Information

Liberty Media Corporation (“Liberty,” the “Company,” “we,” “us,” and “our”) has three classes of stock. During November 2015, Liberty’s board of directors authorized management to pursue a recapitalization of the Company’s common stock into three new tracking stock groups, one to be designated as the Liberty Braves common stock, one to be designated as the Liberty Media common stock and one to be designated as the Liberty SiriusXM common stock (the “Recapitalization”), and to cause to be distributed subscription rights related to the Liberty Braves common stock following the creation of the new tracking stocks. The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016. In the Recapitalization, each issued and outstanding share of Liberty Media Corporation common stock was reclassified and exchanged for (a) 1 share of the corresponding series of Liberty SiriusXM common stock, (b) 0.1 of a share of the corresponding series of Liberty Braves common stock and (c) 0.25 of a share of the corresponding series of Liberty Media common stock on April 15, 2016. Cash was paid in lieu of the issuance of any fractional shares.

Following the creation of the tracking stocks, Series A, Series B and Series C Liberty SiriusXM common stock trade under the symbols LSXMA/B/K, respectively; Series A, Series B and Series C Liberty Braves common stock trade or are quoted under the symbols BATRA/B/K respectively; and Series A, Series B and Series C Liberty Media common stock traded or were quoted under the symbols LMCA/B/K, respectively. Shortly following the closing of the acquisition of Formula 1 on January 23, 2017 (the “Second Closing”), the Liberty Media Group and Liberty Media common stock were renamed the Liberty Formula One Group (the “Formula One Group”) and the Liberty Formula One common stock, respectively, and the corresponding ticker symbols for the Series A, Series B and Series C Liberty Media common stock were changed to FWONA/B/K, respectively. Each series (Series A, Series B and Series C) of the Liberty SiriusXM common stock trades on the Nasdaq Global Select Market. Series A and Series C Liberty Braves common stock trade on the Nasdaq Global Select Stock Market, and Series B Liberty Braves common stock is quoted on the OTC Markets. Series A and Series C Liberty Formula One common stock continue to trade on the Nasdaq Global Select Market and the Series B Liberty Formula One common stock continues to be quoted on the OTC Markets. Although the Second Closing, and the corresponding tracking stock name and the ticker symbol change, were not completed until January 23 and January 24, 2017, respectively, historical information of the Liberty Media Group and Liberty Media common stock is referred to herein as the Formula One Group and Liberty Formula One common stock, respectively.

The following tables set forth the range of high and low sales prices of shares of our common stock for the years ended December 31, 2017 and 2016. Series B Liberty Braves common stock and Series B Liberty Formula One common stock are each quoted on OTC Markets, and such over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Liberty Media Corporation					
	Series A (LMCA)		Series B (LMCB)		Series C (LMCK)	
	High	Low	High	Low	High	Low
<i>2016</i>						
First quarter	\$ 38.97	31.18	43.59	33.78	38.14	31.06
Second quarter (April 1 - April 15) (1)	\$ 39.31	37.76	43.74	39.00	38.45	37.02

Liberty SiriusXM Group						
	<u>Series A (LSXMA)</u>		<u>Series B (LSXMB)</u>		<u>Series C (LSXMK)</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<i>2016</i>						
Second quarter (April 18 - June 30) (1)	\$ 34.00	28.00	36.97	28.60	35.69	28.04
Third quarter	\$ 36.01	30.97	36.82	31.80	35.50	30.51
Fourth quarter	\$ 36.88	31.83	38.76	32.63	36.36	31.34
<i>2017</i>						
First quarter	\$ 40.18	34.04	41.20	33.82	39.80	33.62
Second quarter	\$ 43.32	36.33	43.30	37.72	43.25	36.11
Third quarter	\$ 46.43	40.78	46.18	41.53	46.24	40.49
Fourth quarter	\$ 44.33	38.73	46.51	39.69	44.17	38.52
Braves Group						
	<u>Series A (BATRA)</u>		<u>Series B (BATR B)</u>		<u>Series C (BATR K)</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<i>2016</i>						
Second quarter (April 18 - June 30) (1)	\$ 36.00	14.23	16.20	15.22	27.00	13.51
Third quarter	\$ 17.67	14.97	17.75	14.50	17.47	14.42
Fourth quarter	\$ 21.14	16.52	18.00	16.59	21.24	16.18
<i>2017</i>						
First quarter	\$ 24.20	19.30	21.00	21.00	23.91	19.30
Second quarter	\$ 25.64	22.78	25.80	23.92	25.38	22.66
Third quarter	\$ 26.52	22.88	27.64	25.10	26.20	22.94
Fourth quarter	\$ 26.32	21.35	27.54	22.40	26.20	21.53
Formula One Group						
	<u>Series A (FWONA)</u>		<u>Series B (FWONB)</u>		<u>Series C (FWONK)</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<i>2016</i>						
Second quarter (April 18 - June 30) (1)	\$ 27.43	17.72	19.50	16.51	28.07	17.47
Third quarter	\$ 30.11	18.84	29.03	18.00	29.65	18.62
Fourth quarter	\$ 33.28	26.95	33.32	26.75	33.15	26.44
<i>2017</i>						
First quarter	\$ 33.63	27.63	32.81	28.25	35.20	27.55
Second quarter	\$ 35.59	29.84	35.26	30.60	37.18	30.73
Third quarter	\$ 38.60	31.94	37.68	30.00	39.68	32.99
Fourth quarter	\$ 39.37	31.58	38.77	33.26	41.14	33.11

(1) As discussed above and in the accompanying consolidated financial statements, the Recapitalization of the Company's stock into tracking stock groups was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016.

Holdings

The number of record holders as of January 31, 2018 were as follows:

	<u>Series A</u>	<u>Series B</u>	<u>Series C</u>
Liberty SiriusXM common stock	1,192	74	1,244
Liberty Braves common stock	1,412	46	847
Liberty Formula One common stock . . .	833	64	1,075

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 2018 Annual Meeting of Stockholders.

Purchases of Equity Securities by the Issuer

Share Repurchase Programs

On January 11, 2013 (ratified February 26, 2013) Liberty announced that its board of directors authorized \$450 million of repurchases of Liberty Media Corporation common stock from that day forward. Additionally, in connection with the Broadband Spin-Off, an additional authorization of \$300 million in Liberty share repurchases was approved by the Liberty board of directors on October 9, 2014. In August 2015, our board of directors authorized an additional \$1 billion of Liberty Media Corporation common stock repurchases. The amount previously authorized for share repurchases may be used to repurchase Series A and Series C of each of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock.

There were no repurchases of Liberty SiriusXM common stock, Liberty Formula One common stock or Liberty Braves common stock during the three months ended December 31, 2017. As of December 31, 2017, \$1.3 billion was available to be used for share repurchases of Series A and Series C of each of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock under the Company's share repurchase program.

During the three months ended December 31, 2017, no shares of Series A or Series C Liberty Formula One common stock, Series A or Series C Liberty SiriusXM common stock, and Series A or Series C Liberty Braves common stock were surrendered by certain of our officers and employees to pay withholding taxes and other deductions in connection with the vesting of their restricted stock and restricted stock units.

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. Certain prior period amounts have been reclassified for comparability with the current year presentation. The following data should be read in conjunction with the accompanying consolidated financial statements.

	<u>December 31,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	amounts in millions				
<i>Summary Balance Sheet Data:</i>					
Cash	\$ 1,029	562	201	681	1,088
Investments in available-for-sale securities and other cost investments (3)	\$ 1,114	1,309	533	816	1,324
Investment in affiliates, accounted for using the equity method (2)(3)	\$ 1,750	1,117	1,115	851	3,299
Intangible assets not subject to amortization (1)	\$ 28,057	24,018	24,018	24,018	24,018
Intangible assets subject to amortization, net (1)	\$ 6,131	1,072	1,097	1,166	1,200
Total assets (1)	\$ 41,996	31,377	29,798	30,269	33,632
Current portion of deferred revenue	\$ 1,941	1,877	1,797	1,641	1,575
Long-term debt, including current portion (1)	\$ 13,954	8,018	6,881	5,845	5,561
Deferred tax liabilities, net	\$ 1,478	2,025	1,667	1,507	1,396
Stockholders' equity (1)	\$ 16,943	11,756	10,933	11,398	14,081
Noncontrolling interest	\$ 5,631	5,960	7,198	8,778	9,801

	Years ended December 31,				
	2017	2016	2015	2014	2013
	amounts in millions, except per share amounts				
<i>Summary Statement of Operations Data:</i>					
Revenue (1)	\$ 7,594	5,276	4,795	4,450	4,002
Operating income (loss)	\$ 1,394	1,734	954	841	814
Interest expense (1)	\$ (591)	(362)	(328)	(255)	(132)
Share of earnings (loss) of affiliates, net	\$ 104	14	(40)	(113)	(32)
Realized and unrealized gains (losses) on financial instruments, net	\$ (88)	37	(140)	38	295
Gains (losses) on transactions, net (2)	\$ 17	4	(4)	—	7,978
Net earnings (loss) attributable to the noncontrolling interests	\$ 536	244	184	217	211
Net earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders (4)					
Liberty Media Corporation common stock	\$ NA	377	64	178	8,780
Liberty SiriusXM common stock	1,124	297	NA	NA	NA
Liberty Braves common stock	(25)	(30)	NA	NA	NA
Liberty Formula One common stock	255	36	NA	NA	NA
	<u>\$ 1,354</u>	<u>680</u>	<u>64</u>	<u>178</u>	<u>8,780</u>
Basic earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (4)(5):					
Series A, B and C Liberty Media Corporation common stock ..	\$ NA	1.13	0.19	0.52	24.73
Series A, B and C Liberty SiriusXM common stock	3.35	0.89	NA	NA	NA
Series A, B and C Liberty Braves common stock	(0.51)	(0.65)	NA	NA	NA
Series A, B and C Liberty Formula One common stock	1.23	0.43	NA	NA	NA
Diluted earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (4)(5):					
Series A, B and C Liberty Media Corporation common stock ..	\$ NA	1.12	0.19	0.52	24.46
Series A, B and C Liberty SiriusXM common stock	3.31	0.88	NA	NA	NA
Series A, B and C Liberty Braves common stock	(0.51)	(0.65)	NA	NA	NA
Series A, B and C Liberty Formula One common stock	1.21	0.42	NA	NA	NA

- (1) On September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited (“Delta Topco”), the parent company of Formula 1, a global motorsports business, from a consortium of sellers led by CVC Capital Partners (“CVC”). The transactions contemplated by the first purchase agreement were completed on September 7, 2016 and provided for Liberty’s acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis for \$746 million, funded entirely in cash (which is equal to \$821 million in consideration less a \$75 million holdback to be repaid by Liberty to selling stockholders upon completion of the acquisition). On October 27, 2016, under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest in Delta Topco, maintaining Liberty’s investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Prior to the Second Closing, CVC continued to be the controlling shareholder of Formula 1, and Liberty did not have any voting interests or board representation in Formula 1. As a result, we concluded that we did not have significant influence over Formula 1, and therefore accounted for our investment in Formula 1 as a cost investment until the completion of the Second Closing. The Second Closing was completed on January 23, 2017, at which time we began consolidating Formula 1. See note 5 to the accompanying consolidated financial statements for additional information related to the acquisition of Formula 1.
- (2) 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 Radio, Inc. (now known as Sirius XM Holdings Inc., “SIRIUS XM”) prior to the acquisition of the controlling interest in January 2013. The gain on the transaction was excluded from taxable income. Net gains and losses on transactions are included in the Other, net line item in the accompanying consolidated financial statements for the years ended December 31, 2017, 2016 and 2015.

- (3) As discussed in note 1 in the accompanying consolidated financial statements, on November 4, 2014, Liberty completed the Broadband Spin-Off. At the time of the Broadband Spin-Off, Liberty Broadband was comprised of, among other things, (i) Liberty's former interest in Charter, (ii) Liberty's former wholly-owned subsidiary Skyhook Holding, Inc. ("Skyhook"), (iii) Liberty's former minority equity investment in Time Warner Cable, Inc. ("Time Warner Cable"), (iv) certain deferred tax liabilities, as well as liabilities related to Time Warner Cable call options and (v) initial indebtedness, pursuant to margin loans entered into prior to the completion of the Broadband Spin-Off. The Company's former investments in and results of Charter and Time Warner Cable are no longer included in the results of Liberty from the date of the completion of the Broadband Spin-Off forward. Based on the relative significance of Skyhook to Liberty, the Company concluded that discontinued operations presentation of Skyhook was not necessary.
- (4) During November 2015, Liberty's board of directors authorized management to pursue a recapitalization of the Company's common stock into three new tracking stock groups, one to be designated as the Liberty Braves common stock, one to be designated as the Liberty Media common stock and one to be designated as the Liberty SiriusXM common stock, and to cause to be distributed subscription rights related to the Liberty Braves common stock following the creation of the new tracking stocks. The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016. In the Recapitalization, each issued and outstanding share of Liberty's existing common stock was reclassified and exchanged for (a) 1 share of the corresponding series of Liberty SiriusXM common stock, (b) 0.1 of a share of the corresponding series of Liberty Braves common stock and (c) 0.25 of a share of the corresponding series of Liberty Media common stock on April 15, 2016. Cash was paid in lieu of the issuance of any fractional shares.

Following the creation of the tracking stocks, Series A, Series B and Series C Liberty SiriusXM common stock trade under the symbols LSXMA/B/K, respectively; Series A, Series B and Series C Liberty Braves common stock trade or are quoted under the symbols BATRA/B/K respectively; and Series A, Series B and Series C Liberty Media common stock traded or were quoted under the symbols LMCA/B/K, respectively. Shortly following the Second Closing, the Liberty Media Group and Liberty Media common stock were renamed the Liberty Formula One Group (the "Formula One Group") and the Liberty Formula One common stock, respectively, and the corresponding ticker symbols for the Series A, Series B and Series C Liberty Media common stock were changed to FWONA/B/K, respectively. Each series (Series A, Series B and Series C) of the Liberty SiriusXM common stock trades on the Nasdaq Global Select Market. Series A and Series C Liberty Braves common stock trade on the Nasdaq Global Select Stock Market, and Series B Liberty Braves common stock is quoted on the OTC Markets. Series A and Series C Liberty Formula One common stock continue to trade on the Nasdaq Global Select Market, and the Series B Liberty Formula One common stock continues to be quoted on the OTC Markets.

- (5) On July 23, 2014, holders of Series A and Series B Liberty Media Corporation common stock as of 5:00 p.m., New York City, time on July 7, 2014, the record date for the dividend, received a dividend of two shares of Series C Liberty Media Corporation common stock for each share of Series A or Series B Liberty Media Corporation common stock held by them as of the record date. The impact on basic and diluted earnings per share of the Series C Liberty Media Corporation common stock issuance has been reflected retroactively in all periods presented due to the treatment of the dividend as a stock split for accounting purposes.

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. See note 3 in the accompanying consolidated financial statements for an overview of accounting standards that we have adopted or that we plan to adopt that have had or may have an impact on our financial statements.

Overview

We own controlling and non-controlling interests in a broad range of media and entertainment companies. Our most significant operating subsidiary, which is a reportable segment, is SIRIUS XM. SIRIUS XM provides a subscription based satellite radio service. SIRIUS XM transmits 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—the Sirius system and the XM system. Subscribers can also receive music and other channels, plus

features such as SiriusXM On Demand, over SIRIUS XM's Internet radio service, including through applications for mobile devices, home devices and other consumer electronic equipment. SIRIUS XM also provides connected vehicle services, which are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

On September 7, 2016, Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco, the parent company of Formula 1. The transactions contemplated by the first purchase agreement were completed on September 7, 2016, resulting in the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty acquired 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) on January 23, 2017. See note 5 to the accompanying consolidated financial statements for additional information related to the acquisition. Liberty's acquired interest in Delta Topco and by extension Formula 1, along with existing Formula 1 cash and debt (which is non-recourse to Liberty), was attributed to the Formula One Group upon completion of the Second Closing. Formula 1 is a reportable segment.

Our "Corporate and Other" category includes a consolidated subsidiary, Braves Holdings, LLC ("Braves Holdings") and corporate expenses. In addition, we hold an ownership interest in Live Nation Entertainment, Inc. ("Live Nation"), which is accounted for as an equity method investment at December 31, 2017 and is included in corporate and other. We also maintain minority positions in other public companies, such as Time Warner, Inc. ("Time Warner"), which is accounted for at fair market value and is included in corporate and other.

As discussed in note 2 of the accompanying consolidated financial statements, on April 15, 2016, Liberty completed the Recapitalization. Upon completion of the Second Closing, as discussed below, the Liberty Media Group was renamed the Formula One Group. Although the Recapitalization was not effective for all periods presented herein, information has been presented among the tracking stock groups for all periods presented as if the Recapitalization had been completed for all periods presented. This attribution of historical financial information does not purport to be what actual results and balances would have been if the Recapitalization had actually occurred and been in place during the periods prior to April 15, 2016. Operating results prior to the Recapitalization are attributed to Liberty stockholders in the aggregate.

A 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. While the Liberty SiriusXM Group, Liberty Braves Group (the "Braves Group") and Formula One Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Therefore, the Liberty SiriusXM Group, Braves Group and Formula One Group do not represent separate legal entities, but rather represent those businesses, assets and liabilities that have been attributed to each respective group. Holders of tracking stock have no direct claim to the group's stock or assets and therefore, do not own, by virtue of their ownership of a Liberty tracking stock, any equity or voting interest in a company, such as SIRIUS XM, Formula 1 or Live Nation, in which Liberty holds an interest and that is attributed to a Liberty tracking stock group, such as the Liberty SiriusXM Group or the Formula One Group. Holders of tracking stock are also not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The term "Liberty SiriusXM Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Liberty SiriusXM Group is primarily comprised of Liberty's subsidiary, SIRIUS XM, corporate cash and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of December 31, 2017, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$615 million, which includes \$69 million of subsidiary cash.

SIRIUS XM is the only operating subsidiary attributed to the Liberty SiriusXM Group. In the event SIRIUS XM were to become insolvent or file for bankruptcy, Liberty's management would evaluate the circumstances at such time and

take appropriate steps in the best interest of all of its stockholders, which may not be in the best interest of a particular group or groups when considered independently. In such a situation, Liberty's management and its board of directors would have several approaches at their disposal, including, but not limited to, the conversion of the Liberty SiriusXM common stock into another tracking stock of Liberty, the reattribution of assets and liabilities among Liberty's tracking stock groups or the restructuring of Liberty's tracking stocks to either create a new tracking stock structure or eliminate it altogether.

The term "Braves Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. The Braves Group is primarily comprised of Braves Holdings, which indirectly owns the Atlanta Braves Major League Baseball Club ("ANLBC," the "Braves," or the "Atlanta Braves") and certain assets and liabilities associated with ANLBC's stadium and mixed use development project (the "Development Project") and corporate cash. Also upon the Recapitalization, Liberty had attributed to the Braves Group all liabilities arising under a note from Braves Holdings to Liberty, with a total capacity of up to \$165 million of borrowings by Braves Holdings (the "Intergroup Note") relating to funds to be borrowed and used for investment in the Development Project. As discussed below, the Intergroup Note, including accrued interest, was repaid during June 2016 using proceeds from the subscription rights offering and the Intergroup Note agreement was cancelled. As of December 31, 2017, the Braves Group has cash and cash equivalents of approximately \$132 million, which includes \$55 million of subsidiary cash. Additionally, as discussed below, the Formula One Group retains an intergroup interest in the Braves Group.

Following the Recapitalization, Liberty issued subscription rights to acquire shares of Series C Liberty Braves common stock. In the rights distribution, Liberty distributed 0.47 of a Series C Liberty Braves subscription right for each share of Series A, Series B or Series C Liberty Braves common stock held as of 5:00 p.m., New York City time, on May 16, 2016. Fractional Series C Liberty Braves subscription rights were rounded up to the nearest whole right. Each whole Series C Liberty Braves subscription right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of Liberty's Series C Liberty Braves common stock at a subscription price of \$12.80, which was equal to an approximate 20% discount to the trading day volume weighted average trading price of Liberty's Series C Liberty Braves common stock for the 18-day trading period ending on May 11, 2016. Each Series C Liberty Braves subscription right also entitled the holder to subscribe for additional shares of Series C Liberty Braves common stock that were unsubscribed for in the rights offering pursuant to an oversubscription privilege. The rights offering commenced on May 18, 2016, which was also the ex-dividend date for the distribution of the Series C Liberty Braves subscription rights. The rights offering expired at 5:00 p.m. New York City time, on June 16, 2016 and was fully subscribed with 15,833,634 shares of Series C Liberty Braves common stock issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. Approximately \$150 million of the proceeds from the rights offering were used to repay the outstanding balance on the Intergroup Note and accrued interest to Liberty. The remaining proceeds will be used for future development costs attributed to the Braves Group.

The term "Formula One Group" does not represent a separate legal entity, rather it represents those businesses, assets and liabilities that have been attributed to that group. As of December 31, 2017, the Formula One Group (formerly the Liberty Media Group) is primarily comprised of all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Liberty SiriusXM Group or the Braves Group, including Liberty's interests in Formula 1 and Live Nation, a minority equity investment in Time Warner, the recovery received in connection with the Vivendi lawsuit and cash, as well as Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046. Following the creation of the tracking stocks and the closing of the Series C Liberty Braves common stock rights offering, the Formula One Group retains an intergroup interest in the Braves Group of approximately 15.1%, valued at \$202 million, as of December 31, 2017. As of December 31, 2017, the Formula One Group had cash and cash equivalents of approximately \$282 million, which includes \$165 million of subsidiary cash.

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;

- the development and introduction of new features or services;
- significant new or enhanced distribution arrangements;
- investments in infrastructure, such as satellites, equipment or radio spectrum; and
- acquisitions and investments, including acquisitions and investments 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.

Formula 1. Formula 1’s goal is to further broaden and increase the global scale and appeal of the World Championship in order to improve the overall value of Formula 1 as a sport and its financial performance. Key factors of this strategy include:

- continuing to seek and identify opportunities to expand and develop the Event calendar and bring Events to attractive and/or strategically important new markets outside of Europe, which typically have higher race promotion fees, while continuing to build on the foundation of the sport in Europe;
- developing advertising and sponsorship revenue, including increasing sales of Event-based packages and under the Global Partner program, and exploring opportunities in underexploited product categories;
- capturing opportunities created by media’s evolution, including the growth of social media and the development of Formula 1’s digital media assets; and
- building up the entertainment experience for fans and engaging with new fans on a global basis to further drive race attendance and television viewership.

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 reportable segment, see “Results of Operations—Businesses” below.

Consolidated Operating Results

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Revenue			
Liberty SiriusXM Group			
SIRIUS XM	\$ 5,425	5,014	4,552
Total Liberty SiriusXM Group	<u>5,425</u>	<u>5,014</u>	<u>4,552</u>
Braves Group			
Corporate and other	386	262	243
Total Braves Group	<u>386</u>	<u>262</u>	<u>243</u>
Formula One Group			
Formula 1	1,783	—	—
Total Formula One Group	<u>1,783</u>	<u>—</u>	<u>—</u>
Consolidated Liberty	<u>\$ 7,594</u>	<u>5,276</u>	<u>4,795</u>
Operating Income (Loss)			
Liberty SiriusXM Group			
SIRIUS XM	\$ 1,588	1,386	1,073
Corporate and other	(41)	(34)	—
Total Liberty SiriusXM Group	<u>1,547</u>	<u>1,352</u>	<u>1,073</u>
Braves Group			
Corporate and other	(113)	(61)	(38)
Total Braves Group	<u>(113)</u>	<u>(61)</u>	<u>(38)</u>
Formula One Group			
Formula 1	17	—	—
Corporate and other	(57)	443	(81)
Total Formula One Group	<u>(40)</u>	<u>443</u>	<u>(81)</u>
Consolidated Liberty	<u>\$ 1,394</u>	<u>1,734</u>	<u>954</u>
Adjusted OIBDA			
Liberty SiriusXM Group			
SIRIUS XM	\$ 2,109	1,853	1,660
Corporate and other	(15)	(15)	—
Total Liberty SiriusXM Group	<u>2,094</u>	<u>1,838</u>	<u>1,660</u>
Braves Group			
Corporate and other	2	(20)	3
Total Braves Group	<u>2</u>	<u>(20)</u>	<u>3</u>
Formula One Group			
Formula 1	438	—	—
Corporate and other	(41)	(45)	(35)
Total Formula One Group	<u>397</u>	<u>(45)</u>	<u>(35)</u>
Consolidated Liberty	<u>\$ 2,493</u>	<u>1,773</u>	<u>1,628</u>

Revenue. Our consolidated revenue increased \$2,318 million and \$481 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods.

The 2017 increase was primarily driven by \$1,783 million of Formula 1 revenue, as a result of the Company's acquisition of Formula 1 on January 23, 2017, and revenue growth at SIRIUS XM of \$411 million. Additionally, Braves Holdings revenue increased \$124 million during the year ended December 31, 2017, as compared to the prior year.

The 2016 increase was primarily driven by revenue growth at SIRIUS XM of \$462 million. Additionally, Braves Holdings revenue increased \$19 million during the year ended December 31, 2016, as compared to the prior year.

See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of SIRIUS XM, Formula 1 and Braves Holdings.

Operating income. Our consolidated operating income decreased \$340 million and increased \$780 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. Formula One Group operating income decreased \$483 million during 2017 as compared to the prior year, largely due to the favorable one-time net \$511 million Vivendi lawsuit settlement during the first quarter of 2016, as discussed in note 17 of the accompanying consolidated financial statements. Liberty SiriusXM Group operating income increased \$195 million and Braves Group operating loss increased \$52 million during 2017 as compared to the prior year. Formula One Group operating income improved \$524 million during 2016 as compared to the prior year, largely due to the Vivendi lawsuit settlement. In addition, Liberty SiriusXM Group operating income increased \$279 million during 2016 as compared to the prior year, partially offset by the Braves Group operating loss which increased \$23 million during 2016 as compared to the prior year. See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of SIRIUS XM, Formula 1 and Braves Holdings.

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

We recorded \$230 million, \$150 million and \$204 million of stock compensation expense for the years ended December 31, 2017, 2016 and 2015, respectively. The increase in stock compensation expense in 2017 as compared to the prior year is primarily due to increases of \$37 million at Braves Holdings, \$23 million at Formula 1 and \$15 million at SIRIUS XM.

Upon acquisition of a controlling interest in SIRIUS XM, we recorded an adjustment to increase SIRIUS XM’s unvested stock-based compensation to fair value and amortized this adjustment through December 31, 2015. SIRIUS XM stock-based compensation expense in 2015 included \$73 million of this purchase price amortization expense. This caused a decrease in 2016 stock-based compensation expense recognized by the Company, which was partially offset by a \$25 million increase in stock-based compensation expense recognized by SIRIUS XM during 2016 as compared to the prior year.

As of December 31, 2017, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$30 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 1.7 years. As of December 31, 2017, the total unrecognized compensation cost related to unvested SIRIUS XM stock options and restricted stock units was \$242 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 2.5 years.

See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of SIRIUS XM, Formula 1 and Braves Holdings.

Adjusted OIBDA. We define Adjusted OIBDA as revenue less operating expenses and selling, general and administrative (“SG&A”) expenses (excluding stock compensation), separately reported litigation settlements and restructuring and impairment charges. 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 generally accepted accounting principles (“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 Operating income (loss) and Earnings (loss) from continuing operations before income taxes.

During the fourth quarter of 2017 and 2016, SIRIUS XM recorded \$45 million and \$46 million, respectively, related to music royalty legal settlements and reserves. As separately reported in note 17 of the accompanying consolidated financial statements, the \$45 million and \$46 million of expenses are included in the Revenue share and royalties expense line item in the accompanying consolidated financial statements for the years ended December 31, 2017 and 2016, respectively, but have been excluded from Adjusted OIBDA for the corresponding periods as these expenses were not incurred as a part of the Company’s normal operations for the periods, and these lump sum amounts do not relate to the on-going performance of the business.

SIRIUS XM recognized approximately \$43 million, \$40 million and \$127 million of Revenue share and royalties within the consolidated statement of operations during the years ended December 31, 2017, 2016 and 2015, respectively, related to the SIRIUS XM legal settlement associated with SIRIUS XM’s use of certain pre-1972 sound recordings. As separately reported in note 17 of the accompanying consolidated financial statements, \$108 million of the settlement amount recognized during the year ended December 31, 2015 was excluded from Adjusted OIBDA for the corresponding period, as this expense was not incurred as a part of SIRIUS XM’s normal operations for the period, and this lump sum amount did not relate to the on-going performance of the business. Subsequent to the settlement during June 2015, SIRIUS XM recognized \$43 million, \$40 million and \$19 million in 2017, 2016 and 2015, respectively, that is included as a component of Adjusted OIBDA.

Consolidated Adjusted OIBDA increased \$720 million and \$145 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods.

The increase in Adjusted OIBDA in 2017 as compared to the prior year was due to increases in Formula One Group Adjusted OIBDA of \$442 million, Liberty SiriusXM Group Adjusted OIBDA of \$256 million and Braves Group Adjusted OIBDA of \$22 million.

The increase in Adjusted OIBDA in 2016 as compared to the prior year was primarily due to an increase in the Liberty SiriusXM Group Adjusted OIBDA of \$178 million, partially offset by declines in Braves Group Adjusted OIBDA of \$23 million and Formula One Group Adjusted OIBDA of \$10 million.

See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of SIRIUS XM, Formula 1 and Braves Holdings.

