

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549**

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 001-35707

LIBERTY MEDIA CORPORATION

(Exact name of Registrant as specified in its charter)

State of Delaware
(State or other jurisdiction of
incorporation or organization)

12300 Liberty Boulevard
Englewood, Colorado
(Address of principal executive offices)

37-1699499
(I.R.S. Employer
Identification No.)

80112
(Zip Code)

Registrant's telephone number, including area code: (720) 875-5400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Series A Liberty SiriusXM Common Stock, par value \$.01 per share	LXMA	The Nasdaq Stock Market LLC
Series B Liberty SiriusXM Common Stock, par value \$.01 per share	LXMB	The Nasdaq Stock Market LLC
Series C Liberty SiriusXM Common Stock, par value \$.01 per share	LXMK	The Nasdaq Stock Market LLC
Series A Liberty Braves Common Stock, par value \$.01 per share	BATRA	The Nasdaq Stock Market LLC
Series C Liberty Braves Common Stock, par value \$.01 per share	BATRK	The Nasdaq Stock Market LLC
Series A Liberty Formula One Common Stock, par value \$.01 per share	FWONA	The Nasdaq Stock Market LLC
Series C Liberty Formula One Common Stock, par value \$.01 per share	FWONK	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common stock held by non affiliates of Liberty Media Corporation computed by reference to the last sales price of such stock, as of the closing of trading on June 28, 2019, was approximately \$20.3 billion.

The number of outstanding shares of Liberty Media Corporation's common stock as of January 31, 2020 was:

	Series A	Series B	Series C
Liberty SiriusXM common stock	102,457,233	9,808,232	203,057,450
Liberty Braves common stock	10,312,675	981,824	39,898,713
Liberty Formula One common stock	25,834,426	2,448,141	203,371,301

Documents Incorporated by Reference

The Registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders is hereby incorporated by reference into Part III of this Annual Report on Form 10-K.

LIBERTY MEDIA CORPORATION
2019 ANNUAL REPORT ON FORM 10-K

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PART I.

Item 1. Business.

General Development of Business

Liberty Media Corporation (“Liberty”, the “Company”, “we”, “us” and “our”) owns interests in subsidiaries and other companies which are engaged in the global media and entertainment industries. Our principal businesses and assets include our consolidated subsidiaries Sirius XM Holdings (defined below), Formula 1, Braves Holdings, LLC (“Braves Holdings”) and our equity affiliate Live Nation Entertainment, Inc. (“Live Nation”).

As of January 18, 2013, the Company and its subsidiaries held more than 50% of the capital stock of Sirius XM Radio, Inc. (now known as Sirius XM Holdings Inc., “Sirius XM Holdings”) entitled to vote. Therefore, Liberty began consolidating Sirius XM Holdings in the first quarter of 2013. On February 1, 2019, Sirius XM Holdings issued shares of Sirius XM Holdings common stock in conjunction with its acquisition of Pandora Media, Inc., which continues to operate as Pandora Media, LLC (“Pandora”). Sirius XM Holdings, since the date of our investment, has repurchased approximately 3.0 billion Sirius XM Holdings shares for approximately \$12.8 billion. As of December 31, 2019, we owned approximately 72% of the outstanding equity interest in Sirius XM Holdings.

On November 4, 2014, Liberty completed the spin-off to its stockholders of common stock of a newly formed company called Liberty Broadband Corporation (“Liberty Broadband”) (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 Communications, Inc., (ii) Liberty’s former subsidiary TruePosition, Inc., (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) indebtedness, pursuant to margin loans, entered into prior to the completion of the Broadband Spin-Off. In September 2015, Liberty entered into a closing agreement with the Internal Revenue Service (“IRS”) which provided that the Broadband Spin-Off qualified for tax-free treatment.

During November 2015, Liberty’s 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 April 18, 2016. In May 2016, the IRS completed its review of the Recapitalization and notified Liberty that it agreed with the nontaxable characterization of the transaction.

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 (as defined below), 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 trade on the Nasdaq Global Select Market and the Series B Liberty Formula One common stock is quoted on the OTC Markets. Although the Second Closing (as defined below), 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.

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 an intergroup note and for working capital purposes. 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 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. 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.

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. 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 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. 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 (the “Second Closing”). Liberty’s interest in Delta Topco and by extension, in Formula 1, along with existing Formula 1 cash and debt (which are non-recourse to Liberty), are 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 company, such as Sirius XM Holdings, 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 a tracking stock are also not represented by separate boards of directors. Instead, holders of a 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 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’s subsidiary Sirius XM Holdings, corporate cash, Liberty’s 2.125% Exchangeable Senior Debentures due 2048, Liberty’s 2.75% Exchangeable Senior Debentures due 2049 and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. Sirius XM Holdings is the only operating subsidiary attributed to the Liberty SiriusXM Group. In the event Sirius XM Holdings 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. On February 1, 2019, Sirius XM Holdings acquired Pandora. See note 5 to the accompanying consolidated financial statements for more information regarding the acquisition of Pandora. The Formula One Group holds an intergroup interest in the Liberty SiriusXM Group.

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: its subsidiary, Braves Holdings, which indirectly owns the Atlanta Braves Major League Baseball Club (“ANLBC,” the “Atlanta Braves,” the “Braves,” the “club,” or the “team”) and certain assets and liabilities associated with ANLBC’s stadium and mixed use development project (the “Development Project”) and cash. The Formula One Group holds an intergroup interest in the Braves Group.

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 which include 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, cash, intergroup interests in the Liberty SiriusXM Group and the Braves Group, Liberty’s 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty’s 1% Cash Convertible Notes due 2023, Liberty’s 2.25% Exchangeable Senior Debentures due 2046 and Liberty’s 2.25% Exchangeable Senior Debentures due 2048. 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, 2019. In addition, during the fourth quarter of 2019, the Formula One Group began purchasing shares of Liberty SiriusXM common stock. As of December 31, 2019, the number of notional shares representing the intergroup interest held by the Formula One Group was 493,278, representing a 0.2% intergroup interest in the Liberty SiriusXM Group. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group has attributed interests in the Braves Group and the Liberty SiriusXM Group which are generally stated in terms of a number of shares of Series C Liberty Braves common stock and Series C Liberty SiriusXM common stock, respectively, issuable to the Formula One Group with respect to its interests in the Braves Group and Liberty SiriusXM Group, respectively. The intergroup interests may be settled, at the discretion of the board of directors, through the transfer of newly issued shares of Liberty Braves common stock and Liberty SiriusXM common stock, respectively, cash and/or other assets to the Formula One Group. The intergroup interests will remain outstanding until the cancellation of the outstanding interests, at the discretion of the Company’s board of directors, through transfer of securities, cash and/or other assets from the Braves Group or the Liberty SiriusXM Group, respectively, to the Formula One Group.

* * * * *

Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding business, product and marketing plans, strategies and initiatives; new service offerings; renewal of licenses and authorizations; revenue growth and subscriber trends at Sirius XM Holdings; the recoverability of goodwill and other long-lived assets; the performance of our equity affiliates; projected sources and uses of cash; the payment of dividends by Sirius XM Holdings; the anticipated non-material impact of certain contingent liabilities related to legal and tax proceedings; and other matters arising in the ordinary course of business. In particular, statements under Item 1. “Business,” Item 1A. “Risk Factors,” Item 2. “Properties,” Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 7A. “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 Holdings' satellites, could negatively impact our results and brand;
- royalties for music rights have increased and may continue to do so in the future;
- the integration of Pandora by Sirius XM Holdings and the impact of the acquisition on Sirius XM Holdings' expected results of operations and financial condition;
- 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 ("FCC") 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;
- consumer spending levels, including the availability and amount of individual consumer debt;
- rapid technological changes;
- impairments of third-party intellectual property rights;
- our indebtedness and its impact on the ability of our subsidiaries to react to changes in the economy or our industry;
- our businesses' ability to protect the security of personal information about their customers;
- 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 the factors described in Item 1A, "Risk Factors" and other cautionary statements contained in this Annual Report. 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 Securities and Exchange Commission (the "SEC") in accordance with the Securities Exchange Act of 1934, as amended. Information 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.

Narrative Description of Business

The following table identifies our more significant subsidiaries and minority investments.

Consolidated Subsidiaries

Sirius XM Holdings Inc. (Nasdaq:SIRI)

Formula 1

Braves Holdings, LLC

Equity Method Investments

Live Nation Entertainment, Inc. (NYSE:LYV)

Sirius XM Holdings

Sirius XM Holdings operates two complementary audio entertainment businesses, Sirius XM and Pandora.

Sirius XM

Sirius XM features music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis. The Sirius XM service is distributed through its two proprietary satellite radio systems and streamed via applications for mobile devices, home devices and other consumer electronic equipment. Satellite radios are primarily distributed through automakers, retailers and its website. The Sirius XM service is also available through a user interface called “360L,” that combines Sirius XM’s satellite and streaming services into a single, cohesive in-vehicle entertainment experience.

Sirius XM’s primary source of revenue is subscription fees, with most of its customers subscribing to monthly, quarterly, semi-annual or annual plans. Sirius XM also derives revenue from advertising on select non-music channels, direct sales of Sirius XM’s satellite radios and accessories, and other ancillary services. As of December 31, 2019, Sirius XM had approximately 35 million subscribers.

In addition to Sirius XM’s audio entertainment businesses, it provides connected vehicle services to several automakers and directly to consumers through aftermarket devices. These services are designed to enhance the safety, security and driving experience of consumers. Sirius XM also offers a suite of data services that includes graphical weather, fuel prices, sports schedules and scores and movie listings, a traffic information service that includes information as to road closings, traffic flow and incident data to consumers with compatible in-vehicle navigation systems, and real-time weather services in vehicles, boats and planes.

Sirius XM also holds a 70% equity interest and 33% voting interest in Sirius XM Canada Holdings Inc. (“Sirius XM Canada”).

Pandora

Pandora operates a music, comedy and podcast streaming discovery platform, offering a personalized experience for each listener wherever and whenever they want to listen, whether through mobile devices, car speakers or connected devices. Pandora enables listeners to create personalized stations and playlists, discover new content, hear artist- and expert-curated playlists, podcasts and select Sirius XM content as well as search and play songs and albums on-demand. Pandora is available as an ad-supported radio service, a radio subscription service, called Pandora Plus, and an on-demand subscription service, called Pandora Premium. As of December 31, 2019, Pandora had approximately 6.2 million subscribers.

The majority of Pandora’s listener hours occur on mobile devices, with the majority of its revenue generated from advertising on its ad-supported radio service on these devices. With billions of data points that help it understand users’ preferences, Pandora offers both local and national advertisers the opportunity to deliver targeted messages to listeners using a combination of audio, display and video advertisements. In addition, through AdsWizz Inc. (“AdsWizz”), a

Pandora subsidiary, Pandora provides a comprehensive digital audio advertising technology platform, which connects audio publishers and advertisers. As of December 31, 2019, Pandora had approximately 63.5 million monthly active users.

The Sirius XM Business

Programming. Sirius XM offers a dynamic programming lineup of commercial-free music plus sports, entertainment, comedy, talk, and news, including:

- an extensive selection of music genres, ranging from rock, pop and hip-hop to country, dance, jazz, Latin and classical;
- live play-by-play sports from major leagues and colleges;
- a multitude of talk and entertainment channels for a variety of audiences;
- a wide range of national, international and financial news; and
- exclusive limited run channels.

Sirius XM believes that its diverse programming, including its lineup of exclusive content, is a significant differentiator from terrestrial radio and other audio entertainment providers. Sirius XM makes changes to its programming lineup from time to time as it strives to attract new subscribers and offer content which appeals to a broad range of audiences and to existing subscribers. The channel line-ups for its services are available at siriusxm.com.

Streaming Service. Sirius XM's streaming service includes a variety of music and non-music channels and podcasts as well as channels that are not available on its satellite radio service. Sirius XM offers applications to allow consumers to access its streaming service on smartphones, tablets, computers, home devices and other consumer electronic equipment.

Sirius XM's streaming product currently features: the broad range of music, sports, talk, news and entertainment channels available on satellite radio; access to over 100 additional music channels, which it refers to as Xtra Music Channels; and a rich offering of video content, including video from The Howard Stern Show and memorable performances and interviews from Sirius XM's archives, including in-studio performances and behind-the-scenes moments with artists, personalities and newsmakers. SiriusXM On Demand offers its streaming subscribers the ability to choose their favorite episodes from a catalog of content whenever they want as well as select material from a growing library of podcasts Sirius XM is assembling.

Sirius XM's streaming service is included as part of the price of Sirius XM's Select and All Access packages. The Personalized Stations Powered by Pandora, which allows subscribers to create their own customized commercial-free music station within the Sirius XM app, feature is offered to consumers as part of the price of Sirius XM's All Access package. Sirius XM also offers its streaming service in several standalone packages, which do not include a satellite radio subscription. These packages, which include the Premier Streaming Plan, Essentials Plan, Student Plan and Military Plan, are available to consumers at various prices and include a variety of content.

In 2019, Sirius XM also entered into agreements to increase the distribution and ease of use of its streaming service, including through connected devices and smart speakers. Sirius XM entered into a marketing agreement with Amazon to distribute their Echo smart speakers with Sirius XM's streaming service. Sirius XM entered into an agreement with Google to distribute the Google Home Hub with a subscription to Sirius XM's streaming services. Sirius XM also has various arrangements with various services and consumer electronics manufactures to include the Sirius XM streaming functionality with their service and devices.

360L. Sirius XM's user interface, which it calls "360L," combines Sirius XM's satellite and streaming services into a single, cohesive in-vehicle entertainment experience. Sirius XM's 360L interface has been deployed in certain Dodge and General Motors ("GM") vehicles and is in the process of being introduced by several other automakers. 360L allows Sirius XM to take advantage of advanced in-dash infotainment systems. 360L is intended to leverage the ubiquitous signal coverage of Sirius XM's satellite infrastructure and low delivery costs with the two-way communication capability of a

wireless streaming service to provide consumers seamless access to Sirius XM's content, including Sirius XM's live channels, on demand service and even more personalized music services. The wireless streaming connection included in 360L enables enhanced search and recommendations functions, making discovery of Sirius XM's content in the vehicle easier. In certain cases, 360L also allows consumers to manage aspects of their subscriptions directly through their vehicles' equipment and provides Sirius XM important data to better enable it to understand how subscribers use Sirius XM's service and how it can more effectively market its service to consumers.

Distribution of Radios

New Vehicles. Sirius XM distributes satellite radios through the sale and lease of new vehicles. Sirius XM has agreements with every major automaker to offer satellite radios in their vehicles. Satellite radios are available as a factory or dealer-installed option in substantially all vehicle makes sold in the United States. Most automakers include a subscription to Sirius XM's service in the sale or lease of their new vehicles. In certain cases, Sirius XM receives subscription payments from automakers in advance of the activation of its service. Sirius XM shares with certain automakers a portion of the revenue it derives from subscribers using vehicles equipped to receive its service. Sirius XM also reimburses various automakers for certain costs associated with the satellite radios installed in new vehicles, including in certain cases hardware costs, engineering expenses and promotional and advertising expenses.

Previously Owned Vehicles. Sirius XM also acquires subscribers through the sale and lease of previously owned vehicles with factory-installed satellite radios. Sirius XM has entered into agreements with many automakers to market subscriptions to purchasers and lessees of vehicles which include satellite radios sold through their certified pre-owned programs. Sirius XM also works directly with franchise and independent dealers on programs for non-certified used vehicles. Sirius XM has developed systems and methods to identify purchasers and lessees of previously owned vehicles which include satellite radios and has established marketing plans to promote its services to these potential subscribers.

Retail. Sirius XM sells satellite radios directly to consumers through its website. Satellite radios are also marketed and distributed through national, regional and online retailers, such as amazon.com.

Sirius XM's Satellite Radio Systems

Sirius XM's satellite radio systems are designed to provide clear reception in most areas of the continental United States despite variations in terrain, buildings and other obstructions. Sirius XM continually monitors its infrastructure and regularly evaluates improvements in technology.

Sirius XM's satellite radio systems have three principal components: satellites, terrestrial repeaters and other satellite facilities; studios; and radios.

Satellites, Terrestrial Repeaters and Other Satellite Facilities

Satellites. Sirius XM provides its service through a fleet of five orbiting geostationary satellites, two in the Sirius system, FM-5 and FM-6, and three in the XM system, XM-3, XM-4 and XM-5. Sirius XM's XM-5 satellite serves as a spare for both the XM and Sirius systems.

Sirius XM has entered into agreements for the design, construction and launch of two new satellites, SXM-7 and SXM-8, which it plans to launch into geostationary orbits in 2020 as replacements for XM-3 and XM-4.

Satellite Insurance. Sirius XM has procured insurance for SXM-7 and SXM-8 to cover the risks associated with each satellite's launch and first year in orbit. Sirius XM does not have insurance policies covering its in-orbit satellites, as Sirius XM considers the premium costs to be uneconomical relative to the risk of satellite failure.

Terrestrial Repeaters. In some areas with high concentrations of tall buildings, such as urban centers, signals from Sirius XM's satellites may be blocked and reception of satellite signals can be adversely affected. In other areas with a high density of next generation wireless systems, Sirius XM's service may experience interference. In many of these areas, Sirius XM has deployed terrestrial repeaters to supplement and enhance its signal coverage and in many other areas,

Sirius XM is planning to deploy additional repeaters to mitigate interference. Sirius XM operates over 1,000 terrestrial repeaters across the United States as part of its systems.

Other Satellite Facilities. Sirius XM controls and communicates with its satellites from facilities in North America. Its satellites are monitored, tracked and controlled by a third party satellite operator.

Studios

Sirius XM's programming originates from studios in New York City, Los Angeles and Washington, D.C., and, to a lesser extent, from smaller studios in Nashville and a variety of venues across the country. Sirius XM Holdings' corporate headquarters is based in New York City.

Radios

Sirius XM does not manufacture radios. Sirius XM has authorized manufacturers and distributors to produce and distribute radios, and has licensed its technology to various electronics manufacturers to develop, manufacture and distribute radios under certain brands. Sirius XM manages various aspects of the production of satellite radios. To facilitate the sale of radios, Sirius XM may subsidize a portion of the radio manufacturing costs to reduce the hardware price to consumers.

Connected Vehicle Services

Sirius XM provides connected vehicle services to several automakers and directly to consumers through aftermarket devices. 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. Sirius XM offers a portfolio of location-based services through two-way wireless connectivity, including safety, security, convenience, maintenance and data services, remote vehicle diagnostics and stolen or parked vehicle locator services.

Through its subsidiary, Automatic Labs Inc. ("Automatic"), Sirius XM offers a service for consumers and auto dealers. By pairing Automatic's install-it-yourself adapter and mobile application, many older vehicles can be transformed into connected vehicles. Using the Automatic service, drivers have access to various services, such as crash alerts, roadside assistance, vehicle location monitoring and sharing, vehicle health and performance monitoring, and recall notifications and service reminders. Auto dealers can also employ the Automatic service to, among other things, assist in managing vehicle inventory, monitoring the status of vehicles and delivering notifications and reminders to purchasers and lessees of vehicles. The Automatic adapter collects detailed information about each vehicle's geolocation, use, operation, performance and maintenance status in order to operate, maintain, and provide the features and functionality of the Automatic service.

Subscribers to Sirius XM's connected vehicle services are not included in its subscriber count or subscriber-based operating metrics.

Other Services

Commercial Accounts. Sirius XM's programming is available for commercial establishments. Commercial subscription accounts are available through providers of in-store entertainment solutions and directly from Sirius XM.

Satellite Television Service. Certain of Sirius XM's music channels are offered as part of select programming packages on the DISH Network satellite television service.

Travel Link. Sirius XM offers Travel Link, a suite of data services that includes graphical weather, fuel prices, sports schedules and scores, and movie listings.

Real Time Traffic Services. Sirius XM offers services that provide graphic information as to road closings, traffic flow and incident data to consumers with compatible in-vehicle navigation systems.

Real Time Weather Services. Sirius XM offers several real-time weather services in vehicles, boats and planes.

Commercial subscribers are included in Sirius XM's subscriber count, and subscribers to the DISH Network satellite television service are not included in its subscriber count. Subscribers to Sirius XM's Travel Link, real-time traffic services and real-time weather services are not included in its subscriber count, unless the applicable service is purchased by the subscriber separately and not as part of a radio subscription to Sirius XM's service.

Sirius XM Canada

Sirius XM holds a 70% equity interest and 33% voting interest in Sirius XM Canada, with the remainder of Sirius XM Canada's voting and equity interests held by two shareholders.

Sirius XM 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 pays Sirius XM 25% of its gross revenue on a monthly basis and pursuant to the Advisory Services Agreement, Sirius XM Canada pays Sirius XM 5% of its gross revenue on a monthly basis.

As of December 31, 2019, Sirius XM Canada had approximately 2.7 million subscribers. Sirius XM Canada's subscribers are not included in Sirius XM's subscriber count or subscriber-based operating metrics.

The Pandora Business

On February 1, 2019, through a series of transactions, Pandora became an indirect wholly owned subsidiary of Sirius XM Holdings (the "Pandora Acquisition"). See note 5 to the accompanying consolidated financial statements for information regarding the Pandora Acquisition.

Streaming Radio and On-Demand Music Services

Pandora offers a personalized music discovery platform for each listener. Subscribers are able to create personalized stations and playlists and search and play songs and albums on-demand. The Pandora service utilizes content programming algorithms and data collected from listeners - called the Music Genome Project - to predict user music preferences, play content suited to the tastes of each listener, and introduce each listener to music consistent with the consumer's preferences.

The Pandora service is available through Pandora's mobile device applications for smartphones, mobile operating systems and tablets. The mobile applications are free to download. The Pandora service is also available in most major automaker's vehicles in the United States which allow for smartphone connectivity. Certain automakers now provide embedded streaming connectivity which supports and makes available the Pandora service in vehicles without the need for smartphone connectivity. In addition, the Pandora service is integrated into consumer electronic, voice-based devices and smart speakers, including Sonos, Fitbit, Roku, Google Home, Amazon Echo, Comcast Xfinity, Apple TV and Microsoft Xbox.

The Pandora service is available as an ad-supported radio service, a radio subscription service (Pandora Plus), or an on-demand subscription service (Pandora Premium). Local and national advertisers deliver targeted messages to Pandora's listeners.

Ad-Supported Radio Service

Pandora offers an ad-supported radio service which allows listeners to access its catalog of music, comedy, livestreams and podcasts through personalized stations. This service is free across all platforms and uses the Music Genome Project to generate stations specific to each listener. Each listener can personalize his or her stations by adding variety to the content and renaming the stations.

Listeners of the ad-supported service are provided with the option to temporarily access on-demand listening which includes certain features of the Pandora Premium service. Pandora refers to this temporary access as “Premium Access”.

Subscription Radio Service (Pandora Plus)

Pandora offers Pandora Plus - an ad-free, subscription version of the radio service that includes options for replaying songs, skipping songs, offline listening, higher quality audio on supported devices and longer timeout-free listening. Content provided to each listener of Pandora Plus is more tailored when the listener interacts more with the platform. Premium Access is also available to Pandora Plus listeners.

On-Demand Subscription Service (Pandora Premium)

Pandora offers Pandora Premium - an on-demand subscription service that combines the radio features of Pandora Plus with an on-demand experience. The on-demand experience provides listeners with the ability to search, play and collect songs and albums, build playlists, listen to curated playlists and share playlists on social networks. Listeners can also create partial playlists that Pandora can complete based on the listener’s activity and the Music Genome Project. Listeners through mobile devices have access to customized profiles which identify information specific to each listener such as recent favorites, playlists and thumbs.

Pandora Premium incorporates social networking features including a centralized stream where listeners can view the music that their social connections are experiencing and provide and receive recommendations for songs, albums and playlists. Pandora Premium also includes a “share” feature where consumers can share their stations, songs, albums or playlists through social media, messaging applications and email.

Advertising Revenue

Pandora maintains a portfolio of proprietary advertising technologies which include order management, advertising serving and timing, native advertising formats, targeting and reporting. The Pandora business’s primary source of revenue is the sale of audio, display and video advertising for its connected device platforms, including computers and mobile devices. Pandora also has an agreement to sell the available advertising inventory in the United States for SoundCloud, one of the world’s largest open audio platform, powered by a connected community of creators, listeners, and curators. Advertising on Pandora platforms provides advertisers with the ability to target and connect with listeners based on various criteria including age, gender, geographic location and content preferences.

AdsWizz

Through its AdsWizz subsidiary, Pandora is a global leader in digital audio advertising technology. AdsWizz operates a digital audio advertising market with an end-to-end technology platform, including a digital audio software suite of solutions that connect audio publishers to the advertising community. AdsWizz offers a range of products -- from dynamic ad insertion to advanced programmatic platforms to innovative new audio formats. AdsWizz’s advertising technology also includes ad campaign monitoring tools and other innovative audio advertising products, such as audio formats that can let consumers trigger an action while listening to an ad as well as other personalization-based technology.

AdsWizz’s technology is employed by Pandora in its ad-supported business as well as by third party customers. AdsWizz’s third party customers include well-known music platforms, podcasts and broadcasting groups worldwide.

Copyrights to Programming

In connection with its businesses, Sirius XM Holdings must enter into royalty arrangements with two sets of rights holders: holders of musical compositions copyrights (that is, the music and lyrics) and holders of sound recordings copyrights (that is, the actual recording of a work). Sirius XM and Pandora use both statutory and direct music licenses as part of their businesses. Sirius XM Holdings licenses varying rights - such as performance and mechanical rights - for use in its Sirius XM and Pandora businesses based on the various radio and interactive services they offer. Set forth below is

a brief overview of the music composition and sound recording licenses employed by Sirius XM and Pandora. These music licensing arrangements are complex and the description below is only a summary of these complicated licensing schemes.

Musical Compositions: Performance Rights and Mechanical Rights

The holders of performance rights in musical compositions, generally songwriters and music publishers, have been traditionally represented by performing rights organizations such as the American Society of Composers, Authors and Publishers (“ASCAP”), Broadcast Music, Inc. (“BMI”) and SESAC, Inc. (“SESAC”). However, some songwriters and music publishers have withdrawn from the traditional performing rights organizations, particularly ASCAP and BMI, and new entities, such as Global Music Rights LLC (“GMR”), have been formed to represent rights holders. These organizations negotiate fees with copyright users, collect royalties and distribute them to the rights holders.