Other Income and Expense

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

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
<i>Interest expense</i>			
Liberty SiriusXM Group	\$ (356)	(342)	(307)
Braves Group	(15)	(1)	(1)
Formula One Group	<u>(220)</u>	<u>(19)</u>	<u>(20)</u>
Consolidated Liberty	<u>\$ (591)</u>	<u>(362)</u>	<u>(328)</u>
<i>Share of earnings (losses) of affiliates</i>			
Liberty SiriusXM Group	\$ 29	13	(1)
Braves Group	78	9	9
Formula One Group	<u>(3)</u>	<u>(8)</u>	<u>(48)</u>
Consolidated Liberty	<u>\$ 104</u>	<u>14</u>	<u>(40)</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
Liberty SiriusXM Group	\$ (16)	—	—
Braves Group	—	1	—
Formula One Group	<u>(72)</u>	<u>36</u>	<u>(140)</u>
Consolidated Liberty	<u>\$ (88)</u>	<u>37</u>	<u>(140)</u>
<i>Other, net</i>			
Liberty SiriusXM Group	\$ (11)	(25)	—
Braves Group	3	—	—
Formula One Group	<u>16</u>	<u>21</u>	<u>12</u>
Consolidated Liberty	<u>\$ 8</u>	<u>(4)</u>	<u>12</u>
	<u>\$ (567)</u>	<u>(315)</u>	<u>(496)</u>

Interest expense. Consolidated interest expense increased \$229 million and \$34 million for the years ended December 31, 2017 and 2016 as compared to the corresponding prior year periods, respectively. The increase in 2017 as compared to the prior year was primarily due to approximately \$167 million of interest expense attributable to debt held at Formula 1, which we began consolidating on January 23, 2017 when we acquired Formula 1. The remaining increase in 2017 was due to an increase in the average amount of corporate, SIRIUS XM and other subsidiary debt outstanding.

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

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Liberty SiriusXM Group			
SIRIUS XM Canada	\$ 29	13	(1)
Total Liberty SiriusXM Group	<u>29</u>	<u>13</u>	<u>(1)</u>
Braves Group			
Other	78	9	9
Total Braves Group	<u>78</u>	<u>9</u>	<u>9</u>
Formula One Group			
Live Nation	(18)	(12)	(27)
Other	15	4	(21)
Total Formula One Group	<u>(3)</u>	<u>(8)</u>	<u>(48)</u>
	<u>\$ 104</u>	<u>14</u>	<u>(40)</u>

During the year ended December 31, 2017, an equity method affiliate of Braves Holdings sold a controlling interest in a subsidiary, resulting in Braves Holdings recording its portion of the gain of \$69 million.

The increase in our share of Live Nation's earnings during 2016 was primarily due to an improvement in Live Nation's net income during 2016, primarily driven by an improvement in operating income and increased equity in earnings of Live Nation's nonconsolidated affiliates during the year. The improvement in Live Nation's net income during 2016 was partially offset by a loss on extinguishment of its senior secured credit facility during 2016. Accordingly, the Company relieved a portion of the underlying difference in the equity of Live Nation related to the debt extinguished during 2016.

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:

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Fair Value Option Securities	\$ (36)	112	(151)
Debt measured at fair value	(126)	(113)	(5)
Change in fair value of bond hedges	72	37	23
Other derivatives	2	1	(7)
	<u>\$ (88)</u>	<u>37</u>	<u>(140)</u>

The losses on Fair Value Option Securities (as defined in note 3 of our accompanying consolidated financial statements) during 2017 and 2015 are primarily due to general decreases in market valuation adjustments during the respective years. The gain on Fair Value Option Securities during 2016 is primarily due to a general increase in market valuation adjustments during the year.

Changes in unrealized gains (losses) on debt measured at fair value are due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable.

Liberty issued \$1 billion of cash convertible notes in October 2013 which are accounted for at fair value, as elected by Liberty at the time of issuance of the notes. At the same time, Liberty entered into a bond hedge transaction on the same amount of underlying shares. These derivatives are marked to fair value on a recurring basis. The primary driver of the change in the fair value of bond hedges in 2017 as compared to the prior year is the change in the fair value of the underlying stock.

Other, net. The gain in 2017 was primarily due to a \$19 million increase in interest and dividend income and a \$12 million increase in gains on transactions, partially offset by a \$24 million increase in losses on early extinguishment of debt, primarily related to the redemption of certain debt at SIRIUS XM. The loss in 2016 was primarily due to a \$24 million loss on extinguishment of SIRIUS XM's redemption of its 5.875% Senior Notes due 2020 during the year, partially offset by approximately \$18 million in dividend and interest income, primarily due to dividends on Time Warner shares. The gain in 2015 was primarily due to \$17 million in dividend and interest income, primarily due to dividends on Time Warner shares, partially offset by losses on disposals of property, plant and equipment.

Income taxes. Our effective tax rate for the years ended December 31, 2017, 2016 and 2015 was a benefit of 129% and expense of 35% and 46%, respectively. Our effective tax rate for all three years was impacted for the following reasons:

- During 2017, in connection with the initial analysis of the impact of the Tax Cuts and Jobs Act (the "Tax Act"), as discussed in note 11 of the accompanying consolidated financial statements, the Company recorded a discrete net tax benefit, primarily driven by the corporate tax rate reduction.
- During 2016, our effective tax rate was equal to the federal tax rate of 35% due to the offsetting impact of state income taxes and federal tax credits claimed by SIRIUS XM.
- During 2015, our effective tax rate was higher than the federal tax rate of 35% primarily due to the effect of a tax law change in the District of Columbia ("D.C.") during the first quarter of 2015 which reduces the future allocation of SIRIUS XM's taxable income in D.C. As a result, SIRIUS XM expects it will reduce its future taxes and use less of certain net operating losses in the future.

Net earnings. We had net earnings of \$1,890 million, \$924 million and \$248 million for the years ended December 31, 2017, 2016 and 2015, 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, 2017, 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 corporate debt rating subsequent to the Split-Off and the Starz Spin-Off (each as defined in note 1 of the accompanying consolidated financial statements).

As of December 31, 2017, Liberty's liquidity position consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Unencumbered Fair Value Option AFS Securities</u>
	amounts in millions	
Liberty SiriusXM Group		
SIRIUS XM	\$ 69	—
Corporate and other	<u>546</u>	<u>—</u>
Total Liberty SiriusXM Group	615	—
Braves Group		
Corporate and other	<u>132</u>	<u>—</u>
Total Braves Group	132	—
Formula One Group		
Formula 1	165	—
Corporate and other	<u>117</u>	<u>368</u>
Total Formula One Group	282	368

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. Additionally, the Company has 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. Cash held by Formula 1 is accessible by Liberty, except when certain restricted payment tests imposed by the Senior Loan Facility at Formula 1 are not met. As of December 31, 2017, Liberty had fully drawn on the line of credit portion of the \$750 million margin loan due 2018 and had \$150 million available under the Live Nation Margin Loan. Certain tax consequences may reduce the net amount of cash that Liberty is able to utilize for corporate purposes. Liberty believes that it currently has appropriate legal structures in place to repatriate foreign cash as tax efficiently as possible and meet the business needs of the Company.

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

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Cash Flow Information			
Liberty SiriusXM Group cash provided (used) by operating activities	\$ 1,849	1,704	1,222
Braves Group cash provided (used) by operating activities	(42)	89	45
Formula One Group cash provided (used) by operating activities	<u>(75)</u>	<u>378</u>	<u>(35)</u>
Net cash provided (used) by operating activities	\$ 1,732	2,171	1,232
Liberty SiriusXM Group cash provided (used) by investing activities	\$ (1,254)	(210)	(135)
Braves Group cash provided (used) by investing activities	(221)	(413)	(113)
Formula One Group cash provided (used) by investing activities	<u>(1,662)</u>	<u>(641)</u>	<u>(38)</u>
Net cash provided (used) by investing activities	\$ (3,137)	(1,264)	(286)
Liberty SiriusXM Group cash provided (used) by financing activities	\$ (267)	(1,319)	(1,123)
Braves Group cash provided (used) by financing activities	288	418	70
Formula One Group cash provided (used) by financing activities	<u>1,847</u>	<u>355</u>	<u>(373)</u>
Net cash provided (used) by financing activities	\$ 1,868	(546)	(1,426)

Liberty's primary use of cash during the year ended December 31, 2017 (excluding cash used by SIRIUS XM, Formula 1 and Braves Holdings) was the \$1.6 billion net cash paid to acquire a controlling interest in Formula 1, as discussed in note 5 of the accompanying consolidated financial statements. This investment was funded by cash on hand, the issuance of Series C Liberty Formula One common stock to third parties and borrowings under new debt instruments.

SIRIUS XM's primary uses of cash were the repayment of long-term debt, repurchase of outstanding SIRIUS XM common stock, investments in Pandora and SIRIUS XM Canada, additions to property and equipment resulting from new satellite construction, dividends paid to stockholders and the acquisition of Automatic Labs, Inc. ("Automatic"). The SIRIUS XM uses of cash were funded by cash provided by operating activities, borrowings of debt and cash on hand. During the year ended December 31, 2017, SIRIUS XM declared a cash dividend each quarter, and has paid in cash an aggregate amount of \$190 million, of which Liberty has received \$130 million. SIRIUS XM's board of directors expects to declare regular quarterly dividends, in an aggregate annual amount of \$0.044 per share of common stock. On January 23, 2018, SIRIUS XM's board of directors declared a quarterly dividend on its common stock in the amount of \$0.011 per share of common stock, payable on February 28, 2018 to stockholders of record at the close of business on February 7, 2018.

Braves Holdings incurred approximately \$219 million of capital expenditures during the year ended December 31, 2017 related to the construction of the Braves Holdings ballpark facility and adjacent mixed-use complex. Braves Holdings' capital expenditures were funded through the use of cash on hand and borrowings of debt.

The projected uses of Liberty cash (excluding SIRIUS XM's, Formula 1's and Braves Holdings' uses of cash) are primarily the investment in new or existing businesses, debt service, including repayment of the margin loans and the potential buyback of common stock under the approved share buyback program. Liberty expects to fund its projected uses of cash with cash on hand, cash from operations and borrowing capacity under margin loans and outstanding credit facilities. We may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities. Subsequent to December 31, 2017, Liberty has made investments of approximately \$389 million in other available for sale securities using SiriusXM Group corporate cash.

SIRIUS XM's uses of cash are expected to be operating expenses, capital expenditures, including the construction of replacement satellites, working capital requirements, legal settlements, interest payments, taxes and scheduled maturities of outstanding debt. Liberty expects SIRIUS XM to fund its projected uses of cash with cash on hand, cash provided by operations and borrowings under the existing credit facility.

Formula 1's uses of cash are expected to be debt service payments, as well as continued investment in its business. Liberty expects Formula 1 to fund its projected uses of cash with cash on hand and cash provided by operations.

Braves Holdings' uses of cash are expected to be expenditures related to the mixed-use development and new spring training facility. Liberty expects Braves Holdings to fund its projected uses of cash with borrowings under its existing debt instruments.

We believe that the available 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, 2017 aggregated \$234 million. See the table below for more detail. 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.

	<u>Payments due by period</u>				
	<u>Total</u>	<u>Less than 1 year</u>	<u>2 - 3 years</u>	<u>4 - 5 years</u>	<u>After 5 years</u>
amounts in millions					
<i>Consolidated contractual obligations</i>					
Long-term debt (1)	\$ 13,810	770	981	1,111	10,948
Interest payments (2)	4,155	592	1,095	1,049	1,419
Programming fees (3)	1,285	331	565	227	162
Operating lease obligations	380	48	96	71	165
Employment agreements	234	121	77	36	—
Other obligations (4)	716	249	209	46	212
Total consolidated	<u>\$ 20,580</u>	<u>2,111</u>	<u>3,023</u>	<u>2,540</u>	<u>12,906</u>

- (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, 2017, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2017 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 amounts due related to the Braves Holdings baseball stadium and mixed-use development 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. During the year ended December 31, 2016, SIRIUS XM entered into an agreement with Space Systems/Loral to design and build two satellites, SXM-7 and SXM-8, for SIRIUS XM's service. 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 meeting 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, 2017, the intangible assets not subject to amortization for each of our significant reporting units were as follows (amounts in millions):

	<u>Goodwill</u>	<u>FCC Licenses</u>	<u>Other</u>	<u>Total</u>
SIRIUS XM.....	\$ 14,247	8,600	931	23,778
Formula 1	3,956	—	—	3,956
Other	180	—	143	323
Consolidated	<u>\$ 18,383</u>	<u>8,600</u>	<u>1,074</u>	<u>28,057</u>

We perform our annual assessment of the recoverability of our goodwill and other nonamortizable intangible assets in the fourth quarter each year. The accounting guidance permits 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 quantitative goodwill impairment test. The accounting guidance also allows entities the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic 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 considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior year for other purposes. If based on the qualitative analysis it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

In January 2017, the FASB issued new accounting guidance to simplify the measurement of goodwill impairment. Under the new guidance, an entity no longer performs a hypothetical purchase price allocation to measure goodwill impairment. Instead, a goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit. The Company early adopted this guidance during the fourth quarter of 2017, with no impact to the consolidated financial statements.

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 two in-orbit Sirius satellites, FM-5 and FM-6. SIRIUS XM estimates that its FM-5 and FM-6 satellites, launched in 2009 and 2013, respectively, will operate effectively through the end of their depreciable lives in 2024 and 2028, respectively.

SIRIUS XM operates three in-orbit XM satellites, XM-3, XM-4 and XM-5. SIRIUS XM estimates that its XM-3 and XM-4 satellites launched in 2005 and 2006, respectively, will reach the end of their depreciable lives in 2020 and 2021, respectively. The XM-5 satellite that was launched in 2010, is used as an in-orbit spare and is expected to reach the end of its depreciable life in 2025.

SIRIUS XM's satellites have been designed to last fifteen-years. SIRIUS XM's in-orbit satellites may experience component failures which could adversely affect their useful lives. SIRIUS XM monitors 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 2017 would have resulted in approximately \$21 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

Liberty SiriusXM Group

SIRIUS XM SIRIUS XM transmits 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 features such as SiriusXM On Demand, over SIRIUS XM's Internet radio service, including through applications for mobile devices, home devices and other consumer electronic equipment. SIRIUS XM also provides connected vehicle services which are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.

SIRIUS XM has agreements with every major automaker ("OEMs") to offer satellite radios in their vehicles through which it acquires the majority of its subscribers. SIRIUS XM also acquires subscribers through marketing to owners and lessees of previously owned vehicles that include factory-installed satellite radios that are not currently subscribing to SIRIUS XM's services. SIRIUS XM distributes its radios primarily through automakers, retailers and through its website. Satellite radio services are also offered to customers of certain 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 offers discounts for prepaid, longer term subscription plans, as well as multiple subscription discounts. SIRIUS XM also derives revenue from activation and other fees, the sale of advertising on select non-music channels, the direct sale of satellite radios and accessories and other ancillary services, such as weather, data and traffic services.

As of December 31, 2017, SIRIUS XM had approximately 32.7 million subscribers of which approximately 27.5 million were self-pay subscribers and approximately 5.2 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 weather, traffic and data services who do not also have satellite radio subscriptions. Subscribers and subscription related revenue and expenses associated with the SIRIUS XM Canada service, which had approximately 2.8 million subscribers as of December 31, 2017, and SIRIUS XM's connected vehicle services are not included in SIRIUS XM's subscriber count or subscriber-based operating metrics.

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. Prior 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 years ended December 31, 2017, 2016 and 2015, see the reconciliation of the results reported by SIRIUS XM to the results reported by Liberty included below. Additionally, as of December 31, 2017, there is an approximate 30% 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 is a separate publicly traded company and additional information about SIRIUS XM can be obtained through its website and its public filings, which are not incorporated by reference herein.

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

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Subscriber revenue	\$ 4,472	4,197	3,825
Other revenue	953	820	745
Total revenue	<u>5,425</u>	<u>5,017</u>	<u>4,570</u>
Operating expenses (excluding stock-based compensation included below):			
Cost of subscriber services			
Revenue share and royalties (excluding legal settlements)	(1,166)	(1,062)	(927)
Programming and content	(361)	(333)	(284)
Customer service and billing	(381)	(383)	(375)
Other	(113)	(139)	(132)
Subscriber acquisition costs	(499)	(513)	(533)
Other operating expenses	(97)	(69)	(55)
Selling, general and administrative expenses	(699)	(662)	(621)
Adjusted OIBDA	<u>2,109</u>	<u>1,856</u>	<u>1,643</u>
Legal settlement	(45)	(46)	(108)
Stock-based compensation	(124)	(109)	(84)
Depreciation and amortization	(299)	(269)	(272)
Operating income	<u>\$ 1,641</u>	<u>1,432</u>	<u>1,179</u>

Subscriber revenue includes subscription, activation and other fees. Subscriber revenue increased 7% and 10% for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The increases were primarily attributable to increases in the daily weighted average number of subscribers as well as increases in SIRIUS XM's average monthly revenue per subscriber resulting from certain rate increases.

Other revenue includes advertising revenue, equipment revenue, royalty revenue and other ancillary revenue. For the years ended December 31, 2017 and 2016, other revenue increased 16% and 10%, respectively, as compared to the corresponding prior year periods. The current year increase was driven by higher revenue from Sirius XM Canada due to the new Services Agreement and Advisory Services Agreement entered into in the second quarter of 2017, additional revenue from the U.S. Music Royalty Fee due to an increase in the number of subscribers and subscribers paying at a higher rate and higher revenue generated from SIRIUS XM's connected vehicle services. The most significant change in other revenue during the prior year was an increase in revenue from the U.S. Music Royalty Fee due to an increase in number of subscribers and subscribers paying at a higher rate. Furthermore, advertising revenue increased during both periods due to a greater number of advertising spots sold and transmitted along with increased rates charged per spot.

Equipment revenue increased during the current year driven by royalty revenue on certain satellite radio components starting in the second quarter of 2016 due to SIRIUS XM's transition to a new generation of chipsets and revenue from the sales of connected vehicle devices since the acquisition of Automatic, partially offset by lower revenue generated through satellite radio sales to distributors and consumers and lower OEM production. Equipment revenue increased during the prior year due to royalties from higher OEM production and an increase in royalty revenue on certain satellite radio components starting in the second quarter of 2016, partially offset by lower revenue generated through satellite radio sales to distributors and consumers. Increases in other revenue during 2016 were offset by lower

non-recurring engineering fees associated with SIRIUS XM's connected vehicle services, lower activation revenue from SIRIUS XM Canada and a change in accounting for a programming contract in the third quarter of 2015.

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.

- *Revenue Share and Royalties (excluding legal settlements)* includes distribution and content provider revenue share, royalties for transmitting content and web streaming, and advertising revenue share. Revenue share and royalties increased 10% and 15% during 2017 and 2016, respectively, as compared to the prior year periods. The increase during both years was primarily due to greater revenue subject to royalty and revenue sharing agreements and increases in the statutory royalty rate for the performance of sound recordings. During the fourth quarters of 2017 and 2016, SIRIUS XM recorded \$45 and \$46 million, respectively, related to music royalty legal settlements and reserves. These expenses are included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the years ended December 31, 2017 and 2016, respectively, but have been excluded from Adjusted OIBDA for the corresponding periods as these expenses were not incurred as a part of the Company's normal operations for the periods, and these lump sum amounts do not relate to the on-going performance of the business. SIRIUS XM recognized \$108 million during June 2015 for the portion of the \$210 million Capitol Settlement related to SIRIUS XM's use of pre-1972 sound recordings for the periods prior to the Capitol Records lawsuit settlement during June 2015. The \$108 million expense is included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2015 but has been excluded from Adjusted OIBDA for the corresponding period as this expense was not incurred as a part of the Company's normal operations for the period, and this lump sum amount does not relate to the on-going performance of the business. During 2015, SIRIUS XM began recognizing pre-1972 sound recording royalty expenses in connection with the Capitol Records lawsuit settlement. Revenue share and royalties expense in the table above includes \$43 million, \$40 million and \$19 million attributable to the recognition of pre-1972 sound recording royalty expenses during 2017, 2016 and 2015, respectively.
- *Programming and Content* includes costs to acquire, create, promote and produce content. Programming and content costs increased 8% and 17% during 2017 and 2016, respectively, as compared to the corresponding prior years. The current year increase was due to the addition of video content rights, the payment for which started during the third quarter of 2016, as well as increased personnel related costs. The prior year increase resulted from renewed programming licenses as well as increased personnel related costs.
- *Customer Service and Billing* includes costs associated with the operation and management of SIRIUS XM's internal and third party customer service centers and SIRIUS XM's subscriber management systems as well as billing and collection costs, transaction fees and bad debt expense. Customer service and billing expense decreased 1% for the year ended December 31, 2017 and increased 2% for the year ended December 31, 2016, as compared to the corresponding prior years. The current year decrease was primarily due to a decline in call center agent rates and contact rates, partially offset by increased transaction fees based on a higher subscriber base. The prior year increase was primarily due to costs associated with a higher subscriber base driving greater bad debt expense, transaction fees and call center costs, partially offset by lower personnel related costs and classification of wireless transmission costs related to SIRIUS XM's connected vehicle services to other expense in 2016.
- *Other* includes costs associated with the operation and maintenance of SIRIUS XM's terrestrial repeater networks; satellites; satellite telemetry, tracking and control systems; satellite uplink facilities; studios; and delivery of SIRIUS XM's Internet streaming service as well as costs from the sale of satellite radios, components and accessories and provisions for inventory allowance attributable to products purchased for resale in SIRIUS XM's direct to consumer distribution channels. Other costs of subscriber services decreased 19% and increased 5% during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. The current year decrease was driven by lower wireless costs associated with SIRIUS XM's connected vehicle services, a reduction in terrestrial repeater costs as a result of the elimination of duplicative repeater sites, and lower sales to distributors and consumers, partially offset by increased Internet streaming costs and the incremental costs associated with the sale of connected vehicle devices since

the acquisition of Automatic. The prior year increase was primarily due to a loss of approximately \$13 million on the disposal of certain obsolete satellite and related parts during the second quarter of 2016. Excluding the losses on disposal of these assets, the increase was driven by inclusion of wireless transmission costs related to SIRIUS XM's connected vehicle services that were previously recorded to Customer service and billing expense in 2015 and prior, partially offset by lower web streaming costs from in-sourcing certain activities.

Subscriber acquisition costs include hardware subsidies paid to radio manufacturers, distributors and automakers, including subsidies paid for chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; product warranty obligations; and freight. 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, 2017 and 2016, subscriber acquisition costs decreased 3% and 4%, respectively, as compared to the corresponding periods in the prior year. The current year decrease was driven by reductions to OEM hardware subsidy rates, lower subsidized costs related to the transition of chipsets and a decrease in installations. The prior year decrease was driven by lower subsidized costs related to the transition of chipsets and reductions to OEM hardware subsidy rates, partially offset by higher radio installations.

Other operating expense includes engineering, design and development costs consisting primarily of compensation and related costs to develop chipsets and new products and services. For the years ended December 31, 2017 and 2016, other operating expense increased 41% and 25%, respectively. The current year increase was driven by the development of SIRIUS XM's connected vehicle services and additional costs associated with the development of SIRIUS XM's audio and video streaming products. The prior year increase was driven primarily by the inclusion of personnel related costs from SIRIUS XM's connected vehicle services that were previously recorded in Selling, general and administrative expense in 2015, partially offset by lower research and development costs.

Selling, general and administrative expense includes costs of marketing, advertising, media and production, including promotional events and sponsorships; cooperative marketing; compensation and related personnel costs; facilities costs, finance, legal, human resources and information technology costs. Selling, general and administrative expense increased 6% and 7% for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior year periods. The current year increase was due to additional subscriber communications, retention programs and acquisition campaigns as well as higher personnel-related costs, partially offset by the timing of certain OEM marketing campaigns, lower legal costs, litigation reserves and consulting costs. The prior year increase was due to higher consulting and legal costs, additional subscriber communications, retention programs and acquisition campaigns related to SIRIUS XM's subscriber growth and higher personnel-related costs.

Stock-based compensation increased 14% and 30% during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding periods in the prior year. The increase in the current year is primarily due to an increase in the number of awards granted. The increase in stock-based compensation expense during 2016 is primarily due to an increase in stock compensation related to restricted stock units issued during 2015 and 2016 as well as an increase in the fair value of the awards granted since January 1, 2015.

Depreciation and amortization increased 11% and decreased 1% during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding periods in the prior year. The increase in the current year was driven by the acceleration of amortization related to a shorter useful life of certain software as well as additional assets placed in-service. The decrease in the prior year was due to certain satellites reaching the end of their estimated service lives, partially offset by additional assets placed in service.

The following tables reconcile the results reported by SIRIUS XM, used for comparison purposes above to understand their operations, to the results reported by Liberty for the years ended December 31, 2017, 2016 and 2015:

	Year ended December 31, 2017		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty
Subscriber revenue	\$ 4,472	—	4,472
Other revenue	953	—	953
Total revenue	5,425	—	5,425
Operating expenses (excluding stock-based compensation included below):			
Cost of subscriber services	(2,021)	—	(2,021)
Subscriber acquisition costs	(499)	—	(499)
Other operating expenses	(97)	—	(97)
Selling, general and administrative expenses	(699)	—	(699)
Adjusted OIBDA	2,109	—	2,109
Legal settlement	(45)	—	(45)
Stock-based compensation	(124)	—	(124)
Depreciation and amortization	(299)	(53)	(352)
Operating income	\$ 1,641	(53)	1,588

	Year ended December 31, 2016		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty
Subscriber revenue	\$ 4,197	(3)	4,194
Other revenue	820	—	820
Total revenue	5,017	(3)	5,014
Operating expenses (excluding stock-based compensation included below):			
Cost of subscriber services	(1,917)	—	(1,917)
Subscriber acquisition costs	(513)	—	(513)
Other operating expenses	(69)	—	(69)
Selling, general and administrative expenses	(662)	—	(662)
Adjusted OIBDA	1,856	(3)	1,853
Legal settlement	(46)	—	(46)
Stock-based compensation	(109)	—	(109)
Depreciation and amortization	(269)	(43)	(312)
Operating income	\$ 1,432	(46)	1,386

	Year ended December 31, 2015		
	As reported by SIRIUS XM	Purchase Accounting Adjustments	As reported by Liberty
Subscriber revenue	\$ 3,825	(18)	3,807
Other revenue	745	—	745
Total revenue	4,570	(18)	4,552
Operating expenses (excluding stock-based compensation included below):			
Cost of subscriber services	(1,718)	35	(1,683)
Subscriber acquisition costs	(533)	—	(533)
Other operating expenses	(55)	—	(55)
Selling, general and administrative expenses	(621)	—	(621)
Adjusted OIBDA	1,643	17	1,660
Legal settlement	(108)	—	(108)
Stock-based compensation	(84)	(73)	(157)
Depreciation and amortization	(272)	(50)	(322)
Operating income	\$ 1,179	(106)	1,073

Formula One Group

Formula 1. Formula 1 is a global motorsports business that holds exclusive commercial rights with respect to the World Championship, an annual, approximately nine-month long, motor race-based competition in which teams compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship takes place on various circuits with various Events. Formula 1 is responsible for the commercial exploitation and development of the World Championship as well as various aspects of its management and administration. Formula 1 derives the majority of its revenue from race promotion, broadcasting and advertising and sponsorship arrangements. A significant majority of the race promotion, broadcasting and advertising and sponsorship contracts specify payments in advance and annual increases in the fees payable over the course of the contracts.

Liberty acquired a controlling interest in Formula 1 on January 23, 2017 and applied acquisition accounting and consolidated the results of Formula 1 from that date. Prior to the acquisition of our controlling interest, we maintained an investment in Formula 1 since September 7, 2016, which was accounted for as a cost method investment. Although Formula 1's results are only included in Liberty's results for the period from January 23, 2017 through December 31, 2017, we believe a discussion of Formula 1's results for all periods presented promotes a better understanding of the overall results of its business. For comparison and discussion purposes, we are presenting the pro forma results of Formula 1 for the full years ended December 31, 2017 and 2016, inclusive of acquisition accounting adjustments. The pro forma financial information was prepared based on the historical financial information of Formula 1 and assuming the acquisition of Formula 1 took place on January 1, 2016. The acquisition price allocation related to the Formula 1 business combination is preliminary. Accordingly, the pro forma adjustments are based on this preliminary allocation and have been made solely for the purpose of providing comparative pro forma financial information. The financial information below is presented for illustrative purposes only and does not purport to represent the actual results of operations of Formula 1 had the business combination occurred on January 1, 2016, or to project the results of operations of Liberty for any future periods. The pro forma adjustments are based on available information and certain assumptions that Liberty management believes are reasonable. The pro forma adjustments are directly attributable to the business combination and are expected to have a continuing impact on the results of operations of Liberty.

Formula 1's pro forma operating results were as follows:

	Years ended December 31,	
	2017	2016
	amounts in millions	
Primary Formula 1 revenue	\$ 1,483	1,502
Other Formula 1 revenue	301	294
Total Formula 1 revenue	1,784	1,796
Operating expenses (excluding stock-based compensation included below):		
Cost of Formula 1 revenue	(1,221)	(1,256)
Selling, general and administrative expenses	(125)	(90)
Adjusted OIBDA	438	450
Stock-based compensation	(24)	—
Depreciation and amortization	(451)	(403)
Operating income (loss)	\$ (37)	47

Primary Formula 1 revenue represents the majority of Formula 1's revenue and is derived from the following streams:

- race promotion fees earned from granting the rights to host, stage and promote each Event on the World Championship calendar;
- broadcasting fees earned from licensing the right to broadcast Events on television and other platforms, including the internet; and
- advertising and sponsorship fees earned from the sale of World Championship and Event-related advertising and sponsorship rights.

Pro forma Primary Formula 1 revenue decreased by \$19 million during the year ended December 31, 2017, as compared to the corresponding period in the prior year. The decrease was due to one less Event during 2017 compared to 2016 and legacy contractual terms of one Event, which provided a one time significant decrease in race promotion fees after the 2016 season through the remaining term of that contract. These decreases in race promotion revenue were partially offset by the impact of other contractual increases. Broadcasting revenue increased during the year ended December 31, 2017 as compared to the same period in the prior year due to the impact of certain contractual rate increases, partially offset by the net adverse impact of weaker prevailing foreign currency exchange rates used to translate a small number of fees that were not denominated in U.S. Dollars into U.S. Dollars. Advertising and sponsorship revenue increased during the year ended December 31, 2017 as compared to the corresponding period in the prior year due to increased fees and growth in certain arrangements, partially offset by the non-renewal of two arrangements.

Other Formula 1 revenue is generated from the operation of the Paddock Club at most Events, freight and related logistical and travel services, support races at Events (either from the direct operation of the F2 and GP3 series which are owned by Formula 1 or from the licensing of other third party series or individual race events), various TV production and post-production activities, digital media services and other ancillary operations.

The \$7 million increase in pro forma Other Formula 1 revenue during the year ended December 31, 2017, as compared to the corresponding period in the prior year was primarily attributable to higher logistics and digital media revenue, contributions from broadcasting in Ultra High Definition and higher hospitality revenue, partially offset by lower spend by GP3 series' competing teams during 2017 due to it being the second year of the GP3 vehicle cycle.

	Years ended December 31,	
	2017	2016
	amounts in millions	
Team payments	\$ (919)	(966)
Other costs of Formula 1 revenue	(302)	(290)
Cost of Formula 1 revenue	<u>\$ (1,221)</u>	<u>(1,256)</u>

Pro forma Cost of Formula 1 revenue decreased approximately \$35 million during the year ended December 31, 2017, as compared to the corresponding period in the prior year. Cost of Formula 1 revenue consists primarily of team payments.

Team payments decreased by \$47 million during the year ended December 31, 2017, as compared to the corresponding period in the prior year. The decreases in pro forma team payments during 2017 were attributable to the pro rata recognition impact of the cost recognition policy being applied to fixed and variable Prize Fund elements.

Other costs of Formula 1 revenue include hospitality costs, which are principally related to catering and other aspects of the production and delivery of the Paddock Club, and circuit rights' fees payable under various agreements with race promoters to acquire certain commercial rights at Events, including the right to sell advertising, hospitality and support race opportunities. Other costs include annual Federation Internationale de l'Automobile regulatory fees, advertising and sponsorship commissions and those incurred in the provision and sale of freight, travel and logistical services, F2 and GP3 cars, parts and maintenance services, television production and post-production services, advertising production services and digital and social media activities. These costs are largely variable in nature and relate directly to revenue opportunities. The \$12 million increase in other costs for the year ended December 31, 2017 as compared to the corresponding period in the prior year is due to increasing fan engagement activities, filming in Ultra High definition and higher freight, digital media and hospitality costs, partially offset by a lower circuit rights' fee under the contractual arrangements of one Event and the impact of one less Event in the year.

Selling, general and administrative expenses include personnel costs, legal, professional and other advisory fees, bad debt expense, rental expense, information technology costs, non-Event-related travel costs, insurance premiums, maintenance and utility costs and other general office administration costs. Pro forma Selling, general and administrative expenses increased \$35 million during the year ended December 31, 2017, respectively, as compared to the corresponding periods in the prior year. The increases in pro forma selling, general and administrative expense during 2017 were primarily driven by higher personnel, property, marketing and research costs and advisory fees, all due to the acquisition by Liberty of Formula 1, partially offset by an improvement in foreign exchange related gains and lower bad debt expense during the year ended December 31, 2017 as compared to the corresponding prior year period.

Stock-based compensation expense during 2017 relates to costs arising from grants of Series C Liberty Formula One common stock options and restricted stock units to members of Formula 1 management during March 2017, subsequent to the acquisition of Formula 1 by Liberty.

Depreciation and amortization includes depreciation of fixed assets and amortization of intangible assets. The pro forma depreciation and amortization increased \$48 million during the year ended December 31, 2017, as compared to the corresponding period in the prior year. The increase was driven by an increase in amortization expense related to intangible assets acquired in the acquisition of Formula 1 by Liberty.

Braves Group

Braves Holdings. Braves Holdings is our wholly owned subsidiary that indirectly owns and operates the Atlanta Braves Major League Baseball club and five minor league baseball clubs (the Gwinnett Stripers, the Mississippi Braves, the Rome Braves, the Danville Braves and the GCL Braves). Braves Holdings also operates a baseball academy in the Dominican Republic and leases a baseball facility from a third party in connection with its academy. Braves Holdings had exclusive operating rights to Turner Field, the home stadium of the Atlanta Braves, until December 31, 2016 pursuant to an Operating Agreement with the Atlanta Fulton County Recreation Authority. Effective for the 2017 season, the Braves

relocated to a new ballpark in Cobb County, a suburb of Atlanta. The facility is leased from Cobb County and Cobb-Marietta Coliseum and Exhibit Hall Authority and offers a range of activities and eateries for fans. Braves Holdings and its affiliates participated in the construction of the new stadium and are participating in the construction of an adjacent mixed-use development project, which we refer to as the Development Project.

Operating results attributable to the Braves Holdings were as follows.

	Year ended December 31,		
	2017	2016	2015
	amounts in millions		
Total revenue	\$ 386	262	243
Operating expenses (excluding stock-based compensation included below):			
Other operating expenses	(281)	(224)	(189)
Selling, general and administrative expenses	(98)	(54)	(51)
Adjusted OIBDA	7	(16)	3
Stock-based compensation	(46)	(9)	(10)
Depreciation and amortization	(67)	(32)	(31)
Operating income (loss)	<u>\$ (106)</u>	<u>(57)</u>	<u>(38)</u>

Revenue is derived from three primary sources: ballpark operations (ticket sales, concessions, corporate sales, suites and premium seat fees), local broadcast rights and national broadcast, licensing and other shared Major League Baseball (“MLB”) revenue streams. For the years ended December 31, 2017 and 2016, revenue increased \$124 million and increased \$19 million, respectively, as compared to the corresponding prior years. The increase in 2017 as compared to 2016 was primarily due to increases in the number of tickets sold, the average ticket price, concession revenue and increases in revenue related to the Development Project. The increase in revenue for 2016 as compared to 2015 was due to a change in ballpark retail and concession sales and increased broadcasting revenue, as well as having more home games period over period (81 home games in 2016 versus 80 home games during 2015), although attendance per game and the average ticket price was lower in 2016 as compared to 2015. Braves Holdings brought its retail operations in-house during 2016 and engaged a new concessions operator for the 2016 season. These contractual changes resulted in increases in revenue, which were offset by corresponding increases in operating expenses. As a result, concession and retail revenue increased approximately \$17 million during 2016 as compared to the prior year. Broadcast revenue increased approximately \$4 million during the year ended December 31, 2016, as compared to the prior year. The increase in broadcast revenue was due to an increase in the number of home games during 2016 and contractual rate increases.

Other operating expense primarily includes costs associated with baseball and stadium operations. For the years ended December 31, 2017 and 2016, other operating expenses increased \$57 million and increased \$35 million, respectively, as compared to the corresponding prior years. The increase in 2017 as compared to 2016 was driven primarily by increases in player costs and higher concession, parking and security costs associated with the new stadium. The increase in 2016 as compared to 2015 was driven primarily by in-game retail and concession operations, as discussed above. Braves Holdings’ decision to operate its retail operations in-house during 2016 contributed to an increase in operating expenses due to additional staff positions related to the retail operations. Additionally, certain concessions expenses were incurred during 2016 associated with the Braves Holdings’ new concessions operator for the 2016 season. The 2016 increase was further impacted by the acceleration of player salary expense as a result of released and injured players as well as taxes imposed on ANLBC under the terms of the collective bargaining agreement related to certain international player signing bonuses paid by ANLBC during 2016. These increases were partially offset by overall lower player salaries during 2016.

Selling, general and administrative expense includes costs of marketing, advertising, finance and related personnel costs. Selling, general and administrative expense increased \$44 million and \$3 million for the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. The increase in 2017 as compared to 2016 was primarily due to costs incurred with the new stadium and the write-off of certain contractual rights

related to international players. The increase in 2016 as compared to 2015 was primarily attributable to additional advertising costs incurred during 2016.

Stock-based compensation increased \$37 million and decreased \$1 million during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. The Braves Holdings three-year stock compensation plan was approved during May 2015. Stock-based compensation expense is attributable to awards vested during the periods presented. The increase in 2017 as compared to 2016 is due to an increase in the value of Braves Holdings and vesting of outstanding awards. The decrease in 2016 as compared to 2015 is attributable to a decrease in the valuation of outstanding Braves Holdings awards granted.

Depreciation and amortization increased \$35 million and \$1 million during the years ended December 31, 2017 and 2016, respectively, as compared to the corresponding prior years. The increase during 2017 as compared to 2016 is due to an increase in property and equipment to support the Development Project. The increase during 2016 as compared to 2015 is primarily due to the acceleration of depreciation on certain assets associated with the termination of the Turner Field lease at the end of 2016.

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, 2017, 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				
Liberty SiriusXM Group	\$ 1,050	3.3%	\$ 6,511	5.1%
Braves Group	\$ 417	3.2%	\$ 250	3.4%
Formula One Group	\$ 1,157	4.2%	\$ 4,425	3.5%

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, 2017, the fair value of our available-for-sale equity securities was \$467 million. Had the market price of such securities been 10% lower at December 31, 2017, the aggregate value of such securities would have been \$47 million lower. Additionally, our stock in Live Nation (an equity method affiliate) is a publicly traded security which

is not reflected at fair value in our balance sheet. This security is 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 included herein, beginning on Page F-32.

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

None.

Controls and Procedures.

In accordance with Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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, 2017 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-31 for *Management’s Report on Internal Control Over Financial Reporting*.

See page F-34 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

In January 2017, the Company acquired Delta Topco Limited. As a result of the acquisition, the Company is reviewing the internal controls of Delta Topco Limited and is making appropriate changes as deemed necessary. Except for the changes in internal control at Delta Topco Limited, there has been no change in the Company’s internal control over financial reporting that occurred during the three months ended December 31, 2017 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, as amended. 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, 2017, using the criteria in *Internal Control-Integrated Framework (2013)*, 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, 2017, its internal control over financial reporting is effective. The Company's assessment of internal control over financial reporting did not include the internal controls of Delta Topco Limited which the Company acquired in the first quarter of 2017. The amount of total assets and revenue of Delta Topco Limited included in our consolidated financial statements as of and for the year ended December 31, 2017 was \$9,461 million and \$1,783 million, respectively.

The Company's independent registered public accounting firm audited the consolidated financial statements and related disclosures in the Annual Report and have issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page F-34 of this Annual Report.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Media Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Liberty Media Corporation and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* 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) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2017 and 2016, 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, 2017, and related notes, and our report dated February 28, 2018 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Delta Topco Limited during 2017, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, Delta Topco Limited's internal control over financial reporting associated with total assets of \$9,461 million and total revenues of \$1,783 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2017. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Delta Topco Limited.

Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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 of internal control over financial reporting 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.

Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ KPMG LLP

Denver, Colorado
February 28, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Liberty Media Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Liberty Media Corporation and subsidiaries (the “Company”) as of December 31, 2017 and 2016, 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, 2017 and the related notes (collectively, the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2017, 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) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2018 expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed their method of accounting for share-based payments in the year ended December 31, 2016, due to the adoption of FASB Accounting Standard Update 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*.

Basis for Opinion

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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company’s auditor since 2010.

Denver, Colorado
February 28, 2018

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2017 and 2016

	2017	2016
	amounts in millions	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 1,029	562
Trade and other receivables, net.	358	240
Other current assets.	376	227
Total current assets	1,763	1,029
Investments in available-for-sale securities and other cost investments (note 7)	1,114	1,309
Investments in affiliates, accounted for using the equity method (note 8)	1,750	1,117
Property and equipment, at cost	3,596	3,182
Accumulated depreciation	(1,055)	(830)
	2,541	2,352
Intangible assets not subject to amortization (note 9)		
Goodwill	18,383	14,345
FCC licenses	8,600	8,600
Other	1,074	1,073
	28,057	24,018
Intangible assets subject to amortization, net (note 9)	6,131	1,072
Other assets	640	480
Total assets	\$ 41,996	31,377
 <i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,250	985
Current portion of debt (note 10)	768	5
Deferred revenue	1,941	1,877
Other current liabilities	20	5
Total current liabilities	3,979	2,872
Long-term debt, including \$2,115 million and \$1,546 million measured at fair value, respectively (note 10)	13,186	8,013
Deferred income tax liabilities (note 11)	1,478	2,025
Other liabilities	779	751
Total liabilities	\$ 19,422	13,661

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
	<u>amounts in millions</u>	
Stockholders' equity (notes 12,14 and 16):		
Preferred stock, \$.01 par value. Authorized 50,000,000 shares; no shares issued	\$ —	—
Series A Liberty SiriusXM common stock, \$.01 par value. Authorized 2,000,000,000 shares at December 31, 2017; issued and outstanding 102,701,972 shares at December 31, 2017 and 102,390,088 shares at December 31, 2016 (note 2)	1	1
Series A Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2017; issued and outstanding 10,243,259 shares at December 31, 2017 and 10,231,185 shares at December 31, 2016 (note 2)	—	—
Series A Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2017; issued and outstanding 25,649,611 shares at December 31, 2017 and 25,593,352 shares at December 31, 2016 (note 2)	—	—
Series B Liberty SiriusXM common stock, \$.01 par value. Authorized 75,000,000 shares at December 31, 2017; issued and outstanding 9,821,531 shares at December 31, 2017 and 9,870,856 shares at December 31, 2016 (note 2)	—	—
Series B Liberty Braves common stock, \$.01 par value. Authorized 7,500,000 shares at December 31, 2017; issued and outstanding 981,860 shares at December 31, 2017 and 986,791 shares at December 31, 2016 (note 2)	—	—
Series B Liberty Formula One common stock, \$.01 par value. Authorized 18,750,000 shares at December 31, 2017; issued and outstanding 2,454,448 shares at December 31, 2017 and 2,466,778 shares at December 31, 2016 (note 2)	—	—
Series C Liberty SiriusXM common stock, \$.01 par value. Authorized 2,000,000,000 shares at December 31, 2017; issued and outstanding 223,588,953 shares at December 31, 2017 and 222,936,204 shares at December 31, 2016 (note 2)	2	2
Series C Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2017; issued and outstanding 39,723,440 shares at December 31, 2017 and 38,215,276 shares at December 31, 2016 (note 2)	—	—
Series C Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2017; issued and outstanding 202,720,588 shares at December 31, 2017 and 55,737,179 shares at December 31, 2016 (note 2)	2	1
Additional paid-in capital	3,892	87
Accumulated other comprehensive earnings (loss), net of taxes	(35)	(62)
Retained earnings	<u>13,081</u>	<u>11,727</u>
Total stockholders' equity	<u>16,943</u>	<u>11,756</u>
Noncontrolling interests in equity of subsidiaries	<u>5,631</u>	<u>5,960</u>
Total equity	<u>22,574</u>	<u>17,716</u>
Commitments and contingencies (note 17)		
Total liabilities and equity	<u>\$ 41,996</u>	<u>31,377</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2017, 2016 and 2015

	2017	2016	2015
	amounts in millions		
Revenue:			
Subscriber revenue	\$ 4,473	4,194	3,807
Formula 1 revenue	1,783	—	—
Other revenue	1,338	1,082	988
Total revenue	7,594	5,276	4,795
Operating costs and expenses, including stock-based compensation (note 3):			
Cost of subscriber services (exclusive of depreciation shown separately below):			
Revenue share and royalties	1,210	1,109	1,035
Programming and content	388	354	267
Customer service and billing	385	387	380
Other	119	144	141
Cost of Formula 1 revenue	1,219	—	—
Subscriber acquisition costs	499	513	533
Other operating expenses	394	306	262
Selling, general and administrative	1,162	886	861
Legal settlement, net (note 17)	—	(511)	—
Depreciation and amortization	824	354	362
	6,200	3,542	3,841
Operating income (loss)	1,394	1,734	954
Other income (expense):			
Interest expense	(591)	(362)	(328)
Share of earnings (losses) of affiliates, net (note 8)	104	14	(40)
Realized and unrealized gains (losses) on financial instruments, net (note 6)	(88)	37	(140)
Other, net	8	(4)	12
	(567)	(315)	(496)
Earnings (loss) from continuing operations before income taxes	827	1,419	458
Income tax (expense) benefit (note 11)	1,063	(495)	(210)
Net earnings (loss)	1,890	924	248
Less net earnings (loss) attributable to the noncontrolling interests	536	244	184
Net earnings (loss) attributable to Liberty stockholders	\$ 1,354	680	64
Net earnings (loss) attributable to Liberty stockholders (note 2):			
Liberty Media Corporation common stock	\$ —	377	64
Liberty SiriusXM common stock	1,124	297	—
Liberty Braves common stock	(25)	(30)	—
Liberty Formula One common stock	255	36	—
	\$ 1,354	680	64

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations (Continued)

Years ended December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Basic net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 3)			
Series A, B and C Liberty Media Corporation common stock	NA	1.13	0.19
Series A, B and C Liberty SiriusXM common stock	3.35	0.89	NA
Series A, B and C Liberty Braves common stock	(0.51)	(0.65)	NA
Series A, B and C Liberty Formula One common stock	1.23	0.43	NA
Diluted net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 3)			
Series A, B and C Liberty Media Corporation common stock	NA	1.12	0.19
Series A, B and C Liberty SiriusXM common stock	3.31	0.88	NA
Series A, B and C Liberty Braves common stock	(0.51)	(0.65)	NA
Series A, B and C Liberty Formula One common stock	1.21	0.42	NA

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Comprehensive Earnings (Loss)

Years ended December 31, 2017, 2016 and 2015

	2017	2016	2015
	amounts in millions		
Net earnings (loss)	\$ 1,890	924	248
Other comprehensive earnings (loss), net of taxes:			
Unrealized holding gains (losses) arising during the period	(3)	—	—
Foreign currency translation adjustments	24	4	(42)
Share of other comprehensive earnings (loss) of equity affiliates	14	(14)	(7)
Other comprehensive earnings (loss)	35	(10)	(49)
Comprehensive earnings (loss)	1,925	914	199
Less comprehensive earnings (loss) attributable to the noncontrolling interests	544	245	165
Comprehensive earnings (loss) attributable to Liberty stockholders	\$ 1,381	669	34
Comprehensive earnings (loss) attributable to Liberty stockholders:			
Liberty Media Corporation common stock	\$ —	382	34
Liberty SiriusXM common stock	1,142	295	—
Liberty Braves common stock	(28)	(30)	—
Liberty Formula One common stock	267	22	—
	\$ 1,381	669	34

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2017, 2016 and 2015

	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
	(see note 5)		
Cash flows from operating activities:			
Net earnings (loss)	\$ 1,890	924	248
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	824	354	362
Stock-based compensation	230	150	204
Share of (earnings) loss of affiliates, net	(104)	(14)	40
Realized and unrealized (gains) losses on financial instruments, net	88	(37)	140
Noncash interest expense	16	11	6
Losses (gains) on dilution of investment in affiliate	(3)	—	1
Loss on early extinguishment of debt	48	24	—
Deferred income tax expense (benefit)	(1,064)	427	175
Other charges (credits), net	4	30	19
Changes in operating assets and liabilities			
Current and other assets	50	25	(208)
Payables and other liabilities	(247)	277	245
Net cash provided (used) by operating activities	<u>1,732</u>	<u>2,171</u>	<u>1,232</u>
Cash flows from investing activities:			
Cash proceeds from dispositions of investments	21	62	175
Net cash paid for the acquisition of Formula 1	(1,647)	—	—
Proceeds (payments) from settlement of financial instruments, net	—	(1)	(322)
Investments in and loans to cost and equity investees	(862)	(784)	(19)
Repayment of loans and other cash receipts from cost and equity investees	—	48	—
Capital expended for property and equipment	(517)	(568)	(296)
Purchases of short term investments and other marketable securities	—	(258)	(174)
Sales of short term investments and other marketable securities	—	273	358
Other investing activities, net	(132)	(36)	(8)
Net cash provided (used) by investing activities	<u>(3,137)</u>	<u>(1,264)</u>	<u>(286)</u>
Cash flows from financing activities:			
Borrowings of debt	6,697	2,745	2,213
Repayments of debt	(5,107)	(1,749)	(1,196)
Proceeds from issuance of Series C Liberty Formula One common stock	1,938	—	—
Repurchases of Liberty common stock	—	—	(350)
Shares repurchased by subsidiary	(1,409)	(1,674)	(2,018)
Proceeds from Liberty Braves common stock rights offering	—	203	—
Cash dividends paid by subsidiary	(60)	(16)	—
Taxes paid in lieu of shares issued for stock-based compensation	(135)	(58)	(80)
Other financing activities, net	(56)	3	5
Net cash provided (used) by financing activities	<u>1,868</u>	<u>(546)</u>	<u>(1,426)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	4	—	—
Net increase (decrease) in cash and cash equivalents	467	361	(480)
Cash and cash equivalents at beginning of period	562	201	681
Cash and cash equivalents at end of period	<u>\$ 1,029</u>	<u>562</u>	<u>201</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017, 2016 and 2015

(1) Basis of Presentation

The accompanying consolidated financial statements of Liberty Media Corporation (formerly named Liberty Spinco, Inc.; see discussion below pertaining to the Starz Spin-Off (defined below)) (“Liberty,” “we,” “our,” “us” or the “Company” unless the context otherwise requires) represent a consolidation of certain media and entertainment related assets and businesses. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Liberty, through its ownership of interests in subsidiaries and other companies, is primarily engaged in the media and entertainment industries primarily in North America and the United Kingdom. Our significant subsidiaries include Sirius XM Holdings Inc. (“SIRIUS XM”), Formula 1 and Braves Holdings, LLC (“Braves Holdings”). Our significant investment accounted for under the equity method of accounting is Live Nation Entertainment, Inc. (“Live Nation”). As discussed in notes 2 and 7, Liberty obtained a nearly 20% interest in Delta Topco Limited (“Delta Topco”), the parent company of Formula 1, a global motorsports business, during 2016 and acquired the remaining interests, other than a nominal number of shares held by certain Formula 1 teams, during January 2017.

In September 2011, Liberty Interactive Corporation (“Liberty Interactive” and formerly named Liberty Media Corporation) 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”).

In January 2013, Starz (now known as Starz Acquisition, LLC and formerly known as Liberty Media Corporation) spun-off (the “Starz Spin-Off”) its then-former wholly-owned subsidiary, which, at the time of the Starz 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.

Also in January 2013, Liberty obtained a controlling interest and began consolidating SIRIUS XM. SIRIUS XM, since the date of our investment, has repurchased approximately 2.5 billion SIRIUS XM shares for approximately \$9.4 billion. Liberty continues to maintain a controlling interest in SIRIUS XM following the completion of the share repurchases. As of December 31, 2017, we owned approximately 70% of the outstanding equity interest in SIRIUS XM.

During 2014, Liberty’s board of directors approved the issuance of shares of its Series C Liberty Media Corporation common stock to holders of its Series A and Series B Liberty Media Corporation common stock, effected by means of a dividend. On July 23, 2014, holders of Series A and Series B Liberty Media Corporation common stock received a dividend of two shares of Series C Liberty Media Corporation common stock for each share of Series A or Series B Liberty Media Corporation common stock held by them as of July 7, 2014. Additionally, in connection with the Series C Liberty Media Corporation common stock issuance and the Broadband Spin-Off (defined below), outstanding Series A Liberty Media Corporation common stock warrants have been adjusted, as well as the number of shares covered by outstanding cash convertible note hedges and purchased call options (the “Bond Hedge Transaction”). See note 10 for further discussion regarding the warrants and Bond Hedge Transaction.

On November 4, 2014, Liberty completed the spin-off to its stockholders common stock of a newly formed company called Liberty Broadband Corporation (“Liberty Broadband”) (the “Broadband Spin-Off”). In the Broadband Spin-Off, record holders of Series A, Series B and Series C Liberty Media Corporation common stock received one share of the corresponding series of Liberty Broadband common stock for every four shares of common stock held by them as of the record date for the Broadband Spin-Off, with cash paid in lieu of fractional shares.

During August 2014, Liberty Interactive completed the distribution of Liberty TripAdvisor Holdings, Inc. (“Liberty TripAdvisor”) (the “TripAdvisor Spin-Off”). During July 2016, Liberty Interactive completed the spin-off of CommerceHub, Inc. (“CommerceHub”) (the “CommerceHub Spin-Off”). During November 2016, Liberty Interactive

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

completed the split-off of Liberty Expedia Holdings, Inc. (“Expedia Holdings”) (the “Expedia Holdings Split-Off”). Following the Split-Off, Starz Spin-Off, TripAdvisor Spin-Off, Broadband Spin-Off, CommerceHub Spin-Off and Expedia Holdings Split-Off, Liberty, Liberty Interactive, Starz, Liberty TripAdvisor, Liberty Broadband, CommerceHub and Expedia Holdings operate as separate publicly traded companies, none of which has any stock ownership, beneficial or otherwise, in the other (except that Liberty Interactive owns shares of Liberty Broadband’s Series C non-voting common stock). In connection with the Split-Off, Starz Spin-Off, TripAdvisor Spin-Off, Broadband Spin-Off, CommerceHub Spin-Off and Expedia Holdings Split-Off, Liberty entered into certain agreements with Liberty Interactive, Starz, Liberty TripAdvisor, Liberty Broadband, CommerceHub and Expedia Holdings, respectively, in order to govern ongoing relationships between the companies and to provide for an orderly transition. As a result, these entities are considered related parties of the Company for accounting purposes through the dates of the respective transactions. These agreements include Reorganization Agreements (excluding CommerceHub, Expedia Holdings and Liberty TripAdvisor), Services Agreements, Facilities Sharing Agreements (excluding CommerceHub), a Lease Agreement (in the case of the Starz Spin-Off only) and with respect to Starz and Liberty Broadband, 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 Starz Spin-Off.

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Liberty Interactive, Starz and Liberty Broadband following the Split-Off, Starz Spin-Off and Broadband Spin-Off, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Liberty Interactive, Starz, Liberty TripAdvisor, Liberty Broadband, CommerceHub and Expedia Holdings with general and administrative services including legal, tax, accounting, treasury and investor relations support. Liberty Interactive, Starz, Liberty TripAdvisor, Liberty Broadband, CommerceHub and Expedia Holdings 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. Liberty TripAdvisor, Liberty Broadband, CommerceHub and Expedia Holdings reimburse Liberty for shared services and personnel based on a flat fee. Under the Facilities Sharing Agreements, Liberty shares office space and related amenities with Liberty Interactive, Starz, Liberty TripAdvisor, Liberty Broadband and Expedia Holdings at Liberty’s corporate headquarters. Under these various agreements, approximately \$24 million, \$21 million and \$23 million of these allocated expenses were reimbursed to Liberty during the years ended December 31, 2017, 2016 and 2015, 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 \$4 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 Starz and Liberty Broadband as well as other agreements related to tax matters. Among other things, pursuant to the Tax Sharing Agreements, Liberty has generally agreed to indemnify Starz and Liberty Broadband for taxes and losses resulting from the failure of the Starz Spin-Off and the Broadband Spin-Off, respectively, to qualify for tax-free treatment. However, Starz will be responsible for any such taxes and losses related to the Starz Spin-Off which (i) result primarily from the breach of certain restrictive covenants made by Starz, or (ii) result from Section 355(e) of the Internal Revenue Code of 1986 (the “Code”) applying to the Starz Spin-Off as a result of the Starz 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 Starz, and Liberty Broadband will be responsible for any such taxes and losses related to the Broadband Spin-Off which (i) result primarily from the breach of certain restrictive covenants made by Liberty Broadband, or (ii) result from Section 355(e) of the Code applying to the Broadband Spin-Off as a result of the Broadband 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 Broadband. In February 2014, the IRS and Starz entered into a closing agreement which provided that the Starz Spin-Off qualified for tax-free treatment to Starz and

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Liberty. In September 2015, Liberty entered into a closing agreement with the IRS which provided that the Broadband Spin-Off qualified for tax-free treatment.

The Company's additional paid-in capital balance was in a deficit position as of December 31, 2015. In order to maintain a zero balance in the additional paid-in capital account, we reclassified the amount of the deficit (\$499 million) to retained earnings as of December 31, 2015.

(2) Tracking Stocks

During November 2015, Liberty's board of directors authorized management to pursue a recapitalization of the Company's common stock into three new tracking stock groups, one to be designated as the Liberty Braves common stock, one to be designated as the Liberty Media common stock and one to be designated as the Liberty SiriusXM common stock (the "Recapitalization"), and to cause to be distributed subscription rights related to the Liberty Braves common stock following the creation of the new tracking stocks.

The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016. In the Recapitalization, each issued and outstanding share of Liberty Media Corporation common stock was reclassified and exchanged for (a) 1 share of the corresponding series of Liberty SiriusXM common stock, (b) 0.1 of a share of the corresponding series of Liberty Braves common stock and (c) 0.25 of a share of the corresponding series of Liberty Formula One common stock on April 15, 2016. Cash was paid in lieu of the issuance of any fractional shares. In May 2016, the IRS completed its review of the Recapitalization and notified Liberty that it agreed with the nontaxable characterization of the transaction. The operating results prior to the Recapitalization are attributed to Liberty stockholders in the aggregate. However, the information in the following footnotes has been presented by tracking stock groups for all periods presented in order to enhance the information provided to users of these financial statements.

Following the creation of the tracking stocks, Series A, Series B and Series C Liberty SiriusXM common stock trade under the symbols LSXMA/B/K, respectively; Series A, Series B and Series C Liberty Braves common stock trade or are quoted under the symbols BATRA/B/K respectively; and Series A, Series B and Series C Liberty Media common stock traded or were quoted under the symbols LMCA/B/K, respectively. Shortly following the Second Closing (as defined below) of the acquisition of Formula 1, the Liberty Media Group and Liberty Media common stock were renamed the Liberty Formula One Group (the "Formula One Group") and the Liberty Formula One common stock, respectively, and the corresponding ticker symbols for the Series A, Series B and Series C Liberty Media common stock were changed to FWONA/B/K, respectively. Each series (Series A, Series B and Series C) of the Liberty SiriusXM common stock trades on the Nasdaq Global Select Market. Series A and Series C Liberty Braves common stock trade on the Nasdaq Global Select Stock Market and Series B Liberty Braves common stock is quoted on the OTC Markets. Series A and Series C Liberty Formula One common stock continue to trade on the Nasdaq Global Select Market and the Series B Liberty Formula One common stock continues to be quoted on the OTC Markets. Although the Second Closing, and the corresponding tracking stock name and the ticker symbol change, were not completed until January 23 and 24, 2017, respectively, historical information of the Liberty Media Group and Liberty Media common stock is referred to herein as the Formula One Group and Liberty Formula One common stock, respectively.