The holders of the mechanical rights in musical compositions, generally songwriters and their music publishers, have traditionally licensed these rights through the statutory license set forth in Section 115 of the United States Copyright Act; however, mechanical rights can also be licensed directly.

The changing market for musical compositions may have an adverse effect on the Sirius XM and Pandora businesses, including increasing costs and limiting the musical works available to them.

Sirius XM has arrangements with ASCAP, BMI, SESAC and GMR to license the musical compositions it uses on its satellite radio and streaming services. These arrangements generally include fixed payments during the term of the agreement. Sirius XM does not require a mechanical license.

Pandora has arrangements with ASCAP, BMI, SESAC, GMR and a variety of other copyright owners to license the musical compositions performance rights used on Pandora services.

For the Pandora ad-supported radio service, each copyright holder receives as a performance royalty its usage-based and ownership-based share of a royalty pool equal to 21.5% of the content acquisition costs that Pandora pays for sound recordings on its ad-supported service.

Pandora must also license “reproduction rights” or “mechanical rights” to offer the interactive features of the Pandora services. For the Pandora subscription services, copyright holders receive payments for these rights at the rates determined in accordance with the statutory license set forth in Section 115 of the United States Copyright Act. In January 2018, the Copyright Royalty Board (the “CRB”) set a new rate structure for the five-year period commencing January 1, 2018 and ending on December 31, 2022. The rate was 12.3% of revenue or 23.1% of record label payments in 2019, and in 2020, the rate is 13.3% of revenue or 24.1% of record label payments. The rate will increase over the five-year period to 15.1% of revenue or 26.2% of record label payments by 2022. Certain per-subscriber minimum royalty floors also apply depending on the type of service.

Sound Recordings

Operators of a non-interactive satellite radio or streaming service are entitled to license sound recordings under the statutory license contained in Section 114 of the United States Copyright Act (the “statutory license”). Under the statutory license, Sirius XM Holdings may negotiate royalty arrangements with the owners of sound recordings or, if negotiation is unsuccessful, the royalty rate is established by the CRB. Sound recording rights holders, typically large record companies, are primarily represented by SoundExchange, Inc. (“SoundExchange”), an organization which negotiates licenses and collects and distributes royalties on behalf of record companies and performing artists.

Interactive streaming services, such as Pandora Plus and Pandora Premium, do not qualify for the statutory license and the services must negotiate direct license arrangements with the owners of copyrights in sound recordings.

Sirius XM Business. For the ten-year period commencing January 1, 2018 and ending on December 31, 2027, the CRB set the royalty rate payable by Sirius XM under the statutory license covering the performance of sound recordings over Sirius XM’s satellite radio service, and the making of ephemeral (server) copies in support of such performances, to

be 15.5% of gross revenue, subject to exclusions and adjustments. The revenue subject to royalty includes subscription revenue from Sirius XM's U.S. satellite digital audio radio subscribers, and advertising revenue from channels other than those channels that make only incidental performances of sound recordings. The rates and terms permit Sirius XM to reduce the payment due each month for those sound recordings directly licensed from copyright owners and exclude from revenue certain other items, such as royalties paid to Sirius XM for intellectual property, sales and use taxes, bad debt expense and generally revenue attributable to areas of Sirius XM's business that do not involve the use of copyrighted sound recordings.

In 2019, Sirius XM paid a per performance rate for the streaming of certain sound recordings of \$0.0023 on its Sirius XM streaming service. This royalty rate may increase further through 2020 based on changes in the consumer price index.

Pandora Business. Pandora has entered into direct license agreements with major and independent music labels and distributors for a significant majority of the sound recordings that stream on the Pandora ad-supported services, Pandora Plus and Pandora Premium.

For sound recordings that Pandora streams and for which it has not entered into a direct license agreement with the sound recording rights holders, the sound recordings are streamed pursuant to the statutory license, and applicable rates thereunder, set by the CRB for the period commencing on January 1, 2016 and ending on December 31, 2020. Effective January 1, 2019, the rate for Pandora's non-subscription services, such as its ad-supported radio service, was adjusted for inflation to \$0.0018 per play, and the rate for its subscription services, such as Pandora Plus and Pandora Premium, was adjusted for inflation to \$0.0023. Sound recordings subject to the statutory license can only be played through Pandora's radio mode services and not through services that are offered on-demand or offline or through any replay or additional skip features.

Prior to the enactment of the Orrin G. Hatch-Bob Goodlatte Music Modernization Act in October 2018, Pandora's rights to perform certain sound recordings that were fixed before February 15, 1972 were governed by state law. Pandora still faces class action lawsuits brought by plaintiffs who allege that Pandora violated their alleged exclusive copyright ownership rights to the reproduction and public performance of sound recordings created prior to February 15, 1972. See "Item 3. Legal Proceedings" of this Annual Report on Form 10-K for information on these actions.

Trademarks

Sirius XM has registered, and intends to maintain, the trademarks "Sirius", "XM", "SiriusXM" and "SXM" with the United States Patent and Trademark Office in connection with the services it offers. Sirius XM is not aware of any material claims of infringement or other challenges to its right to use the "Sirius", "XM", "SiriusXM" or "SXM" trademarks in the United States. Sirius XM also has registered, and intends to maintain, trademarks for the names of certain of its channels. Sirius XM has also registered the trademarks "Sirius", "XM" and "SiriusXM" in Canada. Sirius XM has granted a license to use certain of its trademarks in Canada to Sirius XM Canada.

Pandora has registered, and intends to maintain, the trademarks "Pandora," "Ampcast" and "Music Genome Project," in addition to a number of other Pandora logos and marks, with the United States Patent and Trademark Office in connection with the services it offers. Pandora also has registered the trademark "Pandora" in Australia, Canada, Chile, the European Union, India, Israel, Mexico, New Zealand, Switzerland, Taiwan and other countries, and the trademark "Music Genome Project" in Australia, Canada, China and New Zealand.

Formula 1

Formula 1 holds the exclusive commercial rights with respect to the FIA Formula One World Championship (the "World Championship"), an annual, approximately nine-month long, motor race-based competition in which teams (the "Teams") compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship, which has been held every year since 1950 and takes place on high profile iconic circuits, is a global series with a varying number of events ("Events") taking place in different countries around the world each season. For 2019, 21 Events took place in 21 countries across Europe, Asia-Pacific, the Middle East and North and South America. In 2019, the

World Championship was also followed by hundreds of millions of television viewers in approximately 200 territories, and Formula 1's largest Events have hosted live audiences in excess of 300,000 on race weekends.

Formula 1 is responsible for the commercial exploitation and development of the World Championship, in the course of which it coordinates and transacts with the Fédération Internationale de l'Automobile ("FIA"), the governing body and regulator of world motor sport, the Teams, the race promoters that stage Events, various media organizations worldwide, as well as advertisers and sponsors. Formula 1 also performs activities related to critical components of the World Championship, including filming and providing technical support at Events, production of the international television feed and logistics related to the transport of its and the Teams' equipment, ensuring high quality and reducing delivery risk around the World Championship. Additionally, Formula 1, pursuant to other agreements with the FIA, holds the exclusive right to promote and commercially exploit F2 and F3 through 2041.

Formula 1 also generates revenue from a variety of other sources, including the operation of the Formula 1 Paddock Club hospitality program (the "Paddock Club") at 18 Events, freight, logistical and travel related services for the Teams and other third parties, the F2 and F3 race series, which run principally as support races during Event weekends, various television production and post-production activities, digital and social media activities, other events such as fan festivals and business forums and revenue from other licensing of the commercial rights associated with the Formula 1 brand.

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. Formula 1 recognizes the majority of its revenue and expenses in connection with Events that take place in different countries around the world throughout the year. The Events generally take place between March and November each year. As a result, the revenue and expenses recognized by Formula 1 are generally lower during the first quarter as compared to the rest of the quarters throughout the year.

Primary Revenue

Formula 1 derives its primary revenue from the commercial exploitation and development of the World Championship through a combination of entering into race promotion, broadcasting and advertising and sponsorship arrangements.

Race Promotion. Race promotion revenue comprised 30%, 34% and 34% of Formula 1's total revenue for the years ended December 31, 2019, 2018 and 2017, respectively. Formula 1 grants to race promoters the rights to host, stage and promote each Event pursuant to contracts that typically have an initial term of three to seven years. For established Events, the duration of subsequent renewals is more variable according to local market conditions. These contracts may allow for flat fees over the term, but more typically they include annual fee escalators over the life of the contract, which are typically based on annual movement in a selected consumer price index or fixed percentages of up to 5% per year.

Race promoters are generally circuit owners, local and national automobile clubs, special event organizers or governmental bodies. Race promoters generate revenue from ticket sales and sometimes from concessions, secondary hospitality offerings (other than the Paddock Club), local sponsorship opportunities and on-site activations. Tickets are sold by the promoters for the entire Event weekend or individual days.

Broadcasting. Broadcasting revenue comprised 38%, 33% and 34% of Formula 1's total revenue for the years ended December 31, 2019, 2018 and 2017, respectively. Formula 1 licenses rights to broadcast Events on television and other media platforms in specified countries or regions and in specified languages. These may also include rights to broadcast the race, practice and qualifying sessions, interactive television/digital services, repeat broadcasts and highlights. These contracts, which we refer to as television rights agreements ("TRAs"), typically have a term of three to five years. While annual fees from broadcasters may stay constant, they often increase each year during the term of the TRA by varying amounts. Formula 1's broadcasting revenue is generated from: (a) free-to-air television broadcasts, which are received by the end user without charge (other than any television license fee), and non-premium cable, satellite and other broadcasts, which are received as part of a subscriber's basic package (together, "free-to-air television"); and (b) premium and pay-per-view cable and satellite broadcasts, where the subscriber pays a premium fee to receive programming on a

package or per-event basis (“pay television”). In 2019, Formula 1 had 14 free-to-air television agreements, seven pay television agreements and 27 agreements, including multi-territory agreements, covering both free-to-air and pay television. Formula 1’s key broadcasters include Sky (pay television) in the United Kingdom, RTL (free-to-air television) and Sky Deutschland (pay television) in Germany, Sky Italia (pay television) in Italy, Movistar (pay television) in Spain, Fox Sports (pay television) in Pan Latin America, Canal+ (pay television) and TF1 (free-to-air television) in France, Globo (free-to-air television) and Globosat (pay television) in Brazil, ESPN (pay television) in the United States, Fox Sports (pay television) in Pan Asia and MBC (free-to-air and pay television) in the Middle East and North Africa.

Advertising and Sponsorship. Advertising and sponsorship revenue comprised 15% of Formula 1’s total revenue for each of the years ended December 31, 2019, 2018 and 2017. Formula 1 sells Event-based advertising and sponsorship in the form of trackside advertising and race title sponsorship packages. In addition, advertisers can acquire status as a Global Partner of Formula 1 and/or Official Supplier to Formula 1. These advertiser and sponsor contracts typically have a term of three to five years (but may on occasion be of longer duration). Payments often increase each year based on a fixed amount, a fixed percentage or in accordance with the United States or European consumer price index or another agreed metric.

Other Revenue

The remainder of Formula 1’s revenue is generated from a variety of other sources including the operation of the Paddock Club race-based corporate hospitality program at most Events, freight and related logistical and travel services, support races at Events (either from the commercial exploitation of the F2 and F3 series or from the licensing of other third party series or individual race events), various television production and post-production activities, digital and social media services and other Formula 1 ancillary operations. Additionally, in 2018, Formula 1 launched F1TV Pro, a direct-to-consumer over-the-top broadcast product. Certain existing TRAs prevent F1TV Pro from being offered in the relevant territory, and the further global roll-out of the product will depend on the future renewal terms and/or renegotiations of these TRAs.

FIA and the Teams

Formula 1’s business is built on a number of key relationships—those with the FIA, the Teams and Formula 1’s principal commercial partners. See “—*Key Commercial Agreements*” below for more information about Formula 1’s relationships with the FIA and the Teams.

FIA

The FIA is the governing body for world motor sport and as such, is solely responsible for regulating the sporting, technical and safety aspects of the World Championship, including race circuits to be used by race promoters, through the FIA’s F1 Commission and World Motor Sport Council. The FIA regulates all international motor sports, with the World Championship being the most prominent. The FIA owns the World Championship and has granted Formula 1 the exclusive commercial rights to the World Championship until the end of 2110 under the 100-Year Agreements (described below). In addition, the FIA, through its World Motor Sport Council, approves the calendar for the World Championship each year based on the agreed race promoter contracts for the coming season. Under the 100-Year Agreements, Formula 1 is only permitted to enter into race promotion contracts that are substantially in the form agreed between Formula 1 and the FIA.

Teams

The Teams are the participants in the World Championship and its Events, competing for the annual Constructors’ Championship, and their drivers compete for the annual Drivers’ Championship. There were 10 Teams competing in the 2019 World Championship. To be eligible to compete, a Team is responsible for the design and manufacturing of certain key parts of its cars, including the chassis. Currently, the Teams are supplied race engines by one of Ferrari, Mercedes, Renault or Honda. Under the terms of the Current Concorde Arrangements (described below), Teams are entitled to receive significant team payments from a Formula 1 prize fund (the “Prize Fund”) based primarily on their results in prior years’ Constructors’ Championships. Formula 1 has no direct or indirect ownership interest in any Team, nor does it have any contractual arrangements with the drivers, who are all employed or contracted directly by the Teams. Each Team is

responsible for securing its own drivers and funding the costs of competing in the World Championship. They receive Prize Fund payments from Formula 1, as well as sponsorship and advertising revenue from their own partners. The Current Concorde Arrangements between Formula 1, the FIA and the Teams define the terms of the Team's participation in the World Championship (for further detail on these arrangements, see "—Key Commercial Agreements—Current Concorde Arrangements" below.)

Drivers

One of the distinctive features of the World Championship is the celebrity and diversity of its drivers. Differences in nationalities, temperaments and racing styles form part of the attractive mosaic of Formula 1. The success of a local driver also impacts the television viewership and revenue generated from that country or region. High profile drivers from Germany (Vettel), the United Kingdom (Hamilton) and the Netherlands (Verstappen) have helped grow and sustain the Formula 1 business in those countries. For this reason, Formula 1 encourages the development of drivers from other strategic markets. F2 and F3 provide the training ground and stepping stones to Formula 1 for these drivers. All drivers are employed or contracted by the Teams and have no contractual relationship with Formula 1.

Key Commercial Agreements

100-Year Agreements

Under the 100-Year Agreements entered into by Formula 1 and the FIA in 2001, Formula 1 was granted an exclusive license with respect to all of the commercial rights to the World Championship, including its trademarks. This license, which took effect on January 1, 2011 and expires on December 31, 2110, maintains Formula 1's exclusive commercial rights to the World Championship which Formula 1 held under previous agreements with the FIA.

The 100-Year Agreements also provide that Formula 1 may appoint a representative to the FIA, subject to the FIA's approval, and that person will be a member of the FIA's F1 Commission and World Motor Sport Council. The FIA may terminate the 100-Year Agreements and Formula 1's exclusive license upon a change of control of Formula 1, unless either the FIA previously approved the transaction or the transaction falls within one of a number of exceptions. Formula 1 obtained the FIA's approval of its acquisition by Liberty in January 2017 under the 100-Year Agreements.

In addition, the FIA may terminate Formula 1's license if (i) certain Delta Topco subsidiaries party to the 100-Year Agreements become insolvent; (ii) Formula 1 fails to pay an amount due to the FIA and such non-payment is not cured within 30 days of FIA's demand for payment; (iii) arbitrators declare that Formula 1 materially breached the 100-Year Agreements and Formula 1 has not paid to the FIA certain penalties to cure such breach; or (iv) Formula 1 changes or removes certain of the FIA's rights without its prior consent.

Current Concorde Arrangements

From 1981 until 2012, successive Concorde Agreements governed the relationship between Formula 1, the FIA and the Teams, including the regulation of the World Championship. After the previous Concorde Agreement expired on December 31, 2012, Formula 1 entered into a separate binding bilateral agreement with each Team (the "Team Agreements"), securing the relevant Team's commitment to continue participating in the World Championship until December 31, 2020. In addition, Formula 1 entered into the 2013 Concorde Implementation Agreement with the FIA in 2013. The 2013 Concorde Implementation Agreement, in addition to making certain modifications to the 100-Year Agreements for the period to end 2030, provides that the FIA agrees to provide certain sporting governance arrangements and regulatory safeguards for the benefit of the Teams, to enter into a new Concorde Agreement for a term of eight years (from 2013 to 2020) reflecting those sporting governance arrangements and regulatory safeguards and to enter into a subsequent Concorde Agreement from 2021 to 2030 or to extend the sporting governance arrangements or regulatory safeguards agreed under the 2013 Concorde Implementation Agreement on substantially the same terms from 2021 to 2030. The Team Agreements and the 2013 Concorde Implementation Agreement (collectively, the "Current Concorde Arrangements") together provide the contractual framework for the World Championship that was previously set out in the Concorde Agreements.

Under the Current Concorde Arrangements, among other things, the Teams agree to participate in the World Championship during the term of the Current Concorde Arrangements and Formula 1 agrees to make certain Prize Fund payments to them based on their performance in the Constructors' Championship and other principles (such as success, heritage and longevity in Formula 1) and measures of performance selected by Formula 1.

Team Agreements

As discussed above, Formula 1 and each of the Teams have entered into separate Team Agreements that establish a Prize Fund, establish procedures for setting the World Championship calendar, give the Teams the right to nominate and, in some cases, appoint directors to Delta Topco's board, and provide for certain termination rights. The Team Agreements establish rules for the determination of the Prize Fund to be paid to the Teams, which is calculated with reference to certain percentages of Formula 1's Prize Fund Adjusted EBITDA (defined by Formula 1 as operating profit adjusted to exclude certain specific, and largely non-cash items) plus certain fixed fees. The majority of the Prize Fund paid to individual Teams is based on their results in prior Constructors' Championships, with the balance paid to Teams that have achieved certain other historic performance milestones. Under the Team Agreements, the consent of a majority of certain Teams is required if there are more than 20 Events in a season or more than 17 Events are held in a season and the number of Events that are held outside Europe, the US or Canada exceeds 60% or more of the total number of Events in that season.

The Team Agreements with McLaren and Mercedes grant the corporate parent of each of those Teams (McLaren Technology Group Limited and Daimler AG, respectively) the right to appoint a team director (a "Team Director") until December 31, 2020 or the termination of the relevant Team Agreement, if earlier. Ferrari has an equivalent right, pursuant to a provision contained in all Team Agreements granting that right to the longest standing Team that has competed in the World Championship for the greatest number of seasons since 1950. Currently, each of McLaren Technology Group Limited and Ferrari has exercised the relevant right and appointed a Team Director. Ferrari's Team Director is also entitled to be a member of Delta Topco's Audit and Ethics and Nomination Committees. In addition, the Teams have certain consultation rights with respect to the appointment of two independent non-executive directors to Delta Topco's board of directors, although Delta Topco does not require the consent of the Teams with respect to any such appointment.

A Team Agreement may be terminated if the Team ceases to be a constructor, fails to participate in more than three Events in a season, fails to submit a valid entry for participation in the World Championship or becomes insolvent. Teams may also terminate their Team Agreements by written notice to Formula 1 under certain circumstances, including:

- Formula 1 is unable to pay its debts when they become due;
- Formula 1 fails for three months to pay an aggregate amount due in excess of \$10 million to the Team; or
- a controlling interest holder of Formula 1 is subject to sanctions imposed by the U.S. Office of Foreign Assets Control or is on the Financial Sanctions List in the United Kingdom.

Circuit Rights Agreements

Under circuit rights agreements (the "Circuit Rights Agreements"), Formula 1 acquires from race promoters certain rights to commercially exploit at the Events, including the rights to sell trackside advertising and title sponsorship, the right to sell Paddock Club hospitality (other than at three Events) and commercial use of the name of the Event and circuit. In a few cases a cash payment is made for the grant of these circuit rights and in others Formula 1 offers a commission or share of revenue to a race promoter where they have been instrumental in introducing a new sponsor from its territory that purchases a title sponsorship or trackside advertising. Circuit Rights Agreements typically have a term that is tied to the relevant race promoter contract.

Intellectual Property

Formula 1 is the registered owner of a portfolio of trade mark registrations and applications, including for the F1 logo, the World Championship logo (which is used only in sporting contexts), "Formula One", "Formula 1", "F1" and "Grand Prix" when used in connection with any of the aforementioned and most of the official Event titles where they are capable of registration.

Formula 1 owns the copyright on footage of each Event since 1981 as well as footage related to a large number of pre-1981 Events. Ownership of this copyright enables Formula 1 to license that footage to broadcasters and to take legal action against infringers of that copyright. Under the Current Concorde Arrangements, Formula 1 also has the exclusive right, subject to limited exceptions, to use each Team's intellectual property rights (including image rights) to portray the World Championship and/or any Event in any visual form.

Licenses and Permits

Formula 1 is required to obtain permits for the allocation and use of radio frequencies which are necessary for the operation of live camera and other equipment used in the production of live television images and also in live radio communications used by Formula 1, the FIA, the Teams (including car to pit radio transmissions) and the emergency services. Such radio frequency permits are obtained by a dedicated unit in the television production team, with assistance from the local race promoter. Typically, such radio frequency permits are obtained from the relevant governmental authority responsible for licensing the use of radio frequencies in the host country of the relevant Event. The requirements and procedures for obtaining such permits vary by country and they may involve the completion of written formalities or the inspection by the relevant governmental authority of all equipment to be operated with a radio frequency. Permits are typically issued subject to conditions, which Formula 1 has generally been able to satisfy.

Strategy

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;
- building up the entertainment experience for fans and engaging with new fans on a global basis to further drive race attendance and television viewership;
- improving the on-track competitive balance of the World Championship and the long term financial stability of the participating Teams; and
- improving the environmental sustainability of Formula One and its related activities, targeting a net zero carbon footprint by 2030 and sustainable race events by 2025.

Braves Holdings, LLC

Braves Holdings (collectively with its subsidiaries) is the indirect owner and operator of the Major League Baseball ("MLB") club, the Atlanta Braves, and certain assets and liabilities associated with the Braves' stadium and Braves Holdings' Development Project, The Battery Atlanta and as described in "Mixed-use development" below. We acquired the Braves from Time Warner, Inc. in 2007.

Business Operations

Braves Holdings derives revenue from both local and national sources. Team revenue includes revenue from ticket sales, broadcasting rights, shared revenue collected and distributed by MLB, merchandise sales, minor league teams, revenue sharing arrangements and other sources. Revenue related to the Braves' facilities includes corporate sales and naming rights, concessions, advertising, suites and premium seat fees, parking and publications. Ticket sales and

broadcasting rights are the team's primary revenue drivers. Revenue is seasonal, with the majority of revenue recognized during the second and third quarters, which aligns with the baseball season. The Battery Atlanta derives revenue primarily from rental income (including overage rent and tenant reimbursements), parking and sponsorships throughout the year.

Ticket Sales. The Braves offer single game tickets, as well as various season ticket packages. The per-ticket average price of 2019 full-season ticket plans ranged from \$6 to \$530, depending upon the seating area. The Braves utilize a variable and dynamic pricing strategy to help eliminate the perceived difference in value for certain games, which is often exploited in the secondary market. The Braves utilize five pricing tiers to sort games and rely on dynamic pricing, which is based upon various factors including the day of the week, date, opposing team, sales velocity, remaining inventory and days until the event. The Braves have also begun to encourage fans to use digital ticketing, which allows the club to track important data, put parameters on resales, and provide paperless benefits to its consumers.

Television and Radio Broadcasting. Braves Holdings derives substantial revenue from the sale of broadcasting rights to the Braves' baseball games. Each MLB club has the right to authorize the television broadcast within its home television territory of games in which it participates, subject to certain exceptions. The Braves have a long-term local broadcasting agreement with Sportsouth Network II, LLC, the owner and operator of the SportSouth video programming service ("Fox SportSouth"). Nationally, the Braves participate in the revenue generated from the national broadcasting and radio arrangements negotiated by MLB on behalf of the 30 MLB clubs with ESPN, TBS, Fox and Sirius XM Holdings (the "National Broadcast Rights"). Under the rules and regulations adopted by MLB, as well as a series of other agreements and arrangements that govern the operation and management of an MLB club (collectively, the "MLB Rules and Regulations"), the Office of the Commissioner of Baseball (the "BOC") has the authority, acting as the agent on behalf of all of the MLB clubs, to enter into and administer all contracts for the sale of National Broadcast Rights. Each MLB club also has the right to authorize radio broadcast, within the United States (or Canada, in the case of the Toronto Blue Jays), of its games, subject to certain restrictions. The Braves also have the largest radio affiliate network in MLB, with approximately 154 local radio station affiliates broadcasting Braves games across the Southeast (the "Braves Radio Network").

Advertising and Corporate Sponsorship. The Braves work with a variety of corporate sponsors to facilitate advertising and promotional opportunities at Truist Park (formerly known as SunTrust Park). Advertising space is available on the main scoreboard, elsewhere throughout the ballpark and in programs sold at each game. The Braves also enter into long-term licensing agreements for advertising rights with respect to various suites and hospitality spaces. The Braves' marketing department works closely with the club's sponsors to offer contests, sweepstakes and additional entertainment and promotional opportunities during Braves home games, and the club allows the Braves name and logo to be used in connection with certain local promotional activities. The Braves also coordinate advertising placement through the Braves Radio Network, and has a cross-promotional sponsorship and marketing agreement with Fox SportSouth.

Player Contracts and Salaries. The Collective Bargaining Agreement (the "CBA") requires MLB clubs to sign players using the Uniform Player's Contract. The minimum Major League contract salary under the CBA for players during the 2019 season was \$555,000 and will be \$563,500 during the 2020 season. If a player is injured or terminated by the team for lack of skill during the regular season, he is entitled to all of his salary under the contract for the remainder of the year. Contracts may cover one year or multiple years, but generally under multi-year contracts a player's salary is guaranteed even if the contract is terminated by the team, or if the player dies or becomes ill, during the term of the contract. The Braves are not required to pay the remaining contract salaries of players who resign or refuse to play. The CBA is currently set to expire on December 1, 2021.