In addition, following the creation of the new tracking stocks, Liberty distributed to holders of its Liberty Braves common stock subscription rights to acquire shares of Series C Liberty Braves common stock in order to raise capital to repay the Intergroup Note (as defined below) and for working capital purposes. In the rights distribution, Liberty distributed 0.47 of a Series C Liberty Braves subscription right for each share of Series A, Series B or Series C Liberty Braves common stock held as of 5:00 p.m., New York City time, on May 16, 2016. Fractional Series C Liberty Braves subscription rights were rounded up to the nearest whole right. Each whole Series C Liberty Braves subscription right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of Liberty's Series C Liberty Braves

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

common stock at a subscription price of \$12.80, which was equal to an approximate 20% discount to the trading day volume weighted average trading price of Series C Liberty Braves common stock for the 18-day trading period ending on May 11, 2016. Each Series C Liberty Braves subscription right also entitled the holder to subscribe for additional shares of Series C Liberty Braves common stock that were unsubscribed for in the rights offering pursuant to an oversubscription privilege. The rights offering commenced on May 18, 2016, which was also the ex-dividend date for the distribution of the Series C Liberty Braves subscription rights. The rights offering expired at 5:00 p.m. New York City time, on June 16, 2016 and was fully subscribed with 15,833,634 shares of Series C Liberty Braves common stock issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. Approximately \$150 million of the proceeds from the rights offering were used to repay the outstanding balance on the Intergroup Note and accrued interest to Liberty. The remaining proceeds were used for development costs attributed to the Braves Group. In September 2016, the IRS completed its review of the distribution of the Series C Liberty Braves subscription rights and notified Liberty that it agreed with the nontaxable characterization of the distribution.

Additionally, as a result of the Recapitalization, Liberty's 1.375% Cash Convertible Senior Notes due 2023 are now convertible into cash based on the product of the conversion rate specified in the indenture and the basket of tracking stocks into which each outstanding share of Series A Liberty Media Corporation common stock was reclassified (the "Securities Basket"). The Series A Liberty Braves common stock component of the Securities Basket was subsequently adjusted pursuant to anti-dilution adjustments arising out of the distribution of subscription rights to purchase shares of Series C Liberty Braves common stock made to all holders of Liberty Braves common stock. Furthermore, the Company entered into amended agreements with the counterparties with regard the Recapitalization-related adjustments to the outstanding Series A Liberty Media Corporation common stock warrants as well as the outstanding cash convertible note hedges and purchased call options. See note 10 for a more detailed discussion of the amendments made to these financial instruments as a result of the Recapitalization.

As discussed in more detail in note 5, on September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco. The transactions contemplated by the first purchase agreement were completed on September 7, 2016, resulting in the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty's interest in Delta Topco and by extension Formula 1 is attributed to the Liberty Formula One Group (the "Formula One Group"). Liberty acquired 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a closing under the second purchase agreement (following the unwind of the first purchase agreement) on January 23, 2017 (the "Second Closing"). Liberty's acquired interest in Formula 1, along with existing Formula 1 cash and debt (which is non-recourse to Liberty), is attributed to the Formula One Group.

A 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. While the Liberty SiriusXM Group, Liberty Braves Group (the "Braves Group") and Formula One Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Therefore, the Liberty SiriusXM Group, Braves Group and Formula One Group do not represent separate legal entities, but rather represent those businesses, assets and liabilities that have been attributed to each respective group. Holders of tracking stock have no direct claim to the group's stock or assets and therefore, do not own, by virtue of their ownership of a Liberty tracking stock, any equity or voting interest in a public company, such as SIRIUS XM or Live Nation, in which Liberty holds an interest and that is attributed to a Liberty tracking stock group, such as the Liberty SiriusXM Group or the Formula One Group. Holders of tracking stock are also not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

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Notes to Consolidated Financial Statements (Continued)

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The Liberty SiriusXM common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Liberty SiriusXM Group. Liberty attributed to the Liberty SiriusXM Group its subsidiary SIRIUS XM, corporate cash, and its margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of December 31, 2017, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$615 million, which includes \$69 million of subsidiary cash.

The Liberty Braves common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Braves Group. Liberty attributed to the Braves Group its subsidiary, Braves Holdings, which indirectly owns the Atlanta Braves Major League Baseball Club (“ANLBC” or the “Atlanta Braves”) and certain assets and liabilities associated with ANLBC’s stadium and mixed use development project (the “Development Project”) and corporate cash. Also upon the Recapitalization, Liberty had attributed to the Braves Group all liabilities arising under a note from Braves Holdings to Liberty, with a total capacity of up to \$165 million of borrowings by Braves Holdings (the “Intergroup Note”) relating to funds borrowed and used for investment in the Development Project. As previously discussed, the \$150 million outstanding under the Intergroup Note was repaid during June 2016 using proceeds from the subscription rights offering, and the Intergroup Note agreement was cancelled. The remaining proceeds were attributed to the Braves Group. As of December 31, 2017, the Braves Group has cash and cash equivalents of approximately \$132 million, which includes \$55 million of subsidiary cash.

The Liberty Formula One common stock is intended to track and reflect the separate economic performance of the businesses, assets and liabilities attributed to the Formula One Group. Liberty attributed to the Formula One Group all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Braves Group or the Liberty SiriusXM Group, including Liberty’s interests in Formula 1 and Live Nation, a minority equity investment in Time Warner, Inc. (“Time Warner”), the recovery received in connection with the Vivendi lawsuit, cash as well as Liberty’s 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty’s 1% Cash Convertible Notes due 2023 and Liberty’s 2.25% Exchangeable Senior Debentures due 2046. As of December 31, 2017, the Formula One Group has cash and cash equivalents of approximately \$282 million, which includes \$165 million of subsidiary cash.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of the rights offering, the number of notional shares representing the intergroup interest held by the Formula One Group was adjusted to 9,084,940, representing a 15.1% intergroup interest in the Braves Group at December 31, 2017. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Formula One Group has an attributed value in the Braves Group which is generally stated in terms of a number of shares of Series C Liberty Braves common stock issuable to the Formula One Group with respect to its interest in the Braves Group. The intergroup interest may be settled, at the discretion of the Company’s board of directors, through the transfer of newly issued shares of Liberty Braves common stock, cash and/or other assets to the Formula One Group. Accordingly, the intergroup interest attributable to the Formula One Group is presented as an asset and the intergroup interest attributable to the Braves Group is presented as a liability in the attributed financial statements and the offsetting amounts between tracking stock groups are eliminated in consolidation. The intergroup interest will remain outstanding until the cancellation of the outstanding interest, at the discretion of the Company’s board of directors, through transfer of securities, cash and/or other assets from the Braves Group to the Formula One Group.

See page F-99 of this Annual Report for unaudited attributed financial information for Liberty’s tracking stock groups.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(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 \$12 million and \$9 million at December 31, 2017 and 2016, respectively. Activity in the year ended December 31, 2017 included an increase of \$57 million of bad debt charged to expense and \$55 million of write-offs. Activity in the year ended December 31, 2016 included an increase of \$56 million of bad debt charged to expense and \$53 million of write-offs. Activity in the year ended December 31, 2015 included an increase of \$47 million of bad debt charged to expense and \$49 million of write-offs.

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 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 previously had entered into economic hedges for certain of its 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 were 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 elected the fair value option for certain of its AFS securities ("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 equity securities for which the Company has elected the fair value option aggregated \$467 million and \$489 million as of December 31, 2017 and 2016, 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.

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. To the extent there is a difference between our ownership percentage in the underlying equity of an equity method investee and our carrying value, such difference is accounted for as if the equity method investee were a consolidated subsidiary.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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The Company continually reviews its equity investments and its AFS securities which are not Fair Value Option 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 the Company's estimates and judgments. Writedowns for AFS securities which are not Fair Value Option Securities (as defined below) 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.

Fair Value of Financial Instruments

In January 2016, the Financial Accounting Standards Board ("FASB") issued new accounting guidance that is intended to improve the recognition and measurement of financial instruments. The new guidance requires equity investments with readily determinable fair values (except those accounted for under the equity method of accounting or those that result in consolidation) to be measured at fair value with changes in fair value recognized in net income and simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. The new standard is effective for the Company for fiscal years and interim periods beginning after December 15, 2017. The Company does not expect this new guidance will have a material impact to its consolidated financial statements or related disclosures.

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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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Property and Equipment

Property and equipment consisted of the following:

	<u>Estimated Useful Life</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
		<u>amounts in millions</u>	
Land	NA	\$ 217	191
Buildings and improvements	10 - 40 years	974	144
Support equipment	3 - 20 years	514	316
Satellite system	15 years	1,676	1,668
Construction in progress	NA	215	863
Total property and equipment		<u>\$ 3,596</u>	<u>3,182</u>

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, 2017, 2016 and 2015 was \$230 million, \$186 million and \$207 million, respectively.

A portion of the interest on funds borrowed to finance the construction of the Braves ballpark and mixed-use development as well as the launch of SIRIUS XM's satellites and launch vehicles is capitalized. Capitalized interest is recorded as part of the asset's cost and depreciated over the asset's useful life. Capitalized interest costs for the years ended December 31, 2017 and 2016 was approximately \$10 million and \$8 million, respectively, which related to the construction of the Braves ballpark and mixed-use development during the years ended December 31, 2017 and 2016 and the construction of SIRIUS XM's satellites during the year ended December 31, 2017.

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. Our annual impairment assessment of our indefinite-lived intangible assets is performed during the fourth quarter of each year.

In January 2017, the FASB issued new accounting guidance to simplify the measurement of goodwill impairment. Under the new guidance, an entity no longer performs a hypothetical purchase price allocation to measure goodwill impairment. Instead, a goodwill impairment is measured using the difference between the carrying value and the fair value of the reporting unit. The Company early adopted this guidance during the fourth quarter of 2017.

The accounting guidance permits 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 quantitative goodwill impairment test. The accounting guidance also allows entities the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period.

In evaluating goodwill on a qualitative basis, the Company reviews the business performance of each reporting unit and evaluates other relevant factors as identified in the relevant accounting guidance to determine whether it is more likely than not that an indicated impairment exists for any of our reporting units. The Company considers whether there are any negative macroeconomic conditions, industry specific conditions, market changes, increased competition, increased costs in doing business, management challenges, the legal environments and how these factors might impact

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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company specific performance in future periods. As part of the analysis, the Company also considers fair value determinations for certain reporting units that have been made at various points throughout the current and prior years for other purposes. If based on the qualitative analysis it is more likely than not that an impairment exists, the Company performs the quantitative impairment test.

The quantitative goodwill impairment test compares 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.

The accounting guidance also permits entities to first perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. The accounting guidance also allows entities the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to the quantitative impairment test. The entity may resume performing the qualitative assessment in any subsequent period. If the qualitative assessment supports that it is more likely than not that the carrying value of the Company's indefinite-lived intangible assets, other than goodwill, exceeds its fair value, then a quantitative assessment is performed. If the carrying value of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

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 group is greater than the expected undiscounted cash flows to be generated by such asset group, an impairment adjustment is to be recognized. Such adjustment is measured by the amount that the carrying value of such asset groups 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 asset groups. Accordingly, actual results could vary significantly from such estimates. Asset groups 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 SIRIUS XM's services are provided. Consumers purchasing or leasing a vehicle with a factory-installed satellite radio typically receive between a three and twelve month subscription to SIRIUS XM's service, certain of which are prepaid. Prepaid subscription fees received from certain

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

automakers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon retail sale and activation. No revenue is recognized for unpaid trial subscriptions.

- SIRIUS XM recognizes revenue from the sale of advertising as the advertising is transmitted. 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. SIRIUS XM pays certain third parties a percentage 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 transmitted.
- 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 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.
- SIRIUS XM also earns revenue from U.S. Music Royalty Fees, which are recorded as revenue and as a component of Revenue share and royalties expense. Fees received from subscribers for the U.S. Music Royalty Fee are recorded as deferred revenue and amortized to revenue ratably over the service period.
- SIRIUS XM revenue is reported net of any taxes assessed by a governmental authority that is both imposed on, and concurrent with, a specific revenue-producing transaction between a seller and a customer in the consolidated statements of operations.
- Formula 1 derives the majority of its revenue from race promotion, broadcasting and advertising and sponsorship arrangements. Revenue derived from broadcasting and advertising arrangements is recognized on an event by event basis, based on the fixed fee within the underlying contractual arrangement. Revenue from granting rights to host, stage and promote events is recognized upon the occurrence of the event. The revenue for event-based advertising is also recognized on occurrence of the events to which the underlying contract relates.
- Formula 1 also earns revenue from teams and other parties for administering the shipment of cars and equipment to and from the events outside Europe, revenue from the sale of tickets to the Formula One Paddock Club event-based hospitality, various TV production and post-production activities, and revenue from other licensing of the Formula One brand. To the extent such revenue relates to services provided or rights associated with a specific event, the revenue is recognized upon occurrence of the related event.
- Revenue for Braves Holdings ticket sales, broadcasting 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. Prior to 2016, concession revenue was recognized as commissions were earned from the sale of food and beverage at the stadium in accordance with agreements with Braves Holdings' concessions vendors. Beginning in 2016, Braves Holdings brought its retail operations in-house and engaged a new concessions operator. As a result, concession revenue is recognized on a per game basis during the baseball season. 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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clubs. Sources of MLB revenue include distributions from the MLB Central Fund, distributions from MLB Properties and revenue sharing income, if applicable.

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers. The new guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This new guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In March 2016, the FASB issued additional guidance which clarifies principal versus agent considerations, and in April 2016, the FASB issued further guidance which clarifies the identification of performance obligations and the implementation guidance for licensing. The updated guidance will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or modified retrospective transition method. We will adopt this guidance under the modified retrospective transition method effective as of January 1, 2018.

SIRIUS XM has completed its evaluation of the impact of the new guidance on its revenue streams and expects the most significant impact to the classification of Revenue share and certain subsidy payments made to automakers associated with a paid promotional subscription and the impact of the timing of recognition of activation revenue. Under the new standard, the payments associated with a paid promotional subscription will be treated as a reduction to the transaction price rather than as an expense. SIRIUS XM expects this change to reduce subscriber revenue by \$90 million, along with a corresponding reduction to revenue share and royalties and subscriber acquisition costs. SIRIUS XM does not expect this change to have a significant impact to its net earnings. Additionally, within the consolidated balance sheets, upon adoption, the amount of revenue share and certain subsidy payments made to automakers associated with a paid promotional subscription will be classified as a liability separate from deferred revenue. SIRIUS XM expects the adjustment will have an immaterial impact to retained earnings upon adoption.

Formula 1 and Braves Holdings have made significant progress toward completing their evaluation of the potential impact from adopting the new guidance on their primary revenue streams. Formula 1 is not expecting a material impact to revenue recognition for its primary revenue streams upon adoption of the new guidance. Braves Holdings expects a change in the timing of recognition of revenue under its long term contracts upon adoption of the new guidance, which we expect to result in an immaterial cumulative effect adjustment to retained earnings. The remaining primary revenue streams for Braves Holdings are not expected to be materially impacted upon adoption of the new guidance. Formula 1 and Braves Holdings continue to finalize the impact of the adoption of this new guidance on their financial statements, policies, controls and procedures.

Cost of Subscriber Services

Revenue Share

SIRIUS XM shares a portion of its subscription revenue earned from self-pay subscribers and paid promotional 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. Such shared revenue is recorded as an expense and not as a reduction to 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 include programming through a dedicated channel are amortized over the season or period on a straight-line basis. SIRIUS XM allocates a portion of certain programming costs which are

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Notes to Consolidated Financial Statements (Continued)

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related to sponsorship and marketing activities to selling, general and administrative expense on a straight-line basis over the term of the agreement.

Cost of Formula 1 Revenue

Cost of Formula 1 revenue consists of team payments and hospitality costs, which are principally related to catering and other aspects of the production and delivery of the Paddock Club, and circuit rights' fees payable under various agreements with race promoters to acquire certain commercial rights at Events, including the right to sell advertising, hospitality and support race opportunities. Other costs include annual Federation Internationale de l'Automobile regulatory fees, advertising and sponsorship commissions and those incurred in the provision and sale of freight, travel and logistical services, F2 and GP3 cars, parts and maintenance services, television production and post-production services, advertising production services and digital and social media activities. These costs are largely variable in nature and relate directly to revenue opportunities.

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 chipsets and certain other components used in manufacturing radios; device royalties for certain radios and chipsets; commissions paid to retailers and automakers as incentives to purchase, install and activate radios; product warranty obligations; freight; and provisions for inventory allowance attributable to inventory consumed in SIRIUS XM's automaker and retail distribution channels. Subscriber acquisition costs do not include advertising costs, 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. Chipsets 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 chipsets not held on consignment are expensed as subscriber acquisition costs when the automaker confirms receipt.

Advertising Costs

Advertising expense aggregated \$311 million, \$230 million and \$210 million for the years ended December 31, 2017, 2016 and 2015, respectively. Advertising costs are primarily attributable to costs incurred by SIRIUS XM. SIRIUS XM's media-related advertising costs are expensed when advertisements air, and advertising production costs are expensed as incurred. These costs are reflected in selling, general and administrative expenses in the consolidated statements of operations.

Stock-Based Compensation

As more fully described in note 14, Liberty has granted to its directors, employees and employees of its subsidiaries options and restricted stock to purchase shares of Liberty common stock (collectively, "Awards"). The Company measures the cost of employee services received in exchange for an Award 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).

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Included in the accompanying consolidated statements of operations are the following amounts of stock-based compensation:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Cost of subscriber services:			
Programming and content	\$ 27	21	19
Customer service and billing	4	4	5
Other	5	5	8
Other operating expense	16	13	18
Selling, general and administrative	178	107	154
	\$ 230	150	204

In March 2016, the FASB issued new accounting guidance on share-based payment accounting. The areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, forfeiture calculations, and classification on the statement of cash flows. We early adopted this new guidance in the third quarter of 2016. The Company applied the new guidance prospectively from January 1, 2016. In accordance with the new guidance, excess tax benefits and tax deficiencies are recognized as income tax benefit or expense rather than as additional paid-in capital. The Company has elected to recognize forfeitures as they occur rather than continue to estimate expected forfeitures. In addition, pursuant to the new guidance, excess tax benefits are classified as an operating activity on the consolidated statements of cash flows. The recognition of excess tax benefits and deficiencies are applied prospectively. For tax benefits that were not previously recognized and for adjustments to compensation cost based on actual forfeitures, the Company recorded a cumulative-effect adjustment in retained earnings as of January 1, 2016 in the amount of \$66 million.

Income Taxes

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

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

effect on a per share basis of potential common shares as if they had been converted at the beginning of the periods presented.

As discussed in note 2, on April 15, 2016, the Company completed a recapitalization of its common stock into three new tracking stock groups, one designated as the Liberty SiriusXM common stock, one designated as the Liberty Braves common stock and one designated as the Liberty Media common stock. As further discussed in note 2, the Liberty Media common stock was renamed Liberty Formula One common stock on January 24, 2017 shortly after the Second Closing. The operating results prior to the Recapitalization are attributed to Liberty Media Corporation stockholders in the aggregate, and the operating results subsequent to the Recapitalization are attributed to the respective tracking stock groups.

Excluded from diluted EPS for the period subsequent to the Recapitalization through December 31, 2016 are approximately 21 million potentially dilutive shares of Series A Liberty SiriusXM common stock, 2 million potentially dilutive shares of Series A Liberty Braves common stock and 5 million potentially dilutive shares of Series A Liberty Formula One common stock, primarily due to warrants issued in connection with the Bond Hedge Transaction (note 10), because their inclusion would be antidilutive. The Amended Warrant Transactions (as defined and discussed in note 10) may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket. The warrants and any potential future settlement have been attributed to the Formula One Group.

Series A, Series B and Series C Liberty Media Corporation Common Stock

The basic and diluted EPS calculation is based on the following weighted average shares outstanding (“WASO”) of Liberty’s common stock. Excluded from diluted EPS for the periods from January 1, 2016 through the Recapitalization and for the year ended December 31, 2015 are 23 million and 22 million potential common shares, respectively, primarily due to warrants issued in connection with the Bond Hedge Transaction (as defined and discussed in note 10) because their inclusion would be anti-dilutive.

	January 1, 2016 through April 15, 2016	Year ended December 31, 2015
	number of shares in millions	
Basic WASO	335	338
Potentially dilutive shares	2	2
Diluted WASO	<u>337</u>	<u>340</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Series A, Series B and Series C Liberty SiriusXM Common Stock

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock. Excluded from diluted EPS for the year ended December 31, 2017 are 22 million potentially dilutive shares of Liberty SiriusXM common stock, because their inclusion would be antidilutive.

	Year ended December 31, 2017	April 18, 2016 through December 31, 2016
	number of shares in millions	
Basic WASO	336	335
Potentially dilutive shares	<u>4</u>	<u>2</u>
Diluted WASO	<u><u>340</u></u>	<u><u>337</u></u>

Series A, Series B and Series C Liberty Braves Common Stock

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock. Excluded from diluted EPS for the year ended December 31, 2017 are 2 million potentially dilutive shares of Liberty Braves common stock, because their inclusion would be antidilutive.

	Year ended December 31, 2017 (a)	April 18, 2016 through December 31, 2016 (a)(b)(c)
	number of shares in millions	
Basic WASO	49	46
Potentially dilutive shares	<u>10</u>	<u>9</u>
Diluted WASO	<u><u>59</u></u>	<u><u>55</u></u>

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- (a) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which losses are reported since the result would be antidilutive.
- (b) As discussed in note 2, subsequent to the Recapitalization, Liberty distributed subscription rights to holders of Liberty Braves common stock, which were priced at a discount to the market value, to acquire additional shares of Liberty Braves common stock. The rights offering, because of the discount, is considered a stock dividend which requires retroactive treatment for prior periods for the weighted average shares outstanding.
- (c) As discussed in note 2, following the Recapitalization and Series C Liberty Braves common stock rights offering, the number of notional shares representing the Formula One Group's intergroup interest in the Braves Group was adjusted to 9,084,940 shares. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Formula One Group has an attributed value in the Braves Group which is generally stated in terms of a number of shares of stock issuable to the Formula One Group with respect to its interest in the Braves Group. Each reporting period, the notional shares representing the intergroup interest are marked to fair value. As the notional shares underlying the intergroup interest are not represented by outstanding shares of common stock, such shares have not been officially designated Series A, B or C Liberty Braves common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series C Liberty Braves common stock in order to not dilute voting percentages. Therefore, the market price of Series C Liberty Braves common stock is used for the quarterly mark-to-market adjustment through the unaudited attributed consolidated statements of operations. The notional shares representing the intergroup interest have no impact on the basic earnings per share weighted average number of shares outstanding. However, in periods where the Braves Group has net earnings, the notional

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

shares representing the intergroup interest are included in the diluted earnings per share WASO as if the shares had been issued and outstanding during the period. In periods where the Braves Group has net earnings, an adjustment is also made to the numerator in the diluted earnings per share calculation for the unrealized gain or loss incurred from marking the intergroup interest to fair value during the period as follows:

	<u>Year ended December 31, 2017 (a)</u>	<u>April 18, 2016 through December 31, 2016 (a)</u>
	amounts in millions	
Basic earnings (loss) attributable to Liberty Braves shareholders	\$ (25)	(30)
Unrealized (gain) loss on the intergroup interest	<u>15</u>	<u>27</u>
Diluted earnings (loss) attributable to Liberty Braves shareholders	<u>\$ (10)</u>	<u>(3)</u>

(a) Unrealized gains on the intergroup interest are excluded from the computation of diluted EPS during periods in which net losses attributable to the Braves Group are reported since the gain would be antidilutive.

Series A, Series B and Series C Liberty Formula One Common Stock

The basic and diluted EPS calculations are based on the following weighted average outstanding shares of common stock. Excluded from diluted EPS for the year ended December 31, 2017 are 5 million potentially dilutive shares of Liberty Formula One common stock, because their inclusion would be antidilutive.

	<u>Year ended December 31, 2017</u>	<u>April 18, 2016 through December 31, 2016</u>
	number of shares in millions	
Basic WASO	207	84
Potentially dilutive shares	<u>4</u>	<u>1</u>
Diluted WASO	<u>211</u>	<u>85</u>

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, (iii) assessments of other-than-temporary declines in fair value of its investments and (iv) determination of the useful life of SIRIUS XM’s broadcast/transmission system to be its most significant estimates.

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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.

Recent Accounting Pronouncements

In February 2016, the FASB issued new accounting guidance on lease accounting. This guidance requires a company to recognize lease assets and lease liabilities arising from operating leases in the statement of financial position. Additionally, the criteria for classifying a lease as a finance lease versus an operating lease are substantially the same as the previous guidance. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. Companies are required to use a modified retrospective approach to adopt this guidance. The Company has not yet determined the effect of the standard on its ongoing financial reporting. The Company is currently working with its consolidated subsidiaries to evaluate the impact of the adoption of this new guidance on our consolidated financial statements, including identifying the population of leases, evaluating technology solutions and collecting lease data.

In October 2016, the FASB issued new accounting guidance on income tax accounting associated with intra-entity transfers of assets other than inventory. This accounting update, which is part of the FASB's simplification initiative, is intended to reduce diversity in practice and the complexity of tax accounting, particularly for those transfers involving intellectual property. This new guidance requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017, with early adoption permitted. Upon adoption, an entity may apply the new guidance only on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company does not expect this new guidance will have a material impact to its consolidated financial statements or related disclosures.

(4) Supplemental Disclosures to Consolidated Statements of Cash Flows

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	\$ (484)	—	—
Intangibles not subject to amortization	4,039	—	—
Intangibles subject to amortization	5,499	—	—
Net liabilities assumed	(5,035)	—	—
Deferred tax liabilities	(475)	—	—
Fair value of equity consideration	<u>(1,790)</u>	—	—
Cash paid for acquisitions, net of cash acquired	<u>\$ 1,754</u>	<u>—</u>	<u>—</u>
Stock repurchased by subsidiary not yet settled	<u>\$ 17</u>	<u>23</u>	<u>24</u>
Cash paid for interest, net of amounts capitalized.	<u>\$ 561</u>	<u>327</u>	<u>295</u>
Cash paid for income taxes	<u>\$ 56</u>	<u>69</u>	<u>3</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(5) Acquisitions

Formula 1

On September 7, 2016, Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco, the parent company of Formula 1, a global motorsports business, from a consortium of sellers led by CVC Capital Partners (“CVC”). The transactions contemplated by the first purchase agreement were completed on September 7, 2016 and provided for Liberty’s acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis for \$746 million, funded entirely in cash (which is equal to \$821 million in consideration less a \$75 million holdback that was repaid by Liberty to selling stockholders upon completion of the Second Closing). On October 27, 2016, under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty’s investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. On January 23, 2017, Liberty acquired 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of shares held by certain Formula 1 teams, in a second closing under the second purchase agreement (and following the unwind of the first purchase agreement). Prior to the Second Closing, CVC continued to be the controlling shareholder of Formula 1, and Liberty did not have any voting interests or board representation in Formula 1. As a result, Liberty concluded that it did not have significant influence over Formula 1, and therefore our initial investment in Formula 1 was accounted for as a cost investment until the completion of the Second Closing, at which time we began consolidating Formula 1.

The transaction price for the acquisition represents an enterprise value for Formula 1 of approximately \$8.0 billion and an equity value of approximately \$4.4 billion, calculated at the time of the first closing. The total consideration at the time of closing was \$4.7 billion, comprised of \$3.05 billion of cash (including the investments made under the first purchase agreement during 2016) and approximately \$1.6 billion of non-cash consideration represented by approximately 56 million newly issued shares of Series C Liberty Formula One common stock.

In connection with the transaction, Liberty entered into a \$500 million margin loan on November 8, 2016, secured by shares of Live Nation and other public equity securities held by Liberty (the “Live Nation Margin Loan”). No amounts were drawn on the Live Nation Margin Loan at December 31, 2016. Liberty drew approximately \$350 million to use for the purchase of Formula 1, on January 23, 2017. See note 10 for additional discussion regarding the Live Nation Margin Loan.

At the Second Closing, the Company issued 62 million new shares of Series C Liberty Formula One common stock, which were subject to market co-ordination and lock-up agreements, to certain third party investors at a price per share of \$25.00. As a result, the stock component of the consideration payable to the selling shareholders in the Formula 1 acquisition was decreased by 62 million shares, and the cash component of the consideration payable to the selling shareholders in the Formula 1 acquisition was increased by \$1.55 billion.

Also concurrently with the Second Closing, the Company used a portion of the net proceeds of its \$450 million cash offering of 1% Cash convertible Notes due 2023, as discussed in note 10, to increase the cash consideration payable to the selling shareholders by approximately \$400 million. The additional 19 million shares of Series C Liberty Formula One common stock that would otherwise have been issued to the selling shareholders based on the per share purchase price of \$21.26 were held in reserve by the Company for possible sale to the Formula 1 teams, until such opportunity expired in July of 2017.

In connection with the Second Closing, Delta Topco issued \$351 million subordinated exchangeable notes, upon the conversion of certain outstanding Delta Topco loan notes, that bear interest at 2% per annum and mature in July 2019, exchangeable into cash or newly issued shares of Series C Liberty Formula One common stock (“Exchangeable Notes”). See note 10 for additional discussion of this debt instrument.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

The final acquisition price allocation for Formula 1 is as follows:

Ownership interest held prior to the Second Closing	\$ 759
Controlling interest acquired	<u>3,939</u>
Total acquisition price	<u><u>\$ 4,698</u></u>
Cash and cash equivalents	\$ 644
Receivables	136
Goodwill	3,956
Intangible assets subject to amortization	5,484
Other assets	153
Deferred revenue	(141)
Debt	(4,528)
Other liabilities assumed	(516)
Deferred tax liabilities	<u>(490)</u>
	<u><u>\$ 4,698</u></u>

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, value associated with future customers, continued innovation and noncontractual relationships. Formula 1 amortizable intangible assets were comprised of an agreement with the Fédération Internationale de l'Automobile (the "FIA," and the agreement, the "FIA Agreement") (\$3.6 billion with a remaining useful life of approximately 35 years) and customer relationships of \$1.9 billion with a weighted average remaining life of approximately 11.5 years. The FIA owns the World Championship and has granted Formula 1 the exclusive commercial rights to the World Championship until the end of 2110. During the fourth quarter of 2017, the preliminary purchase price allocation was adjusted, resulting in increases of \$22 million to other assets and \$11 million to other liabilities assumed and decreases of \$12 million to goodwill and \$1 million to deferred tax liabilities. None of the acquired goodwill is expected to be deductible for tax purposes. As of December 31, 2017, the valuation related to the acquisition of a controlling interest in Formula 1 and the acquisition price allocation are final.

Included in net earnings (loss) for the year ended December 31, 2017 is \$261 million related to Formula 1's operations since the date of acquisition.