Team

Player Personnel. Under MLB Rules and Regulations, each team is permitted to have 40 players under contract, but is allowed to maintain only 25 players on its active roster (subject to limited exceptions) from the Opening Day of the season through August 31 of each year. Beginning in 2020, each team is allowed to maintain 26 players on its active roster from the Opening Day of the season through August 31 of each year. During the remainder of the season, teams may keep 40 players under contract. Beginning in September 2020, teams must keep 28 players under contract during the remainder of the season. The Braves' roster reflects the team's commitment to developing and securing talented young players, driving future on-field success.

Player Development. The Braves are associated with six minor league teams located in the United States, five of which are owned by Braves Holdings. The club's minor league affiliates are detailed below:

Team	Class	League	Location
Gwinnett Stripers	AAA	International League	Lawrenceville, GA
Mississippi Braves	AA	Southern League	Pearl, MS
Florida Firefrogs*	A Adv.	Florida State League	Kissimmee, FL
Rome Braves	A	South Atlantic League	Rome, GA
Danville Braves	R	Appalachian League	Danville, VA
GCL Braves	R	Gulf Coast League	North Port, FL

* Not owned by Braves Holdings and will relocate to North Port, FL for the 2020 season

The Braves also operate a baseball academy in the Dominican Republic under the Dominican Summer League. Dominican players, and players from other Latin American countries, are an important source of talent for the Braves and other MLB clubs, but these players may not participate in the first-year draft process (which is limited to only residents of the United States, United States territories, and Canada, including international players who are enrolled in a high school or college in such locations). However, the Braves may enter into contracts with Latin American players, subject to certain MLB Rules and Regulations.

Facilities

Truist Park. Effective for the 2017 season, the Braves relocated to a new ballpark in Cobb County, Georgia. Braves Holdings (or its affiliates) has exclusive operating rights to the facility via a 30-year Stadium Operating Agreement with Cobb County and the Cobb-Marietta Coliseum and Exhibit Hall Authority (the "Authority"). In 2014, Braves Holdings, through a wholly-owned subsidiary, purchased 82 acres of land for the purpose of constructing a MLB 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 the Authority and approximately \$330 million was funded by Braves Holdings. Funding for ballpark initiatives by Braves Holdings has come from cash on hand and various debt instruments, as detailed in note 9 to the accompanying consolidated financial statements.

We believe Truist Park is an industry-leading sports complex spanning approximately 1,100,000 square feet, with 41,200 seats, including 30 suites and 4,200 premium seats, multiple hospitality clubs and retail merchandise venues. The stadium also features concessions and restaurant spaces, administrative offices for team operations, sales and marketing, as well as a ticket office, team clubhouse and training rooms.

CoolToday Park. In March 2019, the Braves relocated to a new spring training facility in North Port, Florida. The park is also the playing facility of the Braves' Rookie League affiliate GCL Braves and will be the playing facility of the Florida Firefrogs beginning in 2020. The Braves have exclusive operating rights to the facility via a 30-year Facility Operating Agreement with Sarasota County. The club operates and maintains an 8,200 capacity stadium and clubhouse facilities for major and minor league players and staff, six practice fields, a half-sized field, agility field and batting cages. The park also features an academy for housing players, coaches and staff throughout the year. The academy opened in February 2020 and includes dining, meeting and auditorium spaces.

Mixed-Use Development

Braves Holdings, through affiliated entities and third party development partners, has developed a significant portion of the land around Truist Park for a mixed-use complex that features retail, residential, office, hotel and entertainment opportunities, known as The Battery Atlanta. Phase I of the project is complete and operational. Phase II is underway and will include developing additional land for mixed-use purposes. The estimated cost for Phase II is approximately \$200 million, which Braves Holdings affiliated entities are expected to fund through a mix of approximately \$55 million in equity and approximately \$145 million of new debt. In October 2018, Braves Holdings sold the residential

portion of the mixed-use complex, the proceeds from which are funding a portion of Phase II. See note 9 to the accompanying consolidated financial statements for debt information related to the mixed-use development.

MLB Rules and Regulations

As the owner of a MLB franchise, Braves Holdings must comply with the Major League Constitution and all rules and regulations promulgated thereunder. Each franchise is required to share locally derived revenue with the other MLB franchises through MLB's revenue sharing plan. In accordance with the Major League Constitution, each MLB franchise participates in the Major League Central Fund, which acts as a conduit of centrally derived revenue (primarily from National Broadcast arrangements) to the clubs, and funds certain expenses (such as contributions to the MLB Players Benefit Plan and administrative and operational expenses of the BOC and the Major League Central Fund) on behalf of the MLB franchises. Subject to the terms of the Major League Constitution, each MLB franchise's share of the Major League Central Fund is paid to each MLB franchise in the fiscal year it was received, or as soon as practicable thereafter. Each MLB franchise is also a partner in MLB Advanced Media L.P., which runs certain lines of business for MLB, including MLB's official website and all of the MLB teams' websites.

Live Nation

Live Nation is considered the world's leading live entertainment company and seeks to innovate and enhance the live entertainment experience for artists and fans before, during and after the show. Live Nation has three business segments: Concerts, Sponsorship & Advertising and Ticketing.

Live Nation's Business Segments

Concerts. Live Nation's Concerts segment principally involves the global promotion of live music events in its owned or operated venues and in rented third-party venues, the operation and management of music venues, the production of music festivals across the world, the creation of associated content and the provision of management and other services to artists. While its Concerts segment operates year-round, Live Nation generally experiences higher revenue during the second and third quarters due to the seasonal nature of shows at its outdoor amphitheaters and festivals, which primarily occur from May through October. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production service expenses are included in direct operating expenses and are typically substantial in relation to the revenue.

Sponsorship & Advertising. Live Nation's Sponsorship & Advertising segment employs a sales force that creates and maintains relationships with sponsors, through a combination of strategic, international, national and local opportunities that allow businesses to reach customers through its concert, festival, venue, artist relationship and ticketing assets, including advertising on Live Nation websites. Live Nation works with its corporate clients to help create marketing programs that support their business goals and connect their brands directly with fans and artists. Live Nation also develops, books and produces custom events or programs for its clients' specific brands, which are typically presented exclusively to the clients' consumers. These custom events can involve live music events with talent and media, using both online and traditional outlets. Live Nation typically experiences higher revenue in the second and third quarters as a large portion of sponsorships are typically associated with its outdoor venues and festivals which are primarily used or occur from May through October.

Ticketing. Live Nation's Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a fee, or service charge for these services. Live Nation sells tickets for its events and also for third-party clients across multiple live event categories, providing ticketing services for leading arenas, stadiums, amphitheaters, music clubs, concert promoters, professional sports franchises and leagues, college sports teams, performing arts venues, museums and theaters. Live Nation sells tickets through websites, mobile apps, ticket outlets and telephone call centers. Live Nation's Ticketing segment also manages its online activities including enhancements to its websites and product offerings. Live Nation's ticketing sales are impacted by fluctuations in the availability of events for sale to the public, which may vary depending upon event scheduling by its clients.

Terms of Live Nation Investment

At December 31, 2019, we beneficially owned approximately 69.6 million shares of Live Nation common stock, which represented approximately 33% of the issued and outstanding shares as of December 31, 2019.

Under our stockholders agreement with Live Nation, we have the right to nominate two directors (one of whom must qualify as an independent director) to the Live Nation board of directors, currently comprised of 13 directors, for so long as our ownership interest provides us with not less than 5% of the total voting power of Live Nation's equity securities. We also have the right to cause one of our nominees to serve on the audit committee and the compensation committee of the board, provided they meet the independence and other qualifications for membership on those committees. Live Nation has waived the director independence requirement with respect to our nominees to the Live Nation board of directors, and we have waived our right to cause one of our nominees to serve on the audit and compensation committees of the board.

We have agreed under the stockholders agreement not to acquire beneficial ownership of Live Nation equity securities that would result in our having in excess of 35% of the voting power of Live Nation's equity securities. That percentage is subject to decrease for specified transfers of our Live Nation stock. We have been exempted from the restrictions on business combinations set forth in Section 203 of the Delaware General Corporation Law, and Live Nation has agreed in the stockholders agreement not to take certain actions that would materially and adversely affect our ability to acquire Live Nation securities representing up to 35% of the voting power of Live Nation's equity securities.

Other Minority Investments

We also own a portfolio of minority debt and equity investments in publicly traded media companies, including iHeart Media, Inc. and AT&T Inc. (NYSE: T). These are assets that were previously acquired (some in tax-efficient transactions) and are currently held as non-core assets. In the past we have entered into swaps, exchangeable debentures, and other derivatives to monetize these investments and mitigate balance sheet risk. We intend to continue to monetize these investments, which may include further derivative and structured transactions as well as public and private sales.

Regulatory Matters

Sirius XM Holdings

Sirius XM Holdings is subject to a number of foreign and domestic laws and regulations relating to consumer protection, information security and data protection. There are several states that require specific information security controls to protect certain types of information and specific notifications to consumers in the event of a security breach that compromises certain categories of personal information. Certain of Sirius XM Holdings' services are also subject to laws in the United States and abroad pertaining to privacy of user data and other information, including the California Consumer Protection Act and the European General Data Protection Regulation. Sirius XM Holdings' Privacy Policies and customer agreements describe its practices pertaining to the foregoing. Sirius XM Holdings believes it complies with all of its obligations under all applicable laws and regulations.

As an operator of a privately owned satellite system, Sirius XM is regulated by the FCC under the Communications Act of 1934, principally with respect to:

- the licensing of its satellite systems;
- preventing interference with or to other users of radio frequencies; and
- compliance with FCC rules established specifically for U.S. satellites and satellite radio services.

Any assignment or transfer of control of Sirius XM's FCC licenses must be approved by the FCC. The FCC's order approving the merger of Sirius XM's wholly-owned subsidiary, Vernon Merger Corporation, with and into XM Satellite Radio Holdings Inc. in July 2008 requires Sirius XM to comply with certain voluntary commitments it made as part of the FCC merger proceeding. Sirius XM believes it complies with those commitments.

In 1997, Sirius XM was the winning bidder for FCC licenses to operate a satellite digital audio radio service and provide other ancillary services. Sirius XM's FCC licenses for its Sirius satellites expire in 2022 and 2025. Sirius XM's FCC licenses for its XM satellites expire in 2021, 2022 and 2026. The FCC has also granted Sirius XM licenses to construct, deploy and operate SXM-7 and SXM-8 as replacement satellites. Sirius XM anticipates that, absent significant misconduct on its part, the FCC will renew its licenses to permit operation of its satellites for their useful lives, and grant licenses for any replacement satellites.

In some areas, Sirius XM has installed terrestrial repeaters to supplement its satellite signal coverage. The FCC has established rules governing terrestrial repeaters and has granted Sirius XM a license through 2027 to operate its repeater network.

In certain cases, Sirius XM obtains FCC certifications for satellite radios, including satellite radios that include FM modulators. Sirius XM believes its radios that are in production comply with all applicable FCC rules.

Sirius XM is required to obtain export licenses or other approvals from the United States government to export certain equipment, services and technical data related to its satellites and their operations. The transfer of such equipment, services and technical data outside the United States or to foreign persons is subject to strict export control and prior approval requirements from the United States government (including prohibitions on the sharing of certain satellite-related goods and services with China).

Changes in law or regulations relating to communications policy or to matters affecting Sirius XM's services could adversely affect its ability to retain its FCC licenses or the manner in which Sirius XM operates.

Competition Laws and Formula 1

The operations and business of Formula 1 are subject to European and national competition laws which require Formula 1 at all times to ensure its business practices and agreements are consistent with the operation of competitive markets. Following an investigation by the European Commission ("EC") into the commercialization of Formula 1 and related agreements in 1999, Formula 1 modified certain of its business practices and changed the terms of a number of its commercial contracts with Teams, broadcasters, promoters and the FIA. In October 2001, the EC issued two comfort letters to Formula 1 stating that it was no longer under investigation. Comfort letters are not binding on the EC and if it believes that there has been a material change in circumstances, further enforcement action could be taken. The EC issued a press release in October 2003 stating that it was satisfied that Formula 1 had complied with the modified practices and terms that had led to its issuing the 2001 comfort letters and that it had ended its monitoring of Formula 1's compliance.

Competition

Sirius XM Holdings faces significant competition for listeners and advertisers in its Sirius XM and Pandora businesses, including from providers of radio and other audio services. Sirius XM Holdings' services compete with traditional AM/FM radio. Traditional AM/FM radio has a well-established demand for its services and offers free broadcasts paid for by commercial advertising rather than by subscription fees. Many radio stations offer information programming of a local nature, such as local news and sports. The availability of traditional free AM/FM radio may reduce the likelihood that customers would be willing to pay for Sirius XM Holdings' subscription services and, by offering free broadcasts, it may impose limits on what Sirius XM Holdings can charge for its services. Several traditional radio companies own large numbers of radio stations or other media properties. Sirius XM Holdings also faces competition from streaming and on-demand services, including Amazon Prime, Apple Music, Google Play Music, Spotify and YouTube. Major online providers make high fidelity digital streams available at no cost or, in some cases, for less than the cost of a satellite radio subscription. Certain of these services include advanced functionality, such as personalization and customization, and allow the user to access large libraries of content. These services, in some instances, are also offered through devices sold by the service providers including Apple, Google and Amazon. For some consumers, these services may compete with Sirius XM Holdings' services, at home, in vehicles, and wherever audio entertainment is consumed. In addition, nearly all automakers have deployed integrated multimedia systems in dashboards, including in many cases Apple CarPlay and Android Auto. These systems combine control of audio entertainment from a variety of sources, including AM/FM/HD radio broadcasts, satellite radio, streaming radio, smartphone applications and stored audio, with navigation

and other advanced applications. Streaming radio and other data are typically connected to the system through an Internet-enabled smartphone or wireless modem installed in the vehicle, and the entire system may be controlled by touchscreen or voice recognition. These systems may enhance the attractiveness of Internet-based competitors by making such applications more prominent, easier to access, and safer to use in vehicles. Sirius XM Holdings also faces competition from a number of providers that offer specialized audio services through either direct broadcast satellite or cable audio systems. These services are targeted to fixed locations, mostly in-home, but also include mobile entertainment. The radio service offered by direct broadcast satellite and cable audio is often included as part of a package of digital services with video service, and video customers generally do not pay an additional monthly charge for the audio service. Other services offered by these providers, such as cable television, on-demand video streaming, and interactive video games compete with Sirius XM Holdings' services to the extent they utilize existing or potential users' and listeners' time that could otherwise be allocated to the use of Sirius XM or Pandora services. In addition, the audio entertainment marketplace continues to evolve rapidly, with a steady emergence of new media platforms that compete with Sirius XM Holdings' services now or that could compete with those services in the future. A number of providers compete with Sirius XM's traffic services. In-dash navigation is threatened by smartphones that provide data services through a direct vehicle interface. Most of these smartphones offer GPS mapping with sophisticated data-based turn-by-turn navigation. Sirius XM's connected vehicle services business operates in a highly competitive environment and competes with several providers, including Verizon Telematics, as well as with products being developed by automakers for vehicles. OnStar, a division of GM, also offers connected vehicle services in GM vehicles. Sirius XM Holdings also competes with wireless devices, such as mobile phones. Sirius XM Holdings competes against other connected vehicle service providers for automaker arrangements on the basis of innovation, service quality and reliability, technical capabilities and system customization, scope of service, industry experience, past performance and price.

Sirius XM Holdings' competition for advertisers include large scale online advertising platforms such as Amazon, Facebook and Google; traditional media companies such as television broadcasters and national print outlets; broadcast radio providers; and companies in the broadcast radio market. Sirius XM Holdings competes against these providers for advertisers on the basis of several factors, including advertisers' overall budgets, perceived return on investment, effectiveness and relevance of Sirius XM Holdings' advertising platforms, price, delivery of large volumes or precise types of advertisements to targeted demographics, transactional capabilities and reporting capabilities. The online advertising marketplace continues to evolve rapidly, particularly with the introduction of new digital advertising technologies and expanding capabilities of larger internet companies.

With respect to Formula 1, the World Championship competes with many alternative forms of entertainment, such as other sporting and live events, for television viewership, live attendance and advertising. For example, Formula 1 competes for broadcasting and advertising revenue with other global and regional Tier 1 sports, including the Olympic Games, FIFA World Cup, Champions League and Premier League. Within national markets, Formula 1 competes with local racing events, such as the Indianapolis 500 race and NASCAR in the United States.

Braves Holdings faces competition from many alternative forms of leisure entertainment. During the baseball season, Braves Holdings competes with other sporting and live events for game day attendance, which is integral to Braves Holdings' ticket, concession and merchandise sales revenue. The broadcasting of the Atlanta Braves' games, which is another significant source of revenue for Braves Holdings, competes against a multitude of other media options for viewers, including premium programming, home video, pay-per-view services, subscription video on-demand services, online activities, movies and other forms of news and information. In addition, Braves Holdings competes with the other MLB teams for a limited pool of player, coaching and managerial talent. This talent contributes to the Atlanta Braves' record and league standings, which are critical components of Braves Holdings' competitiveness.

Live Nation faces competition in the live music industry, in attracting touring artists to the venues it owns and operates and from ticketing services primarily through online channels but also through phone, outlet and box office channels. Competition in the live entertainment industry is intense. Live Nation believes that it competes primarily on the basis of its ability to deliver quality music events, sell tickets and provide enhanced fan and artist experiences. It believes that its primary strengths include the quality of service delivered to its artists, fans, ticketing clients and corporate sponsors, its track record in promoting and producing live music events and tours both domestically and internationally, artist relationships, its global footprint, ticketing software and services, its ecommerce site and associated database, diverse

distribution platform (venues), the scope and effectiveness in its expertise of advertising and sponsorship programs and its financial stability.

Employees

As of December 31, 2019, we had 86 corporate employees, and our consolidated subsidiaries had an aggregate of approximately 6,667 full and part-time employees. We believe that our employee relations are good.

Available Information

All of our filings with the SEC, including our Form 10-Ks, Form 10-Qs and Form 8-Ks, as well as amendments to such filings are available on our Internet website free of charge generally within 24 hours after we file such material with the SEC. Our website address is www.libertymedia.com.

Our corporate governance guidelines, code of business conduct and ethics, compensation committee charter, nominating and corporate governance committee charter, and audit committee charter are available on our website. In addition, we will provide a copy of any of these documents, free of charge, to any shareholder who calls or submits a request in writing to Investor Relations, Liberty Media Corporation, 12300 Liberty Boulevard, Englewood, Colorado 80112, Tel. No. (877) 772-1518.

The information contained on our website is not incorporated by reference herein.

Item 1A. Risk Factors.

An investment in our common stock involves risk. Before investing in our common stock, in addition to the other information described in Item 7 (“Management’s Discussion and Analysis of Financial Condition and Results of Operations”) of Part II, you should carefully consider the following risks. Such risks are not the only ones that relate to our businesses and capitalization. The risks described below are considered to be the most material. However, there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on our businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. If any of the events described below or in the documents incorporated by reference herein were to occur, our businesses, prospects, financial condition, results of operations and/or cash flows could be materially adversely affected, which in turn could have a material adverse effect on the value of our common stock.

Risks Relating to our Company, as a Whole

The historical financial information of the Liberty SiriusXM Group, the Braves Group and the Formula One Group included in this Annual Report on Form 10-K may not necessarily reflect their results had they been separate companies.

One of the reasons for the creation of a tracking stock is to permit equity investors to apply more specific criteria in valuing the shares of a particular group, such as comparisons of earnings multiples with those of other companies in the same business sector. In valuing shares of Liberty SiriusXM Group tracking stock, Braves Group tracking stock and Formula One Group tracking stock, investors should recognize that the historical financial information of the Liberty SiriusXM Group, the Braves Group and the Formula One Group has been extracted from our consolidated financial statements and may not necessarily reflect what the Liberty SiriusXM Group’s, the Braves Group’s and the Formula One Group’s results of operations, financial condition and cash flows would have been had each of these groups been separate, stand-alone entities pursuing independent strategies during the periods presented.

We may have future capital needs and may not be able to obtain additional financing on acceptable terms.

As of December 31, 2019, we had outstanding corporate-level indebtedness in the principal amount of \$3.6 billion. At December 31, 2019, our only wholly owned consolidated subsidiaries are Braves Holdings and Formula 1. Braves Holdings, due to its size and nature, together with its assets and operating cash flow, would be insufficient to support any significant financing in the future. Our ability to access the cash flow of Formula 1 is subject to covenant restrictions set forth in the debt instruments of certain subsidiaries of Delta Topco. In addition, although we consolidate Sirius XM Holdings, we do not have ready access to the cash flow of Sirius XM Holdings due to Sirius XM Holdings being a separate public company and the presence of a significant non-controlling interest. Accordingly, our ability to obtain significant financing in the future, on favorable terms or at all, may be limited. If debt financing is not available to us in the future, we may obtain liquidity through the sale or monetization of our debt or equity securities, or we may issue equity securities. If additional funds are raised through the issuance of equity securities, our stockholders may experience significant dilution. If we are unable to obtain sufficient liquidity in the future, we may be unable to develop our businesses properly, complete acquisitions or otherwise take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business, financial condition and results of operations and those attributed to our groups.

A substantial portion of our consolidated debt is held above the operating subsidiary level, and we could be unable in the future to obtain cash in amounts sufficient to service that debt and our other financial obligations.

As of December 31, 2019, we had approximately \$3.6 billion principal amount of corporate-level debt outstanding, consisting of \$1 billion outstanding under our 1.375% cash convertible senior notes due 2023, \$450 million outstanding under our 1% cash convertible senior notes due 2023, \$208 million outstanding under our 2.25% exchangeable senior debentures due 2046, \$400 million outstanding under our 2.125% exchangeable senior debentures due 2048, \$385 million outstanding under our 2.25% exchangeable senior debentures due 2048, \$604 million outstanding under our 2.75% exchangeable senior debentures due 2049, \$32 million of other obligations, \$350 million outstanding under a

margin loan obligation incurred by our wholly owned special purpose subsidiary attributed to the Liberty SiriusXM Group and \$130 million outstanding under a margin loan obligation incurred by our wholly owned special purposes subsidiary attributed to the Formula One Group. Our ability to meet our financial obligations will depend on our ability to access cash. Our primary sources of cash include our available cash balances, dividends and interest from our investments, monetization of our public investment portfolio and proceeds from asset sales. Further, our ability to receive dividends or payments or advances from our businesses depends on their individual operating results, any statutory, regulatory or contractual restrictions to which they may be or may become subject and the terms of their own indebtedness, including Sirius XM Holdings' senior notes and credit facility and Formula 1's subsidiary debt. The agreements governing such indebtedness restrict sales of assets and prohibit or limit the payment of dividends or the making of distributions, loans or advances to stockholders, non-wholly owned subsidiaries or our partners. We generally do not receive cash, in the form of dividends (other than quarterly dividends generally payable to Sirius XM Holdings stockholders pursuant to Sirius XM Holdings' dividend policy, which is subject to change at any time and is at the discretion of Sirius XM Holdings' board of directors in accordance with applicable law and after taking into account various factors affecting Sirius XM Holdings), loans, advances or otherwise, from any of our subsidiaries or business affiliates.

In addition, our Company's borrowings under margin loans and other debt and Sirius XM Holdings' borrowings under its credit facility carry a variable interest rate based on London Inter-bank Offered Rate ("LIBOR") as a benchmark for establishing the rate of interest. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. On July 27, 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, announced that it intends to phase out LIBOR by the end of 2021. It is unclear if at that time LIBOR will cease to exist or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our and Sirius XM Holdings' borrowings under our respective debt instruments.

The success of businesses attributed to each of our tracking stock groups, in part, depends on their popularity with audiences, which is difficult to predict.

Entertainment content production, satellite radio services and live entertainment events, including sporting events, are inherently risky businesses because the revenue derived from these businesses depends primarily upon their popularity with public audiences, which is difficult to predict. The commercial success of a satellite radio program or live entertainment depends upon the quality and acceptance of competing programs, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, many of which are difficult to predict. In the case of ad-supported programming, events and satellite radio service, audience size is an important factor when advertising rates are negotiated. Audience size is also an important factor when determining ticket pricing for live entertainment events and the value of broadcast rights. Consequently, low public acceptance of the programs, services and events provided by companies such as Sirius XM Holdings, Braves Holdings, Live Nation and Formula 1 could hurt the ability of these companies to maintain or grow revenue, which would adversely impact the financial performance of the groups to which these companies are attributed.

Our businesses attributed to the Liberty SiriusXM Group and the Formula One Group, such as Sirius XM Holdings, Formula 1 and Live Nation, may not realize the benefits of acquisitions or other strategic investments and initiatives.

Our business strategy and that of our subsidiaries and business affiliates, including Sirius XM Holdings, Formula 1 and Live Nation, may include selective acquisitions, other strategic investments and initiatives that allow them to expand their business. The success of any acquisition depends upon effective integration and management of acquired businesses and assets into the acquirer's operations, which is subject to risks and uncertainties, including the realization of the growth potential, any anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention from other business concerns, and undisclosed or potential legal liabilities of acquired businesses or assets.

Weak economic conditions may reduce consumer demand for products, services and events offered by our businesses attributed to each of our groups.

A weak economy in the United States or, in the case of the Formula One Group, abroad, could adversely affect demand for our products, services and events. A substantial portion of our revenue is derived from discretionary spending by individuals, which typically falls during times of economic instability. A reduction in discretionary spending could adversely affect revenue through potential downgrades by satellite radio subscribers and could overall affect subscriber churn, conversion rates and vehicle sales (in the case of Sirius XM Holdings) or reduced live-entertainment and sporting event expenditures (in the case of Live Nation, Braves Holdings and Formula 1). Accordingly, the ability of our businesses attributed to each of our groups to increase or maintain revenue and earnings could be adversely affected to the extent that relevant economic environments remain weak or decline further. We currently are unable to predict the extent of any of these potential adverse effects.

Our Company has overlapping directors and management with Qurate Retail, Inc. (“Qurate Retail”), Liberty Broadband, Liberty TripAdvisor Holdings, Inc. (“TripCo”) and GCI Liberty, Inc. (“GCI Liberty”), which may lead to conflicting interests.

As a result of transactions between 2011 and 2018 that resulted in the separate corporate existence of our Company, Qurate Retail, Liberty Broadband, TripCo, and GCI Liberty, most of the executive officers of Liberty also serve as executive officers of Qurate Retail, Liberty Broadband, TripCo and GCI Liberty, and there are overlapping directors. Other than GCI Liberty’s ownership of shares of Liberty Broadband’s non-voting Series C common stock, none of these companies has any ownership interest in any of the others. Our executive officers and members of our Company’s board of directors have fiduciary duties to our stockholders. Likewise, any such persons who serve in similar capacities at Qurate Retail, Liberty Broadband, TripCo or GCI Liberty have fiduciary duties to that company’s stockholders. For example, there may be the potential for a conflict of interest when our Company, Qurate Retail, Liberty Broadband, TripCo or GCI Liberty pursues acquisitions and other business opportunities that may be suitable for each of them. Therefore, such persons may have conflicts of interest or the appearance of conflicts of interest with respect to matters involving or affecting more than one of the companies to which they owe fiduciary duties. Moreover, most of our Company’s directors and officers continue to own Qurate Retail, Liberty Broadband, TripCo and GCI Liberty stock and options to purchase stock in those companies. These ownership interests could create, or appear to create, potential conflicts of interest when the applicable individuals are faced with decisions that could have different implications for our Company, Qurate Retail, Liberty Broadband, TripCo and/or GCI Liberty. Any potential conflict that qualifies as a “related party transaction” (as defined in Item 404 of Regulation S-K under the Securities Act of 1933, as amended) is subject to review by an independent committee of the applicable issuer’s board of directors in accordance with its corporate governance guidelines. Each of Liberty Broadband, TripCo and GCI Liberty has renounced its rights to certain business opportunities and its respective restated certificate of incorporation contains provisions deeming directors and officers not in breach of their fiduciary duties in certain cases for directing a corporate opportunity to another person or entity (including Qurate Retail, Liberty Broadband, TripCo and GCI Liberty) instead of such company. Any other potential conflicts that arise will be addressed on a case-by-case basis, keeping in mind the applicable fiduciary duties owed by the executive officers and directors of each issuer. From time to time, we may enter into transactions with Qurate Retail, Liberty Broadband, TripCo, GCI Liberty and/or their subsidiaries or other affiliates. There can be no assurance that the terms of any such transactions will be as favorable to our Company, Qurate Retail, Liberty Broadband, TripCo, GCI Liberty or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

The unfavorable outcome of pending or future litigation could have a material adverse impact on the operations and financial condition of businesses attributed to each of our groups.

Our subsidiaries and business affiliates are parties to several legal proceedings arising out of various aspects of their businesses, including class actions arising out of their marketing practices. The outcome of these proceedings may not be favorable, and one or more unfavorable outcomes could have a material adverse impact on their financial condition, which can impact the financial performance of the group to which they are attributed.

Certain of our subsidiaries and business affiliates have operations outside of the United States that are subject to numerous operational risks.

Certain of our subsidiaries and business affiliates have operations in countries other than the United States. In many foreign countries, particularly in certain developing economies, it is not uncommon to encounter business practices that are prohibited by certain regulations, such as the Foreign Corrupt Practices Act and similar laws. Although certain of our subsidiaries and business affiliates have undertaken compliance efforts with respect to these laws, their respective employees, contractors and agents, as well as those companies to which they outsource certain of their business operations, may take actions in violation of their policies and procedures. Any such violation, even if prohibited by the policies and procedures of these subsidiaries and business affiliates or the law, could have certain adverse effects on the financial condition of these subsidiaries and business affiliates. Any failure by these subsidiaries and business affiliates to effectively manage the challenges associated with the international operation of their businesses could materially adversely affect their, and hence our, financial condition.

Our ability to use net operating loss, disallowed business interest and tax credit carryforwards to reduce future tax payments could be negatively impacted if there is an “ownership change,” as defined under Section 382 of the Internal Revenue Code of 1986, of our Company or Sirius XM Holdings.

At December 31, 2019, we had a deferred tax asset attributable to federal and state net operating losses, disallowed business interest carryforwards and tax credit carryforwards of \$1,141 million (of which \$1,010 million was recorded at the Sirius XM Holdings level) and, under the Internal Revenue Code of 1986 (the “Code”), we may carry forward our federal net operating losses, disallowed business interest deductions and tax credits in certain circumstances to offset current and future taxable income and reduce our federal income tax liability, subject to certain requirements and restrictions. If we (or Sirius XM Holdings) experience an “ownership change,” as defined in Section 382 of the Code and related Treasury regulations (generally, a cumulative change in ownership that exceeds 50% of the value of a corporation’s stock over a rolling three-year period) at a time when our (or Sirius XM Holding’s, as applicable) market capitalization is below a certain level or proposed Treasury regulations under Section 382 of the Code issued during 2019 become final (taking into account the delayed effective date of such regulations), our ability to use our federal net operating loss, disallowed business interest and tax credit carryforwards could be substantially limited. This limit could impact the timing of the usage of our federal net operating loss, disallowed business interest and tax credit carryforwards, thus accelerating federal cash tax payments or causing certain federal net operating loss and tax credit carryforwards to expire prior to their use, which could affect the ultimate realization of that deferred tax asset. Similar limitations may also apply at the state level.

Risks Relating to the Liberty SiriusXM Group

Sirius XM Holdings faces substantial competition and that competition is likely to increase over time.

Sirius XM Holdings competes for the time and attention of its listeners with other content providers on the basis of a number of factors, including quality of experience, relevance, acceptance and perception of content quality, ease of use, price, accessibility, brand awareness, reputation and, in the case of its ad-supported Pandora service, perception of ad load, features and functionality. Sirius XM Holdings’ ability to attract and retain subscribers and listeners depends on its success in creating and providing popular or unique programming. A summary of certain services that compete with Sirius XM Holdings is contained in the section entitled “Item 1. Business-Competition” of this Annual Report on Form 10-K.

Sirius XM Holdings’ subscribers and listeners can obtain similar content for free through terrestrial radio stations, YouTube and other internet services. Sirius XM Holdings also competes for the time and attention of its listeners with providers of other in-home and mobile entertainment services, and it competes for advertising sales with large scale online advertising platforms, such as Amazon, Facebook and Google, and with traditional media companies.

Sirius XM Holdings’ streaming services also compete for listeners on the basis of the presence and visibility of its apps, which are distributed via app stores operated by Apple and Google. Sirius XM Holdings faces significant competition for listeners from these companies, which also promote their own music and content. In addition, Sirius XM

Holdings' competitors' products may be pre-loaded or integrated into consumer electronics products or automobiles, more broadly than Sirius XM Holdings' products, creating a visibility advantage. If Sirius XM Holdings is unable to compete successfully for listeners against other media providers, then its business may suffer. Additionally, the operator of an app store may reject Sirius XM Holdings' app or amend the terms of their license in a way that inhibits Sirius XM Holdings' ability to distribute its apps, negatively affects its business, or limits its ability to increase subscribers and listeners.

Competition could result in lower subscription, advertising or other revenue and an increase in Sirius XM Holdings' expenses and, consequently, lower its earnings and free cash flow. Sirius XM Holdings cannot provide assurance that it will be able to compete successfully with its existing or future competitors or that competition will not have an adverse impact on its operations and financial condition.

If Sirius XM Holdings' efforts to attract and retain subscribers and listeners, or convert listeners into subscribers, are not successful, its business will be adversely affected.

Sirius XM Holdings' business will be adversely affected if it is unable to attract new subscribers and listeners and retain its current subscribers and listeners.

Sirius XM Holdings' ability to increase the number of subscribers and listeners to its services, retain its subscribers and listeners or convert listeners into subscribers, is uncertain and subject to many factors, including:

- the price of Sirius XM Holdings' service;
- the ease of use of Sirius XM Holdings' service;
- the effectiveness of Sirius XM Holdings' marketing programs;
- with respect to its Sirius XM service, the sale or lease rate of new vehicles in the United States;
- the rate at which Sirius XM Holdings' self-pay subscribers to its Sirius XM service buy and sell new and used vehicles in the United States;
- Sirius XM Holdings' ability to convince owners and lessees of new and used vehicles that include satellite radios to purchase subscriptions to its Sirius XM service;
- the perceived value of Sirius XM Holdings' programming and the packages and services it offers;
- Sirius XM Holdings' ability to introduce features in a manner that is favorably received by its listeners and subscribers;
- Sirius XM Holdings' ability to keep up with rapidly evolving technology and features in audio entertainment;
- Sirius XM Holdings' ability to respond to evolving consumer tastes; and
- actions by Sirius XM Holdings' competitors, such as Apple, Google, Amazon, Facebook and other audio entertainment and information providers.

Pandora's ad-supported business has suffered a loss of monthly active users, which may adversely affect its business.

The number of monthly active users to Sirius XM Holdings' ad-supported Pandora business has declined consistently for several years, and may further contract in the future.

The size of Sirius XM Holdings' ad-supported listener base is an important element of its Pandora business. The decline in Sirius XM Holdings' listener base has resulted in fewer listener hours and available advertising spots on its Pandora service, which ultimately may result in declines in advertising revenue, and adversely affect its Pandora business. The contraction of Sirius XM Holdings' ad-supported listener base also decreases the size of demographic groups targeted by advertisers, which may hurt Sirius XM Holdings' ability to deliver advertising in a manner that maximizes advertisers' return on investment and compete with other digital advertising platforms.

Privacy and data security laws and regulations may hinder Sirius XM Holdings' ability to market its services, sell advertising and impose legal liabilities.

Sirius XM Holdings receives a substantial amount of data on purchasers and lessees of new and used vehicles from third parties. Sirius XM Holdings uses this data to market its Sirius XM service. Sirius XM Holdings collects and uses demographic and other information, including location information, from and about its listeners through the internet. Further, Sirius XM Holdings and third parties use tracking technologies, including “cookies” and related technologies, to help it manage and track its listeners’ interactions with its services and deliver relevant advertising.

Various federal and state laws and regulations, as well as the laws of foreign jurisdictions, govern the collection, use, retention, sharing and security of the data Sirius XM Holdings receives. Privacy groups and government authorities have increasingly scrutinized the ways in which companies collect and share data, including linking personal identities and data associated with particular users or devices with data collected through the internet, and Sirius XM Holdings expects such scrutiny to increase. Alleged violations of laws and regulations relating to privacy and data may expose Sirius XM Holdings to potential liability, may require Sirius XM Holdings to expend significant resources in responding to and defending such allegations and claims and could in the future result in negative publicity and a loss of confidence in Sirius XM Holdings by its subscribers, listeners and advertisers.

Existing and new privacy-related laws and regulations, such as the European General Data Protection Regulation and the California Consumer Privacy Act, are evolving and subject to potentially differing interpretations. Various federal and state legislative and regulatory bodies as well as foreign legislative and regulatory bodies may expand current or enact new laws regarding privacy and data security-related matters. New laws, amendments to or re-interpretations of existing laws and contractual obligations, as well as changes in Sirius XM Holdings’ listeners’ expectations and demands regarding privacy and data security, may limit its ability to collect and use consumer data. Restrictions on Sirius XM Holdings’ ability to collect, access and harness listener data, or to use or disclose listener data or profiles that it develops using such data, could limit its ability to deliver personalized content to its listeners and offer targeted advertising opportunities to its advertising customers, each of which are important to the success of its business. Increased regulation of data utilization and distribution practices could increase Sirius XM Holdings’ cost of operation or otherwise adversely affect its business.

Sirius XM Holdings engages in extensive marketing efforts and the continued effectiveness of those efforts are an important part of its business.

Sirius XM Holdings engages in extensive marketing efforts across a broad range of media to attract and retain subscribers and listeners to its services. Sirius XM Holdings employs a wide variety of communications tools as part of its marketing campaigns, including telemarketing efforts and email solicitations. The effectiveness of its marketing efforts is affected by a broad range of factors, including creative and execution factors. Sirius XM Holdings’ ability to reach consumers with radio and television advertising, direct mail materials, email solicitations and telephone calls is an important part of its efforts and a significant factor in the effectiveness of its marketing. If Sirius XM Holdings is unable to reach consumers through email solicitations or telemarketing, including as a result of “spam” and email filters or call blocking technologies, its marketing efforts will be adversely affected. A decline in the effectiveness of its marketing efforts could have an adverse impact on its operations and financial condition.

Consumer protection laws and Sirius XM Holdings' failure to comply with them could damage its business.

Federal and state consumer protection laws, rules and regulations cover nearly all aspects of Sirius XM Holdings’ marketing efforts, including the content of its advertising, the terms of consumer offers and the manner in which it communicates with consumers. The nature of Sirius XM Holdings’ business requires it to expend significant resources to try to ensure that its marketing activities comply with consumer protection laws, including laws relating to telemarketing activities and privacy. There can be no assurance that these efforts will be successful or that Sirius XM Holdings will not have to expend even greater resources in its compliance efforts.

Modifications to consumer protection laws, including decisions by courts and administrative agencies interpreting these laws, could have an adverse impact on Sirius XM Holdings’ ability to attract and retain subscribers and listeners to its services. There can be no assurance that new laws or regulations will not be enacted or adopted, preexisting laws or

regulations will not be more strictly enforced or that its operations will comply with all applicable laws, which could have an adverse impact on its operations and financial condition.

A substantial number of Sirius XM service subscribers periodically cancel their subscriptions and Sirius XM Holdings cannot predict how successful it will be at retaining customers.

As part of Sirius XM Holdings' business, it experiences, and expects to experience in the future, subscriber turnover (i.e., churn). If Sirius XM Holdings is unable to retain current subscribers at expected rates, or the costs of retaining subscribers are higher than expected, its financial performance and operating results could be adversely affected.

Sirius XM Holdings cannot predict how successful it will be at retaining customers who purchase or lease vehicles that include a subscription to its Sirius XM service. A substantial percentage of Sirius XM subscribers are on discounted pricing plans and Sirius XM Holdings' ability to retain these subscribers or migrate them to higher priced plans is uncertain. In addition, a substantial number of those subscribers periodically cancel their subscriptions when offered a subscription at a higher price.

Sirius XM Holdings' ability to profitably attract and retain subscribers to its Sirius XM service as its marketing efforts reach more price-sensitive consumers is uncertain.

Sirius XM Holdings' efforts to acquire subscribers purchasing or leasing used vehicles may attract price sensitive consumers. For example, consumers purchasing or leasing used vehicles may be more price sensitive than consumers purchasing or leasing new vehicles, may convert from trial subscribers to self-paying subscribers at a lower rate, and may cancel their subscriptions more frequently than consumers purchasing or leasing new vehicles. Some of Sirius XM Holdings' marketing efforts may also attract more price sensitive subscribers; and its efforts to increase the penetration of satellite radios in new, lower-priced vehicle lines may result in the growth of more economy-minded subscribers. In addition, over time the changing demographics of Sirius XM Holdings' subscriber base, such as the expected increase in "Millennial generation customers," may increase the number of subscribers accustomed to consuming entertainment through ad-supported products. Each of these factors may harm Sirius XM Holdings' revenue or require additional spending on marketing efforts to demonstrate the value of its Sirius XM service.

Sirius XM Holdings' failure to convince advertisers of its Pandora ad-supported service could harm its business.

Sirius XM Holdings derives substantial revenue on its Pandora service from the sale of advertising. Sirius XM Holdings' ability to attract and retain advertisers, and ultimately to sell its advertising inventory, depends on a number of factors, including:

- the number of listener hours on the Pandora ad-supported service, particularly the number of listener hours attributable to high-value demographics;
- keeping pace with changes in technology and its competitors, some of which have significant influence over the distribution of the Pandora app;
- competing effectively for advertising with other dominant online services, such as Google and Facebook, as well as other marketing and media outlets, some of which provide services to Sirius XM Holdings that it depends upon to fulfill the advertising it sells;
- successfully competing for local radio advertising;
- demonstrating the ability of advertisements to reach targeted audiences, including the value of mobile digital advertising;
- ensuring that new ad formats and ad product offerings are attractive to advertisers and that inventory management decisions (such as changes to ad load, frequency, prominence and quality of ads that Sirius XM Holdings serves listeners) do not have a negative impact on listener hours;

- continuing to develop and diversify its advertising platform, which currently includes delivery of display, audio and video advertising products through multiple delivery channels; and
- adapting to technologies designed to block the display of its ads.

Sirius XM Holdings' agreements with advertisers are generally short-term and may be terminated at any time by the advertiser. Advertisers may leave Sirius XM Holdings for competing alternatives at any time. Failure to demonstrate to advertisers the value of its Pandora service would result in reduced spending by, or loss of, advertisers, which would harm its revenue and business.

If Sirius XM Holdings is unable to maintain revenue growth from its advertising products, particularly in mobile advertising, its results of operations will be adversely affected.

The substantial majority of the total listening to the Pandora service occurs on mobile devices, and Sirius XM Holdings expects that mobile listening will continue to be the largest portion of its total usage for the foreseeable future. Sirius XM Holdings is engaged in efforts to continue to convince advertisers of the capabilities and value of mobile digital advertising and to direct an increasing portion of their advertising spend to its ad-supported Pandora service.

Sirius XM Holdings is continuing to build its sales capability to penetrate local advertising markets, which places Sirius XM Holdings in competition with terrestrial radio. Sirius XM Holdings may not be able to capture an increasing share of local and audio advertising revenue, which may have an adverse impact on future revenue.

Sirius XM Holdings continues to work on initiatives to increase its number of listener hours on mobile and other connected devices, including efforts to expand the reach of its Pandora service by making it available on a variety of devices, such as devices connected to or installed in automobiles. In order to effectively monetize listener hours, Sirius XM Holdings must, among other things, convince advertisers to migrate spending to nascent advertising markets, penetrate local advertising markets and develop compelling ad product solutions.

If Sirius XM Holdings fails to accurately predict and play music, comedy or other content that its Pandora listeners enjoy, it may fail to retain existing and attract new listeners.

A key differentiating factor between the Pandora service and other music content providers is its ability to predict music that its listeners will enjoy. The effectiveness of Sirius XM Holdings' personalized playlist generating system depends, in part, on its ability to gather and effectively analyze large amounts of listener data and feedback. Sirius XM Holdings has no assurance that it will continue to be successful in enticing listeners to its Pandora service to give a thumbs-up or thumbs-down to enough songs to effectively predict and select new and existing songs. In addition, Sirius XM Holdings' ability to offer listeners songs that they have not previously heard and impart a sense of discovery depends on its ability to acquire and appropriately categorize additional tracks that will appeal to its listeners' diverse and changing tastes. Many of Sirius XM Holdings' competitors currently have larger music and content catalogs than it offers and they may be more effective in providing their listeners with an appealing listener experience.

Sirius XM Holdings also provides comedy and podcast content on its Pandora service, and it also tries to predict what its listeners will enjoy using technology similar to the technology that it uses to generate personalized playlists for music. The risks that apply to Sirius XM Holdings' ability to satisfy its listeners' musical tastes apply to comedy, podcasts and other content to an even greater extent, particularly since Sirius XM Holdings does not yet have as large a data set on listener preferences for comedy, podcasts and other content, and have a smaller catalog of such other content as compared to music.

Sirius XM Holdings' ability to predict and select music, comedy, podcasts and other content that its listeners enjoy is important to the perceived value of its Pandora service to consumers and the failure to make accurate predictions would adversely affect its ability to attract and retain subscribers and listeners, increase listener hours and sell advertising.

If Sirius XM Holdings fails to protect the security of personal information about its customers, it could be subject to costly government enforcement actions and private litigation and its reputation could suffer.

The nature of Sirius XM Holdings' business involves the receipt and storage of personal information about its subscribers and listeners including, in many cases, credit and debit card information. Sirius XM Holdings has a program in place to detect and respond to data security incidents. However, the techniques used to gain unauthorized access to data systems are constantly evolving and may be difficult to detect for long periods of time. Sirius XM Holdings may be unable to anticipate or prevent unauthorized access to data pertaining to its customers, including credit card and debit card information and other personally identifiable information. Sirius XM Holdings' services, which are supported by its own systems and those of third-party vendors, are vulnerable to computer malware and attacks, any of which could lead to system interruptions, delays, or shutdowns, causing loss of critical data or the unauthorized access to personally identifiable information.

If Sirius XM Holdings fails to protect the security of personal information about its customers or if an actual or perceived breach of security occurs on its systems or a vendor's systems, Sirius XM Holdings could be exposed to costly government enforcement actions and private litigation and its reputation could suffer. Sirius XM Holdings may also be required to expend significant resources to address these problems, including notification under various data privacy regulations, and its reputation and operating results could suffer. In addition, Sirius XM Holdings' subscribers and listeners, as well as potential customers, could lose confidence in its ability to protect their personal information, which could cause them to discontinue the use of Sirius XM Holdings' services. This loss of confidence would also harm Sirius XM Holdings' efforts to attract and retain advertisers, and unauthorized access to its programming would potentially create additional royalty expense with no corresponding revenue. Such events could adversely affect its results of operations. The costs of maintaining adequate protection, including insurance protection, against such threats as they develop in the future (or as legal requirements related to data security increase) could be material.

In addition, hardware, software, or applications Sirius XM Holdings develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to Sirius XM Holdings' systems or facilities, or those of third parties with whom it does business, through fraud, trickery, or other forms of deceiving its employees, contractors or other agents. Sirius XM Holdings may not be able to effectively control the unauthorized actions of third parties who may have access to the data it collects.

Sirius XM Holdings may integrate the Pandora service with apps provided by third parties. In such case, Sirius XM Holdings may not be able to control such third parties' use of listeners' data, ensure their compliance with the terms of its privacy policies, or prevent unauthorized access to, or use or disclosure of, information, any of which could expose Sirius XM Holdings to potential liability and negative publicity and could cause its listeners and advertisers to discontinue use of its services.

To date, Sirius XM Holdings has not had a significant cyber-attack or breach that has had a material impact on its business or results of operations. Sirius XM Holdings has implemented systems and processes intended to secure its information technology systems and prevent unauthorized access to or loss of sensitive, confidential and personal data, including through the use of encryption and authentication technologies. Additionally, Sirius XM Holdings has increased its monitoring capabilities to enhance early detection and timely response to potential security anomalies. These security measures may not be sufficient for all possible occurrences and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. Further, development and maintenance of these measures are costly and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated.

Interruption or failure of Sirius XM Holdings' information technology and communications systems could impair the delivery of its service and harm its business.

Sirius XM Holdings relies on systems housed at its own premises and at those of third party vendors to enable subscribers and listeners to access its Pandora and Sirius XM services in a dependable and efficient manner. Any degradation in the quality, or any failure, of Sirius XM Holdings' systems could reduce its revenue, cause it to lose

customers and damage its brands. Although Sirius XM Holdings has implemented practices designed to maintain the availability of the information technology systems it relies on and mitigate the harm of any unplanned interruptions, Sirius XM Holdings cannot anticipate all eventualities. Sirius XM Holdings occasionally experience unplanned outages or technical difficulties. Sirius XM Holdings could also experience loss of data or processing capabilities, which could cause it to lose customers and could harm its reputation and operating results.

Sirius XM Holdings relies on internal systems and external systems maintained by manufacturers, distributors and service providers to take, fulfill and handle customer service requests and host certain online activities. Any interruption or failure of Sirius XM Holdings' internal or external systems could prevent it from servicing customers or cause data to be unintentionally disclosed. Sirius XM Holdings' services have experienced, and are expected to continue to experience, periodic service interruptions and delays involving its own systems and those of its third-party vendors.

Sirius XM Holdings' data centers and its information technology and communications systems are vulnerable to damage or interruption from natural disasters, malicious attacks, fire, power loss, telecommunications failures, computer viruses or other attempts to harm its systems. The occurrence of any of these events could result in interruptions in Sirius XM Holdings' services and to unauthorized access to, or alteration of, the content and data contained on its systems and that these third-party vendors store and deliver on its behalf.

Damage or interruption to Sirius XM Holdings' data centers and information technology and communications centers could expose it to data loss or manipulation, disruption of service, monetary and reputational damages, competitive disadvantage and significant increases in compliance costs and costs to improve the security and resiliency of its computer systems. The compromise of personal, confidential or proprietary information could also subject Sirius XM Holdings to legal liability or regulatory action under evolving cybersecurity, data protection and privacy laws and regulations enacted by the U.S. federal and state governments or other foreign jurisdictions or by various regulatory organizations. As a result, Sirius XM Holdings' ability to conduct its business and its results of operations might be adversely affected.

Sirius XM Holdings relies on third parties for the operation of its business, and the failure of third parties to perform could adversely affect its business.

Sirius XM Holdings' business depends, in part, on various third parties, including:

- manufacturers that build and distribute satellite radios;
- companies that manufacture and sell integrated circuits for satellite radios;
- third-party software that Sirius XM Holdings incorporates in and includes with its apps and service;
- programming providers, including agreements with owners of various copyrights in music, and on-air talent;
- vendors that operate its call centers;
- vendors that have designed or built, and vendors that support or operate, other important elements of Sirius XM Holdings' systems, including its satellites and "cloud"-based systems;
- Apple, who distributes Sirius XM Holdings' apps through its App Store and who, in the case of the Pandora service, Sirius XM Holdings relies on to collect fees and approve the terms of its consumer offers; and
- Google, who distributes Sirius XM Holdings' apps through its App Store and who Sirius XM Holdings, in the case of the Pandora service, relies on to collect fees and approve the terms of its consumer offers, and who plays an important role in the fulfillment of the ads Sirius XM Holdings sells on its Pandora platform.

If one or more of these third parties do not perform in a satisfactory or timely manner, including complying with Sirius XM Holdings' standards and practices relating to business integrity, personnel and cybersecurity, its business could be adversely affected. For example, Space Systems/Loral (which is now the space solutions group of Maxar) has announced that it is restructuring its business and will no longer focus on manufacturing large geostationary communications satellites. The company is currently building two satellites for the Sirius XM service (the SXM-7 and

SXM-8 satellites). Maxar's new business focus could adversely affect the delivery schedules of these satellites and the on-going technical support for Sirius XM Holdings' existing in-orbit satellites.

The operation of Sirius XM Holdings' apps and service offerings could be impaired if errors occur in the third party software that it uses. It is difficult for Sirius XM Holdings to correct any defects in third party software because the development and maintenance of the software is not within its control. There can be no assurance that any third party licensors will continue to make their software available to Sirius XM Holdings on acceptable terms, invest the appropriate levels of resources in their software to maintain and enhance its capabilities, or remain in business. Failure of these third-party licensors could harm Sirius XM Holdings' streaming services.