The unaudited pro forma revenue and net earnings of Liberty, prepared utilizing the historical financial statements of Formula 1, giving effect to acquisition accounting related adjustments made at the time of acquisition, as if the acquisition of Formula 1 discussed above occurred on January 1, 2016, are as follows:

	Years ended	
	December 31,	
	<u>2017</u>	<u>2016</u>
	amounts in millions	
Revenue	\$ 7,595	7,072
Net earnings (loss)	\$ 1,874	743
Net earnings (loss) attributable to Liberty stockholders	\$ 1,338	499

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

The pro forma results include adjustments primarily related to the amortization of acquired intangible assets. The pro forma information is not representative of the Company's future results of operations nor does it reflect what the Company's results of operations would have been if the acquisition of Formula 1 had occurred previously and the Company consolidated Formula 1 during the periods presented.

(6) 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:

Description	December 31, 2017			December 31, 2016		
	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)
Cash equivalents	\$ 804	804	—	289	289	—
Available-for-sale securities.	\$ 1,047	467	580	489	489	—
Financial instrument assets.	\$ 369	19	350	286	16	270
Debt	\$ 2,115	—	2,115	1,546	—	1,546

The majority of Liberty's Level 2 financial instruments are debt related instruments and derivative instruments. In addition, SIRIUS XM's investment in Pandora Media, Inc. ("Pandora") is classified as Level 2. See note 7 for information related to the investment in Pandora. 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 or a trading price of a similar asset or liability is utilized. The fair value of debt related instruments are 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 or debt related instruments are reported in the foregoing table as Level 2 fair value. The financial instrument assets included in the table above are included in the Other assets line item in the consolidated balance sheets.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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 (amounts in millions):

	Years ended December 31,		
	2017	2016	2015
Fair Value Option Securities (a)	\$ (36)	112	(151)
Debt measured at fair value (b)	(126)	(113)	(5)
Change in fair value of bond hedges (c)	72	37	23
Other derivatives	2	1	(7)
	\$ (88)	37	(140)

- (a) Changes in unrealized gains (losses) on fair value option securities include SIRIUS XM’s investment in Pandora’s Series A Convertible Preferred Stock. See note 7 for information related to the investment in Pandora.
- (b) Changes in unrealized gains (losses) on debt measured at fair value are due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable.
- (c) Contemporaneously with the issuance of the 1.375% Cash Convertible Notes due 2023, Liberty entered into privately negotiated cash convertible note hedges, which are 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. The bond hedges are marked to market based on the trading price of underlying Series A Liberty SiriusXM, Liberty Braves and Liberty Formula One securities and other observable market data as the significant inputs (Level 2). See note 10 for additional discussion of the convertible notes and the bond hedges.

(7) 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 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 elected the fair value option for certain of its AFS securities (“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 gains (losses) on financial instruments in the accompanying consolidated statements of operations.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>amounts in millions</u>	
Liberty SiriusXM Group		
Fair Value Option Securities		
Pandora (a)	\$ 480	—
Other	100	—
Total attributed Liberty SiriusXM Group	<u>580</u>	<u>—</u>
 Braves Group		
Other AFS and cost investments	<u>8</u>	<u>8</u>
Total attributed Braves Group	<u>8</u>	<u>8</u>
 Formula One Group		
Fair Value Option Securities		
Time Warner (b)	389	411
Other equity securities	<u>78</u>	<u>78</u>
Total Fair Value Option Securities	<u>467</u>	<u>489</u>
AFS and cost investments		
Formula 1 (c)	—	759
Other AFS and cost investments	<u>59</u>	<u>53</u>
Total AFS and cost investments	<u>59</u>	<u>812</u>
Total attributed Formula One Group	<u>526</u>	<u>1,301</u>
 Consolidated Liberty	<u>\$ 1,114</u>	<u>1,309</u>

- (a) See below for details regarding SIRIUS XM’s investment in Pandora.
- (b) See note 10 for details regarding the number and fair value of shares pledged as collateral pursuant to the Braves Holdings mixed-use development facility as of December 31, 2017.
- (c) See note 5 for details regarding the Company’s acquisition of Formula 1.

Pandora

On September 22, 2017, a subsidiary of SIRIUS XM completed a \$480 million investment in newly issued Series A convertible preferred stock of Pandora (the “Series A Preferred Stock”). Pandora operates an internet-based music discovery platform, offering a personalized experience for listeners. The Series A preferred stock, including accrued but unpaid dividends, represents an approximate 19% interest in Pandora’s currently outstanding common stock and an approximate 16% interest on an as-converted basis.

The Series A Preferred Stock is convertible at the option of the holders at any time into shares of common stock of Pandora (“Pandora Common Stock”) at an initial conversion price of \$10.50 per share of Pandora Common Stock and an initial conversion rate of 95.2381 shares of Pandora Common Stock per share of Series A Preferred Stock, subject to certain customary anti-dilution adjustments. Holders of the Series A Preferred Stock are entitled to a cumulative dividend at the rate of 6.0% per annum, payable quarterly in arrears, if and when declared. Any conversion of Series A Preferred Stock may be settled by Pandora, at its option, in shares of Pandora Common Stock, cash or any combination thereof.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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However, unless and until Pandora's stockholders have approved the issuance of greater than 19.99% of the outstanding Pandora Common Stock, the Series A Preferred Stock may not be converted into more than 19.99% of Pandora's outstanding Pandora Common Stock as of June 9, 2017.

The investment includes a mandatory redemption feature on any date from and after September 22, 2022 and therefore the financial instrument has been treated as a debt security. As the investment includes a conversion option, SIRIUS XM has elected to account for this investment under the fair value option. Any gains (losses) associated with the change in fair value will be recognized in realized and unrealized gains (losses) on financial instruments, net in the consolidated statements of operations. A \$17 million unrealized loss was recognized during the year ended December 31, 2017 on the investment in Pandora, including transaction costs.

Pursuant to an Investment Agreement with Pandora, SIRIUS XM has appointed three of its senior executives or members of its Board of Directors to Pandora's Board of Directors, one of whom serves as the Chairman of Pandora's Board of Directors. SIRIUS XM's right to designate directors will fall away once SIRIUS XM and its affiliates fail to beneficially own shares of Series A Preferred Stock and/or Pandora Common Stock issued upon conversion thereof equal to (on an as-converted basis) at least 50% of the number of shares of Pandora Common Stock issuable upon conversion of the Series A Preferred Stock purchased under the Investment Agreement. Following the earlier to occur of (i) September 22, 2019 and (ii) the date on which SIRIUS XM and its affiliates fail to beneficially own shares of Series A Preferred Stock and/or Pandora Common Stock that were issued upon conversion of Series A Preferred Stock equal to (on an as-converted basis) at least 75% of the number of shares of Pandora Common Stock issuable upon conversion of the Series A Preferred Stock purchased under the Investment Agreement, SIRIUS XM has the right to designate only two directors.

Unrealized Holding Gains and Losses recorded in Accumulated other comprehensive earnings (loss)

There were no unrealized holding gains or losses related to investments in AFS securities at December 31, 2017 or 2016.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(8) 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, 2017, and the carrying amount at December 31, 2016:

	Percentage ownership	December 31, 2017		December 31, 2016
		Fair Value (Level 1)	Carrying amount	Carrying amount
dollar amounts in millions				
Liberty SiriusXM Group				
SIRIUS XM Canada	70%	\$ NA	\$ 672	164
Total Liberty SiriusXM Group . .			<u>672</u>	<u>164</u>
Braves Group				
Other	NA	NA	145	61
Total Braves Group			<u>145</u>	<u>61</u>
Formula One Group				
Live Nation (a)	34%	\$ 2,965	756	731
Other	various	NA	177	161
Total Formula One Group			<u>933</u>	<u>892</u>
Consolidated Liberty			<u>\$ 1,750</u>	<u>1,117</u>

(a) See note 10 for details regarding the number and value of shares pledged as collateral pursuant to the Live Nation Margin Loan as of December 31, 2017.

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

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Liberty SiriusXM Group			
SIRIUS XM Canada	\$ 29	13	(1)
Total Liberty SiriusXM Group	<u>29</u>	<u>13</u>	<u>(1)</u>
Braves Group			
Other (a)	78	9	9
Total Braves Group	<u>78</u>	<u>9</u>	<u>9</u>
Formula One Group			
Live Nation	(18)	(12)	(27)
Other	15	4	(21)
Total Formula One Group	<u>(3)</u>	<u>(8)</u>	<u>(48)</u>
Consolidated Liberty	<u>\$ 104</u>	<u>14</u>	<u>(40)</u>

(a) During the year ended December 31, 2017, an equity method affiliate of Braves Holdings sold a controlling interest in a subsidiary, resulting in Braves Holdings recording its portion of the gain of \$69 million.

SIRIUS XM Canada

In the acquisition of SIRIUS XM on January 18, 2013, Liberty acquired an interest in Sirius XM Canada Holdings, Inc. ("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.

On May 25, 2017, SIRIUS XM completed a recapitalization of SIRIUS XM Canada, which is now a privately held corporation.

SIRIUS XM now holds a 70% equity interest and 33% voting interest in SIRIUS XM Canada, with the remainder of the voting power and equity interest held by two of SIRIUS XM Canada's previous shareholders. The total consideration from SIRIUS XM to SIRIUS XM Canada, excluding transaction costs, during the year ended December 31, 2017 was \$309 million, which included \$130 million in cash and SIRIUS XM issued 35 million shares of its common stock with an aggregate value of \$179 million to the holders of the shares of SIRIUS XM Canada acquired in the transaction. SIRIUS XM received common stock, non-voting common stock and preferred stock of SIRIUS XM Canada. SIRIUS XM owns approximately 591 million shares of preferred stock of SIRIUS XM Canada, which has a liquidation preference of one Canadian dollar per share. SIRIUS XM Canada is accounted for as an equity method investment as SIRIUS XM does not have the ability to direct the most significant activities that impact SIRIUS XM Canada's economic performance.

SIRIUS XM also made a contribution in the form of a loan to SIRIUS XM Canada in the aggregate amount of \$131 million on May 25, 2017. The loan is denominated in Canadian dollars and is considered a long-term investment with any unrealized gains or losses reported within Accumulated other comprehensive (loss) income. Such loan has a term of fifteen years, bears interest at a rate of 7.62% per annum and includes customary covenants and events of default, including an event of default relating to SIRIUS XM Canada's failure to maintain specified leverage ratios. In addition, the terms of the loan require SIRIUS XM Canada to prepay a portion of the outstanding principal amount of the loan within

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sixty days of the end of each fiscal year in an amount equal to any cash on hand in excess of C\$10 million at the last day of the financial year if all target dividends have been paid in full.

SIRIUS XM also entered into a Services Agreement and an Advisory Services Agreement with SIRIUS XM Canada. Each agreement has a thirty year term. Pursuant to the Services Agreement, SIRIUS XM Canada will pay SIRIUS XM 25% of its gross revenue on a monthly basis through December 31, 2021 and 30% of its gross revenue on a monthly basis thereafter. Pursuant to the Advisory Services Agreement, SIRIUS XM Canada will pay SIRIUS XM 5% of its gross revenue on a monthly basis. These agreements supersede and replace the existing agreements between SIRIUS XM Canada and its predecessors and SIRIUS XM.

Under the legacy agreement, as of December 31, 2016, SIRIUS XM's related party current assets balance primarily consisted of activation fees and streaming and chipset costs for which it was reimbursed. SIRIUS XM has approximately \$10 million and \$6 million in related party current assets as of December 31, 2017 and 2016, respectively. As of December 31, 2017, the related party current asset balance included amounts due under the new services arrangements and certain amounts due related to transactions outside of the scope of the new services arrangements. At December 31, 2017 and 2016, SIRIUS XM has approximately \$10 million and \$11 million in related party liabilities, respectively, related to the legacy agreements with SIRIUS XM Canada which are recorded in current and noncurrent other liabilities in the Company's consolidated balance sheets. SIRIUS XM recorded approximately \$87 million, \$46 million and \$56 million in revenue for the years ended December 31, 2017, 2016 and 2015, respectively, associated with these various agreements in the Other revenue line in the consolidated statements of operations. SIRIUS XM Canada declared and paid dividends to SIRIUS XM of \$4 million, \$8 million and \$16 million during the years ended December 31, 2017, 2016 and 2015, respectively. These dividends were first recorded as a reduction to SIRIUS XM's investment balance in Sirius XM Canada to the extent a balance existed and then as Other income for the remaining portion.

(9) Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill are as follows:

	<u>SIRIUS XM</u>	<u>Formula 1</u>	<u>Other</u>	<u>Total</u>
	<u>amounts in millions</u>			
Balance at January 1, 2016	\$ 14,165	—	180	14,345
Other	—	—	—	—
Balance at December 31, 2016	<u>14,165</u>	<u>—</u>	<u>180</u>	<u>14,345</u>
Acquisitions (a) (b)	<u>82</u>	<u>3,956</u>	<u>—</u>	<u>4,038</u>
Balance at December 31, 2017	<u>\$ 14,247</u>	<u>3,956</u>	<u>180</u>	<u>18,383</u>

- (a) On April 18, 2017, SIRIUS XM acquired Automatic Labs Inc., a connected vehicle device and mobile application company, for an aggregate purchase price of approximately \$108 million, net of cash and restricted cash acquired. The excess purchase price over identifiable net assets of \$82 million was recorded to goodwill.
- (b) See note 5 for details regarding the Formula 1 acquisition.

Other Intangible Assets Not Subject to Amortization

Other intangible assets not subject to amortization, not separately disclosed, are tradenames (\$931 million and \$930 million) at December 31, 2017 and 2016 and franchise rights owned by Braves Holdings (\$143 million) as of

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December 31, 2017 and 2016. 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. SIRIUS XM's Federal Communications Commission ("FCC") licenses are currently scheduled to expire in 2018, 2021, 2022 and 2025. 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, 2017			December 31, 2016		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
FIA Agreement	\$ 3,630	(157)	3,473	—	—	—
Customer relationships	2,684	(501)	2,183	830	(228)	602
Licensing agreements	330	(138)	192	316	(109)	207
Other	798	(515)	283	686	(423)	263
Total	\$ 7,442	(1,311)	6,131	1,832	(760)	1,072

Customer relationships are amortized over 10-15 years and licensing agreements are amortized over 15 years. Amortization expense was \$594 million, \$168 million and \$155 million for the years ended December 31, 2017, 2016 and 2015, respectively. Based on its amortizable intangible assets as of December 31, 2017, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2018	\$ 611
2019	\$ 598
2020	\$ 502
2021	\$ 469
2022	\$ 433

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(10) Debt

Debt is summarized as follows:

	Outstanding Principal December 31, 2017	Carrying value	
		December 31, 2017	December 31, 2016
Liberty SiriusXM Group			
Corporate level notes and loans:			
Margin loans	\$ 750	750	250
Subsidiary notes and loans:			
SIRIUS XM 5.75% Senior Notes due 2021	—	—	596
SIRIUS XM 5.25% Senior Secured Notes due 2022	—	—	405
SIRIUS XM 4.25% Senior Notes due 2020	—	—	497
SIRIUS XM 3.875% Senior Notes due 2022	1,000	992	—
SIRIUS XM 4.625% Senior Notes due 2023	500	497	496
SIRIUS XM 6% Senior Notes due 2024	1,500	1,488	1,487
SIRIUS XM 5.375% Senior Notes due 2025	1,000	991	990
SIRIUS XM 5.375% Senior Notes due 2026	1,000	990	989
SIRIUS XM 5.0% Senior Notes due 2027	1,500	1,486	—
SIRIUS XM Senior Secured Revolving Credit Facility	300	300	390
SIRIUS XM leases	11	11	14
Less deferred financing costs		(9)	(7)
Total Liberty SiriusXM Group	<u>7,561</u>	<u>7,496</u>	<u>6,107</u>
Braves Group			
Subsidiary notes and loans:			
Notes and loans	667	667	338
Less deferred financing costs		(5)	(10)
Total Braves Group	<u>667</u>	<u>662</u>	<u>328</u>
Formula One Group			
Corporate level notes and loans:			
1.375% Cash Convertible Notes due 2023	1,000	1,146	1,076
1% Cash Convertible Notes due 2023	450	505	—
2.25% Exchangeable Senior Debentures due 2046	445	464	470
Live Nation Margin Loan	350	350	—
Other	35	35	37
Subsidiary notes and loans:			
Bank Loans	3,302	3,314	—
Less deferred financing costs		(18)	—
Total Formula One Group	<u>5,582</u>	<u>5,796</u>	<u>1,583</u>
Total debt	<u>\$ 13,810</u>	13,954	8,018
Less debt classified as current		(768)	(5)
Total long-term debt		<u>\$ 13,186</u>	<u>8,013</u>

1.375% Cash Convertible Senior 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

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Notes to Consolidated Financial Statements (Continued)

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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. Prior to the Recapitalization, the conversion rate for the Convertible Notes was 21.0859 shares of Series A Liberty Media Corporation common stock per \$1,000 principal amount of Convertible Notes and an adjusted conversion price of \$47.43 per share of Series A Liberty Media Corporation common stock.

As a result of the Recapitalization, as discussed in note 2, the Convertible Notes are convertible into cash based on the Securities Basket. The supplemental indenture entered into on April 15, 2016 in connection with the Recapitalization amends the conversion, adjustment and other provisions of the indenture to give effect to the Recapitalization and provides that the conversion consideration due upon conversion of any Convertible Note shall be determined as if references in the indenture to one share of Series A Liberty Media Corporation common stock were instead a reference to the Securities Basket, initially consisting of 0.10 of a share of Series A Liberty Braves common stock, 1.0 share of Series A Liberty SiriusXM common stock and 0.25 of a share of Series A Liberty Formula One common stock. The Series A Liberty Braves common stock component of the Securities Basket was adjusted to 0.1087 pursuant to anti-dilution adjustments arising out of the distribution of subscription rights to purchase shares of Series C Liberty Braves common stock made to all holders of Liberty Braves 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 certain circumstances. 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, 2017, 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 the Bond Hedge Transaction. 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 Series A Liberty Media Corporation 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, was greater than the strike price of Series A Liberty Media Corporation common stock, which corresponded to the conversion price of the Convertible Notes. In connection with the Recapitalization and the entry into the supplemental indenture on April 15, 2016, Liberty entered into amendments to the Bond Hedge Transaction with each of the counterparties to reflect the adjustments resulting from the Recapitalization. As of the effective date of the Recapitalization, the Bond Hedge Transaction covered, in the aggregate, 5,271,475 shares of Series A Liberty Formula One common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which was equal to the aggregate number of shares comprising the Securities Basket underlying the Convertible Notes at that time. The aggregate number of shares of Series A Liberty Braves common stock relating to the Bond Hedge Transaction was increased to 2,292,037, pursuant to anti-dilution adjustments arising out of the rights distribution (note 2). As of December 31, 2017, the basket price of the securities underlying the Bond Hedge Transaction was \$50.24 per share. The bond hedge expires on October 15, 2023 and is included in other assets as of December 31, 2017 and 2016 in the accompanying consolidated balance sheets, with changes in the fair value recorded as unrealized gains (losses) on financial instruments, in the accompanying consolidated statements of operations.

Concurrently with the Convertible Notes and Bond Hedge Transaction, 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 (“Warrant Transactions”). 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. In connection with the Recapitalization, Liberty entered

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into amendments to the Warrant Transactions with each of the option counterparties to reflect the adjustments to the Warrant Transactions resulting from the Recapitalization (“Amended Warrant Transactions”). As of the effective date of the Recapitalization, the Amended Warrant Transactions covered, in the aggregate, 5,271,475 shares of Series A Liberty Formula One common stock, 21,085,900 shares of Series A Liberty SiriusXM common stock and 2,108,590 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments. The aggregate number of shares of Series A Liberty Braves common stock relating to the Amended Warrant Transactions was increased to 2,292,037 pursuant to anti-dilution adjustments arising out of the rights distribution. The strike price of the warrants was adjusted, as a result of the Recapitalization and the rights offering, to \$61.16 per share. As of December 31, 2017, the basket price of the securities underlying the Amended Warrant Transactions was \$50.24 per share. The Amended Warrant Transactions may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket.

1% Cash Convertible Notes due 2023

In connection with the Second Closing on January 23, 2017, Liberty issued \$450 million convertible cash notes at an interest rate of 1% per annum, which are convertible, under certain circumstances, into cash based on the trading prices of the underlying shares of Series C Liberty Formula One common stock and mature on January 30, 2023 (the “1% Convertible Notes”). The initial conversion rate for the notes will be 27.1091 shares of Series C Liberty Formula One common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$36.89 per share of Series C Liberty Formula One common stock. The conversion of the 1% Convertible Notes will be settled solely in cash, and not through the delivery of any securities. As discussed in note 5, Liberty used a portion of the net proceeds of the 1% Convertible Notes to fund an increase to the cash consideration payable to the selling shareholders of Formula 1 by approximately \$400 million.

2.25% Exchangeable Senior Debentures due 2046

On August 17, 2016, Liberty closed a private offering of approximately \$445 million aggregate principal amount of its 2.25% exchangeable senior debentures due 2046 (the “2.25% Exchangeable Senior Debentures due 2046”). Upon an exchange of debentures, Liberty, at its option, may deliver Time Warner common stock, cash or a combination of Time Warner common stock and cash. The number of shares of Time Warner common stock attributable to a debenture represents an initial exchange price of approximately \$104.55 per share. A total of approximately 4.25 million shares of Time Warner common stock are attributable to the debentures. Interest is payable quarterly on March 31, June 30, September 30 and December 31 of each year, commencing December 31, 2016. The debentures may be redeemed by Liberty, in whole or in part, on or after October 5, 2021. Holders of the debentures also have the right to require Liberty to purchase their debentures on October 5, 2021. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the debentures plus accrued and unpaid interest.

The debentures, as well as the associated cash proceeds, were attributed to the Formula One Group. Liberty used the net proceeds of the offering for the acquisition of an investment in Formula 1 during September 2016, as further described in note 5. Liberty has elected to account for the debentures using the fair value option. Accordingly, changes in the fair value of these instruments are recognized as unrealized gains (losses) in the accompanying consolidated statements of operations.

On October 22, 2016, AT&T Inc. (“AT&T”) and Time Warner announced that they entered into a definitive agreement under which AT&T will acquire Time Warner in a stock-and-cash transaction. The transaction is subject to approval by Time Warner shareholders and review by the U.S. Department of Justice, as well as potential review by the FCC. If the acquisition is consummated, in accordance with the terms of the indenture governing the 2.25% Exchangeable Senior Debentures due 2046, the cash portion of the acquisition consideration would be paid as an extraordinary additional

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distribution to holders of debentures and the stock portion of the acquisition consideration would become reference shares attributable to the debentures. Additionally, if the acquisition is consummated, any amount of excess regular quarterly cash dividends paid on the AT&T reference shares would be distributed by the Company to holders of the debentures as an additional distribution.

Margin Loans

\$750 Million Margin Loan due 2018

On April 30, 2013, Liberty Siri MarginCo, LLC, a wholly-owned subsidiary of Liberty, entered into a margin loan agreement. Shares of common stock of certain of the Company's equity affiliates and cost investments were pledged as collateral pursuant to this agreement. During October 2014, Liberty refinanced this margin loan arrangement for a similar financial instrument with a term loan of \$250 million and a \$750 million undrawn line of credit. The term loan and any drawn portion of the revolver bore interest at a rate of LIBOR plus an applicable spread between 1.75% and 2.50% (based on value of collateral) with the undrawn portion carrying a fee of 0.75%. Interest on the term loan was payable on the first business day of each calendar quarter, and interest was 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 October 2015, Liberty refinanced this margin loan arrangement for a similar financial instrument with a term loan of \$250 million and a \$1 billion undrawn line of credit. As of December 31, 2015, shares of SIRIUS XM and Live Nation were pledged as collateral pursuant to this agreement. The new term loan and any drawn portion of the revolver carried an interest rate of LIBOR plus an applicable spread between 1.75% and 2.25% (based on the value of collateral) with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement.

During October 2016, Liberty amended this margin loan arrangement to provide for a similar financial instrument with a term loan of \$250 million and a \$500 million undrawn line of credit, which is scheduled to mature during October 2018. The new term loan and any drawn portion of the revolver carries an interest rate of LIBOR plus 1.75% with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement, except shares of Live Nation common stock were no longer pledged as collateral under the new arrangement. Borrowings outstanding under this margin loan bore interest at a rate of 3.24% per annum at December 31, 2017. As of December 31, 2017, the Company had fully drawn against the revolving line of credit and 1,138.4 million shares of SIRIUS XM common stock held by Liberty with a value of \$6,102 million were pledged as collateral. As of December 31, 2017, the \$750 million margin loan due 2018 is classified as current in the accompanying consolidated balance sheet. The margin loan contains various affirmative and negative covenants that restrict the activities of the borrower. The loan agreement does not include any financial covenants.

Live Nation Margin Loan

On November 8, 2016, LMC LYV, LLC, a wholly-owned subsidiary of Liberty, entered into a margin loan agreement with an available borrowing capacity of \$500 million with various financial institutions. This margin loan had a two year term, bore interest at a rate of LIBOR plus 2.25% and contained an undrawn commitment fee of 0.75% per annum. On December 12, 2017, the margin loan agreement was amended, extending the maturity date to December 12, 2019, and decreasing the interest rate to LIBOR plus 1.90% and the undrawn commitment fee to 0.60% per annum. Borrowings outstanding under this margin loan bore interest at a rate of 3.23% per annum as of December 31, 2017. Interest on the term loan is payable on the first business day of each calendar quarter. This loan was undrawn as of December 31, 2016. On January 20, 2017, LMC LYV, LLC drew \$350 million under the margin loan, and the proceeds were used for the Second Closing, as discussed in notes 2 and 5. As of December 31, 2017, availability under the Live Nation Margin Loan was \$150 million. 53.7 million shares of the Company's Live Nation common stock with a value of \$2,288 million and

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other investments with a value of \$57 million were pledged as collateral to the loan as of December 31, 2017. The margin loan contains various affirmative and negative covenants that restrict the activities of the borrower. The loan agreement does not include any financial covenants.

SIRIUS XM Senior Notes and Senior Secured Revolving Credit Facility

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. On August 4, 2017, SIRIUS XM redeemed all of its 5.75% Notes for a total amount of \$618 million. This redemption resulted in a loss on extinguishment of debt of approximately \$21 million.

SIRIUS XM 5.25% Senior Secured Notes due 2022

In August 2012, SIRIUS XM issued \$400 million aggregate principal amount of 5.25% Senior Secured 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. On September 1, 2017, SIRIUS XM redeemed all of its 5.25% Notes for a total amount of \$411 million. This redemption resulted in a loss on extinguishment of debt of approximately \$14 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. On July 27, 2017, SIRIUS XM redeemed all of its 4.25% Notes for a total amount of \$510 million. This redemption resulted in a loss on extinguishment of debt of approximately \$8 million.

SIRIUS XM Senior Notes Due 2022 and 2027

In July 2017, SIRIUS XM issued \$1.0 billion aggregate principal amount of 3.875% Senior Notes due 2022 (the “3.875% Notes”) and \$1.5 billion aggregate principal amount of 5.00% Senior Notes due 2027 (the “5.00% Notes”). For both series of notes, interest is payable semi-annually in arrears on February 1 and August 1, commencing on February 1, 2018. The 3.875% Notes will mature on August 1, 2022 and the 5.00% Notes will mature on August 1, 2027.

SIRIUS XM 6% Senior Notes due 2024

In May 2014, SIRIUS XM issued \$1.5 billion aggregate principal amount of 6% Senior Notes due 2024 (the “6% Notes”). Interest is payable semi-annually in arrears on January 15 and July 15 of each year at a rate of 6% per annum. The 6% Notes will mature on July 15, 2024.

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SIRIUS XM 5.375% Senior Notes due 2025

In March 2015, SIRIUS XM issued \$1.0 billion principal amount of new senior notes due 2025 which bear interest at an annual rate 5.375% (“SIRIUS XM 5.375% Senior Notes due 2025”) with an original issuance discount of \$11 million. The SIRIUS XM 5.375% Senior Notes due 2025 are recorded net of the remaining unamortized discount.

SIRIUS XM 5.375% Senior Notes due 2026

In May 2016, SIRIUS XM issued \$1.0 billion principal amount of new senior notes due July 2026 which bear interest at an annual rate 5.375% (“SIRIUS XM 5.375% Senior Notes due 2026”) with an original issuance discount of \$11 million. The SIRIUS XM 5.375% Senior Notes due 2026 are recorded net of the remaining unamortized discount.

SIRIUS XM Senior Secured Revolving Credit Facility

SIRIUS XM entered into a Senior Secured Revolving Credit Facility (the “Credit Facility”) with a syndicate of financial institutions with a total borrowing capacity of \$1,750 million which matures in June 2020. The Credit Facility is guaranteed by certain of SIRIUS XM’s material domestic subsidiaries and is secured by a lien on substantially all of SIRIUS XM’s assets and the assets of its material domestic subsidiaries. The proceeds of loans under the Credit Facility are used for working capital and other general corporate purposes, including financing acquisitions, share repurchases and dividends. Interest on borrowings is payable on a monthly basis and accrues at a rate based on LIBOR plus an applicable rate. Borrowings outstanding under the Credit Facility as of December 31, 2017 bore interest at a rate of 3.30% per annum. SIRIUS XM is required to pay a variable fee on the average daily unused portion of the Credit Facility which was 0.25% as of December 31, 2017 and is payable on a quarterly basis. The Credit Facility contains customary covenants, including a maintenance covenant. As of December 31, 2017, availability under the Credit Facility was \$1,450 million.

Braves Holdings Notes and Loans

Braves Holdings’ debt is summarized as follows:

	<u>Carrying value</u>		<u>As of December 31, 2017</u>		<u>Maturity Date</u>
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Borrowing Capacity</u>	<u>Weighted avg interest rate</u>	
	amounts in millions				
Operating credit facilities	\$ 98	61	185	2.43%	various
Ballpark funding					
Term loan	55	10	55	3.06%	August 2021
Senior secured note	200	200	200	3.77%	August 2041
Floating rate notes	75	—	75	3.06%	September 2029
Mixed-use credit facilities (a)	200	67	237	3.85%	various
Spring training credit facility	39	—	40	2.56%	December 2022
Total Braves Holdings	<u>\$ 667</u>	<u>338</u>	<u>792</u>		

(a) As discussed in note 7, 464 thousand Time Warner shares with a fair value of \$42 million were pledged as collateral to certain mixed-use facilities as of December 31, 2017.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

In 2014, Braves Holdings, through a wholly-owned subsidiary, purchased 82 acres of land for the purpose of constructing a Major League Baseball facility and development of a mixed-use complex adjacent to the ballpark. The total cost of the ballpark was approximately \$722 million, of which approximately \$392 million was funded by a combination of Cobb County, the Cumberland Improvement District and Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority") and approximately \$330 million was funded by Braves Holdings. Funding for ballpark initiatives by Braves Holdings came from cash on hand and various debt instruments, as detailed above.