In addition, a number of third parties on which Sirius XM Holdings depends have experienced, and may in the future experience, financial difficulties or file for bankruptcy protection. Such third parties may not be able to perform their obligations to Sirius XM Holdings in a timely manner, if at all, as a result of their financial condition or may be relieved of their obligations to Sirius XM Holdings as part of seeking bankruptcy protection.

Sirius XM Holdings' business depends in part upon the auto industry.

A substantial portion of the subscription growth for Sirius XM Holdings' satellite radio service has come from purchasers and lessees of new and used automobiles in the United States, and Sirius XM Holdings expects this to be an important source of subscribers for its satellite radio service in the future.

Sirius XM Holdings has agreements with every major automaker to include satellite radios in new vehicles, although these agreements do not require automakers to install specific or minimum quantities of radios in any given period. Sirius XM Holdings' business could be adversely affected if automakers do not continue to include its Sirius XM service in their products.

Automotive production and sales are dependent on many factors, including the availability of consumer credit, general economic conditions, consumer confidence and fuel costs. To the extent vehicle sales by automakers decline, or the penetration of factory-installed satellite radios in those vehicles is reduced, subscriber growth for Sirius XM Holdings' satellite radio service may be adversely impacted.

Sales of used vehicles represent a significant source of new subscribers for Sirius XM Holdings' satellite radio service. Sirius XM Holdings has agreements with auto dealers and companies operating in the used vehicle market to provide it with data on sales of used satellite radio enabled vehicles, including in many cases the consumer's name and address. The continuing availability of this data is important to Sirius XM Holdings' future growth, and the loss of such data may harm its revenue and business.

Sirius XM Holdings' Pandora business depends in part upon consumer electronics manufacturers.

A key element of Sirius XM Holdings' strategy to expand the reach of its Pandora service and increase the number of its subscribers and listeners is to establish and maintain relationships with automakers and consumer electronics manufacturers that integrate the service into and with their products. Sirius XM Holdings' business could be adversely affected if automakers and consumer electronics manufacturers do not continue to provide access to its service or are unwilling to do so on terms acceptable to Sirius XM Holdings.

The market for music rights is changing and is subject to significant uncertainties.

Sirius XM Holdings must maintain music programming royalty arrangements with, and pay license fees to, owners of rights in musical works in order to operate its services. Traditionally, BMI, ASCAP and SESAC have negotiated for these copyright users, collected royalties and distributed them to songwriters and music publishers. These traditional arrangements are changing. The fracturing of the traditional system for licensing rights in musical works may have significant consequences to Sirius XM Holdings' business, including increasing licensing costs and reducing the availability of certain pieces for use on its services.

ASCAP and BMI have historically been subject to antitrust consent decrees which govern, among other things, the prices they may permissibly charge licensees. The United States Department of Justice, Antitrust Division, has announced a review of those consent decrees. A termination or material modification of those consent decrees could affect Sirius XM Holdings' ability to license musical compositions.

Under the United States Copyright Act (the "Copyright Act"), Sirius XM Holdings also must pay royalties to copyright owners of sound recordings for the performance of such sound recordings on its Sirius XM service. Those royalty rates may be established through negotiation or, if negotiation is unsuccessful, by the Copyright Royalty Board. Owners of copyrights in sound recordings have created SoundExchange, a collective organization, to collect and distribute royalties. SoundExchange is exempt by statute from certain U.S. antitrust laws and exercises significant market power in the licensing of sound recordings. Under the terms of the Copyright Royalty Board's existing decision governing sound recording royalties for satellite radio, Sirius XM Holdings is required to pay a royalty based on its gross revenue associated with its satellite radio service, subject to certain exclusions, of 15.5% per year for each of the next eight years.

Sirius XM Holdings' ability to offer interactive features in its Pandora services depends upon maintaining licenses with copyright owners.

Pandora has direct license agreements with many sound recording copyright owners and with thousands of musical work copyright owners. These agreements grant Sirius XM Holdings the right to operate Pandora Premium, and add interactive features, such as replays, additional skips and offline play, to Pandora's ad-supported service and to Pandora Plus.

These direct licenses are complex. Sirius XM Holdings may not be in compliance with the terms of these licenses, which could result in the loss of some or all of these licenses and some or all of the rights they convey. Similarly, many of these licenses provide that if the licensor loses rights in a portion of the content licensed under the agreement, that content may be removed from the license going forward.

If Pandora fails to maintain these direct licenses, or if rights to certain music were no longer available under these licenses, then Sirius XM Holdings may have to remove the affected music from Pandora's services, or discontinue certain interactive features for such music, and it might become commercially impractical for Sirius XM Holdings to operate Pandora Premium. Any of these occurrences could have an adverse effect on Sirius XM Holdings' business, financial condition and results of operations.

Several of these direct licenses also include provisions related to the terms of those agreements relative to other content licensing arrangements, which are commonly referred to as "most favored nation" clauses. If Sirius XM Holdings breaches those provisions it could, among other things, cause its payments under those agreements to escalate substantially or the counterparty could terminate its agreement. In addition, many record labels, music publishers and performing rights organizations have the right to audit Sirius XM's royalty payments, and audits can result in disputes over whether it has paid the proper amounts. As a result of such audits, Sirius XM Holdings could be required to pay additional amounts, audit fees and interest or penalties, and the amounts involved could adversely affect its business, financial condition and results of operations.

There is no guarantee that these direct licenses will be renewed in the future or that such licenses will be available on the economic terms associated with the current licenses. If Sirius XM Holdings is unable to secure and maintain direct licenses for the rights to provide music on its Pandora services on terms similar to those under its current direct licenses, Sirius XM Holdings' content costs could rise and adversely affect its business, financial condition and results of operations.

The rates Sirius XM Holdings must pay for "mechanical rights" to use musical works on its Pandora service have increased substantially and these new rates may adversely affect its business.

Pandora has direct licenses with thousands of music publishers. Those licenses provide that the royalty rate for "reproduction rights" or "mechanical rights", which are required to offer the interactive features of its Pandora services, are determined by the rate formula set by the Copyright Royalty Board for the compulsory license made available by

Section 115 of the Copyright Act. These royalty rates also apply to Pandora's use of musical works for which Sirius XM Holdings does not have a direct license with the copyright owners.

The Copyright Royalty Board has issued a rate formula for the period from January 1, 2018 through December 31, 2022. The rate that Sirius XM Holdings pays to music publishers and songwriters for the mechanical rights and performance rights needed in connection with interactive streaming will increase annually between 2018 and 2022. Certain per-subscriber minimums also apply depending on the type of service. Unless Sirius XM Holdings' appeal of this decision is successful, Pandora's royalty costs will significantly increase compared to prior rates, which could harm its financial condition and hinder its ability to provide interactive features in its services, or may cause one or more of its subscription services to not be commercially viable.

Failure of Sirius XM Holdings' satellites would significantly damage its business.

The lives of the satellites required to operate the Sirius XM service vary depending on a number of factors, including:

- degradation and durability of solar panels;
- quality of construction;
- random failure of satellite components, which could result in significant damage to or loss of a satellite;
- amount of fuel the satellite consumes; and
- damage or destruction as a result of electrostatic storms, terrorist attacks, collisions with other objects in space or other events, such as nuclear detonations, occurring in space.

In the ordinary course of operation, satellites experience failures of component parts and operational and performance anomalies. Components on Sirius XM Holdings' in-orbit satellites have failed, and from time to time it has experienced anomalies in the operation and performance of these satellites. These failures and anomalies are expected to continue in the ordinary course, and Sirius XM Holdings cannot predict if any of these possible future events will have a material adverse effect on its operations or the life of its existing in-orbit satellites. In addition, the Sirius network of terrestrial repeaters communicates with a single third-party satellite. The XM network of terrestrial repeaters communicates with a single XM satellite. If the satellites communicating with the applicable repeater network fail unexpectedly, the services would be disrupted for several hours or longer.

Any material failure of Sirius XM Holdings' satellites could cause it to lose customers for its Sirius XM service and could materially harm its reputation and its operating results. Sirius XM Holdings does not have insurance for its existing in-orbit satellites. Additional information regarding Sirius XM Holdings' fleet of satellites is contained in the section entitled "Item 1. Business— Sirius XM Holdings—Satellites, Terrestrial Repeaters and Other Satellite Facilities" of this Annual Report on Form 10-K.

The Sirius XM service may experience harmful interference from wireless operations.

The development of applications and services in spectrum adjacent to the frequencies licensed to Sirius XM Holdings, as well as the combination of signals in other frequencies, may cause harmful interference to its satellite radio service in certain areas of the United States. Certain operations or combination of operations permitted by the FCC in spectrum, other than Sirius XM Holdings' licensed frequencies, results in the loss of signal to its service, and the reception of its satellite radio service can be adversely affected in certain areas. Elimination of this interference may not be possible in all cases. In other cases, Sirius XM Holdings' efforts to reduce this interference may require extensive engineering efforts and additions to its terrestrial infrastructure. These mitigation efforts may be costly and take several years to implement and may not be entirely effective. In certain cases, Sirius XM Holdings is dependent on the FCC to assist it in preventing harmful interference to its service.

Failure to comply with FCC requirements could damage Sirius XM Holdings' business.

Sirius XM Holdings holds FCC licenses and authorizations to operate commercial satellite radio services in the United States, including satellites, terrestrial repeaters, and related authorizations. The FCC generally grants licenses and authorizations for a fixed term. Although Sirius XM Holdings expects its licenses and authorizations to be renewed in the ordinary course upon their expiration, there can be no assurance that this will be the case. Any assignment or transfer of control of any of Sirius XM Holdings' FCC licenses or authorizations must be approved in advance by the FCC.

The operation of Sirius XM Holdings' satellite radio systems is subject to significant regulation by the FCC under authority granted through the Communications Act of 1934 and related federal law. Sirius XM Holdings is required, among other things, to operate only within specified frequencies; to meet certain conditions regarding the interoperability of its satellite radios with those of other licensed satellite radio systems; to coordinate its satellite radio services with radio systems operating in the same range of frequencies in neighboring countries; and to coordinate its communications links to its satellites with other systems that operate in the same frequency band.

Noncompliance by Sirius XM Holdings with these requirements or other conditions or with other applicable FCC rules and regulations could result in fines, additional license conditions, license revocation or other detrimental FCC actions. There is no guarantee that Congress will not modify the statutory framework governing Sirius XM Holdings' services, or that the FCC will not modify its rules and regulations in a manner that would have an adverse impact on Sirius XM Holdings' operations.

Economic conditions, including advertising budgets and discretionary spending, may adversely affect Sirius XM Holdings' business and operating results.

Sirius XM Holdings' business is affected by general economic conditions, including their impact on advertising spending. Expenditures by advertisers generally tend to reflect overall economic conditions, and reductions in spending by advertisers could have an adverse impact on its business.

The purchase of a Sirius XM or Pandora subscription may be considered discretionary. To the extent that general economic conditions reduce consumer spending on discretionary activities, Sirius XM Holdings' ability to attract and retain subscribers could be hindered, which could reduce its subscription revenue and negatively impact its business, including subscriber churn and conversion rates for its subscription services.

If Sirius XM Holdings is unable to attract and retain qualified personnel, its business could be harmed.

Sirius XM Holdings believes that its success depends on its ability to attract and retain qualified management, sales, technical and other personnel. All of Sirius XM Holdings' employees, including its executive officers, are free to terminate their employment with Sirius XM Holdings at any time, and their knowledge of its business may be difficult to replace.

Qualified individuals are in high demand, particularly in the media and technology industries in New York and in the San Francisco Bay Area, where Sirius XM Holdings has substantial operations, and it may incur significant costs to

attract and retain employees. If Sirius XM Holdings is unable to attract and retain its key employees, it may not be able to achieve its objectives, and its business could be harmed.

Sirius XM Holdings may not realize the benefits of acquisitions or other strategic investments and initiatives, including the acquisition of Pandora.

Sirius XM Holdings' strategy includes selective acquisitions, other strategic investments and initiatives that allow it to expand its business. The success of any acquisition, including the acquisition of Pandora, depends upon effective integration, cultural assimilation and management of acquired businesses and assets into its operations, which is subject to risks and uncertainties, including realizing the growth potential, the anticipated synergies and cost savings, the ability to retain and attract personnel, the diversion of management's attention for other business concerns, and undisclosed or potential legal liabilities of the acquired business or assets.

Sirius XM Holdings is devoting significant management attention and resources to integrate the businesses and operations of Pandora. The integration process could result in the distraction of Sirius XM Holdings' management, the disruption of its ongoing business or inconsistencies in Sirius XM Holdings' services, standards, controls, procedures and policies, any of which could adversely affect its ability to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits of the acquisition.

Sirius XM Holdings' use of pre-1972 sound recordings on its Pandora service could result in additional costs.

Federal copyright protection previously did not apply to sound recordings created prior to February 15, 1972. The protection of such recordings was instead governed by a patchwork of state statutory and common laws. Copyright owners of pre-1972 sound recordings have brought litigation against Pandora, alleging violations of state statutory and common laws arising from the reproduction and public performance of pre-1972 sound recordings. A number of suits brought by various plaintiffs remain pending against Pandora.

If Pandora is found liable for the violation of the exclusive rights of any pre-1972 sound recording copyright owners, then it could be subject to liability, the amount of which could be significant.

Sirius XM Holdings may from time to time modify its business plan, and these changes could adversely affect Sirius XM Holdings and its financial condition.

Sirius XM Holdings regularly evaluates its plans and strategy. These evaluations often result in changes to its plans and strategy, some of which may be material. These changes in Sirius XM Holdings' plans or strategy may include: the acquisition or termination of unique or compelling programming; the introduction of new features or services; significant new or enhanced distribution arrangements; investments in infrastructure, such as satellites, equipment or radio spectrum; and investments in, and/or acquisitions of, other businesses, including acquisitions that are not directly related to its business.

Sirius XM Holdings has a significant amount of indebtedness, and its debt contains certain covenants that restrict its operations.

As of December 31, 2019, Sirius XM Holdings had an aggregate principal amount of approximately \$7.9 billion of indebtedness outstanding.

Sirius XM Holdings' indebtedness increases its vulnerability to general adverse economic and industry conditions; requires it to dedicate a portion of its cash flow from operations to payments on indebtedness, reducing the availability of cash flow to fund capital expenditures, marketing and other general corporate activities; limits its ability to borrow additional funds; and may limit its flexibility in planning for, or reacting to, changes in its business and the audio entertainment industry.

Sirius XM Holdings' facilities could be damaged by natural catastrophes or terrorist activities.

An earthquake, hurricane, tornado, flood, cyber-attack, terrorist attack or other catastrophic event could damage Sirius XM Holdings' data centers, studios, terrestrial repeater networks or satellite uplink facilities, interrupt its services and harm its business. Sirius XM Holdings also has significant operations in the San Francisco Bay Area, a region known for seismic activity.

Any damage to the satellites that transmit to Sirius XM Holdings' terrestrial repeater networks would likely result in degradation of the affected service for some Sirius XM subscribers and could result in complete loss of Sirius XM satellite service in certain or all areas. Damage to Sirius XM Holdings' satellite uplink facilities could result in a complete loss of its Sirius XM satellite service until it could transfer operations to suitable back-up facilities.

The unfavorable outcome of pending or future litigation could have an adverse impact on Sirius XM Holdings' operations and financial condition.

Sirius XM Holdings is party to several legal proceedings arising out of various aspects of its business, including class actions arising out of its marketing practices. The outcome of these proceedings may not be favorable, and one or more unfavorable outcomes could have an adverse impact on its financial condition.

Failure to protect Sirius XM Holdings' intellectual property or actions by third-parties to enforce their intellectual property rights could substantially harm its business and operating results.

Development of Sirius XM Holdings' systems has depended upon the intellectual property that it has developed, as well as intellectual property licensed from third parties. If the intellectual property that Sirius XM Holdings has developed or used is not adequately protected, others will be permitted to and may duplicate portions of its systems or services without liability. In addition, others may challenge, invalidate, render unenforceable or circumvent Sirius XM Holdings' intellectual property rights, patents or existing licenses or it may face significant legal costs in connection with defending and enforcing those intellectual property rights. Some of the know-how and technology Sirius XM Holdings has developed, and plans to develop, is not now, nor will it be, covered by U.S. patents or trade secret protections. Trade secret protection and contractual agreements may not provide adequate protection if there is any unauthorized use or disclosure. The loss of necessary technologies could require Sirius XM Holdings to substitute technologies of lower quality performance standards, at greater cost or on a delayed basis, which could harm Sirius XM Holdings.

Other parties may have patents or pending patent applications, which will later mature into patents or inventions that may block or put limits on Sirius XM Holdings' ability to operate its system or license its technologies. Sirius XM Holdings may have to resort to litigation to enforce its rights under license agreements or to determine the scope and validity of other parties' proprietary rights in the subject matter of those licenses. This may be expensive and Sirius XM Holdings may not succeed in any such litigation.

Third parties may assert claims or bring suit against Sirius XM Holdings for patent, trademark or copyright infringement, or for other infringement or misappropriation of intellectual property rights. Any such litigation could be costly, divert Sirius XM's efforts from its business, subject it to significant liabilities to third parties, require it to seek licenses from third parties, block its ability to operate its services or license its technology, or otherwise adversely affect its ability to successfully develop and market its services.

Some of Sirius XM Holdings' services and technologies may use "open source" software, which may restrict how Sirius XM Holdings uses or distributes its services or require that it release the source code subject to those licenses.

Sirius XM Holdings may incorporate in some products software licensed under "open source" licenses. Open source licenses often require that the source code be made available to the public and that any modifications or derivative works to the open source software continue to be licensed under open source licenses. Few courts have interpreted open source licenses, and the manner in which these licenses may be interpreted and enforced is therefore subject to uncertainty. In the event that portions of Sirius XM Holdings' proprietary technology are determined to be subject to an open source license, Sirius XM Holdings may be required to publicly release portions of its source code, be forced to re-engineer all or

a portion of its technologies, or otherwise be limited in the licensing of its technologies, each of which could adversely affect its ability to sustain and grow its business.

Rapid technological and industry changes and new entrants could adversely impact Sirius XM Holdings' services.

The audio entertainment industry is characterized by rapid technological change, frequent product and feature innovations, changes in customer requirements and expectations, evolving standards and new entrants offering products and services. If Sirius XM Holdings is unable to keep pace with these changes, its business may not succeed. Products using new technologies could make Sirius XM Holdings' services less competitive in the marketplace.

Existing or future laws and regulations could harm Sirius XM Holdings' business.

Sirius XM Holdings is subject to many laws, including federal, state, local and foreign laws. These laws and regulations include user privacy, behavioral advertising, data collection and protection, automatic renewal of agreements, credit card processing procedures, pricing, fraud, electronic waste, mobile and electronic device communications, broadband internet access, content restrictions, quality of products and services, taxation, advertising, intellectual property rights and information security. The expansion of these laws, both in terms of their number and their applicability, could harm Sirius XM Holdings' business.

Sirius XM Holdings cannot guarantee that it has been or will be fully compliant in every jurisdiction, as it is not entirely clear how existing laws and regulations governing privacy, taxation and consumer protection apply to internet-based businesses, such as Pandora. Moreover, as internet commerce continues to evolve, increasing regulation by federal, state and foreign agencies becomes more likely. The adoption of any laws or regulations that adversely affect the internet, including laws limiting internet neutrality, could decrease listener demand for Sirius XM Holdings' service and increase its cost of doing business.

Sirius XM Holdings may be exposed to liabilities that other entertainment service providers would not customarily be subject to.

Sirius XM Holdings designs, establishes specifications, sources or specifies parts and components, and manages various aspects of the logistics of the production of satellite radios and its apps. As a result of these activities, Sirius XM Holdings may be exposed to liabilities associated with the design, manufacture and distribution of radios that the providers of an entertainment service would not customarily be subject to, such as liabilities for design defects, patent infringement and compliance with applicable laws, as well as the costs of returned product.

Sirius XM Holdings' business and prospects depend on the strength of its brands.

Maintaining and enhancing Sirius XM Holdings' brands is an important part of its strategy to expand its base of subscribers, listeners and advertisers. Sirius XM Holdings' brands may be impaired by a number of factors, including service outages, data privacy and security issues and exploitation of its trademarks by others without permission. Sirius XM Holdings' ability to maintain and enhance its brands also depends in part on its ability to continue to develop and provide an innovative and high-quality entertainment experience, which Sirius XM Holdings may not do successfully.

Listing standards of the Nasdaq Stock Market LLC include certain requirements regarding the listing of an "equity investment tracking stock," and if the Liberty SiriusXM common stock were delisted because of a failure to meet any of such requirements, the liquidity and value of the Liberty SiriusXM common stock would be materially adversely affected.

The Nasdaq Stock Market LLC ("Nasdaq") has adopted listing standards relating to "equity investment tracking stocks," which Nasdaq has determined are applicable to the Liberty SiriusXM common stock as a result of the magnitude and structure of the interests in Sirius XM Holdings that are attributed to the Liberty SiriusXM Group. These listing standards provide that the Liberty SiriusXM common stock could be delisted from Nasdaq, pending a review by Nasdaq of whether such stock could satisfy another applicable initial listing standard and remain listed on Nasdaq, if any of the following occur: (i) Sirius XM Holdings' common stock ceases to be listed on Nasdaq where it is currently traded; (ii) the

Company ceases to own, directly or indirectly, at least 50% of either the outstanding common stock or voting power of Sirius XM Holdings; or (iii) the Liberty SiriusXM common stock ceases to track the performance of Sirius XM Holdings. Further, if trading in Sirius XM Holdings' common stock were suspended or delisting proceedings were commenced with respect to such Sirius XM Holdings common stock, trading in the Liberty SiriusXM common stock would be suspended or delisting proceedings would be commenced with respect to the Liberty SiriusXM common stock at the same time. Any delisting or suspension in trading of the Liberty SiriusXM common stock would materially adversely affect the liquidity and value of the Liberty SiriusXM common stock.

Risks Relating to the Formula One Group

Risks Relating to the Formula 1 Business

There could be a decline in the popularity of Formula 1, which may have a material adverse effect on Formula 1's ability to exploit its commercial rights to the World Championship.

The success of Formula 1's business and its ability to profitably renew or enter into beneficial new commercial arrangements, including race promotion, broadcasting, advertising and sponsorship contracts, is largely dependent upon the continued popularity of the World Championship. Similarly, the sponsorship and other revenue generation of the Teams are dependent on such continued popularity and, if such revenue decreased, it may impact their ability or willingness to continue participating in the World Championship. The popularity of Formula 1, globally and in particular countries and regions, may be influenced by competition from any rival championship and other forms of motor sport or similar entertainment which challenge Formula 1's position and reputation as the pinnacle of world motor sport, the continued participation of the leading Teams, the perceived entertainment value of the World Championship, changes in societal views on automobiles more generally and an unfavorable economic climate which may discourage fans from attending Events or make it more difficult to expand into new markets, all of which could change rapidly and cannot be predicted. See "*Rival motor sport events could be established involving existing Teams or different teams, or existing Teams may divert their resources to participate in another motor sport event, which could lead to fewer Teams and race circuits being involved in Formula 1, or a Team's primary engagement in motor sport being in another motor sport event, either of which could diminish the competitive position of Formula 1.*" Formula 1 also faces stiff competition from other live sporting events, and with sporting events delivered over television networks, radio, the Internet and online services, mobile applications and other alternative sources, as well as from the availability of alternative forms of entertainment and leisure activities. Formula 1 competes for attendance, viewership and advertising with a wide range of alternatives, such as top flight soccer leagues in many of its non-U.S. markets. As a result of the large number of options available, Formula 1 faces strong competition for the attention of sports fans.

Further, a scandal which undermines the credibility of the sport, such as a race fixing scandal, or accident could also impact the popularity of Formula 1. In particular regions, the popularity of the World Championship varies depending upon the participation and performance of drivers and Teams from that region. There is no assurance that Formula 1 will be able to compete effectively with other forms of sports or entertainment or that the World Championship will maintain its popularity either globally or in any particular country or region. Any decrease in the continued popularity of the World Championship may affect Formula 1's ability to enter into or renew race promotion, broadcasting, advertising, sponsorship or other commercial agreements which may materially adversely affect Formula 1's business, financial condition, results of operations and prospects, and in turn materially adversely impact the Formula One Group.

Termination of the 100-Year Agreements could cause Formula 1 to discontinue its operations.

Under the 100-Year Agreements, entered into by Formula 1 and the FIA in 2001, Formula 1 was granted an exclusive license with respect to all of the commercial rights to the World Championship, including its trademarks. This license, which took effect on January 1, 2011 and expires on December 31, 2110, maintains Formula 1's exclusive commercial rights to the World Championship which Formula 1 held under previous agreements with the FIA, among other things. The license under the 100-Year Agreements is critical to the ongoing operation of Formula 1's business. Formula 1's rights under these agreements can be terminated by the FIA if Formula 1 materially breaches the relevant agreements (with certain of such breaches subject to certain cure rights), undergoes an unpermitted change of control, interferes with certain of the FIA's rights under the 100-Year Agreements or experiences certain insolvency events. If

Formula 1's license under the 100-Year Agreements was terminated in accordance with its terms or the FIA or another person successfully challenged the validity of that license (or the 100-Year Agreements as a whole), it could cause Formula 1 to discontinue its operations, lead to the termination of substantially all of Formula 1's commercial contracts, prevent Formula 1 from exploiting the commercial rights to the World Championship and require Formula 1 to discontinue use of the World Championship trademarks and other intellectual property rights, which would materially adversely impact the Formula One Group.

Teams may, in certain circumstances, terminate their existing commitment to participate in the World Championship until (and including) 2020 or breach their obligations and withdraw.

Formula 1's ability to effectively stage the World Championship depends on the ongoing involvement of its participants. Pursuant to individual Team Agreements, each of the current 10 Teams have committed to participate in the World Championship until December 31, 2020, subject to earlier termination upon the occurrence of certain events. Formula 1 cannot provide assurance that any of the Teams will commit to participate in the World Championship beyond 2020, or that the FIA will renew the Current Concorde Arrangements under the 2013 Concorde Implementation Agreement beyond 2030. If any of the current Teams cease to participate in the World Championship, Formula 1 may attempt to encourage new entrants to the World Championship; however, there is no assurance Formula 1 will be able to do this. If such Teams were not replaced, it could result in fewer competitors in the World Championship as compared to recent seasons which may impact the perceived entertainment value of Events. In addition, any negotiation for an extension to the term of the Team Agreements or the Concorde Arrangements could result in less favorable terms to Formula 1.

Even if a Team has committed to participate in the World Championship it may be able to exercise termination rights under its Team Agreement in certain circumstances and withdraw. For additional information regarding the agreements with the Teams, see "*Item 1. Business—Formula 1—Key Commercial Agreements—Team Agreements.*" It is also possible that Teams could form a rival motor sport series.

A lesser number of teams may reduce the popularity of Formula 1 which may affect its ability to enter into or renew race promotion, broadcasting, advertising, sponsorship or other commercial agreements, which may materially and adversely affect Formula 1's business, financial condition, results of operations and prospects, and in turn may materially adversely impact the Formula One Group.

The FIA may take actions which are not in Formula 1's interest.

The FIA is the governing body of the World Championship and a party to the 100-Year Agreements and the 2013 Concorde Implementation Agreement. In its capacity as the governing body of the World Championship, the FIA must place safety and other sporting concerns over Formula 1's commercial interests. As a result, the FIA may take actions with respect to safety and sporting standards and regulations which conflict with Formula 1's interests as the commercial rights holder, including by increasing the cost to Teams of participating in the World Championship, diminishing the visual and sonic spectacle of Events, imposing fines on or excluding Teams, cancelling or delaying an Event, withholding approval for the staging of an Event, a new circuit or Formula 1's proposed season calendar or establishing regulations without the support of the Teams. As a party to the 100-Year Agreements and the 2013 Concorde Implementation Agreement, the FIA has certain rights and limitations and the exercise or purported exercise of the FIA's rights thereunder may conflict with Formula 1's interests. Any actions taken by the FIA which conflict with Formula 1's interests may adversely impact Formula 1's operations and revenue, and in turn may materially adversely impact the Formula One Group.

Formula 1 may be subject to enforcement actions under competition laws.

As further described in "*Item 1. Business—Regulatory Matters—Competition Laws and Formula 1,*" following an investigation by the EC in 1999 in relation to Formula 1's compliance with competition laws, Formula 1 modified certain of its business practices and changed the terms of a number of Formula 1's commercial contracts. Following these modifications and changes, the EC issued two comfort letters to Formula 1 in October 2001 stating that Formula 1 was no longer under investigation. Comfort letters are not binding on the EC and if it believes there has been a material change in circumstances, it could take further enforcement action. The EC issued a press release in October 2003 stating that it was satisfied that Formula 1 had complied with the modified practices and terms that had led to its issuing its comfort letters

and that it had ended its monitoring of Formula 1's compliance. In adopting practices and concluding commercial contracts (including as to contracts with broadcasters (and the manner in which these rights are offered), contracts with Teams and contracts with promoters), Formula 1 takes into account the modified practices that formed the basis of the EC's comfort letters.

Formula 1 is also required to comply with general European Union and national competition laws, which require Formula 1 at all times to ensure its business practices and agreements are consistent with the operation of competitive markets. Failure to comply with the relevant practices, terms, laws and rules can give rise to challenges by the EC, national competition regulators and other interested parties. In addition, they could cause or deem certain of Formula 1's commercial contracts (including the Team Agreements) to be unenforceable in whole or in part and/or require various terms (including duration, scope and exclusivity) to be modified, and/or Formula 1 could be liable for damages or other sanctions.

Formula 1 has sought to adopt practices and conclude commercial contracts that take into account competition law as it applies to the specific nature of Formula 1's sporting and entertainment businesses, Formula 1's role within those businesses and the roles of the counterparties to Formula 1's commercial contracts. However given the uncertainty of the law in this area, and the possibility of third parties instigating action, there is a risk of further EC investigations, challenges or proceedings against Formula 1. For example, two Teams made a complaint against Formula 1 to the EC in September 2015 regarding the distribution of the Prize Fund and current sporting governance arrangements (though Formula 1 rejected the complaint as being without merit and believed it was in any event, a commercial dispute and not one that involved any breach of competition law). Although this particular complaint was withdrawn by the two Teams in early 2018, for the reasons set out above, no assurance can be given that there will be no future EC investigations, challenges or proceedings regarding unasserted matters.

Any of the foregoing could materially and adversely affect Formula 1's business, financial condition, results of operations and prospects, which in turn could materially adversely impact the Formula One Group.

Formula 1 may be unable to renew, replace or renegotiate on favorable terms one or more of Formula 1's race promotion, broadcasting or advertising and sponsorship contracts.

Formula 1's race promotion, broadcasting and advertising and sponsorship contracts typically have terms of three to seven years, three to five years and three to five years, respectively, but may on occasion be of longer duration. When these contracts expire, Formula 1 may not be able to renew or replace them with contracts on similar terms or at all. Further, counterparties to our contracts may seek to terminate or renegotiate them, and we may not be able to replace terminated contracts with contracts on similar terms or at all or renegotiate contracts on terms that are as favorable to us. Formula 1's ability to renew, replace or renegotiate its contracts on similar terms, or at all, is dependent on a number of factors which Formula 1 may not be able to control or predict including the popularity of Formula 1, the value of live sports rights generally, relevant regulations, economic conditions in the relevant countries and the spending capacity and priorities of Formula 1's counterparties. Additionally, many of Formula 1's race promotion and broadcasting contracts are directly or indirectly with, or guaranteed by, governmental bodies or agencies and a change in their spending capacity or priorities could impact Formula 1's negotiations with them. A failure to renew, replace or renegotiate Formula 1's existing contracts on similar or improved terms could result in, among other things, the cancellation of an Event, the payments Formula 1 receives decreasing, the term of the contracts being shortened, termination rights being granted to Formula 1's counterparties and other contractual terms and conditions being introduced which could materially and adversely affect Formula 1's business, financial condition, results of operations and prospects, and in turn could materially adversely impact the Formula One Group.

Formula 1 is exposed to credit-related losses in the event of non-performance by counterparties to Formula 1's key commercial contracts.

Future payments under Formula 1's core commercial contracts, including Formula 1's race promotion, broadcasting and advertising and sponsorship contracts are typically made periodically over the course of several years. Formula 1's ability to generate cash flow is heavily dependent on collecting amounts owed to it under these contracts. A change in the credit quality of one or more of Formula 1's counterparties over the term of their contract with Formula 1

may increase the risk of non-payment. Certain of Formula 1's counterparties are directly or indirectly governments or agencies thereof, some of which have recently experienced a deterioration in their credit quality. Formula 1 may also generally experience difficulties or be unable to recover payments owed to it by governments or agencies thereof because of their sovereign or semi-sovereign status. Additionally, an appreciation of the US dollar against the functional currencies of Formula 1's counterparties increases the risk of non-payment. See "*Fluctuations in the value of the US dollar against the functional currencies of Formula 1's business and Formula 1's counterparties' business could adversely affect Formula 1's profitability and the Formula One Group.*" The failure of one or more of Formula 1's counterparties to pay outstanding amounts owed to it could have a material adverse effect on Formula 1's cash flows and results of operation, and in turn could materially adversely impact the Formula One Group.

Potential challenges by tax authorities in the jurisdictions in which Formula 1 operates could adversely affect Formula 1's financial results and position and in turn, the Formula One Group.

Formula 1's taxes are based upon the applicable tax laws and tax rates in effect in the jurisdictions in which it operates and upon the nature of Formula 1's business arrangements and activities with and in such jurisdictions. When computing its tax obligations in these jurisdictions, Formula 1 endeavors to apply national and international tax rules consistently and in accordance with generally accepted interpretations and practice. However, such rules, and their application to Formula 1's business, may not be entirely clear in all cases and may be interpreted differently by the applicable tax authorities. There can be no assurance that, upon review of Formula 1's positions, the applicable tax authorities will agree with such positions. If a tax authority successfully challenges Formula 1's positions with respect to its business arrangements, intercompany pricing policies, or the taxable presence of subsidiaries in certain jurisdictions, or if Formula 1 loses a material tax dispute in any jurisdiction, then Formula 1 may be exposed to additional tax liabilities and penalties, which may adversely affect its financial condition, results of operations and prospects, and in turn may materially adversely impact the Formula One Group.

Changes in tax laws could adversely affect Formula 1 and the Formula One Group.

Formula 1 operates in various jurisdictions and is subject to changes in applicable tax laws, treaties, or regulations in those jurisdictions. A material change in the tax laws, treaties, or regulations, or their interpretation, of any jurisdiction with which Formula 1 does business, or in which Formula 1 has significant operations, could adversely affect Formula 1.

For example, the Organization for Economic Co-Operation and Development (the "OECD") continues its work on base erosion and profit shifting ("BEPS"), which seeks to reform the taxation of multinational businesses. This work may lead to changes in international tax treaties and their interpretation, and to countries' taxing rights under those treaties, as well as to unilateral action by individual countries in respect of their own domestic tax laws which may be uncoordinated and could create double taxation and increase controversy. Any such changes could adversely affect Formula 1 and the Formula One Group.

Formula 1 may face difficulties expanding into new markets, including as a result of being unable to attract race promoters for new Events.

Formula 1 has recently staged Events in a number of new markets and intends to explore further opportunities for expansion. Attracting the relevant race promoters to the World Championship in these markets on terms that are attractive to Formula 1 will be largely dependent on the popularity of the Formula 1 brand in these markets and Formula 1's perceived ability to deliver the benefits that race promoters desire, such as publicity for the host city/region, economic impact or tourism. See "*There could be a decline in the popularity of Formula 1 which may have a material adverse effect on Formula 1's ability to exploit its commercial rights to the World Championship.*" Additionally, Formula 1 may have difficulties entering into agreements with race promoters that have the necessary resources and experience to obtain all the necessary FIA, governmental and sporting approvals and successfully stage an Event. Events in new markets also require significant investments in circuit infrastructure and other administrative costs by Formula 1's race promoters which may not be recouped and may generate fees below those received from Formula 1's Events staged in more developed markets. In addition, under the Team Agreements, the consent of a majority of certain Teams is required if there are more than 20 Events in a season or more than 17 Events are held in a season and the number of Events that are held outside Europe, the U.S. or Canada exceeds 60% or more of the total number of Events in that season. See "*Item 1. Business*—

Formula 1—Key Commercial Agreements—Team Agreements.” Also, under the 100-Year Agreements as amended by the 2013 Concorde Implementation Agreement, Formula 1 must obtain the FIA’s approval to stage more than 25 Events (or beginning in 2031, more than 17 Events unless the FIA and Formula 1 make a new agreement on this point), and there is no assurance such approval will be obtained.

Formula 1’s business is subject to laws and regulations including with respect to advertising, broadcasting and the environment, and changes in and judicial interpretations of such laws and regulations could have a material adverse effect on Formula 1 and the Formula One Group.

Formula 1’s business is subject to laws and regulations including advertising, broadcasting, environmental and health and safety laws and regulations. Such regimes are subject to periodic governmental review, legislative initiatives and judicial interpretations, any of which could adversely affect Formula 1’s business and its profitability. A substantial part of Formula 1’s, broadcasters’ and the Teams’ revenue come from advertising or sponsorship contracts. If new restrictions or bans on advertising specific products or services which are advertised in Formula 1 are introduced, it may reduce Formula 1’s advertising and sponsorship revenue or advertising revenue of Formula 1’s broadcasters and the Teams which in turn may reduce the value of Formula 1’s broadcasting contracts and impact the Teams’ desire to continue participating in Formula 1. For example, advertising of alcohol is restricted in certain countries where Events are held. Advertising laws could also be introduced which prevent the broadcast of images which include a restricted brand, thereby preventing Formula 1 from licensing the television rights in an affected country. Additionally, as Formula 1 expands into new markets, local customs, practices and cultural sensitivities may require Formula 1 and the Teams to restrict advertising certain products even if not required by law. Broadcasting laws could be introduced which require that Events be broadcast only on free-to-air television which would prevent Formula 1 from entering into pay television contracts in the relevant jurisdiction. Additionally, judicial decisions or other governmental action could interfere with the manner in which Formula 1 exploits its broadcasting rights, including in relation to Formula 1’s segmentation of such rights among different geographic regions. Environmental laws could also be introduced which place limits on engine design and Event activities. Motor sport has also been banned in certain countries. For example, Switzerland banned motor sport from 1955 to 2007 following an accident at the 24 Hours of Le Mans that killed spectators and a driver. A ban on motor sport in any country where Formula 1 holds an Event could result in a reduction in Formula 1’s revenue and as a consequence, may materially and adversely affect Formula 1’s business, financial condition and prospects, which in turn may materially adversely impact the Formula One Group.

Significant developments stemming from the Brexit vote could have a material adverse effect on our business, particularly with respect to the movement of goods and people.

On June 23, 2016, the U.K. held a referendum in which U.K. citizens voted in favor of, on an advisory basis, an exit from the E.U. commonly referred to as “Brexit.” The results from the Brexit vote have created political and economic uncertainty, particularly in the U.K. and the E.U., and this uncertainty may last for years. The U.K. withdrew from the E.U. on January 31, 2020. This has resulted in a transition period during which the E.U.-U.K. trade relationship will not change, and the UK will remain part of the E.U. Customs Union and Single Market, subject to all E.U. trade law. During the transition period, the E.U. and the U.K. will negotiate their new economic and security relationship, including a new agreement on trade. The transition will last until December 31, 2020, which can be extended for up to two years if the E.U. and the U.K. agree to do so. However, at present, the U.K. government’s stated intention is not to seek or agree to an extension. A “no deal” outcome on trade remains a possibility if the E.U. and the U.K. fail to conclude a new trade agreement before December 31, 2020 and the transition period is not extended. In that case, with effect from January 1, 2021, the basis for E.U.-U.K. trade would automatically default to WTO terms. The potential impacts, if any, of the considerable continuing uncertainty relating to Brexit or the resulting terms of the new economic and security relationship between the U.K. and the E.U. on the free movement of goods, services, people and capital between the U.K. and the E.U., customer behavior, economic conditions, interest rates, currency exchange rates, availability of capital or other matters are unclear. In particular, Formula 1’s headquarters and television production and technical operations are based in the U.K. and a number of Events are held in the E.U., and so our business could be materially adversely affected if the new economic and security relationship results in greater restrictions on business between the U.K. and E.U. countries, increased regulatory complexities, disruptions in the movement of goods needed in our operations, including our and the Teams’ equipment to and from U.K. based Events, and disruptions in the mobility of personnel, including our key personnel based

in the U.K. These possible negative impacts, and others resulting from Brexit, may adversely affect our business, financial condition and operating results.

Events beyond Formula 1's control may cause one or more events to be cancelled or postponed or prevent Formula 1 from providing an international television feed, each of which could result in the loss of revenue under Formula 1's commercial contracts.

An Event may have to be postponed or cancelled, or Formula 1 may be unable to provide an international television feed of an Event, due to factors beyond its control, including an inability to transport Formula 1's and the Teams' equipment to an Event, power failures, parties to our race promotion contracts terminating those contracts, cancellation of large-scale public events by a competent authority due to a security or terrorism risk or outbreak of disease, which could result in the loss of revenue under Formula 1's commercial contracts. Most recently, the Chinese Grand Prix was postponed due to the Novel Coronavirus outbreak. In addition, the Bahrain Grand Prix in 2011 was cancelled due to civil unrest. If the cancellation of an Event is due to a force majeure event (such as the outbreak of war or civil unrest) that occurs prior to the scheduled commencement of scrutineering and sporting checks (which typically takes place on the Thursday immediately prior to the race or Wednesday in the case of the Grand Prix de Monaco), the race promoter is not required to pay Formula 1 the race promotion fee for that Event. Typically, Formula 1's broadcast contracts include a provision to reduce the fee payable to Formula 1 if there are fewer than 15 Events in a season for reasons other than a force majeure event. However, if an Event were to be cancelled due to the race promoter failing to meet its obligations under the race promotion contract, then Formula 1 may be entitled to indemnification from the race promoter for any lost broadcasting revenue. If an Event is not held, cancelled or does not receive international television coverage (for example, as a result of a technical problem), Formula 1's fees under the relevant advertising and sponsorship contract are likely to be reduced unless the advertising and sponsorship contract allows Formula 1 to substitute another Event for the cancelled Event and Formula 1 does so. If an Event is cancelled, Formula 1 will also be required to refund amounts paid under other arrangements, including amounts paid for tickets to the Paddock Club, the principal high end corporate hospitality offering at certain Event weekends.

Accidents during Events may cause losses that are not covered by insurance, disrupt an Event and cause Formula 1 reputational damage.

Racing accidents occur in Formula 1. The last racing accident to cause the death of a driver was in 2019 at the Belgian Grand Prix and there have also been two fatalities involving race marshals since 1994. Fatal accidents, particularly if they involve public spectators, could damage the reputation of Formula 1 and decrease its popularity, any of which could have a material adverse effect on Formula 1. Accidents can also result in the cancellation of a practice or qualifying session or a race. Additionally, persons harmed in any accident could seek compensation from Formula 1. Formula 1 and its promoters purchase insurance coverage for each Event. However, there can be no assurance that such insurance policies will provide adequate coverage at all times and in all circumstances. If Formula 1 is held liable for damages beyond the scope of the insurance coverage available to Formula 1 (including the insurance contract procured by the race promoter to include coverage for Formula 1), Formula 1's business, financial condition and results of operations could be materially and adversely affected, which in turn could materially adversely affect the Formula One Group.

Terrorist acts during Events may cause Formula 1 damage and losses that are not covered by insurance.

Formula 1 is a high profile sport with a global fan base and Events are attended by a large number of spectators. An Event, like any other major sporting event, could be the target of an actual or threatened terrorist act, either of which could disrupt Formula 1 and lead to the cancellation of Events, increase security requirements and result in a decline of spectator attendance at Events. Additionally, persons harmed in any terrorist act may attempt to seek compensation from Formula 1. The general risk of a terror attack has increased recently in a number of the countries in which Events are held. Formula 1 purchases annual insurance policies covering all Events, and individual race promoters purchase insurance coverage for their own Events under which Formula 1 is also covered, which provide coverage for third party liability covering personal injury, equipment and property damage. However, there can be no assurance that this insurance will be adequate at all times and in all circumstances. Terrorism is expressly excluded from the public liability coverage arranged by the race promoters, although Formula 1's own insurance policies cover both its broadcast and Event systems equipment and its employer and public liabilities exposures for terrorism risks. If Formula 1 is held liable for damages beyond the

scope of the insurance coverage (its own and that arranged by the race promoter) and/or is unable to obtain indemnification from the relevant insurer(s), Formula 1's business, financial condition and results of operations could be materially and adversely affected, which in turn could materially adversely affect the Formula One Group.

Rival motor sport events could be established involving existing Teams or different teams, or existing Teams may divert their resources to participate in another motor sport event, which could lead to fewer Teams and race circuits being involved in Formula 1, or a Team's primary engagement in motor sport being in another motor sport event, either of which could diminish the competitive position of Formula 1.

In the future, it is possible that a rival motor racing series similar to Formula 1 could be established, involving existing Teams and/or different teams or an existing motor sport event could become more popular and become a rival series to Formula 1. Such a rival series could lead to fewer Teams and race circuits in Formula 1, reduce the budget that a Team is willing to spend on its participation in Formula 1, or diminish the competitive position of Formula 1 and have a material adverse effect on Formula 1's results of operations and business and the Formula One Group. In addition, certain of Formula 1's commercial contracts could be terminated if Formula 1 ceased to be the premier motor racing series for open wheel single-seater cars. Pursuant to individual Team Agreements, each of the 10 Teams have committed to participate in the World Championship until December 31, 2020. If a rival motor racing series is established (or if an existing series develops into a rival series), this may reduce the popularity of Formula 1 leading to a decline in the value of Formula 1's commercial contracts which may materially adversely affect Formula 1's business, financial condition, results of operations and prospects, and in turn may materially adversely affect the Formula One Group. See "*—There could be a decline in the popularity of Formula 1 which may have a material adverse effect on Formula 1's ability to exploit its commercial rights to the World Championship*" and "*—Teams may, in certain circumstances, terminate their existing commitment to participate in the World Championship until (and including) 2020 or breach their obligations and withdraw.*"

Changes in consumer viewing habits and the emergence of new content distribution platforms could adversely affect Formula 1's business and the Formula One Group.

The manner in which consumers view televised sporting events is changing rapidly with the emergence of alternative distribution platforms. Digital cable, internet and wireless content providers are continuing to improve technologies, content offerings, user interface, and business models that allow consumers to access video-on-demand or internet-based tools with interactive capabilities including start, stop and rewind. Formula 1's exclusive commercial rights place no limits on the platforms on which it can operate, including online. However, such developments may impact the profitability or effectiveness of Formula 1's existing licensing practices and there is no guarantee that Formula 1 will be successful in adapting its licensing practices and/or media platform as consumer viewing habits change. If Formula 1 is unsuccessful in adapting its licensing practices and/or media platform as consumer viewing habits change, Formula 1's viewership levels (whether on traditional or new platforms) may decrease and/or its licensing practices may become less profitable leading to the possibility of a reduction in the value of its broadcasting and advertising and sponsorship contracts. Any reduction in the value of Formula 1's commercial rights and/or contracts may materially and adversely affect its revenue, business, financial condition, results of operations and prospects, which in turn may materially adversely affect the Formula One Group. While Formula 1's monetization of its television rights has increased in recent years, there can be no assurance that such increases will continue or that Formula 1's level of such monetization will be comparable to that of other sporting events.

If confidential information regarding Formula 1's business arrangements is disclosed or leaked, it could affect Formula 1's relationships with counterparties and/or Teams and result in less favorable commercial contracts and adversely affect Formula 1's business and the Formula One Group.

The success of Formula 1's business depends on maintaining good relationships with Formula 1's counterparties (including race promoters, broadcasters, advertisers and sponsors) and the Teams and entering into race promotion, broadcasting, advertising and sponsorship and other commercial contracts on favorable terms. If confidential information regarding Formula 1's business arrangements with its counterparties and/or the Teams were to be disclosed or leaked, it could harm Formula 1's relationships with those parties and result in less favorable terms in its commercial contracts,

including with respect to pricing and adversely affect its business, results of operation, financial condition and prospects, which in turn could materially adversely affect the Formula One Group.

Formula 1 depends on trademarks, copyrights and intellectual property.

Formula 1 relies on certain trademarks, copyrights and other intellectual property to protect its rights, including its brands, logos and television footage. The existence of complex factual and legal issues may give rise to uncertainty as to the validity or subsistence, scope and enforceability of a particular trademark, copyright or other intellectual property or contractual right in a particular jurisdiction. While historically Formula 1 has been widely transmitted by free-to-air television which reduced its attractiveness as a target for piracy and other infringement, Formula 1 is increasingly transmitted by pay TV operators that are greater targets for piracy. In any event, Formula 1's intellectual property, and in particular the Formula 1 brand (including the F1 logo) and television footage are potential targets for counterfeiting, piracy and other infringement. New technologies such as the convergence of computing, communication, and entertainment devices, the falling prices of devices incorporating such technologies, increased broadband internet speed and penetration and increased availability and speed of mobile data transmission have made the unauthorized digital pirating and distribution of televised sporting events easier and faster and enforcement of intellectual property rights more challenging. The unauthorized use of intellectual property in the entertainment industry generally continues to be a significant challenge for intellectual property rights holders. If Formula 1 is unsuccessful in preventing widespread piracy and illegal live streaming of Events in the future, these activities could result in lost revenue and a reduction in the value of Formula 1's broadcasting rights which may materially and adversely affect Formula 1's business, results of operation, financial condition and prospects, and in turn may materially adversely affect the Formula One Group.

The terms of Formula 1's indebtedness may limit its financial and operating flexibility.

Covenants contained in the agreements governing Formula 1's credit facilities will restrict the ability of its subsidiaries to, among other things:

- incur or guarantee additional indebtedness or be a creditor in respect of financial indebtedness;
- pay dividends, redeem their share capital, purchase capital stock, make investments or other restricted payments;
- make any payment in respect, or on account of, indebtedness owing to Delta Topco;
- in certain circumstances, make any payment or distribution in respect, or on account of, intra-group debt;
- issue or sell capital stock;
- acquire assets or make investments;
- sell assets (including capital stock of subsidiaries);
- create liens;
- enter into sale and leaseback or finance lease transactions;
- acquire an interest in or invest in any joint venture;
- enter into transactions with shareholders or affiliates except on arm's length terms for full market value, including in relation to the provision of goods or services;
- enter into any contractual or similar restriction which restricts their ability to pay dividends or other distributions, make intra-group loan repayments, loan repayments or loans;
- effect a consolidation or merger;
- amend material commercial contracts; and
- enter into derivative transactions in respect of exposures which are unconnected to Formula 1's credit facilities.

In addition, those covenants restrict certain holding companies in Formula 1 from trading, carrying on business, owning assets or incurring liabilities.

Formula 1 may also be required to repay its credit facilities upon the occurrence of certain events and Formula 1 cannot give any assurance that it will be able to finance such a repayment. Failure to comply with an obligation to repay the credit facilities would result in an event of default which could have a material adverse effect on Formula 1 and the Formula One Group.

These restrictive covenants could limit Formula 1's ability to pursue Formula 1's growth plans, restrict Formula 1's flexibility in planning for, or reacting to, changes in Formula 1's business and industry and increase Formula 1's vulnerability to adverse economic and industry conditions. Formula 1 may enter into additional financing arrangements in the future, which could further restrict Formula 1's flexibility.

Fluctuations in the value of the US dollar against the functional currencies of Formula 1's business and Formula 1's counterparties' business could adversely affect Formula 1's profitability and the Formula One Group.