In addition, Braves Holdings through affiliated entities and outside development partners are in the process of developing the land around the ballpark for a mixed-use complex that features retail, residential, office, hotel and entertainment opportunities. The estimated cost for the mixed-use development, known as The Battery Atlanta, is \$558 million, of which Braves Holdings affiliated entities are expected to fund approximately \$470 million through a mix of approximately \$200 million in equity and \$270 million in new debt. As of December 31, 2017, approximately \$419 million has been spent on the mixed-use development. Braves Holdings funded approximately \$388 million of this amount through a mix of \$188 million in equity and approximately \$200 million in debt.

Formula 1 Notes and Loans

Bank Loans

Formula 1 had a first lien term loan denominated in Euros totaling \$42 million, which was repaid on June 30, 2017. On August 3, 2017, Formula 1 increased the amount outstanding under a first lien term loan denominated in U.S. Dollars (the "Senior Loan Facility") from \$3.1 billion to \$3.3 billion and extended its maturity to February 2024. In addition, on August 3, 2017, the revolving credit facility under the Senior Loan Facility was increased from \$75 million to \$500 million. As part of a refinancing of the Senior Loan Facility in March 2017, \$628 million of the Senior Loan Facility was considered repaid and then borrowed due to a change in the mix of counterparties in the Senior Loan Facility. As part of the refinancing in March 2017, the interest rate on the Senior Loan Facility was reduced from LIBOR plus 3.75% per annum to LIBOR plus 3.25% per annum, with a LIBOR floor on the U.S. Dollar denominated debt of 1%. In September 2017, the interest rate on the Senior Loan Facility was reduced to LIBOR plus 3.0% per annum. The interest rate on the Senior Loan Facility was approximately 4.57% as of December 31, 2017. The Senior Loan Facility is secured by share pledges, bank accounts and floating charges over Formula 1's primary operating companies with certain cross guarantees. Additionally, as of December 31, 2017, Formula 1 has interest rate swaps on \$2.5 billion of the \$3.3 billion Senior Loan Facility in order to manage its interest rate risk.

On January 31, 2018, Formula 1 refinanced the Senior Loan Facility. As part of the refinancing, Formula 1 repaid \$400 million of the Senior Loan Facility, reducing the amount outstanding to \$2.9 billion. The repayment was funded through borrowings of \$250 million under the revolving credit facility and \$150 million of cash on hand. The interest rate on the Senior Loan Facility was reduced to LIBOR plus 2.5% per annum.

Formula 1 also had a second lien facility, which had \$1 billion outstanding at the time of the acquisition of Formula 1 by Liberty. In May 2017, Liberty issued 12.9 million shares of Series C Liberty Formula One common stock and used the net proceeds of approximately \$388 million to repay a portion of the second lien facility. Formula 1 fully repaid the second lien facility during the year ended December 31, 2017.

Delta Topco Limited Exchangeable Redeemable Loan Notes

As discussed in note 5, in connection with the Second Closing on January 23, 2017, Delta Topco issued the Exchangeable Notes upon the conversion of certain outstanding Delta Topco loan notes. The Exchangeable Notes bore interest at 2% per annum and were exchangeable into cash or newly issued shares of Series C Liberty Formula One common stock. Interest was payable by either, at the discretion of Delta Topco, (i) issuing payment-in-kind notes or

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(ii) cash. In September 2017, \$323 million aggregate principal amount of Exchangeable Notes were exchanged for 14.5 million shares of Series C Liberty Formula One common stock. In November 2017, the remaining \$27 million aggregate principal amount of Exchangeable Notes were exchanged for 1.2 million shares of Series C Liberty Formula One common stock.

The Exchangeable Notes were attributed to the Formula One Group. The debt host component of the Exchangeable Notes was recorded as debt, at fair value (level 2), with the related discount amortized using the effective interest rate method, while the embedded conversion option was recorded in additional paid-in capital. Upon settlement, the Company recorded a true-up to additional paid-in capital for the amount and type (shares of Series C Liberty Formula One common stock) of settlement.

Debt Covenants

The SIRIUS XM Credit Facility contains certain financial covenants related to SIRIUS XM's leverage ratio. Braves Holdings' term loan contains certain financial covenants related to Braves Holdings' debt service coverage ratio and capital expenditures. Additionally, SIRIUS XM's Credit Facility, the Braves Holdings term loan, Formula 1 debt and other borrowings contain certain non-financial covenants. As of December 31, 2017, the Company, SIRIUS XM, Formula 1 and Braves Holdings were in compliance with all debt covenants.

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, 2017
SIRIUS XM 3.875% Senior Notes due 2022	\$ 1,002
SIRIUS XM 4.625% Senior Notes due 2023	\$ 510
SIRIUS XM 6% Senior Notes due 2024	\$ 1,587
SIRIUS XM 5.375% Senior Notes due 2025	\$ 1,038
SIRIUS XM 5.375% Senior Notes due 2026	\$ 1,039
SIRIUS XM 5.0% Senior Notes due 2027	\$ 1,500

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, 2017.

Five Year Maturities

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

2018	\$ 770
2019	\$ 544
2020	\$ 437
2021	\$ 59
2022	\$ 1,052

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(11) Income Taxes

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) bonus depreciation that will allow for full expensing of qualified property; (3) creating a new limitation on deductible interest expense; (4) eliminating the corporate alternative minimum tax (“AMT”) and changing how existing AMT credits can be realized; (5) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017; (6) limitations on the deductibility of certain executive compensation; and (7) requiring a one-time transition tax on certain unrepatriated earnings of foreign subsidiaries that is payable over eight years. The SEC issued guidance on accounting for the tax effects of the Tax Act. The Company must reflect the income tax effects of those aspects of the Tax Act for which the accounting is known. To the extent that a company’s accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements and the Tax Act provides a measurement period that should not extend beyond one year from the Tax Act enactment date. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply the tax laws that were in effect immediately before the enactment of the Tax Act.

The corporate rate reduction was applied to our inventory of deferred tax assets and deferred tax liabilities which resulted in the net tax benefit in the period ending December 31, 2017. This net tax benefit is a provisional estimate. The Tax Act also provides for a mandatory one-time transition tax on deemed repatriated accumulated earnings and profits of foreign subsidiaries. Liberty estimates that its foreign subsidiaries have accumulated earnings and profits deficits and will not be subject to the transition tax. Based on a continued analysis of the estimate and further guidance and interpretations on the application of the law, additional revisions may occur throughout the allowable measurement period.

Income tax benefit (expense) consists of:

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Current:			
Federal	\$ 38	(39)	(17)
State and local	(30)	(29)	(17)
Foreign	(9)	—	(1)
	<u>(1)</u>	<u>(68)</u>	<u>(35)</u>
Deferred:			
Federal	578	(388)	(145)
State and local	(21)	(39)	(30)
Foreign	507	—	—
	<u>1,064</u>	<u>(427)</u>	<u>(175)</u>
Income tax benefit (expense)	<u>\$ 1,063</u>	<u>(495)</u>	<u>(210)</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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:

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Computed expected tax benefit (expense)	\$ (289)	(497)	(160)
State and local income taxes, net of federal income taxes	(37)	(46)	(1)
Foreign income taxes, net of federal income taxes	88	—	—
Dividends received deductions	38	11	2
Taxable dividends not recognized for book purposes	(45)	(11)	—
Federal tax credits	22	67	—
Change in valuation allowance affecting tax expense	212	(1)	(44)
Change in tax rate due to Tax Act	929	—	—
Settlements with tax authorities	253	—	—
Income tax reserves	(22)	—	—
Non-deductible / Non-taxable interest	(60)	—	—
Write-off of tax attributes	(42)	—	—
Other, net	16	(18)	(7)
Income tax benefit (expense)	<u>\$ 1,063</u>	<u>(495)</u>	<u>(210)</u>

For the year ended December 31, 2017, the significant reconciling items, as noted in the table above, are a net tax benefit for the effect of the changes in the U.S. federal corporate tax rate from 35% to 21% on deferred taxes, a net tax benefit for a settlement reached by Formula 1 with the U.K. tax authorities and a net tax benefit for the effects of a new U.K. tax law that changed the Company’s judgment with respect to the future realization of U.K. tax losses.

For the year ended December 31, 2016 the significant reconciling item, as noted in the table above, is state income taxes offset with federal income tax credits claimed by SIRIUS XM related to research and development activities.

For the year ended December 31, 2015 the significant reconciling item, as noted in the table above, is a \$44 million increase in the valuation allowance due to the effect of a tax law change in the District of Columbia (“D.C.”) which reduces the future allocation of SIRIUS XM’s taxable income in D.C. As a result, SIRIUS XM expects it will utilize less of its D.C. net operating losses in the future, resulting in a \$44 million increase in the valuation allowance offsetting the deferred tax asset for these net operating losses.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
	<u>amounts in millions</u>	
Deferred tax assets:		
Net operating and capital loss carryforwards and tax credits	\$ 1,017	1,381
Accrued stock compensation	88	136
Other accrued liabilities	175	102
Deferred revenue	502	761
Discount on debt	26	—
Other future deductible amounts	22	20
Deferred tax assets	<u>1,830</u>	<u>2,400</u>
Valuation allowance	<u>(112)</u>	<u>(50)</u>
Net deferred tax assets	<u>1,718</u>	<u>2,350</u>
Deferred tax liabilities:		
Investments	110	81
Fixed assets	326	330
Intangible assets	2,760	3,961
Discount on debt	—	3
Deferred tax liabilities	<u>3,196</u>	<u>4,375</u>
Net deferred tax liabilities	<u>\$ 1,478</u>	<u>2,025</u>

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 consolidated group tax return of Liberty. Liberty's acquisition of a controlling interest in SIRIUS XM's outstanding common stock during January 2013 did not cause a change in control under Section 382 of the Code.

During the year ended December 31, 2017, the \$62 million increase in the Company's valuation allowance was primarily driven by a \$274 million increase due to the acquisition of Formula 1, partially offset by changes in the valuation allowance affecting tax expense.

At December 31, 2017, the Company had federal and state net operating loss carryforwards for income tax purposes which, if not utilized to reduce taxable income in future periods, will expire on various dates through 2037. The Company's federal net operating loss carryforwards are primarily attributable to those at the SIRIUS XM level (\$1,977 million, \$415 million tax effected). The Company has U.K. net operating loss carryforwards for income tax purposes, which have no expiration under current U.K. law.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

A reconciliation of unrecognized tax benefits is as follows:

	December 31,		
	2017	2016	2015
	amounts in millions		
Balance at beginning of year	\$ 304	254	2
Reductions for tax positions of prior years	(1)	(1)	—
Increase in tax positions for current year	16	51	—
Increase in tax positions from prior years	37	—	252
Settlements with tax authorities	(423)	—	—
Increase in tax positions from acquisition	432	—	—
Balance at end of year	\$ 365	304	254

As of December 31, 2017, the Company had recorded tax reserves of \$365 million related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, approximately \$257 million dollars would be reflected in the Company’s tax expense and affect its effective tax rate. We do not currently anticipate that our existing reserves related to uncertain tax positions as of December 31, 2017 will significantly increase or decrease during the twelve-month period ending December 31, 2018; however, various events could cause our current expectations to change in the future. The Company’s estimate of its unrecognized tax benefits related to uncertain tax positions requires a high degree of judgment.

As of December 31, 2017, the Company’s tax years prior to 2014 are closed for federal income tax purposes, and the IRS has completed its examination of the Company’s 2014 through 2016 tax years. The Company’s tax loss carryforwards from its 2011 through 2015 tax years are still subject to adjustment. The Company’s 2017 tax year is being examined currently as part of the IRS’s Compliance Assurance Process program. Various states are currently examining the Company’s prior years state income tax returns. SIRIUS XM, which does not consolidate with Liberty for income tax purposes, has certain state income tax audits pending. We do not expect the ultimate disposition of these audits to have a material adverse effect on our financial position or results of operations.

As of December 31, 2017, the Company had less than \$1 million dollars in accrued interest and penalties recorded related to uncertain tax positions.

(12) 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, 2017, no shares of preferred stock were issued.

Common Stock

As discussed in note 2, on April 15, 2016, the Company completed the Recapitalization of its common stock into three new tracking stock groups, one designated as the Liberty SiriusXM common stock, one designated as the Liberty Braves common stock and one designated as the Liberty Media common stock. As further discussed in note 2, the Liberty

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Notes to Consolidated Financial Statements (Continued)

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Media common stock was renamed Liberty Formula One common stock on January 24, 2017 shortly after the Second Closing. The operating results prior to the Recapitalization are attributed to Liberty stockholders in the aggregate, and the operating results subsequent to the Recapitalization are attributed to the respective tracking stock groups.

As discussed in note 1, on July 23, 2014, holders of Series A and Series B Liberty Media Corporation common stock received a dividend of two shares of Series C Liberty Media Corporation common stock for each share of Series A or Series B Liberty Media Corporation common stock held by them as of July 7, 2014.

Series A Liberty SiriusXM, Liberty Braves and Liberty Formula One common stock have one vote per share, Series B Liberty SiriusXM, Liberty Braves and Liberty Formula One common stock have ten votes per share and Series C Liberty SiriusXM, Liberty Braves and Liberty Formula One common stock have no votes per share except as otherwise required by Delaware law. Each share of Series B common stock is exchangeable at the option of the holder for one share of Series A common stock of the same group. All series of our common stock participate on an equal basis with respect to dividends and distributions.

Purchases of Common Stock

During the year ended December 31, 2015, the Company repurchased 9.2 million shares of Series A and Series C Liberty Media Corporation common stock for aggregate cash consideration of \$350 million under the authorized repurchase program. All of the foregoing shares obtained have been retired and returned to the status of authorized and available for issuance.

There were no repurchases of Liberty common stock made pursuant to the Company's authorized repurchase program during the years ended December 31, 2016 and 2017.

Dividends Declared by Subsidiary

On October 26, 2016, SIRIUS XM'S board of directors declared the first quarterly dividend on SIRIUS XM common stock in the amount of \$0.01 per share of common stock to stockholders of record on November 9, 2016. The dividend was paid in cash on November 30, 2016 in the amount of \$48 million, of which Liberty received \$32 million.

During the year ended December 31, 2017, SIRIUS XM declared a cash dividend each quarter, and has paid in cash an aggregate amount of \$190 million, of which Liberty has received \$130 million. SIRIUS XM's board of directors expects to declare regular quarterly dividends, in an aggregate annual amount of \$0.044 per share of common stock. On January 23, 2018, SIRIUS XM's board of directors declared a quarterly dividend on its common stock in the amount of \$0.011 per share of common stock, payable on February 28, 2018 to stockholders of record at the close of business on February 7, 2018.

(13) Related Party Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

In December 2014, the Compensation Committee (the "Committee") of Liberty approved a compensation arrangement, including term options as discussed in note 14, for its President and Chief Executive Officer (the "CEO"). The arrangement provides for a five year employment term which began on January 1, 2015 and ends December 31, 2019, with an annual base salary of \$960,750, increasing annually by 5% of the prior year's base salary, and an annual target cash bonus equal to 250% of the applicable year's annual base salary. The arrangement also provides that, in the event the CEO is terminated for "cause," he will be entitled only to his accrued base salary and any amounts due under applicable

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law and he will forfeit all rights to his unvested term options. If, however, the CEO is terminated by Liberty without cause or if he terminates his employment for “good reason,” he will be entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a severance payment of 1.5 times his base salary during the year of his termination, a payment equal to \$11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to \$17.5 million, and his unvested term options will generally 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. If, however, the CEO terminates his employment without “good reason,” he will be entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a payment equal to \$11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, and for his unvested term options to generally vest pro rata based on the portion of the term elapsed through the termination date and 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, he is entitled to his accrued base salary, his accrued but unpaid bonus and any amounts due under applicable law, a payment of 1.5 times his base salary during the year of his termination, a payment equal to \$11,750,000 pro rated based upon the elapsed number of days in the calendar year of termination, a payment equal to \$17.5 million, and for his unvested term options to fully vest and for his vested and accelerated term options to remain exercisable until their respective expiration dates.

Beginning in 2015, the CEO receives annual performance-based options to purchase shares of Series C Liberty Formula One common stock with a term of 7 years (the “Performance Options”) and performance-based restricted stock units with respect to Series C Liberty Formula One common stock (the “Performance RSUs” and together with the Performance Options, the “Performance Awards”) during the employment term. Grants of Performance Awards will be allocated between Liberty and Liberty Interactive. The aggregate target amount to be allocated between Liberty and Liberty Interactive will be \$16 million with respect to calendar year 2015, \$17 million with respect to calendar year 2016, \$18 million with respect to calendar year 2017, \$19 million with respect to calendar year 2018 and \$20 million with respect to calendar year 2019. Vesting of the Performance Awards will be determined based on satisfaction of performance metrics that will be set by Liberty and Liberty Interactive’s respective compensation committees in the first quarter of each applicable year, except that the CEO will forfeit his unvested Performance Awards if his employment is terminated for any reason before the end of the applicable year, except that the CEO will forfeit his unvested Performance Awards if his employment is terminated for any reason before the end of the applicable year. In addition, Liberty and Liberty Interactive’s compensation committees may grant additional Performance Awards, with a value of up to 50% of the target amount allocated to Liberty for the relevant year (the “Above Target Awards”), and the compensation committees may determine to establish additional performance metrics with respect to such Above Target Awards.

Salary compensation related to services provided by the CEO is charged from Liberty to Liberty TripAdvisor and Liberty Broadband pursuant to the Services Agreements with each respective company. Any cash bonus attributable to the performance of Liberty or Liberty Interactive is paid directly by each respective company.

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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.

(14) Stock-Based Compensation

Liberty—Incentive Plans

Pursuant to the Liberty Media Corporation 2017 Omnibus Incentive Plan (the “2017 Plan”), the company may grant Awards to purchase shares of Series A, Series B and Series C Liberty Media Corporation common stock. The 2017 Plan provides for Awards to be made in respect of a maximum of 50.0 million shares of Liberty Media Corporation 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 (“GDFV”) 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).

In connection with the Recapitalization during 2016, all outstanding Awards with respect to Liberty Media Corporation common stock (“Liberty Awards”) 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 Award received new corresponding equity awards relating to shares of one or more series of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock (collectively, the “Adjusted Liberty Awards”).

All of the pre-Recapitalization value of the Liberty Awards was allocated among the Adjusted Liberty Awards.

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Notes to Consolidated Financial Statements (Continued)

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Liberty—Grants of stock options

Awards granted in 2017, 2016 and 2015 are summarized as follows:

	Years ended December 31,					
	2017		2016		2015	
	Options granted (000's)	Weighted average GDFV	Options granted (000's)	Weighted average GDFV	Options granted (000's)	Weighted average GDFV
Series C Liberty Media Corporation common stock, Liberty employees and directors (1)	NA	NA	10	\$ 8.33	2,056	\$ 13.62
Series C Liberty Media Corporation common stock, Liberty CEO (2)	NA	NA	775	\$ 8.91	420	\$ 12.15
Series C Liberty SiriusXM common stock, Liberty employees and directors (1)	263	\$ 10.39	415	\$ 7.50	NA	NA
Series C Liberty SiriusXM common stock, Liberty CEO (3)	920	\$ 8.50	NA	NA	NA	NA
Series C Liberty Formula One common stock, Liberty employees and directors (1)	153	\$ 9.42	101	\$ 4.89	NA	NA
Series C Liberty Formula One common stock, Liberty CEO (3)	171	\$ 8.96	NA	NA	NA	NA
Series C Liberty Formula One common stock, Formula 1 employees (4)	2,015	\$ 8.16	NA	NA	NA	NA
Series C Liberty Braves common stock, Liberty employees and directors (1)	35	\$ 6.14	41	\$ 3.79	NA	NA
Series C Liberty Braves common stock, Liberty CEO (3)	149	\$ 6.02	NA	NA	NA	NA

- (1) Mainly vests between three and five years for employees and in one year for directors.
- (2) Grant in 2016 cliff vested in December 2016; grant in 2015 cliff vested in March 2016. Grants were made in connection with the CEO's employment agreement.
- (3) Grants in 2017 mainly cliff vested in December 2017.
- (4) Vest monthly over one year.

In addition to the stock option grants to the Liberty CEO, and in connection with his employment agreement, Liberty granted performance-based restricted stock units ("RSUs"). During the year ended December 31, 2017, Liberty granted 50 thousand RSUs of Series C Liberty Formula One common stock with a GDFV of \$33.92 per share. During the years ended December 31, 2016 and 2015, Liberty granted 39 thousand RSUs and 34 thousand RSUs, respectively, of Series C Liberty Media Corporation common stock. Such RSUs had a GDFV of \$37.76 per share and \$38.20 per share, respectively. The 2017, 2016 and 2015 performance-based RSUs cliff vested in one year, subject to the satisfaction of certain performance objectives and based on an amount determined by the compensation committee. Performance objectives, which are subjective, are considered in determining the timing and amount of the compensation expense recognized. As the satisfaction of the performance objectives becomes probable, the Company records compensation expense. The value of the grant is remeasured at each reporting period.

The Company did not grant any options to purchase Series A or Series B of Liberty SiriusXM, Liberty Braves or Liberty Formula One common stock during the year ended December 31, 2017.

The Company has calculated the GDFV for all of its equity 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

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in 2017, 2016 and 2015, the range of expected terms was 3.5 to 6.7 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 2017, 2016 and 2015 grants.

	<u>Volatility</u>
<i>2017 grants</i>	
Liberty options	22.6 % - 29.8 %
<i>2016 grants</i>	
Liberty options	22.6 % - 26.8 %
<i>2015 grants</i>	
Liberty options	24.7 % - 36.7 %

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.

Liberty SiriusXM

	<u>Series A</u>			
	<u>Liberty</u>		<u>Weighted</u>	<u>Aggregate</u>
	<u>Awards (000's)</u>	<u>WAEP</u>	<u>average</u>	<u>intrinsic</u>
			<u>remaining</u>	<u>value</u>
			<u>life</u>	<u>(in millions)</u>
Outstanding at January 1, 2017	2,018	\$ 19.39		
Granted	—	\$ —		
Exercised	(392)	\$ 17.74		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2017	<u>1,626</u>	\$ 19.78	2.0 years	\$ 32
Exercisable at December 31, 2017	<u>1,615</u>	\$ 19.73	2.0 years	\$ 32

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2017	11,008	\$ 25.91		
Granted	1,183	\$ 37.65		
Exercised	(810)	\$ 18.14		
Forfeited/Cancelled	<u>(53)</u>	<u>\$ 32.74</u>		
Outstanding at December 31, 2017	<u>11,328</u>	\$ 27.66	4.1 years	\$ 136
Exercisable at December 31, 2017	<u>5,882</u>	\$ 25.77	3.6 years	\$ 82

Liberty Formula One

	Series A			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2017	455	\$ 11.55		
Granted	—	\$ —		
Exercised	(55)	\$ 10.55		
Forfeited/Cancelled	<u>—</u>	<u>\$ —</u>		
Outstanding at December 31, 2017	<u>400</u>	\$ 11.69	2.0 years	\$ 8
Exercisable at December 31, 2017	<u>397</u>	\$ 11.66	2.0 years	\$ 8

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2017	2,611	\$ 15.18		
Granted	2,339	\$ 34.04		
Exercised	(177)	\$ 11.08		
Forfeited/Cancelled	<u>(13)</u>	<u>\$ 19.78</u>		
Outstanding at December 31, 2017	<u>4,760</u>	\$ 24.59	5.0 years	\$ 46
Exercisable at December 31, 2017	<u>2,380</u>	\$ 24.42	4.7 years	\$ 23

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Liberty Braves

	Series A			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2017	189	\$ 11.30		
Granted	—	\$ —		
Exercised	(10)	\$ 8.83		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2017	<u>179</u>	\$ 11.43	2.0 years	\$ 2
Exercisable at December 31, 2017	<u>178</u>	\$ 11.41	2.0 years	\$ 2

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2017	1,073	\$ 14.92		
Granted	184	\$ 23.37		
Exercised	(21)	\$ 9.05		
Forfeited/Cancelled	(5)	\$ 19.01		
Outstanding at December 31, 2017	<u>1,231</u>	\$ 16.27	4.1 years	\$ 8
Exercisable at December 31, 2017	<u>686</u>	\$ 15.71	3.7 years	\$ 5

There were no outstanding Series B options to purchase shares of Series B Liberty SiriusXM common stock, Liberty Formula One common stock or Liberty Braves common stock during 2017.

As of December 31, 2017, the total unrecognized compensation cost related to unvested Liberty Awards was approximately \$30 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 1.7 years.

As of December 31, 2017, 13.0 million, 5.2 million and 1.4 million shares of Series A and Series C Liberty SiriusXM, Liberty Formula One and Liberty Braves common stock, respectively, were reserved for issuance under exercise privileges of outstanding stock Awards.

Liberty—Exercises

The aggregate intrinsic value of all options exercised during the years ended December 31, 2017, 2016 and 2015 was \$31 million, \$24 million and \$40 million, respectively.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

Liberty—Restricted Stock

The Company had approximately 229 thousand, 137 thousand and 26 thousand unvested restricted shares of Liberty SiriusXM, Liberty Formula One, and Liberty Braves common stock, respectively, held by certain directors, officers and employees of the Company as of December 31, 2017. These Series A and Series C unvested restricted shares of Liberty SiriusXM common stock, Liberty Formula One common stock and Liberty Braves common stock had a weighted average GDFV of \$25.30, \$28.43, and \$17.04 per share, respectively.

The aggregate fair value of all restricted shares of Liberty common stock that vested during the years ended December 31, 2017, 2016 and 2015 was \$85 million, \$7 million and \$2 million, respectively.

SIRIUS XM—Stock-based Compensation

During the year ended December 31, 2017, SIRIUS XM granted stock options and restricted stock units (“RSUs”) to its employees and members of its board of directors. During the years ended December 31, 2017 and 2016, SIRIUS XM also granted performance-based restricted stock units (“PRSUs”) to certain employees, the vesting of which is subject to the employee’s continuing employment and SIRIUS XM’s achievement of certain performance goals. The PRSUs awards cliff vest on the three-year anniversary of the grant date. SIRIUS XM also calculates 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 weighted average volatility applied to the fair value determination of SIRIUS XM’s option grants during 2017, 2016 and 2015 was 24%, 22% and 29%, respectively. During the year ended December 31, 2017, SIRIUS XM granted approximately 27.3 million stock options with a weighted-average exercise price of \$5.49 per share and a grant date fair value of \$1.17 per share. As of December 31, 2017, SIRIUS XM has approximately 280.5 million options outstanding of which approximately 131 million are exercisable, each with a weighted-average exercise price per share of \$3.76 and \$3.23, respectively. The aggregate intrinsic value of these outstanding and exercisable options was \$454 million and \$279.1 million, respectively. During the year ended December 31, 2017, SIRIUS XM granted approximately 11.7 million RSUs and PRSUs with a grant date fair value of \$5.35 per share. The stock-based compensation related to SIRIUS XM stock options and restricted stock awards was \$124 million, \$109 million and \$157 million for the years ended December 31, 2017, 2016, and 2015, respectively. As of December 31, 2017, the total unrecognized compensation cost related to unvested SIRIUS XM stock options was \$242 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 2.5 years.

(15) 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 \$17 million, \$13 million and \$15 million for each of the years ended December 31, 2017, 2016 and 2015, respectively.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(16) 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.

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	Foreign currency translation adjustment	Other	AOCI
	amounts in millions			
Balance at January 1, 2015	\$ (10)	—	(11)	(21)
Other comprehensive earnings (loss) attributable to Liberty stockholders ..	<u>—</u>	<u>(23)</u>	<u>(7)</u>	<u>(30)</u>
Balance at December 31, 2015	(10)	(23)	(18)	(51)
Other comprehensive earnings (loss) attributable to Liberty stockholders ..	<u>1</u>	<u>1</u>	<u>(13)</u>	<u>(11)</u>
Balance at December 31, 2016	(9)	(22)	(31)	(62)
Other comprehensive earnings (loss) attributable to Liberty stockholders ..	<u>(3)</u>	<u>16</u>	<u>14</u>	<u>27</u>
Balance at December 31, 2017	<u>\$ (12)</u>	<u>(6)</u>	<u>(17)</u>	<u>(35)</u>

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		
<i>Year ended December 31, 2017:</i>			
Unrealized holding gains (losses) on securities arising during period	\$ (5)	2	(3)
Foreign currency translation adjustments	<u>60</u>	<u>(22)</u>	<u>38</u>
Other comprehensive earnings	<u>\$ 55</u>	<u>(20)</u>	<u>35</u>
<i>Year ended December 31, 2016:</i>			
Foreign currency translation adjustments	\$ (16)	6	(10)
Other comprehensive earnings	<u>(16)</u>	<u>6</u>	<u>(10)</u>
<i>Year ended December 31, 2015:</i>			
Foreign currency translation adjustments	\$ (77)	28	(49)
Other comprehensive earnings	<u>(77)</u>	<u>28</u>	<u>(49)</u>

(17) Commitments and Contingencies

Guarantees

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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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 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, 2017 aggregated \$234 million, which is payable as follows: \$121 million in 2018, \$45 million in 2019, \$32 million in 2020, \$34 million in 2021, \$2 million in 2022 and none thereafter. In addition to the foregoing amounts, certain players and coaches may earn incentive compensation under the terms of their employment contracts.

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 agreements amounted to \$58 million, \$52 million and \$53 million for the years ended December 31, 2017, 2016 and 2015, respectively.

A summary of future minimum lease payments under cancelable and noncancelable operating leases, as of December 31, 2017 follows (amounts in millions):

Years ending December 31:		
2018	\$	48
2019	\$	50
2020	\$	46
2021	\$	39
2022	\$	32
Thereafter.....	\$	165

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 2017.