In 2019, a significant proportion of Formula 1's revenue and costs were denominated in U.S. dollars. Formula 1 also operates in a number of other currencies, most notably the pound sterling and Euro. There may be a mismatch between the amount of a local currency Formula 1 generates in revenue and incurs in expenses. Our financial statements translate local currency transactions into U.S. dollars. Formula 1 uses derivatives to hedge its exposure to foreign currency risk. There is no assurance that such measures will be successful and fluctuations in the value of the U.S. dollar against Formula 1's functional currencies could affect its profitability. Additionally, most payments Formula 1 receives from Formula 1's counterparties under Formula 1's commercial contracts are denominated in U.S. dollars while their revenue is typically denominated in other currencies, most notably the Euro or the local currency in the country where the relevant Event is held. An appreciation of the U.S. dollar, against the functional currencies of Formula 1's counterparties whose revenue is denominated in a currency other than U.S. dollars, increases the cost of their payments to Formula 1 in their functional currencies and the risk that they will not make their payments to Formula 1 or cause them to request Formula 1 to enter into a new contract with such counterparty, which could affect Formula 1's profitability and financial position, and in turn could impact the Formula One Group. See "—*Formula 1 is exposed to credit-related losses in the event of non-performance by counterparties to Formula 1's key commercial contracts.*"

Formula 1 is reliant upon the retention of certain key personnel and the hiring of strategically valuable personnel, and Formula 1 may lose or be unable to hire one or more of such personnel.

Formula 1's commercial success is dependent to a considerable extent on the abilities and reputation of Formula 1's management. Formula 1's senior management team has a wealth of experience both in Formula 1 and in the media sector more widely. Formula 1's Chairman and Chief Executive Officer Chase Carey is a well-known and respected senior figure in the media industry and has led Formula 1 in its growth and expansion since Liberty's acquisition of the business in 2017. Formula 1's Chief Financial Officer, Duncan Llowarch, and the General Counsel, Sacha Woodward Hill, have 23 years and 24 years of experience in Formula 1, respectively, and Ross Brawn, Managing Director of Motor Sports, has over 40 years of experience in motor racing, holding senior positions in several leading Formula 1 teams including his own, Brawn GP, which won the Formula 1 Constructors' title in 2009. While Formula 1 has the benefit of a strong management team and contracted revenue which provide Formula 1 stability in the near term, the voluntary departure of any key personnel could disrupt Formula 1's operations and have a material adverse effect on Formula 1's business and results of operations, which in turn could materially adversely impact the Formula One Group. Liberty and Formula 1 continue to take steps to hire new members of management for the Formula 1 team as Liberty continues to expand the Formula 1 business. If Liberty and Formula 1 are unable to make strategic hires to strengthen the management of Formula 1, or if we are unable to retain these strategic hires over the long-term, the Formula 1 business may suffer, and Liberty may be unable to recognize the anticipated benefits of the acquisition of Formula 1.

The Teams have certain governance rights under the Current Concorde Arrangements (which are currently being renegotiated) and the organizational documents of Delta Topco that may limit or, at a minimum, influence actions that Liberty may seek to cause Formula 1 to take.

The Teams are entitled to certain consent rights under the Current Concorde Arrangements (a series of governance and regulatory agreements among the stakeholders in Formula 1), including in relation to the number of Events in a season exceeding 20 (or 17 if the number of Events that are held outside Europe, the US or Canada exceeds 60% or more of the total number of Events in that season) and the introduction of new sporting and technical regulations applying to the World Championship. Also, under the Current Concorde Arrangements, the Longest Standing Team (as defined below) has a consent right over certain nominees for appointment as a new chief executive of Formula 1 and certain rights with respect to the termination of the current chief executive of Formula 1. Further, the team agreements with McLaren and Mercedes grant the corporate parent of each of those Teams (McLaren Group Limited and Daimler AG, respectively) the right to appoint a director of Delta Topco until December 31, 2020 or the termination of the relevant Team Agreement, if earlier, and Ferrari has an equivalent right, pursuant to a provision contained in all of the Team Agreements granting that right to the Longest Standing Team that has competed in the World Championship for the greatest number of seasons since 1950 (the “Longest Standing Team”) (each such director, a “Team Director”). The right with respect to the Longest Standing Team is also reflected in the organizational documents of Delta Topco. The Longest Standing Team’s Team Director has the right to sit on the audit and ethics and nomination committees of Delta Topco and any standing or ad hoc committees of Delta Topco established to monitor the strategic development of Formula 1’s business. The Longest Standing Team’s Team Director also has influence in relation to the removal or appointment of Formula 1’s chief executive, by virtue of being a member of the nomination committee of Delta Topco. The interests or opinions of the Teams with regard to certain actions proposed to be taken by Formula 1 may differ from those of Liberty. In such event, the Teams may be able to block these actions or, at a minimum, cause their interests or opinions to be considered by the Delta Topco board of directors.

In addition, the renegotiation of the Current Concorde Arrangements is currently underway, and it is currently expected that the new arrangements will reflect a new governance and prize fund structure, which could be less favorable to Formula One Group. Although negotiations are in the advanced stages with the teams, the Current Concorde Arrangements expire at the end of 2020, and there can be no guarantee that all arrangements and final documentation will be in place prior to then.

Other Risks Relating to the Formula One Group

We do not have the right to manage our business affiliate, Live Nation, which means we are not able to cause it to operate in a manner that is favorable to us.

We do not have the right to manage the businesses or affairs of our business affiliate Live Nation, which is attributed to the Formula One Group. Rather, our rights take the form of representation on the board of directors and board committees. Although our board representation rights may enable us to exercise influence over the management or policies of Live Nation, they will not enable us to cause Live Nation to take any actions we believe are favorable to us (such as paying dividends or distributions).

Our equity method investment in Live Nation may have a material impact on net earnings of Liberty and the Formula One Group.

We have a significant investment in Live Nation that is attributed to the Formula One Group, which we account for under the equity method of accounting. Under the equity method, we report our proportionate share of the net earnings or losses of our equity affiliates in our statement of operations under “share of earnings (losses) of affiliates,” which contributes to our earnings (loss) from continuing operations before income taxes. If the earnings or losses of Live Nation are material in any year, those earnings or losses may have a material effect on our net earnings and those attributed to the Formula One Group. Notwithstanding the impact on our net earnings and those attributed to the Formula One Group, we do not have the ability to cause Live Nation to pay dividends or make other payments or advances to its stockholders, including us. In addition, our investment in Live Nation is in publicly traded securities, which is not reflected at fair value on our balance sheet and is subject to market risk that is not directly reflected in our statement of operations.

The business of Live Nation is subject to a number of risks and uncertainties, including many of which are similar to those above with respect to the Liberty SiriusXM Group, such as:

- *“Sirius XM Holdings relies on third parties for the operation of its business, and the failure of third parties to perform could adversely affect its business;”*
- *“Sirius XM Holdings faces substantial competition and that competition is likely to increase over time;”*
- *“If Sirius XM Holdings fails to protect the security of personal information about its customers, it could be subject to costly government enforcement actions and private litigation and its reputation could suffer;”*
- *“Interruption or failure of Sirius XM Holdings’ information technology and communications systems could impair the delivery of its service and harm its business;”*
- *“Failure to protect Sirius XM Holdings’ intellectual property or actions by third-parties to enforce their intellectual property rights could substantially harm its business and operating results;” and*
- *“Existing or future laws and regulations could harm Sirius XM Holdings’ business.”*

Risks Relating to the Braves Group

The financial success of the Braves Group will depend, in large part, on the Major League Baseball club, the Braves, achieving on-field success.

The financial results of the Braves Group depend in large part on the ability of the Braves to achieve on-field success. The team’s successes in the 1990s and early 2000s generated significant fan enthusiasm, resulting in sustained ticket, premium seating and concession and merchandise sales, and greater shares of local television and radio audiences during that period. Furthermore, during the 15 seasons between 1991 and 2005, success in the regular season permitted participation in MLB’s postseason 14 times, which provided the franchise with additional revenue and income. While the Braves have made the MLB postseason during four of the past eight seasons, there can be no assurance that the team will perform well or qualify for postseason play during the next season or any season thereafter. Poor on-field performance by the Braves is likely to adversely affect the financial performance of the Braves Group.

The success of the Braves will depend largely on their ability to develop, obtain and retain talented players.

The success of the Braves depends, in large part, on the ability to develop, obtain and retain talented players. The Braves compete with other MLB baseball teams and teams in other countries for available professional players and top player prospects. There can be no assurance that the Braves will be able to retain players upon expiration of their contracts or identify and obtain or develop new players of adequate talent to replace players who retire or are injured, traded, released or lost to free agency. Even if the Braves are able to retain or obtain players who have had successful amateur or professional careers, or develop talented players through the Braves’ minor league affiliates or otherwise, there can be no assurance that such players will perform successfully for the Braves. The 2017 penalties handed down by MLB against the Braves in the international market will also limit the Braves’ ability to develop and obtain players internationally through the 2020 season.

The risk of injuries to key or popular players creates uncertainty and could negatively impact financial results.

A significant portion of the financial results of the Braves Group will be dependent upon the on-field success of the Braves and injuries to players pose risk. An injury sustained by a key player, or an injury occurring at a key point in the season, could negatively impact the team’s performance and decrease the likelihood of postseason play. An injury sustained by a popular player could negatively impact fan enthusiasm, which could negatively impact ticket sales, and other sources of revenue. Furthermore, after the start of each season, all MLB players under contract are generally entitled to all of their contract salary for the season, even after sustaining an injury. Having to compensate a player who is unable to perform for a substantial period of the season, as well as the replacement for the injured player, could create a significant financial burden for the Braves. The Braves have obtained disability insurance for their players signed to multiyear contracts to partially mitigate these risks, but there can be no assurance that such insurance will compensate for all or

substantially all of the costs associated with player injuries and such insurance would not serve to mitigate any potential negative impact on the team's performance and revenue.

Focus on team performance, and decisions by MLB may negatively impact financial results in the short-term.

Management of Braves Holdings focuses on making operational and business decisions that enhance the on-field performance of the Braves and this may sometimes require implementing strategies and making investments that may negatively impact short-term revenue for the sake of immediate on-field success. For example, in order to improve the short-term performance of the team, management may decide to make trades for highly compensated players and sign free agents or current players to high value contracts, which could significantly increase operating expenses for a given year, and which could adversely impact the trading price of the Liberty Braves common stock. Alternatively, management may decide to focus on longer-term success by investing more heavily in the recruiting and development of younger and less expensive talent, which may negatively affect the team's current on-field success and in turn could have a negative impact on ticket sales and other sources of revenue. Braves Holdings must also comply with the rules and decisions of the Commissioner of Baseball (the "Commissioner"), which has significant authority over MLB teams and must act in the best interests of MLB as a whole. Such rules and decisions may be inconsistent with strategies adopted by management and may have a negative effect on the near-term value of the Braves Group.

The organizational structure of MLB and its rules and regulations impose substantial restrictions on the operations of Braves Holdings and its subsidiaries.

As a condition to maintaining its MLB franchise, each MLB club must comply with MLB Rules and Regulations. For example, each MLB club is subject to the Major League Constitution, the Major League Rules and the CBA. In addition, each club is required to appoint one "Control Person" who is acceptable to MLB and the other clubs and who has significant authority over club operations and the club's interaction with MLB. Pursuant to the MLB Rules and Regulations, an MLB club must comply with, among other things, limitations on the amount of debt it can incur, revenue sharing arrangements with the other MLB clubs, commercial arrangements with regard to the national broadcasting of its games and other programming and commercial arrangements relating to the use of its intellectual property. For example, the Braves were not in compliance with the rule governing the amount of debt that is permitted to be issued by an MLB club in 2015 and 2016 and were subject to certain remedial measures, including the repayment of outstanding indebtedness. Similarly, the vote of 75% of the MLB clubs is required for the approval of the sale of any MLB club or relocation of a franchise to another city.

Braves Holdings will be required to abide by any changes to the MLB Rules and Regulations and the adoption of any new MLB Rules and Regulations, irrespective of whether such changes or new arrangements negatively impact Braves Holdings, and in turn the Braves Group, proportionately or disproportionately, as compared with the other MLB clubs. Further, the Commissioner interprets the MLB Rules and Regulations, and Braves Holdings has agreed to submit any and all disputes related to the MLB Rules and Regulations, or disputes involving another MLB club, to the Commissioner as sole arbitrator. The decisions of the Commissioner are binding and not appealable, and therefore Braves Holdings may not resort to the courts or any other means to enforce its rights or contest the application of the MLB Rules and Regulations. No assurance can be given that any changes to the MLB Rules and Regulations, adoption of new MLB Rules and Regulations or decisions made by the Commissioner will not adversely affect the Braves Group and its financial results and have a negative impact upon the value of the Liberty Braves common stock.

The possibility of MLB expansion could create increased competition.

The most recent MLB expansion occurred in 1998. MLB continues to evaluate opportunities to expand into new markets across North America. Because revenue from national broadcasting and licensing agreements are divided equally among all MLB clubs, any such expansion could dilute the revenue realized by the Braves Group from such agreements and increase competition for talented players among MLB clubs. Any expansion in the Southeast region of the United States, in particular, could also draw fan, consumer and viewership interest away from the Braves.

Viewership, and interest in baseball generally, may fluctuate due to factors outside of our control.

Viewership of professional baseball has increased significantly in recent years. However, MLB has gone through periods of decreased popularity in the past, and any future decline in television ratings or attendance for MLB as a whole could have an adverse effect on the Braves Group's financial results. As sporting and entertainment trends change, fans may be drawn to other spectator sports and entertainment options, in spite of on-field success by the Braves.

Broadcasting rights, both national and local, present an important source of revenue for Braves Holdings, and decreases in this broadcasting revenue could have an adverse effect on the Braves Group's financial results.

Braves Holdings derives revenue directly from the sale of their local broadcasting rights through individually negotiated carriage agreements. The sale of their national broadcasting rights, together with those of all other MLB teams, is organized through MLB with all such revenue running through MLB's Central Fund and allocated consistent with the governing documents. Any decline in television ratings, popularity of the Braves specifically, or even MLB as a whole, could adversely affect the revenue that can be derived from the sale of these broadcasting rights. In addition, from time to time, litigation may arise challenging the commercial terms on which this programming is distributed.

Braves Holdings' need for capital to fund its operations and recent borrowings used or to be used to finance construction and development of the Braves' stadium, the Development Project and a spring training facility could negatively impact the Braves Group's financial condition.

Braves Holdings generally funds its operating activities through cash flow from operations and two credit facilities, with a combined borrowing capacity of \$185 million. If cash flows become insufficient to cover capital needs, Braves Holdings may be required to take on additional indebtedness, but applicable MLB rules limit the aggregate amount of indebtedness that Braves Holdings may incur. As of December 31, 2019, Braves Holdings had \$45 million outstanding under its operating credit facilities.

Braves Holdings has, directly or indirectly through subsidiaries, taken on a significant level of debt and increased expenses related to the development of the Braves' stadium, the Development Project and a new spring training facility. As of December 31, 2019, Braves Holdings had approximately \$304 million outstanding under various debt instruments for construction and other stadium-related costs, \$180 million outstanding under various credit facilities and loans for the Development Project and \$30 million outstanding under a credit facility for the spring training facility. As of December 31, 2019, approximately \$136 million of capacity remained available under the credit facilities and loans for the Development Project and spring training facility.

These expenditures have increased, and will continue to increase the Braves Group's costs and indebtedness in the near term, which could have a negative impact on Braves Holdings' credit worthiness and the value of the Liberty Braves common stock.

The financial performance of the Braves Group may be materially adversely affected if it does not experience the anticipated benefits of the Development Project in the near term or at all.

The Braves Group is incurring a significant amount of capital expenditures and indebtedness in connection with the Development Project, which includes construction and development of the Development Project. Although the Braves Group believes that the new stadium and mixed use development will result in a material increase in revenue over the short and long term, including as a result of increased game attendance and rental income from the mixed use development, no assurance can be given that attendance will increase as anticipated or that the potential benefits of the mixed-use development will be fully realized. To the extent that the anticipated benefits of the Development Project do not materialize and the Braves Group does not experience the expected increase in revenue, the Braves Group's increased costs, including its new debt service obligations, could materially adversely affect the Braves Group's financial results, which is likely to suppress the value of the Liberty Braves common stock.

Development activities, such as those associated with the Development Project, are subject to significant risks.

Risks associated with real estate development projects, such as the Development Project, relate to, among other items, adverse changes in national market conditions (which can result from political, regulatory, economic or other factors), changes in interest rates, competition for, and the financial condition of, tenants, the cyclical nature of property markets, adverse local market conditions, changes in the availability of debt financing, real estate tax rates and other operating expenses, zoning laws and other governmental rules and fiscal policies, energy prices, population trends, risks and operating problems arising out of the presence of certain construction materials, acts of God, uninsurable losses and other factors which are beyond the control of the developer and may make the underlying investments economically unattractive. In addition, development activities involve the risk that construction may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or various other factors, including natural disasters. Any of these risks could result in substantial unanticipated delays or expenses associated with the Development Project, which could have an adverse effect on the Braves Group's financial condition and suppress the value of the Liberty Braves common stock.

The Braves Group has limited operating history managing mixed use development projects.

Management of Braves Holdings has a long history as an operator of a professional baseball franchise, but has only been managing the mixed use development project since the opening of the Development Project in 2017. Although management of Braves Holdings has engaged with real estate developers and other real estate experts, management of Braves Holdings may not initially have the expertise necessary to fully realize the projected benefits of the mixed use development. Management's limited experience, among other things, may result in the Braves Group being unable to achieve its goals for the Development Project. The return on the Braves Group's significant investment in the mixed use development cannot be predicted reliably and the ability of the Braves Group to realize expected financial results relating to its management of the Development Project is subject to uncertainties and contingencies and may change materially in response to one or more future events.

Certain covenants included in the documents governing the indebtedness incurred in connection with the Development Project impose limitations on the liquidity of the Braves Group.

The agreements governing the indebtedness incurred, directly or indirectly, by Braves Holdings, include certain covenants that limit the ability of Braves Holdings to sell or otherwise transfer control over certain assets or equity interests of affiliated entities. These covenants could limit the flexibility of Braves Holdings to react to changing or adverse market conditions, or developments relating to the Development Project, which could have an adverse effect on the financial condition of the Braves Group and could suppress the value of the Liberty Braves common stock.

Risks Relating to the Ownership of Our Common Stock Due to Our Tracking Stock Capitalization

Holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock are common stockholders of our Company and, therefore, are subject to risks associated with an investment in our Company as a whole, even if a holder does not own shares of common stock of all of our groups.

Even though we have attributed, for financial reporting purposes, all of our consolidated assets, liabilities, revenue, expenses and cash flows among the Liberty SiriusXM Group, the Braves Group and the Formula One Group in order to prepare the separate financial statement schedules for each of those groups, we will retain legal title to all of our assets and our tracking stock capitalization does not limit our legal responsibility, or that of our subsidiaries, for the liabilities included in any set of financial statement schedules. Holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock do not have any legal rights related to specific assets attributed to their associated group and, in any liquidation, holders of Liberty SiriusXM common stock, holders of Liberty Braves common stock and holders of Liberty Formula One common stock will be entitled to receive a pro rata share of our available net assets based on their respective numbers of liquidation units.

Possible market confusion may result from holders of our tracking stocks mistakenly believing that they (i) directly own stock of a company that is attributed to one of our tracking stocks and (ii) have any equity or voting interests with respect to companies attributed to one of our tracking stocks.

Our company holds interests in various companies, including public companies, and these interests are attributed to our tracking stock groups. In particular, the assets of the Liberty SiriusXM Group are primarily comprised of our company's ownership interest in Sirius XM Holdings, corporate cash, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049 and a margin loan obligation incurred by our wholly owned special purpose subsidiary. Similarly, since the completion of our acquisition of Formula 1 in January 2017, the Formula One Group is now comprised of our subsidiary that owns the Formula 1 business, as well as our ownership interest in Live Nation. Depending on the composition of the assets underlying our tracking stock groups from time to time, confusion in the marketplace may occur if holders of our tracking stock mistakenly believe they own stock of a company attributed to the applicable tracking stock group. This may especially be true in cases where a tracking stock group has a name that is similar to the publicly traded company attributed to the applicable tracking stock group, as is the case of the Liberty SiriusXM Group and Sirius XM Holdings. As described above, holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock do not have any legal rights related to specific assets attributed to their associated tracking stock group. Similarly, holders of these tracking stocks do not, by virtue of their ownership of our tracking stock, own any equity or voting interest in any company attributed to one of our tracking stock groups, including any public companies.

We may split off, spin off or reattribute assets, liabilities and businesses attributed to our tracking stock groups in a manner that may disparately impact some of our stockholders if our board of directors determines such transaction to be in the best interest of all of our stockholders, and in some cases, not all of our stockholders would be entitled to vote on such a transaction.

Pursuant to the terms of Liberty's restated certificate of incorporation (its "charter"), Liberty's board of directors may determine that it is in the best interest of all of Liberty's stockholders to effect a redemptive split-off whereby all or a portion of the outstanding shares of a particular tracking stock would be redeemed for shares of common stock of a subsidiary ("Splitco") that holds all or a portion of the assets and liabilities attributed to such tracking stock group subject to the approval of only the holders of the tracking stock to be redeemed. However, the vote of holders of Liberty's other tracking stocks would not be required, unless Splitco also held assets and liabilities of such other tracking stock group(s). If Liberty were to effect a redemptive split-off, then, pursuant to the terms of its charter, Liberty would be required to redeem the outstanding shares of the affected tracking stock from its holders on an equal per share basis (i.e., it could not redeem shares from holders of only certain series of the affected tracking stock or redeem from all holders of the affected tracking stock on a non-pro rata basis). Following a redemptive split-off, holders of the other tracking stock(s) would continue to hold stock tracking the performance of Liberty's remaining assets and liabilities which would not have changed after the redemptive split-off, unless a reattribution among the tracking stocks occurred in connection with the redemptive split-off (as discussed below). In addition, in the case of a partial redemptive split-off, holders of the affected tracking stock would hold shares of Splitco and continue to hold a reduced number of shares of the affected tracking stock which would track the remaining assets and liabilities retained by Liberty and attributed to such tracking stock after the split-off.

Liberty is also permitted, pursuant to the terms of its charter, to effect a spin-off of certain of its assets and liabilities through the dividend of shares of a subsidiary holding such assets and liabilities, and the spin-off would not be subject to prior stockholder approval. In this situation, a tracking stock holder would retain their tracking stock shares and receive shares of the spun-off entity.

Furthermore, in structuring these transactions, Liberty's board of directors may determine to alter the composition of the assets and liabilities underlying its tracking stock groups through a reattribution. As contemplated by both the charter and the management and allocation policies designed to assist Liberty in managing and separately presenting the businesses and operations attributed to our tracking stock groups, Liberty's board of directors is vested with the discretion to reattribute assets and liabilities from one tracking stock group to another tracking stock group without the approval of any of its stockholders, and the only limitations on its exercise of such discretion are that the reattribution be in the best interest of all of Liberty's stockholders and that the reattribution be done on a fair value basis. Holders of the affected tracking stock groups will not be entitled to a separate vote to approve a reattribution, even if such reattribution is occurring in

connection with a redemptive split-off and such stockholders would otherwise be entitled to vote on the redemptive split-off itself.

Our board of directors' ability to reattribute businesses, assets and expenses between and among tracking stock groups may make it difficult to assess the future prospects of our tracking stock groups based on past performance.

Any reattribution made by our board of directors (as discussed above), as well as the existence, in and of itself, of the right to effect a reattribution may impact the ability of investors to assess the future prospects of the businesses and assets attributed to a tracking stock group, including liquidity and capital resource needs, based on past performance. Stockholders may also have difficulty evaluating the liquidity and capital resources of the businesses and assets attributed to each group based on past performance, as our board of directors may use one group's liquidity to fund another group's liquidity and capital expenditure requirements through the use of inter-group loans and inter-group interests.

We could be required to use assets attributed to one group to pay liabilities attributed to another group.

The assets attributed to one group are potentially subject to the liabilities attributed to another group, even if those liabilities arise from lawsuits, contracts or indebtedness that are attributed to such other group. While our current management and allocation policies provide that reattributions of assets between groups will result in the creation of an inter-group loan or an inter-group interest or an offsetting reattribution of cash or other assets, no provision of our current charter prevents us from satisfying liabilities of one group with assets of another group, and our creditors are not in any way limited by our tracking stock capitalization from proceeding against any assets they could have proceeded against if we did not have a tracking stock capitalization.

The market price of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock may not reflect the performance of the businesses and assets attributed to the Liberty SiriusXM Group, the Braves Group and the Formula One Group, respectively, as we intend.

We cannot assure you that the market price of the common stock related to a group will, in fact, reflect the performance of the group of businesses, assets and liabilities attributed to that group. Holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock are common stockholders of our Company as a whole and, as such, are subject to all risks associated with an investment in our Company and all of our businesses, assets and liabilities. As a result, the market price of each tracking stock may, in part, reflect events that are intended to be reflected or tracked by a different tracking stock of our Company. In addition, investors may discount the value of the stock related to a group because it is part of a common enterprise rather than a stand-alone entity.

The market price of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock may be volatile, could fluctuate substantially and could be affected by factors that do not affect traditional common stock.

The market prices of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock may be materially affected by, among other things:

- actual or anticipated fluctuations in a group's operating results or in the operating results of particular companies attributable to such group;
- potential acquisition activity by our Company (regardless of the group to which it is attributed) or the companies in which we invest;
- issuances of debt or equity securities to raise capital by our Company or the companies in which we invest and the manner in which that debt or the proceeds of an equity issuance are attributed to each of the groups;
- changes in financial estimates by securities analysts regarding Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock or the companies attributable to our tracking stock groups;

- the complex nature and the potential difficulties investors may have in understanding the terms of our three tracking stocks, as well as concerns regarding the possible effect of certain of those terms on an investment in our stocks; and
- general market conditions.

The market value of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock could be adversely affected by events involving the assets and businesses attributed to one or more of the other groups.

Because we are the issuer of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock, an adverse market reaction to events relating to the assets and businesses attributed to one of our groups, such as earnings announcements, announcements of new products or services or acquisitions or dispositions that the market does not view favorably, may cause an adverse market reaction in the common stock of the other groups. This could occur even if the triggering event is not material to us as a whole. Certain events may also have a greater impact on one group than the same triggering event would have on another group due to the asset composition of the affected group. In addition, the incurrence of significant indebtedness by us or any of our subsidiaries on behalf of one group, including indebtedness incurred or assumed in connection with acquisitions of or investments in businesses, could affect our credit rating and that of our subsidiaries and, therefore, could increase the borrowing costs of businesses attributable to our other groups or the borrowing costs of our Company as a whole.