Braves Holdings provided funding for the new stadium and the land during the initial construction period, until the initial reimbursement by the Authority in September 2015, at which time the land was conveyed to the Authority. Braves Holdings was deemed the owner (for accounting purposes) of the stadium during the construction period and costs were classified as construction in progress ("CIP"), within the Property and equipment, net line item. Costs of the project were captured in CIP along with a corresponding financing obligation, reported in other liabilities, for amounts funded by the Authority. At the end of the construction period in March 2017, the Company performed an analysis and determined that due to Braves Holdings' continuing involvement with the property as a result of the purchase option at the end of the lease term, the stadium did not qualify for sale-leaseback accounting treatment. Accordingly, Braves Holdings applied the

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Notes to Consolidated Financial Statements (Continued)

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financing method of accounting whereby Braves Holdings began making license payments and amortizing the financing obligation to the Authority using the effective interest rate method over a 30 year term. The stadium was reclassified from CIP and placed into service on March 31, 2017. Also at this time, Braves Holdings began depreciating the stadium over a 45 year estimated useful life.

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: \$331 million in 2018, \$306 million in 2019, \$259 million in 2020, \$175 million in 2021 and \$52 million in 2022. Future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the amounts above.

Litigation

The Company has contingent liabilities related to legal and tax proceedings and other matters arising in the ordinary course of business. We record a liability when we believe that it is both probable that a liability will be incurred and the amount of loss can be reasonably estimated. We evaluate developments in legal matters that could affect the amount of the liability accrual and make adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount of a loss or potential loss. We may be unable to reasonably estimate the reasonably possible loss or range of loss for a particular legal contingency for various reasons, including, among others, because: (i) the damages sought are indeterminate; (ii) the proceedings are in the relative early stages; (iii) there is uncertainty as to the outcome of pending proceedings (including motions and appeals); (iv) there is uncertainty as to the likelihood of settlement and the outcome of any negotiations with respect thereto; (v) there remain significant factual issues to be determined or resolved; (vi) the relevant law is unsettled; or (vii) the proceedings involve novel or untested legal theories. In such instances, there may be considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any. 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 filed notice of its appeal of the judgment to the United States Court of Appeals for the Second Circuit. During the first quarter of 2016, Liberty entered into a settlement with Vivendi which resulted in a \$775 million payment to settle all claims related to the dispute described above. Following the payment of a contingency fee to our legal counsel, as well as amounts payable to Liberty Global plc, an additional plaintiff in the action, Liberty recognized a net pre-tax gain on the legal settlement of approximately \$511 million. This settlement resulted in a dismissal of all appeals and mutual releases of the parties.

In August 2013, SoundExchange, Inc. ("SoundExchange") filed a complaint in the United States District Court for the District of Columbia ("SoundExchange I") alleging that SIRIUS XM underpaid royalties for statutory licenses in violation of the regulations established by the Copyright Royalty Board ("CRB") for the 2007-2012 period. SoundExchange principally alleges that SIRIUS XM improperly reduced its gross revenue subject to royalties by improperly deducting revenue attributable to pre-1972 recordings and Premier package revenue that is not "separately charged" as required by the regulations. SIRIUS XM believes that it properly applied the gross revenue exclusions

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Notes to Consolidated Financial Statements (Continued)

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contained in the regulations established by the CRB. SoundExchange is seeking compensatory damages of not less than \$50 million and up to \$100 million or more, payment of late fees and interest, and attorneys' fees and costs.

In August 2014, the United States District Court for the District of Columbia in response to SIRIUS XM's motion to dismiss the complaint, stayed the case on the grounds that the case properly should be pursued in the first instance before the CRB rather than the District Court. In its opinion, the District Court concluded that the gross revenue exclusions in the regulations established by the CRB for the 2007-2012 period were ambiguous and did not, on their face, make clear whether SIRIUS XM's royalty calculation approaches were permissible under the regulations. In December 2014, SoundExchange filed a petition with the CRB requesting an order interpreting the applicable regulations.

On September 11, 2017, the CRB issued a ruling concluding that SIRIUS XM correctly interpreted the revenue exclusions applicable to pre-1972 recordings. Given the limitations on its jurisdiction, the CRB deferred to further proceedings in the District Court the question of whether SIRIUS XM properly applied those pre-1972 revenue exclusions when calculating its royalty payments. The Judges also concluded that SIRIUS XM improperly claimed a revenue exclusion based on its Premier package upcharge, because, in the Judges' view, the portion of the package that contained programming that did not include sound recordings was not offered for a "separate charge."

SIRIUS XM has filed a notice of appeal of this ruling to the United States Court of Appeals for the District of Columbia Circuit. SIRIUS XM expects that the ruling by the CRB in this matter will be transmitted back to the District Court for further proceedings, such as adjudication of claims relating to damages and defenses, although those proceedings may be delayed pending the appeal of the Judges' interpretative decision. SIRIUS XM believes it has substantial defenses to those SoundExchange claims that can be asserted, including in proceedings in the District Court, and will continue to defend this action vigorously.

This matter is captioned SoundExchange, Inc. v. Sirius XM Radio, Inc., No. 13-cv-1290-RJL (D.D.C.); the Copyright Royalty Board referral was adjudicated under the caption *Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services*, United States Copyright Royalty Board, No. 2006-1 CRB DSTRA. Information concerning SoundExchange I is publicly available in filings under the docket numbers.

On December 12, 2017, SoundExchange filed a second action against SIRIUS XM under the Copyright Act in the United States District Court for the District of Columbia ("SoundExchange II"). This action includes claims that SoundExchange has also attempted to add to the SoundExchange I litigation through a proposed amended complaint. SoundExchange alleges that SIRIUS XM has systematically underpaid it for SIRIUS XM's statutory license by impermissibly understating SIRIUS XM's gross revenue, as defined in the applicable regulations and, in certain cases, understating the compensable performances of recordings on SIRIUS XM's internet radio service. Specifically, the complaint in SoundExchange II alleges that: from at least 2013 through the present, SIRIUS XM improperly excluded from gross revenue a portion of SIRIUS XM's revenue received from its Premier and All Access packages attributable to premium channels; at least between 2010 and 2012, SIRIUS XM improperly excluded late fees received from subscribers from the calculation of gross revenue; at least between 2010 and 2012, SIRIUS XM improperly excluded certain credits, adjustments and bad debt for which the underlying revenue had never been included in the first instance; at least between 2010 and 2012, SIRIUS XM improperly deducted from gross revenue certain transaction fees and other expenses—for instance, credit card processing fees, collection fees and sales and use taxes—that are not permitted by the CRB regulations; at least between 2010 and 2012, SIRIUS XM improperly deducted amounts attributable to performances of recordings claimed to be directly licensed on both SIRIUS XM's satellite radio and internet radio services, even though they were not; at least between 2010 and 2012, SIRIUS XM improperly excluded from royalty calculations performances of recordings less than thirty seconds long under the provisions of the CRB regulations and the Webcaster Settlement Agreement; from 2010 through 2012, SIRIUS XM excluded from royalty calculations performances of songs on its internet radio services that SIRIUS XM claimed it was unable to identify; SIRIUS XM owes associated late fees for the previously identified underpayments under the applicable CRB regulations; and SIRIUS XM has underpaid SoundExchange by an

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amount exceeding 10% of the royalty payment and SIRIUS XM is therefore obligated to pay the reasonable costs of an audit. SIRIUS XM believes that it properly applied in all material respects the regulations established by the CRB. SoundExchange is seeking compensatory damages in an amount to be determined at trial from the alleged underpayments, unspecified late fees and penalties pursuant to the CRB's regulations and the Webcaster Settlement Agreement and costs, including reasonable attorney fees and expenses.

This matter is titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No. 17-cv-02666-RJL (D.D.C.). Information concerning SoundExchange II is publicly available in filings under the docket number. As of December 31, 2017, SIRIUS XM concluded that a loss, in excess of its recorded liabilities, was considered remote in connection with SoundExchange I or SoundExchange II. The assumptions underlying SIRIUS XM's conclusions may change from time to time and the actual loss may vary from the amounts recorded.

In June 2015, SIRIUS XM settled (the "Capitol Settlement") a separate suit brought by Capitol Records LLC ("Capitol Records"), Sony Music Entertainment, UMG Recordings, Inc., Warner Music Group Corp. and ABKCO Music & Records, Inc. relating to SIRIUS XM's use and public performance of pre-1972 recordings for \$210 million, which was paid during July 2015. The settling record companies claim to own, control or otherwise have the right to settle with respect to approximately 85% of the pre-1972 recordings SIRIUS XM has historically played. SIRIUS XM has also entered into certain direct licenses with other owners of pre-1972 recordings, which in many cases include releases of any claims associated with its use of pre-1972 recordings.

SIRIUS XM recognized \$108 million during June 2015 for the portion of the \$210 million Capitol Settlement related to SIRIUS XM's use of pre-1972 sound recordings for the periods prior to the Capitol Settlement during June 2015. The \$108 million expense is included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2015 but has been excluded from Adjusted OIBDA for the corresponding period as this expense was not incurred as a part of the Company's normal operations for the period, and this lump sum amount does not relate to the on-going performance of the business. SIRIUS XM recognized approximately \$43 million, \$40 million and \$19 million to Revenue share and royalties within the consolidated statement of operations with respect to the Capitol Settlement subsequent to the settlement date related to SIRIUS XM's use of pre-1972 sound recordings during the years ended December 31, 2017, 2016 and 2015, respectively, and is included as a component of Adjusted OIBDA.

Additionally, during the fourth quarters of 2017 and 2016, SIRIUS XM recorded \$45 million and \$46 million, respectively, related to music royalty legal settlements and reserves. The expenses are included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the years ended December 31, 2017 and 2016, respectively, but have been excluded from Adjusted OIBDA for the corresponding periods as these expense were not incurred as a part of the Company's normal operations for the periods, and these lump sum amounts do not relate to the on-going performance of the business.

On March 13, 2017, Thomas Buchanan, individually and on behalf of all others similarly situated, filed a class action complaint against SIRIUS XM in the United States District Court for the Northern District of Texas, Dallas Division. The plaintiff in this action alleges that SIRIUS XM violated the Telephone Consumer Protection Act of 1991 (the "TCPA") by, among other things, making telephone solicitations to persons on the National Do-Not-Call registry, a database established to allow consumers to exclude themselves from telemarketing calls unless they consent to receive the calls in a signed, written agreement, and making calls to consumers in violation of SIRIUS XM's internal Do-Not-Call registry. The plaintiff is seeking various forms of relief, including statutory damages of \$500 for each violation of the TCPA or, in the alternative, treble damages of up to \$1,500 for each knowing and willful violation of the TCPA and a permanent injunction prohibiting SIRIUS XM from making, or having made, any calls to land lines that are listed on the National Do-Not-Call registry or SIRIUS XM's internal Do-Not-Call registry. SIRIUS XM believes it has substantial defenses to the claims asserted in this action, and intends to defend this action vigorously.

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(18) Information About Liberty's Operating Segments

The Company, through its ownership interests in subsidiaries and other companies, is primarily engaged in the media 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.

The Company has identified the following subsidiaries as its reportable segments:

- SIRIUS XM is a consolidated subsidiary that provides a subscription based satellite radio service. SIRIUS XM transmits 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 receive music and other channels, plus features such as SiriusXM On Demand, over SIRIUS XM's Internet radio service, including through applications for mobile devices, home devices and other consumer electronic equipment. SIRIUS XM also provides connected vehicle services. SIRIUS XM's connected vehicle services are designed to enhance the safety, security and driving experience for vehicle operators while providing marketing and operational benefits to automakers and their dealers.
- Formula 1 is a global motorsports business that holds exclusive commercial rights with respect to the World Championship, an annual, approximately nine-month long, motor race-based competition in which teams compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship takes place on various circuits with a varying number of events taking place in different countries around the world each season. Formula 1 is responsible for the commercial exploitation and development of the World Championship as well as various aspects of its management and administration. The Company acquired a controlling interest in Formula 1 on January 23, 2017, at which time it began consolidating the results of the Formula 1 business.

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.

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Performance Measures

	Years ended December 31,					
	2017		2016		2015	
	<u>Revenue</u>	<u>Adjusted OIBDA</u>	<u>Revenue</u>	<u>Adjusted OIBDA</u>	<u>Revenue</u>	<u>Adjusted OIBDA</u>
	amounts in millions					
Liberty SiriusXM Group						
SIRIUS XM	\$ 5,425	2,109	5,014	1,853	4,552	1,660
Corporate and other	—	(15)	—	(15)	—	—
Total Liberty SiriusXM Group	<u>5,425</u>	<u>2,094</u>	<u>5,014</u>	<u>1,838</u>	<u>4,552</u>	<u>1,660</u>
Braves Group						
Corporate and other	386	2	262	(20)	243	3
Total Braves Group	<u>386</u>	<u>2</u>	<u>262</u>	<u>(20)</u>	<u>243</u>	<u>3</u>
Formula One Group						
Formula 1	1,783	438	—	—	—	—
Corporate and other	—	(41)	—	(45)	—	(35)
Total Formula One Group	<u>1,783</u>	<u>397</u>	<u>—</u>	<u>(45)</u>	<u>—</u>	<u>(35)</u>
Total	<u>\$ 7,594</u>	<u>2,493</u>	<u>5,276</u>	<u>1,773</u>	<u>4,795</u>	<u>1,628</u>

Other Information

	December 31, 2017			December 31, 2016		
	<u>Total assets</u>	<u>Investments in affiliates</u>	<u>Capital expenditures</u>	<u>Total assets</u>	<u>Investments in affiliates</u>	<u>Capital expenditures</u>
	amounts in millions					
Liberty SiriusXM Group						
SIRIUS XM	\$ 27,837	672	288	26,978	164	206
Corporate and other	693	—	—	73	—	—
Total Liberty SiriusXM Group	<u>28,530</u>	<u>672</u>	<u>288</u>	<u>27,051</u>	<u>164</u>	<u>206</u>
Braves Group						
Corporate and other	1,866	145	219	1,548	61	360
Total Braves Group	<u>1,866</u>	<u>145</u>	<u>219</u>	<u>1,548</u>	<u>61</u>	<u>360</u>
Formula One Group						
Formula 1	9,461	—	8	NA	NA	NA
Corporate and other	2,341	933	2	2,995	892	2
Total Formula One Group	<u>11,802</u>	<u>933</u>	<u>10</u>	<u>2,995</u>	<u>892</u>	<u>2</u>
Elimination (1)	(202)	—	—	(217)	—	—
Consolidated Liberty	<u>\$ 41,996</u>	<u>1,750</u>	<u>517</u>	<u>31,377</u>	<u>1,117</u>	<u>568</u>

(1) This is primarily the intergroup interest in the Braves Group held by the Formula One Group, as discussed in note 2. The intergroup interest attributable to the Formula One Group is presented as an asset and the intergroup interest attributable to the Braves Group is presented as a liability in the attributed financial statements and the offsetting amounts between tracking stock groups are eliminated in consolidation.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

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

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
Consolidated segment Adjusted OIBDA	\$ 2,493	1,773	1,628
Legal settlement (note 17)	(45)	465	(108)
Stock-based compensation	(230)	(150)	(204)
Depreciation and amortization	(824)	(354)	(362)
Operating income (loss)	<u>1,394</u>	<u>1,734</u>	<u>954</u>
Interest expense	(591)	(362)	(328)
Share of earnings (losses) of affiliates, net	104	14	(40)
Realized and unrealized gains (losses) on financial instruments, net	(88)	37	(140)
Other, net	<u>8</u>	<u>(4)</u>	<u>12</u>
Earnings (loss) from continuing operations before income taxes	<u>\$ 827</u>	<u>1,419</u>	<u>458</u>

Revenue by Geographic Area

Revenue by geographic area based on the country of domicile is as follows:

	<u>Years ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	amounts in millions		
United States	\$ 5,724	5,230	4,739
United Kingdom	1,783	—	—
Other	87	46	56
	<u>\$ 7,594</u>	<u>5,276</u>	<u>4,795</u>

Long-lived Assets by Geographic Area

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
	amounts in millions	
United States	\$ 2,529	2,352
United Kingdom	12	—
	<u>\$ 2,541</u>	<u>2,352</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

(19) Quarterly Financial Information (Unaudited)

	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>
	amounts in millions, except per share amounts			
<i>2017:</i>				
Revenue	\$ 1,395	2,140	2,065	1,994
Operating income (loss)	\$ 259	422	382	331
Net earnings (loss)	\$ 44	156	261	1,429
Net earnings (loss) attributable to Liberty stockholders:				
Liberty SiriusXM common stock	\$ 124	123	183	694
Liberty Braves common stock	\$ (49)	(2)	22	4
Liberty Formula One common stock	\$ (96)	(27)	(37)	415
Basic net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.37	0.37	0.54	2.07
Liberty Braves common stock	\$ (1.00)	(0.04)	0.45	0.08
Liberty Formula One common stock	\$ (0.55)	(0.13)	(0.17)	1.80
Diluted net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.37	0.36	0.54	2.04
Liberty Braves common stock	\$ (1.00)	(0.04)	0.45	0.07
Liberty Formula One common stock	\$ (0.55)	(0.13)	(0.17)	1.79

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2017, 2016 and 2015

	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>	<u>Quarter</u>
	amounts in millions, except per share amounts			
<i>2016:</i>				
Revenue	\$ 1,204	1,366	1,385	1,321
Operating income (loss)	\$ 781	328	352	273
Net earnings (loss)	\$ 427	142	169	186
Net earnings (loss) attributable to Liberty stockholders:				
Liberty Media Corporation common stock	\$ 364	13	NA	NA
Liberty SiriusXM common stock	\$ NA	82	96	119
Liberty Braves common stock	\$ NA	32	(22)	(40)
Liberty Formula One common stock	\$ NA	(45)	41	40
Basic net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty Media Corporation common stock	\$ 1.09	0.04	NA	NA
Liberty SiriusXM common stock	\$ NA	0.24	0.29	0.36
Liberty Braves common stock	\$ NA	0.89	(0.45)	(0.82)
Liberty Formula One common stock	\$ NA	(0.54)	0.49	0.48
Diluted net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty Media Corporation common stock	\$ 1.08	0.04	NA	NA
Liberty SiriusXM common stock	\$ NA	0.24	0.28	0.35
Liberty Braves common stock	\$ NA	0.11	(0.45)	(0.82)
Liberty Formula One common stock	\$ NA	(0.54)	0.48	0.47

Unaudited Attributed Financial Information for Tracking Stock Groups

During November 2015, Liberty Media Corporation's ("Liberty") board of directors authorized management to pursue a reclassification of the Company's common stock into three new tracking stock groups, one to be designated as the Liberty Braves tracking stock, one to be designated as the Liberty Media tracking stock and one to be designated as the Liberty SiriusXM tracking stock (the "Recapitalization"), and to cause to be distributed subscription rights related to the Liberty Braves tracking stock following the creation of the new tracking stocks. The Recapitalization was completed on April 15, 2016 and the newly issued shares commenced trading or quotation in the regular way on the Nasdaq Global Select Market or the OTC Markets, as applicable, on Monday, April 18, 2016. Shortly following the completion of the second closing of the acquisition of Formula 1 on January 23, 2017, the Liberty Media Group was renamed the Liberty Formula One Group. Historical information of the Liberty Media Group and Liberty Media common stock is referred to herein as the Formula One Group and Liberty Formula One common stock, respectively.

The following tables present our assets and liabilities as of December 31, 2017 and December 31, 2016 and revenue, expenses and cash flows for the years ended December 31, 2017, 2016, and 2015. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Liberty SiriusXM Group, Braves Group and the Formula One Group, respectively. The financial information should be read in conjunction with our consolidated financial statements for the year ended December 31, 2017 included in this Annual Report.

The attributed financial information presented herein has been prepared assuming this attribution had been completed as of January 1, 2014. However, this attribution of historical financial information does not purport to be what actual results and balances would have been if such attribution had actually occurred and been in place during these periods. Therefore, the attributed net earnings (losses) presented in the unaudited attributed financial information are not the same as the net earnings (losses) reflected in the Liberty consolidated financial statements included in this Annual Report. The net earnings (losses) attributed to the Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock for purposes of those financial statements only relates to the period after the Recapitalization.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Liberty SiriusXM Group, Braves Group and the Formula One Group, our tracking stock capital structure does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries are each responsible for our respective liabilities. Holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock are holders of our common stock and are subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock does not affect the rights of our creditors.

SUMMARY ATTRIBUTED FINANCIAL DATA

Liberty SiriusXM Group

Summary Balance Sheet Data:

	December 31, 2017	December 31, 2016
	amounts in millions	
Cash and cash equivalents	\$ 615	287
Investments in affiliates, accounted for using the equity method	\$ 672	164
Intangible assets not subject to amortization	\$ 23,778	23,695
Intangible assets subject to amortization, net	\$ 972	998
Total assets	\$ 28,530	27,051
Deferred revenue	\$ 1,882	1,833
Long-term debt, including current portion	\$ 7,496	6,107
Deferred tax liabilities	\$ 1,447	1,967
Attributed net assets	\$ 10,861	10,085
Noncontrolling interest	\$ 5,615	5,945

Summary Statement of Operations Data:

	Years ended December 31,		
	2017	2016	2015
amounts in millions			
Revenue	\$ 5,425	5,014	4,552
Cost of subscriber services (1)	\$ (2,102)	(1,994)	(1,823)
Subscriber acquisition costs	\$ (499)	(513)	(533)
Other operating expenses (1)	\$ (113)	(82)	(73)
Selling, general and administrative expense (1)	\$ (812)	(761)	(728)
Operating income (loss)	\$ 1,547	1,352	1,073
Interest expense	\$ (356)	(342)	(307)
Income tax (expense) benefit	\$ 466	(341)	(322)
Net earnings (loss) attributable to noncontrolling interests	\$ 535	244	184
Earnings (loss) attributable to Liberty stockholders	\$ 1,124	413	259

(1) Includes stock-based compensation expense as follows:

	Years ended December 31,		
	2017	2016	2015
amounts in millions			
Cost of subscriber services	\$ 36	30	32
Other operating expenses	16	13	18
Selling, general and administrative expense	98	85	107
	<u>\$ 150</u>	<u>128</u>	<u>157</u>

Braves Group

Summary Balance Sheet Data:

	December 31, 2017	December 31, 2016
	amounts in millions	
Cash and cash equivalents	\$ 132	107
Property and equipment, net	\$ 1,099	930
Investments in affiliates, accounted for using the equity method	\$ 145	61
Intangible assets not subject to amortization	\$ 323	323
Intangible assets subject to amortization, net	\$ 49	73
Total assets	\$ 1,866	1,548
Deferred revenue	\$ 51	44
Long-term debt, including current portion	\$ 662	328
Deferred tax liabilities	\$ 62	48
Attributed net assets	\$ 413	385

Summary Statement of Operations Data:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Revenue	\$ 386	262	243
Selling, general and administrative expense (1)	\$ (151)	(67)	(61)
Operating income (loss)	\$ (113)	(61)	(38)
Share of earnings (losses) of affiliates, net	\$ 78	9	9
Income tax (expense) benefit	\$ 36	17	10
Earnings (loss) attributable to Liberty stockholders	\$ (25)	(62)	(20)

(1) Includes stock-based compensation of \$48 million, \$9 million, and \$10 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Formula One Group

Summary Balance Sheet Data:

	December 31, 2017	December 31, 2016
	amounts in millions	
Cash and cash equivalents	\$ 282	168
Investments in available for sale securities and other cost investments	\$ 526	1,301
Investments in affiliates, accounted for using the equity method ..	\$ 933	892
Intangible assets not subject to amortization	\$ 3,956	—
Intangible assets subject to amortization, net	\$ 5,110	1
Total assets	\$ 11,802	2,995
Long-term debt, including current portion	\$ 5,796	1,583
Attributed net assets	\$ 5,669	1,286

Summary Statement of Operations Data:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Revenue	\$ 1,783	—	—
Cost of Formula 1 revenue	\$ 1,219	—	—
Selling, general and administrative expense (1)	\$ (199)	(58)	(72)
Legal settlement	\$ —	511	—
Operating income (loss)	\$ (40)	443	(81)
Interest expense	\$ (220)	(19)	(20)
Share of earnings (losses) of affiliates, net	\$ (3)	(8)	(48)
Realized and unrealized gains (losses) on financial instruments, net	\$ (72)	36	(140)
Income tax (expense) benefit	\$ 561	(171)	102
Earnings (loss) attributable to Liberty stockholders	\$ 255	329	(175)

(1) Includes stock-based compensation of \$32 million, \$13 million, and \$37 million for the years ended December 31, 2017, 2016, and 2015, respectively.

BALANCE SHEET INFORMATION
December 31, 2017
(unaudited)

	<u>Attributed (note 1)</u>				<u>Consolidated Liberty</u>
	<u>Liberty SiriusXM Group</u>	<u>Braves Group</u>	<u>Formula One Group</u>	<u>Inter-Group Eliminations</u>	
	amounts in millions				
<i>Assets</i>					
<i>Current assets:</i>					
Cash and cash equivalents	\$ 615	132	282	—	1,029
Trade and other receivables, net	242	32	84	—	358
Other current assets	207	56	113	—	376
Total current assets	<u>1,064</u>	<u>220</u>	<u>479</u>	<u>—</u>	<u>1,763</u>
Intergroup interest in the Braves Group (note 1)	—	—	202	(202)	—
Investments in available-for-sale securities and other cost investments (note 1)	580	8	526	—	1,114
Investments in affiliates, accounted for using the equity method (note 1)	672	145	933	—	1,750
Property and equipment, at cost	2,274	1,150	172	—	3,596
Accumulated depreciation	(927)	(51)	(77)	—	(1,055)
	<u>1,347</u>	<u>1,099</u>	<u>95</u>	<u>—</u>	<u>2,541</u>
<i>Intangible assets not subject to amortization</i>					
Goodwill	14,247	180	3,956	—	18,383
FCC licenses	8,600	—	—	—	8,600
Other	931	143	—	—	1,074
	<u>23,778</u>	<u>323</u>	<u>3,956</u>	<u>—</u>	<u>28,057</u>
<i>Intangible assets subject to amortization, net</i>	972	49	5,110	—	6,131
<i>Other assets.</i>	117	22	501	—	640
Total assets	<u>\$ 28,530</u>	<u>1,866</u>	<u>11,802</u>	<u>(202)</u>	<u>41,996</u>
<i>Liabilities and Equity</i>					
<i>Current liabilities:</i>					
Intergroup payable (receivable) (note 4)	\$ 9	(39)	30	—	—
Accounts payable and accrued liabilities	934	58	258	—	1,250
Current portion of debt (note 1)	755	13	—	—	768
Deferred revenue	1,882	51	8	—	1,941
Other current liabilities	3	8	9	—	20
Total current liabilities	<u>3,583</u>	<u>91</u>	<u>305</u>	<u>—</u>	<u>3,979</u>
Long-term debt (note 1)	6,741	649	5,796	—	13,186
Deferred income tax liabilities (note 3)	1,447	62	(31)	—	1,478
Redeemable intergroup interest (note 1)	—	202	—	(202)	—
Other liabilities	283	435	61	—	779
Total liabilities	<u>12,054</u>	<u>1,439</u>	<u>6,131</u>	<u>(202)</u>	<u>19,422</u>
Equity / Attributed net assets	10,861	413	5,669	—	16,943
Noncontrolling interests in equity of subsidiaries	5,615	14	2	—	5,631
Total liabilities and equity	<u>\$ 28,530</u>	<u>1,866</u>	<u>11,802</u>	<u>(202)</u>	<u>41,996</u>

BALANCE SHEET INFORMATION
December 31, 2016
(unaudited)

	<u>Attributed (note 1)</u>				<u>Consolidated Liberty</u>
	<u>Liberty SiriusXM Group</u>	<u>Braves Group</u>	<u>Formula One Group</u>	<u>Inter-Group Eliminations</u>	
	amounts in millions				
<i>Assets</i>					
Current assets:					
Cash and cash equivalents	\$ 287	107	168	—	562
Trade and other receivables, net	223	15	2	—	240
Other current assets	206	17	5	(1)	227
Total current assets	<u>716</u>	<u>139</u>	<u>175</u>	<u>(1)</u>	<u>1,029</u>
Intergroup interest in the Braves Group (note 1)	—	—	187	(187)	—
Investments in available-for-sale securities and other cost investments (note 1)	—	8	1,301	—	1,309
Investments in affiliates, accounted for using the equity method (note 1)	164	61	892	—	1,117
Property and equipment, at cost	2,079	943	160	—	3,182
Accumulated depreciation	(746)	(13)	(71)	—	(830)
	<u>1,333</u>	<u>930</u>	<u>89</u>	<u>—</u>	<u>2,352</u>
Intangible assets not subject to amortization					
Goodwill	14,165	180	—	—	14,345
FCC licenses	8,600	—	—	—	8,600
Other	930	143	—	—	1,073
	<u>23,695</u>	<u>323</u>	<u>—</u>	<u>—</u>	<u>24,018</u>
Intangible assets subject to amortization, net	998	73	1	—	1,072
Other assets	145	14	350	(29)	480
Total assets	<u>\$ 27,051</u>	<u>1,548</u>	<u>2,995</u>	<u>(217)</u>	<u>31,377</u>
<i>Liabilities and Equity</i>					
Current liabilities:					
Intergroup payable (receivable) (note 4)	\$ 5	(17)	12	—	—
Accounts payable and accrued liabilities	828	141	16	—	985
Current portion of debt (note 1)	5	—	—	—	5
Deferred revenue	1,833	44	—	—	1,877
Other current liabilities	3	—	3	(1)	5
Total current liabilities	<u>2,674</u>	<u>168</u>	<u>31</u>	<u>(1)</u>	<u>2,872</u>
Long-term debt (note 1)	6,102	328	1,583	—	8,013
Deferred income tax liabilities (note 3)	1,967	48	39	(29)	2,025
Redeemable intergroup interest (note 1)	—	187	—	(187)	—
Other liabilities	278	417	56	—	751
Total liabilities	<u>11,021</u>	<u>1,148</u>	<u>1,709</u>	<u>(217)</u>	<u>13,661</u>
Equity / Attributed net assets	10,085	385	1,286	—	11,756
Noncontrolling interests in equity of subsidiaries	5,945	15	—	—	5,960
Total liabilities and equity	<u>\$ 27,051</u>	<u>1,548</u>	<u>2,995</u>	<u>(217)</u>	<u>31,377</u>

STATEMENT OF OPERATIONS INFORMATION
December 31, 2017
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Revenue:				
Subscriber revenue	\$ 4,473	—	—	4,473
Formula 1 revenue	—	—	1,783	1,783
Other revenue	952	386	—	1,338
Total revenue	5,425	386	1,783	7,594
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	1,210	—	—	1,210
Programming and content	388	—	—	388
Customer service and billing	385	—	—	385
Other	119	—	—	119
Cost of Formula 1 revenue	—	—	1,219	1,219
Subscriber acquisition costs	499	—	—	499
Other operating expenses	113	281	—	394
Selling, general and administrative	812	151	199	1,162
Depreciation and amortization	352	67	405	824
	<u>3,878</u>	<u>499</u>	<u>1,823</u>	<u>6,200</u>
Operating income (loss)	1,547	(113)	(40)	1,394
Other income (expense):				
Interest expense	(356)	(15)	(220)	(591)
Share of earnings (losses) of affiliates, net	29	78	(3)	104
Unrealized gain/(loss) on inter-group interest	—	(15)	15	—
Realized and unrealized gains (losses) on financial instruments, net	(16)	—	(72)	(88)
Other, net	(11)	3	16	8
	<u>(354)</u>	<u>51</u>	<u>(264)</u>	<u>(567)</u>
Earnings (loss) before income taxes	1,193	(62)	(304)	827
Income tax (expense) benefit (note 3)	466	36	561	1,063
Net earnings (loss)	1,659	(26)	257	1,890
Less net earnings (loss) attributable to the noncontrolling interests	535	(1)	2	536
Net earnings (loss) attributable to Liberty stockholders	\$ 1,124	(25)	255	1,354

STATEMENT OF OPERATIONS INFORMATION
December 31, 2016
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Revenue:				
Subscriber revenue	\$ 4,194	—	—	4,194
Other revenue	820	262	—	1,082
Total revenue	<u>5,014</u>	<u>262</u>	<u>—</u>	<u>5,276</u>
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	1,109	—	—	1,109
Programming and content	354	—	—	354
Customer service and billing	387	—	—	387
Other	144	—	—	144
Subscriber acquisition costs	513	—	—	513
Other operating expenses	82	224	—	306
Selling, general and administrative	761	67	58	886
Legal settlement, net	—	—	(511)	(511)
Depreciation and amortization	312	32	10	354
	<u>3,662</u>	<u>323</u>	<u>(443)</u>	<u>3,542</u>
Operating income (loss)	1,352	(61)	443	1,734
Other income (expense):				
Interest expense	(342)	(1)	(19)	(362)
Share of earnings (losses) of affiliates, net	13	9	(8)	14
Unrealized gain/(loss) on inter-group interest	—	(27)	27	—
Realized and unrealized gains (losses) on financial instruments, net	—	1	36	37
Other, net	(25)	—	21	(4)
	<u>(354)</u>	<u>(18)</u>	<u>57</u>	<u>(315)</u>
Earnings (loss) before income taxes	998	(79)	500	1,419
Income tax (expense) benefit (note 3)	(341)	17	(171)	(495)
Net earnings (loss)	<u>657</u>	<u>(62)</u>	<u>329</u>	<u>924</u>
Less net earnings (loss) attributable to the noncontrolling interests	244	—	—	244
Net earnings (loss) attributable to Liberty stockholders . . .	<u>\$ 413</u>	<u>(62)</u>	<u>329</u>	<u>680</u>

STATEMENT OF OPERATIONS INFORMATION
December 31, 2015
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Revenue:				
Subscriber revenue	\$ 3,807	—	—	3,807
Other revenue	745	243	—	988
Total revenue	<u>4,552</u>	<u>243</u>	<u>—</u>	<u>4,795</u>
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of subscriber services (exclusive of depreciation shown separately below):				
Revenue share and royalties	1,035	—	—	1,035
Programming and content	267	—	—	267
Customer service and billing	380	—	—	380
Other	141	—	—	141
Subscriber acquisition costs	533	—	—	533
Other operating expenses	73	189	—	262
Selling, general and administrative	728	61	72	861
Depreciation and amortization	322	31	9	362
	<u>3,479</u>	<u>281</u>	<u>81</u>	<u>3,841</u>
Operating income (loss)	1,073	(38)	(81)	954
Other income (expense):				
Interest expense	(307)	(1)	(20)	(328)
Share of earnings (losses) of affiliates, net	(1)	9	(48)	(40)
Realized and unrealized gains (losses) on financial instruments, net	—	—	(140)	(140)
Other, net	—	—	12	12
	<u>(308)</u>	<u>8</u>	<u>(196)</u>	<u>(496)</u>
Earnings (loss) before income taxes	765	(30)	(277)	458
Income tax (expense) benefit (note 3)	(322)	10	102	(210)
Net earnings (loss)	<u>443</u>	<u>(20)</u>	<u>(175)</u>	<u>248</u>
Less net earnings (loss) attributable to the noncontrolling interests	184	—	—	184
Net earnings (loss) attributable to Liberty stockholders	<u>\$ 259</u>	<u>(20)</u>	<u>(175)</u>	<u>64</u>

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2017
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 1,659	(26)	257	1,890
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	352	67	405	824
Stock-based compensation	150	48	32	230
Share of (earnings) loss of affiliates, net	(29)	(78)	3	(104)
Unrealized (gains) losses on intergroup interest, net.	—	15	(15)	—
Realized and unrealized (gains) losses on financial instruments, net.	16	—	72	88
Noncash interest expense	7	3	6	16
Losses (gains) on dilution of investment in affiliate	—	—	(3)	(3)
Loss on early extinguishment of debt	35	5	8	48
Deferred income tax expense (benefit)	(492)	2	(574)	(1,064)
Intergroup tax allocation.	(6)	(39)	45	—
Intergroup tax (payments) receipts	4	15	(19)	—
Other charges (credits), net	(4)	18	(10)	4
Changes in operating assets and liabilities				
Current and other assets	30	(57)	77	50
Payables and other liabilities	127	(15)	(359)	(247)
Net cash provided (used) by operating activities	<u>1,849</u>	<u>(42)</u>	<u>(75)</u>	<u>1,732</u>
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	5	16	21
Net cash paid for the acquisition of Formula 1	—	—	(1,647)	(1,647)
Investments in and loans to cost and equity investees.	(851)	(2)	(9)	(862)
Capital expended for property and equipment	(288)	(219)	(10)	(517)
Other investing activities, net	(115)	(5)	(12)	(132)
Net cash provided (used) by investing activities	<u>(1,254)</u>	<u>(221)</u>	<u>(1,662)</u>	<u>(3,137)</u>
Cash flows from financing activities:				
Borrowings of debt.	4,553	544	1,600	6,697
Repayments of debt	(3,216)	(218)	(1,673)	(5,107)
Proceeds from issuance of Series C Liberty Formula One common stock	—	—	1,938	1,938
Shares repurchased by subsidiary	(1,409)	—	—	(1,409)
Cash dividends paid by subsidiary.	(60)	—	—	(60)
Taxes paid in lieu of shares issued for stock-based compensation.	(100)	(30)	(5)	(135)
Other financing activities, net	(35)	(8)	(13)	(56)
Net cash provided (used) by financing activities	<u>(267)</u>	<u>288</u>	<u>1,847</u>	<u>1,868</u>
Effect of foreign exchange rates on cash and cash equivalents	—	—	4	4
Net increase (decrease) in cash and cash equivalents	328	25	114	467
Cash and cash equivalents at beginning of period	287	107	168	562
Cash and cash equivalents at end of period	<u>\$ 615</u>	<u>132</u>	<u>282</u>	<u>1,029</u>

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2016
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 657	(62)	329	924
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	312	32	10	354
Stock-based compensation	128	9	13	150
Share of (earnings) loss of affiliates, net	(13)	(9)	8	(14)
Unrealized (gains) losses on intergroup interest, net	—	27	(27)	—
Realized and unrealized (gains) losses on financial instruments, net	—	(1)	(36)	(37)
Noncash interest expense	6	5	—	11
Loss on early extinguishment of debt	24	—	—	24
Deferred income tax expense (benefit)	332	1	94	427
Intergroup tax allocation	(13)	(19)	32	—
Intergroup tax (payments) receipts	7	7	(14)	—
Other charges (credits), net	21	11	(2)	30
Changes in operating assets and liabilities				
Current and other assets	59	(17)	(17)	25
Payables and other liabilities	184	105	(12)	277
Net cash provided (used) by operating activities	<u>1,704</u>	<u>89</u>	<u>378</u>	<u>2,171</u>
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	—	62	62
Proceeds (payments) from settlement of financial instruments, net	—	—	(1)	(1)
Investments in and loans to cost and equity investees	—	(20)	(764)	(784)
Repayment of loans and other cash receipts from cost and equity investees	—	—	48	48
Capital expended for property and equipment	(206)	(360)	(2)	(568)
Purchases of short term investments and other marketable securities	—	—	(258)	(258)
Sales of short term investments and other marketable securities	—	—	273	273
Other investing activities, net	(4)	(33)	1	(36)
Net cash provided (used) by investing activities	<u>(210)</u>	<u>(413)</u>	<u>(641)</u>	<u>(1,264)</u>
Cash flows from financing activities:				
Borrowings of debt	1,847	460	438	2,745
Repayments of debt	(1,471)	(276)	(2)	(1,749)
Intergroup (payments) receipts	58	16	(74)	—
Shares repurchased by subsidiary	(1,674)	—	—	(1,674)
Braves Rights Offering	—	203	—	203
Cash dividends paid by subsidiary	(16)	—	—	(16)
Taxes paid in lieu of shares issued for stock-based compensation	(47)	—	(11)	(58)
Other financing activities, net	(16)	15	4	3
Net cash provided (used) by financing activities	<u>(1,319)</u>	<u>418</u>	<u>355</u>	<u>(546)</u>
Net increase (decrease) in cash and cash equivalents	175	94	92	361
Cash and cash equivalents at beginning of period	112	13	76	201
Cash and cash equivalents at end of period	<u>\$ 287</u>	<u>107</u>	<u>168</u>	<u>562</u>

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2015
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 443	(20)	(175)	248
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	322	31	9	362
Stock-based compensation	157	10	37	204
Share of (earnings) loss of affiliates, net	1	(9)	48	40
Realized and unrealized (gains) losses on financial instruments, net	—	—	140	140
Noncash interest expense	6	—	—	6
Losses (gains) on dilution of investments in affiliate	—	—	1	1
Deferred income tax expense (benefit)	290	(6)	(109)	175
Intergroup tax allocation	(4)	(4)	8	—
Intergroup tax (payments) receipts	—	1	(1)	—
Other charges (credits), net	15	—	4	19
Changes in operating assets and liabilities				
Current and other assets	(220)	9	3	(208)
Payables and other liabilities	212	33	—	245
Net cash provided (used) by operating activities	<u>1,222</u>	<u>45</u>	<u>(35)</u>	<u>1,232</u>
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	24	151	175
Proceeds (payments) from settlement of financial instruments, net	—	—	(322)	(322)
Investments in and loans to cost and equity investments	—	—	(19)	(19)
Capital expended for property and equipment	(135)	(128)	(33)	(296)
Purchases of short term investments and other marketable securities	—	—	(174)	(174)
Sales of short term investments and other marketable securities	—	—	358	358
Other investing activities, net	—	(9)	1	(8)
Net cash provided (used) by investing activities	<u>(135)</u>	<u>(113)</u>	<u>(38)</u>	<u>(286)</u>
Cash flows from financing activities:				
Borrowings of debt	1,978	197	38	2,213
Repayments of debt	(1,038)	(158)	—	(1,196)
Intergroup (payments) receipts	9	31	(40)	—
Repurchases of Liberty common stock	—	—	(350)	(350)
Shares repurchased by subsidiary	(2,018)	—	—	(2,018)
Taxes paid in lieu of shares issued for stock-based compensation	(54)	—	(26)	(80)
Other financing activities, net	—	—	5	5
Net cash provided (used) by financing activities	<u>(1,123)</u>	<u>70</u>	<u>(373)</u>	<u>(1,426)</u>
Net increase (decrease) in cash and cash equivalents	(36)	2	(446)	(480)
Cash and cash equivalents at beginning of period	148	11	522	681
Cash and cash equivalents at end of period	<u>\$ 112</u>	<u>13</u>	<u>76</u>	<u>201</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

- (1) As discussed above and in note 2 the accompanying consolidated financial statements, on April 15, 2016 Liberty completed a recapitalization of Liberty Media Corporation's ("Liberty" or the "Company") common stock into three new tracking stock groups, one designated as the Liberty Braves common stock, one designated as the Liberty Media common stock and one designated as the Liberty SiriusXM common stock (the "Recapitalization"). Upon completion of the Second Closing of the acquisition of Formula 1 on January 23, 2017, as discussed below, the Liberty Media Group was renamed the Liberty Formula One Group (the "Formula One Group").

A 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. While the Liberty SiriusXM Group, Braves Group and Formula One Group have separate collections of businesses, assets and liabilities attributed to them, no group is a separate legal entity and therefore cannot own assets, issue securities or enter into legally binding agreements. Therefore, the Liberty SiriusXM Group, Braves Group and Formula One Group do not represent separate legal entities, but rather represent those businesses, assets and liabilities that have been attributed to each respective group. Holders of tracking stock have no direct claim to the group's stock or assets and therefore, do not own, by virtue of their ownership of a Liberty tracking stock, any equity or voting interest in a company, such as Sirius XM Holdings Inc. ("SIRIUS XM"), Formula 1 or Live Nation Entertainment, Inc. ("Live Nation"), in which Liberty holds an interest and that is attributed to a Liberty tracking stock group, such as the Liberty SiriusXM Group or the Formula One Group. Holders of tracking stock are also not represented by separate boards of directors. Instead, holders of tracking stock are stockholders of the parent corporation, with a single board of directors and subject to all of the risks and liabilities of the parent corporation.

The Liberty SiriusXM Group is comprised of our consolidated subsidiary, SIRIUS XM, corporate cash and its margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of December 31, 2017, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$615 million, which includes \$69 million of subsidiary cash.

The Braves Group is comprised of our consolidated subsidiary, Braves Holdings, LLC ("Braves Holdings"), which indirectly owns the Atlanta Braves Major League Baseball Club ("ANLBC") and certain assets and liabilities associated with ANLBC's stadium and mixed use development project (the "Development Project") and cash. Also upon the Recapitalization, Liberty had attributed to the Braves Group all liabilities arising under a note obligation from Braves Holdings to Liberty, with a total borrowing capacity of up to \$165 million by Braves Holdings (the "Intergroup Note") relating to funds borrowed and used for investment in the Development Project. \$150 million was outstanding under the Intergroup Note which was repaid during June 2016 using proceeds from the subscription rights offering (as described in more detail below), and the Intergroup Note agreement was cancelled. The remaining proceeds from the rights offering were attributed to the Braves Group. As of December 31, 2017, the Braves Group has cash and cash equivalents of approximately \$132 million, which includes \$55 million of subsidiary cash. Additionally, as discussed below, the Formula One Group retains an intergroup interest in the Braves Group.

The Formula One Group is comprised of all of the businesses, assets and liabilities of Liberty other than those specifically attributed to the Liberty SiriusXM Group or the Braves Group, including, as of December 31, 2017, Liberty's interests in Formula 1 and Live Nation, a minority equity investment in Time Warner Inc. ("Time Warner"), the Intergroup Note, the recovery received in connection with the Vivendi lawsuit, cash, an intergroup interest in the Braves Group as well as Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046. As discussed in more detail in note 2, on September 7, 2016 Liberty, through its indirect wholly owned subsidiary Liberty GR Cayman Acquisition Company, entered into two definitive stock purchase agreements relating to the acquisition of Delta Topco Limited ("Delta Topco"), the parent company of Formula 1, a global motorsports business. The transactions contemplated by the first purchase agreement were completed on September 7, 2016 and provided for the acquisition of slightly less than a 20% minority stake in Formula 1 on an undiluted basis. On October 27, 2016 under the terms of the first purchase agreement, Liberty acquired an additional incremental equity interest of Delta Topco, maintaining Liberty's investment in Delta Topco on an undiluted basis and increasing slightly to 19.1% on a fully diluted basis. Liberty's interest in Delta Topco and by extension Formula 1 is attributed to the Formula One Group. Liberty acquired 100% of the fully diluted equity interests of Delta Topco, other than a nominal number of

Notes to Attributed Financial Information (Continued)
(unaudited)

shares held by certain Formula 1 teams, in a closing under the second purchase agreement (and following the unwind of the first purchase agreement) on January 23, 2017 (the “Second Closing”). Liberty’s acquired interest in Formula 1, along with existing Formula 1 cash and debt (which is non-recourse to Liberty), was attributed to the Formula One Group upon completion of the Second Closing. As of December 31, 2017, the Formula One Group has cash and cash equivalents of approximately \$282 million, which includes \$165 million of subsidiary cash.

Following the creation of the new tracking stocks, Liberty distributed to holders of its Liberty Braves common stock subscription rights to acquire shares of Series C Liberty Braves common stock to raise capital to repay the Intergroup Note and for working capital purposes. In the rights distribution, Liberty distributed 0.47 of a Series C Liberty Braves subscription right for each share of Series A, Series B or Series C Liberty Braves common stock held as of 5:00 p.m., New York City time, on May 16, 2016. Fractional Series C Liberty Braves subscription rights were rounded up to the nearest whole right. Each whole Series C Liberty Braves subscription right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of Liberty’s Series C Liberty Braves common stock at a subscription price of \$12.80, which was equal to an approximate 20% discount to the trading day volume weighted average trading price of Liberty’s Series C Liberty Braves common stock for the 18-day trading period ending on May 11, 2016. Each Series C Liberty Braves subscription right also entitled the holder to subscribe for additional shares of Series C Liberty Braves common stock that were unsubscribed for in the rights offering pursuant to an oversubscription privilege. The rights offering commenced on May 18, 2016, which was also the ex-dividend date for the distribution of the Series C Liberty Braves subscription rights. The rights offering expired at 5:00 p.m. New York City time, on June 16, 2016 and was fully subscribed with 15,833,634 shares of Series C Liberty Braves common stock issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. Approximately \$150 million of the proceeds from the rights offering were used to repay the amount outstanding on the Intergroup Note and accrued interest to Liberty. The remaining proceeds will be used for future development costs attributed to the Braves Group. In September 2016, the Internal Revenue Service completed its review of the distribution of the Series C Liberty Braves rights offering and notified Liberty that it agreed with the nontaxable characterization of the distribution.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of the rights offering, the number of notional shares underlying the intergroup interest was adjusted to 9,084,940, representing a 15.1% intergroup interest in the Braves Group as of December 31, 2017. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Formula One Group has an attributed value in the Braves Group which is generally stated in terms of a number of shares of stock issuable to the Formula One Group with respect to its interest in the Braves Group. Each reporting period, the notional shares representing the intergroup interest are marked to fair value. The change in fair value is recorded in the Unrealized gain (loss) on intergroup interest line item in the unaudited attributed consolidated statements of operations. The Formula One Group’s intergroup interest is reflected in the Investment in intergroup interest line item, and the Braves Group liability for the intergroup interest is reflected in the Redeemable intergroup interest line item in the unaudited attributed consolidated balance sheets. Both accounts are presented as noncurrent, as there are currently no plans for the settlement of the intergroup interest. Appropriate eliminating entries are recorded in the Company’s consolidated financial statements.

As the notional shares underlying the intergroup interest are not represented by outstanding shares of common stock, such shares have not been officially designated Series A, B or C Liberty Braves common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series C Liberty Braves common stock in order to not dilute voting percentages. Therefore, the market price of Series C Liberty Braves common stock is used for the quarterly mark-to-market adjustment through the unaudited attributed consolidated statements of operations.

The intergroup interest will remain outstanding until the redemption of the outstanding interest, at the discretion of the Company’s board of directors, through transfer of securities, cash and/or other assets from the Braves Group to the Formula One Group.

Notes to Attributed Financial Information (Continued)
(unaudited)

For information relating to investments in available for sale securities and other cost investments, investments in affiliates accounted for using the equity method and debt, see notes 7, 8 and 10, respectively, of the accompanying consolidated financial statements.

- (2) Cash compensation expense for our corporate employees is allocated among the Liberty SiriusXM Group, Braves Group and the Formula One Group based on the estimated percentage of time spent providing services for each group. On an annual basis estimated time spent will be determined through an interview process and a review of personnel duties unless transactions significantly change the composition of companies and investments in either respective group which would require a timelier reevaluation of estimated time spent. Other general and administrative expenses are charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Following the Recapitalization, stock compensation related to each tracking stock is calculated based on actual awards outstanding.

While we believe that this allocation method is reasonable and fair to each group, we may elect to change the allocation methodology or percentages used to allocate general and administrative expenses in the future.

- (3) We have accounted for income taxes for the Liberty SiriusXM Group, the Braves Group and the Formula One Group in the accompanying attributed financial information in a manner similar to a stand-alone company basis. To the extent this methodology differs from our tax sharing policy, differences have been reflected in the attributed net assets of the respective groups.

Liberty SiriusXM Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Current:			
Federal	\$ 4	12	(13)
State and local	(30)	(21)	(18)
Foreign	—	—	(1)
	(26)	(9)	(32)
Deferred:			
Federal	511	(302)	(252)
State and local	(19)	(30)	(38)
Foreign	—	—	—
	492	(332)	(290)
Income tax benefit (expense) . . .	\$ 466	(341)	(322)

Notes to Attributed Financial Information (Continued)
(unaudited)

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,		
	2017	2016	2015
	amounts in millions		
Computed expected tax benefit (expense)	\$ (418)	(349)	(268)
State and local income taxes, net of federal income taxes	(40)	(37)	(6)
Dividends received deductions	36	9	—
Taxable dividends not recognized for book purposes	(45)	(11)	—
Federal tax credits	22	67	—
Change in valuation allowance affecting tax expense	(4)	1	(44)
Change in tax rate due to Tax Act	888	—	—
Other, net	27	(21)	(4)
Income tax benefit (expense)	<u>\$ 466</u>	<u>(341)</u>	<u>(322)</u>

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,	
	2017	2016
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards and tax credits	\$ 689	1,379
Accrued stock compensation	78	122
Other accrued liabilities	52	72
Deferred revenue	500	761
Other future deductible amounts	10	13
Deferred tax assets	<u>1,329</u>	<u>2,347</u>
Valuation allowance	(53)	(48)
Net deferred tax assets	<u>1,276</u>	<u>2,299</u>
Deferred tax liabilities:		
Investments	23	15
Fixed assets	198	319
Intangible assets	2,494	3,893
Discount on debt	8	10
Deferred tax liabilities	<u>2,723</u>	<u>4,237</u>
Net deferred tax liabilities	<u>\$ 1,447</u>	<u>1,938</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

Braves Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Current:			
Federal	\$ 36	18	4
State and local	2	—	—
Foreign	—	—	—
	<u>38</u>	<u>18</u>	<u>4</u>
Deferred:			
Federal	3	(1)	5
State and local	(5)	—	1
Foreign	—	—	—
	<u>(2)</u>	<u>(1)</u>	<u>6</u>
Income tax benefit (expense) . . .	<u>\$ 36</u>	<u>17</u>	<u>10</u>

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,		
	2017	2016	2015
	amounts in millions		
Computed expected tax benefit (expense)	\$ 22	27	11
State and local income taxes, net of federal income taxes	3	2	1
Change in valuation allowance affecting tax expense . . .	(6)	(2)	—
Change in tax rate due to Tax Act	25	—	—
Other, net	(8)	(10)	(2)
Income tax benefit (expense)	<u>\$ 36</u>	<u>17</u>	<u>10</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

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,	
	2017	2016
	amounts in millions	
Deferred tax assets:		
Net operating loss carryforwards	\$ 8	2
Accrued stock compensation	2	2
Other accrued liabilities	114	16
Other future deductible amounts	13	8
Deferred tax assets	137	28
Valuation allowance	(8)	(2)
Net deferred tax assets	129	26
Deferred tax liabilities:		
Investments	19	1
Fixed assets	126	2
Intangible assets	46	71
Deferred tax liabilities	191	74
Net deferred tax liabilities	\$ 62	48

Liberty Formula One Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2017	2016	2015
	amounts in millions		
Current:			
Federal	\$ (2)	(69)	(8)
State and local	(2)	(8)	1
Foreign	(9)	—	—
	(13)	(77)	(7)
Deferred:			
Federal	64	(85)	102
State and local	3	(9)	7
Foreign	507	—	—
	574	(94)	109
Income tax benefit (expense)	\$ 561	(171)	102

Notes to Attributed Financial Information (Continued)
(unaudited)

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,		
	2017	2016	2015
	amounts in millions		
Computed expected tax benefit (expense)	\$ 107	(175)	97
State and local income taxes, net of federal income taxes	—	(11)	4
Foreign income taxes, net of federal income taxes	88	—	—
Dividends received deductions	2	2	2
Change in valuation allowance affecting tax expense	222	—	—
Change in tax rate due to Tax Act	16	—	—
Settlements with tax authorities	253	—	—
Income tax reserves	(22)	—	—
Non-deductible / Non-taxable interest	(60)	—	—
Write-off of tax attributes	(42)	—	—
Other, net	(3)	13	(1)
Income tax benefit (expense)	<u>\$ 561</u>	<u>(171)</u>	<u>102</u>

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,	
	2017	2016
	amounts in millions	
Deferred tax assets:		
Net operating and capital loss carryforwards	\$ 320	—
Accrued stock compensation	8	12
Other accrued liabilities	9	14
Deferred revenue	2	—
Discount on debt	34	7
Other future deductible amounts	1	3
Deferred tax assets	<u>374</u>	<u>36</u>
Valuation allowance	(51)	—
Net deferred tax assets	<u>323</u>	<u>36</u>
Deferred tax liabilities:		
Investments	68	65
Fixed assets	2	9
Intangible Assets	220	—
Other	2	1
Deferred tax liabilities	<u>292</u>	<u>75</u>
Net deferred tax (assets) liabilities	<u>\$ (31)</u>	<u>39</u>

- (4) In addition to the Intergroup Note between the Braves Group and the Formula One Group as discussed in note 1, there is an intergroup arrangement regarding the securities held by the Formula One Group pledged as collateral pursuant to a loan at the Braves Group.

Notes to Attributed Financial Information (Continued)
(unaudited)

As discussed in note 10 of the accompanying consolidated financial statements, 464 thousand Time Warner shares were pledged as collateral to the mixed use facilities as of December 31, 2017. The fair value of the

shares pledged as of December 31, 2017 was \$42 million. Shares of Time Warner are held by the Formula One Group. Following the Recapitalization, the Company's board of directors approved an amount payable by the Braves Group to pay the Formula One Group in order to reflect the credit support provided by the assets of the Formula One Group used as collateral for the credit facility obligations of the Braves Group. The amount of this obligation is determined and paid quarterly in arrears, based on the average share price of Time Warner common stock each period. This inter-group arrangement is recorded through the Intergroup payable (receivable) line item in the consolidated attributed balance sheets and through the Interest expense line item in the consolidated attributed statements of operations and eliminated in consolidation. The total amount payable is expected to be less than \$1 million each annual period.

The intergroup balances as December 31, 2017 and December 31, 2016 also include the impact of the timing of certain tax benefits. Per the tracking stock tax sharing policies, consolidated income taxes arising from the Liberty SiriusXM Group in periods prior to the Recapitalization were not subject to tax sharing and were allocated to the Formula One Group. As such, the balance of the Intergroup tax payable between the Liberty SiriusXM Group and the Formula One Group was zero at the effective date of the Recapitalization and is accounted for going forward beginning on such date.

- (5) The Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock have voting and conversion rights under our restated charter. Following is a summary of those rights. Holders of Series A common stock of each group will be entitled to one vote per share, and holders of Series B common stock of each group will be entitled to ten votes per share. Holders of Series C common stock of each group will be entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock will vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of only Series A and Series B Liberty SiriusXM common stock, Series A and Series B Liberty Braves common stock, or the approval of the holders of only Series A and Series B Liberty Formula One common stock.

At the option of the holder, each share of Series B common stock of each group will be convertible into one share of Series A common stock of the same group. At the discretion of our board, the common stock related to one group may be converted into common stock of the same series that is related to another other group.

BOARD OF DIRECTORS

John C. Malone
Chairman of the Board
Liberty Media Corporation

Robert R. Bennett
Managing Director
Hilltop Investments LLC

Brian M. Deevy
Retired Head of Communications,
Media & Entertainment Group
RBC Capital Markets

M. Ian G. Gilchrist
Retired Investment Banker

Gregory B. Maffei
President and Chief Executive Officer
Liberty Media Corporation

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

David E. Rapley
Retired President and
Chief Executive Officer
Rapley Consulting, Inc.

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

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

EXECUTIVE COMMITTEE

Robert R. Bennett

Gregory B. Maffei

John C. Malone

COMPENSATION COMMITTEE

M. Ian G. Gilchrist (Chairman)

David E. Rapley

Andrea L. Wong

AUDIT COMMITTEE

Brian M. Deevy (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

John C. Malone
Chairman of the Board

Gregory B. Maffei
President and Chief Executive Officer

Richard N. Baer
Chief Legal Officer

Mark D. Carleton
Chief Financial Officer

Albert E. Rosenthaler
Chief Corporate Development Officer

CORPORATE SECRETARY

Pamela L. Coe

CORPORATE HEADQUARTERS

12300 Liberty Boulevard
Englewood, CO 80112
(720) 875-5400

STOCK INFORMATION

Series A and C Liberty Braves Common Stock (BATRA/K), Series A and C Liberty Formula One Common Stock (FWONA/K), and Series A, B and C Liberty SiriusXM Common Stock (LSXMA/B/K) trade on the NASDAQ Global Select Market.

Series B Liberty Braves Common Stock (BATR) and Series B Liberty Formula One Common Stock (FWONB) are quoted on the OTC Markets.

CUSIP NUMBERS

BATRA – 531229 706

BATRB – 531229 805

BATRK – 531229 888

FWONA – 531229 870

FWONB – 531229 862

FWONK – 531229 854

LSXMA – 531229 409

LSXMB – 531229 508

LSXMK – 531229 607

TRANSFER AGENT

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Shareholder Services**

c/o Computershare

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Louisville, KY 40233-5000

Phone: (781) 575-2879

Toll free: (866) 367-6355

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Telecommunication Device for the Deaf
(TDD) (800) 952-9245

INVESTOR RELATIONS

Courtnee Chun

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(877) 772-1518

ON THE INTERNET

Visit the Liberty Media Corporation website at www.libertymedia.com.

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 the Liberty Media Corporation website.



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