We may not pay dividends equally or at all on Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock.

We do not presently intend to pay cash dividends on Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock for the foreseeable future. However, we have the right to pay dividends on the shares of common stock related to each group in equal or unequal amounts, and we may pay dividends on the shares of common stock related to one group and not pay dividends on shares of common stock related to another group. In addition, any dividends or distributions on, or repurchases of, shares relating to a group will reduce our assets legally available to be paid as dividends on the shares relating to another group.

Our tracking stock capital structure could create conflicts of interest, and our board of directors may make decisions that could adversely affect only some holders of our common stock.

Our tracking stock capital structure could give rise to occasions when the interests of holders of stock related to one group might diverge or appear to diverge from the interests of holders of stock related to one or both of the other groups. In addition, given the nature of their businesses, there may be inherent conflicts of interests between the Liberty SiriusXM Group, the Braves Group and the Formula One Group. Our tracking stock groups are not separate entities and thus holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock do not have the right to elect separate boards of directors. As a result, our Company's officers and directors owe fiduciary duties to our Company as a whole and all of our stockholders as opposed to only holders of a particular group. Decisions deemed to be in the best interest of our Company and all of our stockholders may not be in the best interest of a particular group or groups when considered independently. Examples include:

- decisions as to the terms of any business relationships that may be created between groups, such as between the Liberty SiriusXM Group and the Braves Group or between the Liberty SiriusXM Group and the Formula One Group;
- the terms of any reattributions of assets between one or more groups;
- decisions as to the allocation of consideration among the holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock, or among the series of stocks relating to our groups, to be received in connection with a merger involving our Company;
- decisions as to the allocation of corporate opportunities between the groups, especially where the opportunities might meet the strategic business objectives of more than one group;

- decisions as to operational and financial matters that could be considered detrimental to one or more groups but beneficial to another;
- decisions as to the conversion of shares of common stock of one group into shares of common stock of another;
- decisions regarding the creation of, and, if created, the subsequent increase or decrease of any inter-group interest that one group may own in another group;
- decisions as to the internal or external financing attributable to businesses or assets attributed to any of our groups;
- decisions as to the dispositions of assets of any of our groups; and
- decisions as to the payment of dividends on the stock relating to any of our groups.

Our directors' or officers' equity ownership may create or appear to create conflicts of interest.

If directors or officers own disproportionate interests (in percentage or value terms) in Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock, that disparity could create or appear to create conflicts of interest when they are faced with decisions that could have different implications for the holders of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock.

Other than pursuant to our management and allocation policies, we have not adopted any specific procedures for consideration of matters involving a divergence of interests among holders of shares of stock relating to our three groups, or among holders of different series of stock relating to a specific group.

Rather than develop additional specific procedures in advance, our board of directors intends to exercise its judgment from time to time, depending on the circumstances, as to how best to:

- obtain information regarding the divergence (or potential divergence) of interests;
- determine under what circumstances to seek the assistance of outside advisers;
- determine whether a committee of our board of directors should be appointed to address a specific matter and the appropriate members of that committee; and
- assess what is in our best interests and the best interests of all of our stockholders.

Our board of directors believes the advantage of retaining flexibility in determining how to fulfill its responsibilities in any such circumstances as they may arise outweighs any perceived advantages of adopting additional specific procedures in advance.

Our board of directors may change the management and allocation policies to the detriment of one or more groups without stockholder approval.

Our board of directors has adopted certain management and allocation policies to serve as guidelines in making decisions regarding the relationships among the Liberty SiriusXM Group, the Braves Group and the Formula One Group with respect to matters such as tax liabilities and benefits, inter-group loans, inter-group interests, attribution of assets, financing alternatives, corporate opportunities and similar items. These policies also set forth the initial focuses and strategies of these groups and the initial attribution of our businesses, assets and liabilities among them. These policies are not included in the current charter. Our board of directors may at any time change or make exceptions to these policies. Because these policies relate to matters concerning the day-to-day management of our Company as opposed to significant corporate actions, such as a merger involving our Company or a sale of substantially all of our assets, no stockholder approval is required with respect to their adoption or amendment. A decision to change, or make exceptions to, these policies or adopt additional policies could disadvantage one or more groups while advantaging the other(s).

Holders of shares of stock relating to a particular group may not have any remedies if any action by our directors or officers has an adverse effect on only that stock, or on a particular series of that stock.

Principles of Delaware law and the provisions of our current charter may protect decisions of our board of directors that have a disparate impact upon holders of shares of stock relating to a particular group, or upon holders of any series of stock relating to a particular group. Under Delaware law, the board of directors has a duty to act with due care and in the best interests of all of our stockholders, regardless of the stock, or series, they hold. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that a board of directors owes an equal duty to all stockholders and does not have separate or additional duties to any subset of stockholders. Judicial opinions in Delaware involving tracking stocks have established that decisions by directors or officers involving differing treatment of holders of tracking stocks may be judged under the business judgment rule. In some circumstances, our directors or officers may be required to make a decision that is viewed as adverse to the holders of shares relating to a particular group or to the holders of a particular series of that stock. Under the principles of Delaware law and the business judgment rule referred to above, a stockholder may not be able to successfully challenge decisions that they believe have a disparate impact upon the stockholders of one of our groups if a majority of our board of directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken and acts in good faith and in the honest belief that the board of directors is acting in the best interest of Liberty and all of our stockholders.

Stockholders will not vote on how to attribute consideration received in connection with a merger involving our Company among holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock.

Our current charter does not contain any provisions governing how consideration received in connection with a merger or consolidation involving our Company is to be attributed to the holders of Liberty SiriusXM common stock, holders of Liberty Braves common stock and holders of Liberty Formula One common stock or to the holders of different series of stock, and none of the holders of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock will have a separate class vote in the event of such a merger or consolidation. Consistent with applicable principles of Delaware law, our board of directors will seek to divide the type and amount of consideration received in a merger or consolidation involving our Company among holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock in a fair manner. As the different ways the board of directors may divide the consideration between holders of stock relating to the different groups, and among holders of different series of a particular stock, might have materially different results, the consideration to be received by holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock in any such merger or consolidation may be materially less valuable than the consideration they would have received if they had a separate class vote on such merger or consolidation.

We may dispose of assets of the Liberty SiriusXM Group, the Braves Group or the Formula One Group without stockholder approval.

Delaware law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of our Company taken as a whole, and our current charter does not require a separate class vote in the case of a sale of a significant amount of assets of any of our groups. As long as the assets attributed to the Liberty SiriusXM Group, the Braves Group or the Formula One Group proposed to be disposed of represent less than substantially all of our assets, we may approve sales and other dispositions of any amount of the assets of such group without any stockholder approval.

If we dispose of all or substantially all of the assets attributed to any group (which means, for this purpose, assets representing 80% of the fair market value of the total assets of the disposing group, as determined by our board of directors), we would be required under the terms of our current charter, if the disposition is not an exempt disposition under the terms of our current charter, to choose one or more of the following three alternatives:

- declare and pay a dividend on the disposing group's common stock;
- redeem shares of the disposing group's common stock in exchange for cash, securities or other property; and/or

- convert all or a portion of the disposing group's outstanding common stock into common stock of another group.

In this type of a transaction, holders of the disposing group's common stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the disposing group.

Our board of directors will decide, in its sole discretion, how to proceed and is not required to select the option that would result in the highest value to holders of any stock related to a particular group.

Holders of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock may receive less consideration upon a sale of the assets attributed to that group than if that group were a separate company.

If the Liberty SiriusXM Group, the Braves Group or the Formula One Group were a separate, independent company and its shares were acquired by another person, certain costs of that sale, including corporate level taxes, might not be payable in connection with that acquisition. As a result, stockholders of a separate, independent company with the same assets might receive a greater amount of proceeds than the holders of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock would receive upon a sale of all or substantially all of the assets of the group to which their shares relate. In addition, we cannot assure you that in the event of such a sale the per share consideration to be paid to holders of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock, as the case may be, will be equal to or more than the per share value of that share of stock prior to or after the announcement of a sale of all or substantially all of the assets of the applicable group. Further, there is no requirement that the consideration paid be tax-free to the holders of the shares of common stock related to that group. Accordingly, if we sell all or substantially all of the assets attributed to the Liberty SiriusXM Group, the Braves Group or the Formula One Group, our stockholders could suffer a loss in the value of their investment in our stock.

In the event of a liquidation of Liberty, holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock will not have a priority with respect to the assets attributed to the related tracking stock group remaining for distribution to stockholders.

Under our current charter, upon Liberty's liquidation, dissolution or winding up, holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock will be entitled to receive, in respect of their shares of such stock, their proportionate interest in all of Liberty's assets, if any, remaining for distribution to holders of common stock in proportion to their respective number of "liquidation units" per share. Relative liquidation units were initially determined based on the volume weighted average prices of the Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock over the 20 trading day period which commenced shortly after the filing of our restated charter on April 15, 2016 and the fraction of a liquidation unit related to each share of Liberty Braves common stock was further adjusted in connection with the rights distribution in May 2016. Hence, the assets to be distributed to a holder of any of our tracking stocks upon a liquidation, dissolution or winding up of Liberty will have nothing to do with the value of the assets attributed to the related tracking stock group or to changes in the relative value of the Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock over time.

Our board of directors may elect to convert the common stock relating to one group into common stock relating to another group, thereby changing the nature of a stockholder's investment and possibly diluting their economic interest in our Company, which could result in a loss in value to them.

Our current charter permits our board of directors to convert all of the outstanding shares of common stock relating to any of our groups into shares of common stock of another group on specified terms. A conversion would preclude the holders of stock related to each group involved in such conversion from retaining their investment in a security that is intended to reflect separately the performance of the relevant group. We cannot predict the impact on the market value of our stock of (1) our board of directors' ability to effect any such conversion or (2) the exercise of this conversion right by our board of directors. In addition, our board of directors may effect such a conversion at a time when the market value of our different stocks could cause the stockholders of one group to be disadvantaged.

Holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock vote together and have limited separate voting rights.

Holders of Series A and Series B Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock vote together as a single class, except in certain limited circumstances prescribed by our current charter and under Delaware law. Each share of Series B common stock of each group has ten votes per share, and each share of Series A common stock of each group has one vote per share. Holders of Series C common stock of each group have no voting rights, other than those required under Delaware law. When holders of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock vote together as a single class, holders having a majority of the votes are in a position to control the outcome of the vote even if the matter involves a conflict of interest among our stockholders or has a greater impact on one group than another.

Transactions in Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock by our insiders could depress the market price of those stocks.

Sales of, or hedging transactions such as collars relating to, shares of Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock by our Chairman of the Board, or any of our other directors or executive officers, could cause a perception in the marketplace that the stock price of the relevant shares has peaked or that adverse events or trends have occurred or may be occurring at our Company or the group to which the shares relates. This perception can result notwithstanding any personal financial motivation for these transactions. As a result, insider transactions could depress the market price for shares of the Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock.

Our current charter includes restrictions on the share ownership of Liberty Braves common stock by certain persons, which if triggered would result in an immediate transfer of the applicable number of shares to a trust for the benefit of the holder.

To comply with the policies of the MLB, our current charter provides that (i) employees of MLB and related entities may not own Liberty Braves common stock, (ii) persons who are employed by or otherwise associated with an MLB club other than the Braves may not own 5% or more of the number of outstanding shares of Liberty Braves common stock, and (iii) no person may own 10% or more of the number of outstanding shares of Liberty Braves common stock unless, in the case of this clause (iii), such person is expressly approved by the Commissioner or qualifies as an exempt person (which is generally defined to include our Chairman John C. Malone, Chief Executive Officer Gregory B. Maffei, the Chairman of Braves Holdings, LLC Terence McGuirk and certain of their related persons). In the event that a holder attempts to acquire shares of Liberty Braves common stock in violation of this charter provision, the applicable shares will automatically be transferred to a trust which will sell the shares for the benefit of the holder (subject to certain exceptions, such as in the event of an inadvertent violation of the restrictions described in clause (ii) or (iii) above which is cured within the applicable time frame). No assurance can be given that the trust will be able to sell the shares at a price that is equal to or greater than the price paid by the holder. In addition, the holder's right to receive the net proceeds of the sale, as well as any dividends or other distributions to which the holder would otherwise be entitled, will be subject to the holder's compliance with the applicable mechanics included in our current charter.

Our capital structure, as well as the fact that the Liberty SiriusXM Group, the Braves Group and the Formula One Group are not independent companies, may inhibit or prevent acquisition bids for the businesses attributed to the Liberty SiriusXM Group, the Braves Group or the Formula One Group and may make it difficult for a third party to acquire us, even if doing so may be beneficial to our stockholders.

If the Liberty SiriusXM Group, the Braves Group and the Formula One Group were separate independent companies, any person interested in acquiring the Liberty SiriusXM Group, the Braves Group or the Formula One Group without negotiating with management could seek control of that group by obtaining control of its outstanding voting stock, by means of a tender offer or a proxy contest. Although we intend Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock to reflect the separate economic performance of the Liberty SiriusXM Group, the Braves Group and the Formula One Group, respectively, those groups are not separate entities and a person interested in acquiring only one group without negotiation with our management could obtain control of that group

only by obtaining control of a majority in voting power of all of the outstanding voting shares of our Company. The existence of shares of common stock, and different series of shares, relating to different groups could present complexities and in certain circumstances pose obstacles, financial and otherwise, to an acquiring person that are not present in companies that do not have a capital structure similar to ours.

Certain provisions of our current charter and bylaws may discourage, delay or prevent a change in control of our Company that a stockholder may consider favorable. These provisions include:

- authorizing a capital structure with multiple series of common stock: a Series B common stock related to each group that entitles the holders to ten votes per share, a Series A common stock related to each group that entitles the holder to one vote per share, and a Series C common stock related to each group that, except as otherwise required by Delaware law, entitles the holder to no voting rights;
- classifying our board of directors with staggered three-year terms, which may lengthen the time required to gain control of our board of directors;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings;
- requiring stockholder approval by holders of at least 66⅔% of our aggregate voting power or the approval by at least 75% of our board of directors with respect to certain extraordinary matters, such as a merger or consolidation of our Company, a sale of all or substantially all of our assets or an amendment to our current charter; and
- the existence of authorized and unissued stock, including “blank check” preferred stock, which could be issued by our board of directors to persons friendly to our then current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of our Company.

Liberty’s Chairman, John C. Malone, beneficially owns shares (based on outstanding share information as of January 31, 2020) representing the power to direct approximately 48% of the aggregate voting power in Liberty, due to his beneficial ownership of approximately 96% of the outstanding shares of each of the Series B Liberty SiriusXM common stock, the Series B Liberty Braves common stock and the Series B Liberty Formula One common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties.

We own our corporate headquarters in Englewood, Colorado.

Sirius XM Holdings owns office, production, data center, and engineering facilities in Washington D.C. and New Jersey. Additionally, Sirius XM Holdings leases property for its headquarters in New York and leases additional properties in New York, New Jersey, Florida, Michigan, Tennessee, Georgia, Virginia, California and Texas for its office, production, technical, studio and engineering facilities and call center. In addition, Sirius XM Holdings leases or licenses space at approximately 540 locations for use in connection with the terrestrial repeater networks that support its satellite radio services. In general, these leases and licenses are for space on building rooftops and communications towers, none of which are individually material to the business or its operations.

Formula 1 owns no material property. Formula 1 leases space for its offices in London, England and for its television production and technical operations in Kent, England.

For a description of Braves Holdings' property, see "Item 1. Business—Braves Holdings, LLC—Facilities" and "Item 1. Business—Braves Holdings, LLC—Mixed-Use Development."

Our other subsidiaries and business affiliates own or lease the fixed assets necessary for the operation of their respective businesses, including office space and entertainment venues. Our management believes that our current facilities are suitable and adequate for our business operations for the foreseeable future.

Item 3. Legal Proceedings

Telephone Consumer Protection Act Suits

On March 13, 2017, Thomas Buchanan, individually and on behalf of all others similarly situated, filed a class action complaint against Sirius XM Holdings in the United States District Court for the Northern District of Texas, Dallas Division. The plaintiff alleges that Sirius XM Holdings 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 Holdings' 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 Holdings from making, or having made, any calls to land lines that are listed on the National Do-Not-Call registry or Sirius XM Holdings' internal Do-Not-Call registry.

Following a mediation, in April 2019, Sirius XM Holdings entered into an agreement to settle this purported class action suit. The settlement resolves the claims of consumers for the period October 2013 through January 2019. As part of the settlement, Sirius XM Holdings paid \$25 million into a non-reversionary settlement fund from which cash to class members, notice, administrative costs, and attorney's fees and costs will be paid. The settlement also contemplates that Sirius XM Holdings will provide three months of service to its All Access subscription package for those members of the class that elect to receive it, in lieu of cash, at no cost to those class members and who are not active subscribers at the time of the distribution. The availability of this three-month service option will not diminish the \$25 million common fund. As part of the settlement, Sirius XM Holdings will also implement certain changes relating to its "Do-Not-Call" practices and telemarketing programs. On January 28, 2020, the Court issued an order and final judgment approving the settlement.

Pre-1972 Sound Recording Litigation.

On October 2, 2014, Flo & Eddie Inc. filed a class action suit against Pandora in the federal district court for the Central District of California. The complaint alleges a violation of California Civil Code Section 980, unfair competition, misappropriation and conversion in connection with the public performance of sound recordings recorded prior to February 15, 1972 ("pre-1972 recordings"). On December 19, 2014, Pandora filed a motion to strike the complaint pursuant to California's Anti-Strategic Lawsuit Against Public Participation ("Anti-SLAPP") statute, which following denial of Pandora's motion was appealed to the Ninth Circuit Court of Appeals. In March 2017, the Ninth Circuit requested certification to the California Supreme Court on the substantive legal questions. The California Supreme Court accepted certification. In May 2019, the California Supreme Court issued an order dismissing consideration of the certified questions on the basis that, following the enactment of the Orrin G. Hatch-Bob Goodlatte Music Modernization Act, Pub. L. No. 115-264, 132 Stat. 3676 (2018) (the "MMA"), resolution of the questions posed by the Ninth Circuit Court of Appeals was no longer "necessary to . . . settle an important question of law."

The MMA grants a potential federal preemption defense to the claims asserted in the aforementioned lawsuits. In July 2019, Pandora took steps to avail itself of this preemption defense, including making the required payments under the MMA for certain of its uses of pre-1972 recordings. Based on the federal preemption contained in the MMA (along with other considerations), Pandora asked the Ninth Circuit to order the dismissal of the *Flo & Eddie, Inc. v. Pandora Media, Inc.* case. On October 17, 2019, the Ninth Circuit Court of Appeals issued a memorandum disposition concluding that the

question of whether the MMA preempts Flo and Eddie's claims challenging Pandora's performance of pre-1972 recordings “depends on various unanswered factual questions” and remanded the case to the District Court for further proceedings.

After Flo & Eddie filed its action in 2014 against Pandora, several other plaintiffs commenced separate actions, both on an individual and class action basis, alleging a variety of violations of common law and state copyright and other statutes arising from allegations that Pandora owed royalties for the public performance of pre-1972 recordings. Many of these separate actions have been dismissed or are in the process of being dismissed. Sirius XM Holdings believes that none of the remaining pending actions is likely to have a material adverse effect on its business, financial condition or results of operations.

Sirius XM Holdings believes it has substantial defenses to the claims asserted in these actions, and it intends to defend these actions vigorously.

Copyright Royalty Board Proceeding to Determine the Rate for Statutory Webcasting.

Pursuant to Sections 112 and 114 of the Copyright Act, the CRB initiated a proceeding in January 2019 to set the rates and terms by which webcasters may perform sound recordings via digital transmission over the internet and make ephemeral reproductions of those recordings during the 2021-2025 rate period under the authority of statutory licenses provided under Sections 112 and 114 of the Copyright Act. Sirius XM Holdings filed a petition to participate in the proceeding on behalf of its Sirius XM and Pandora businesses, as did other webcasters including Google Inc. and the National Association of Broadcasters. SoundExchange, a collective organization that collects and distributes digital performance royalties to artists and copyright holders, represents the various copyright owner participants in the proceeding, including Sony Music Entertainment, Universal Music Group, and Warner Music Group. Because the proceeding focuses on setting statutory rates for non-interactive online music streaming (commonly identified as “webcasting”), the proceeding will set the rates that Pandora pays for music streaming on its free, ad-supported tier, and that Sirius XM pays for streaming on its subscription internet radio service. This proceeding will not set the rates that Sirius XM Holdings pays for its other music offerings (satellite radio, business establishment services) or that it pays for interactive streaming on the Pandora Plus and Pandora Premium services.

In September 2019, the participants filed written direct statements, including proposed rates and terms for the 2021-2025 period. Sirius XM Holdings and other webcaster participants proposed rates below the existing statutory rates, which for commercial webcasters are currently set at \$0.0018 per performance for non-subscription transmissions (such as offered by our Pandora ad-supported business) and \$0.0024 per performance for subscription transmissions (such as offered by our Sirius XM internet radio service). SoundExchange has proposed increasing the commercial webcasting rates to \$0.0028 per performance for non-subscription transmissions and \$0.0031 per performance for subscription transmissions.

In January 2020, the participants filed written rebuttal statements, responding to each other’s proposals. Discovery in the matter is ongoing, and a multi-week hearing has been set to begin before the CRB in March 2020. The CRB’s initial determination of the rates and terms for the 2021-2025 period is required to be delivered in December 2020.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.**Item 5. 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. 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 Formula One common stock trade or are quoted under the symbols 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 and Series A and Series C Liberty Formula One common stock trade on the Nasdaq Global Select Stock Market, and Series B Liberty Braves common stock and Series B Liberty Formula One common stock are quoted on the OTC Markets. Stock price information for securities traded on the Nasdaq Global Select Market can be found on the Nasdaq’s website at www.nasdaq.com.

The following tables set forth the range of high and low sales prices of our Series B Liberty SiriusXM common stock, Series B Liberty Braves common stock and Series B Liberty Formula One common stock for the years ended December 31, 2019 and 2018. Although our Series B Liberty SiriusXM common stock is traded on the Nasdaq Global Select Market, an established public trading market does not exist for the stock, as it is not actively traded. Additionally, there is no established public trading market for our Series B Liberty Braves common stock and our Series B Liberty Formula One common stock, which are quoted on OTC Markets. The over-the-counter market quotations for our series B Liberty Braves common stock and our Series B Liberty Formula One common stock reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	Liberty SiriusXM Group	
	Series B (LSXMB)	
	High	Low
2018		
First quarter	\$ 47.61	38.62
Second quarter	\$ 47.80	40.78
Third quarter	\$ 49.94	45.61
Fourth quarter	\$ 43.24	35.46
2019		
First quarter	\$ 41.04	38.75
Second quarter	\$ 39.93	35.71
Third quarter	\$ 42.00	39.57
Fourth quarter	\$ 48.75	41.83

	Braves Group	
	Series B (BATRB)	
	High	Low
<i>2018</i>		
First quarter	\$ 24.50	24.50
Second quarter	\$ 26.00	22.95
Third quarter	\$ 27.00	25.75
Fourth quarter	\$ 27.00	24.09
<i>2019</i>		
First quarter (1)	\$ 27.00	24.09
Second quarter	\$ 31.80	26.45
Third quarter	\$ 37.45	27.09
Fourth quarter	\$ 31.50	30.00

(1) The Series B common shares trade infrequently. During the first quarter of 2019, no trades occurred, as such the high and low prices shown for this period related to the fourth quarter of 2018.

	Formula One Group	
	Series B (FWONB)	
	High	Low
<i>2018</i>		
First quarter	\$ 36.81	30.10
Second quarter	\$ 32.62	28.00
Third quarter	\$ 36.50	32.50
Fourth quarter	\$ 31.75	28.55
<i>2019</i>		
First quarter	\$ 31.00	29.60
Second quarter	\$ 36.41	36.00
Third quarter	\$ 39.00	34.90
Fourth quarter	\$ 43.00	38.50

Holdings

The number of record holders as of January 31, 2020 were as follows:

	Series A	Series B	Series C
Liberty SiriusXM common stock	1,090	61	1,149
Liberty Braves common stock	1,782	38	803
Liberty Formula One common stock	761	56	979

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 2020 Annual Meeting of Stockholders.

Purchases of Equity Securities by the Issuer*Share Repurchase Programs*

In August 2015, our board of directors authorized \$1 billion of Liberty Media Corporation common stock repurchases, which could be used to repurchase any of the Series A and Series C of each of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock. In November 2019, our board of directors authorized an additional \$1 billion of Series A and Series C shares of each of Liberty SiriusXM common stock, Liberty Braves common stock and Liberty Formula One common stock repurchases. In addition, shares of Liberty Sirius XM common stock may be repurchased with funds attributed to the Formula One Group (such repurchased shares, the “Intergroup Shares”). Any Intergroup Shares so repurchased will be cancelled, and an intergroup interest will be created. See note 2 to the accompanying consolidated financial statements for information related to the Formula One Group’s intergroup interest in the Liberty SiriusXM Group.

A summary of the repurchase activity for the three months ended December 31, 2019 is as follows:

Period	Series C Liberty SiriusXM Common Stock			(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	
October 1 - 31, 2019	419,898	\$ 42.90	419,898	\$ 419 million
November 1 - 30, 2019	73,437	\$ 45.13	73,437	\$ 1,416 million
December 1 - 31, 2019	986,570	\$ 47.62	986,570	\$ 1,369 million
Total	<u>1,479,905</u>		<u>1,479,905</u>	

There were no repurchases of Series A Liberty SiriusXM common stock, Liberty Formula One common stock or Liberty Braves common stock during the three months ended December 31, 2019.

During the three months ended December 31, 2019, 2,370 shares of Series A and 4,729 shares of Series C Liberty Formula One common stock, 9,453 shares of Series A and 18,878 shares of Series C Liberty SiriusXM common stock, and 963 shares of Series A and 1,904 shares of 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.

Item 6. 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.

	December 31,				
	2019	2018	2017	2016	2015
amounts in millions					
<i>Summary Balance Sheet Data:</i>					
Cash	\$ 1,222	358	1,029	562	201
Investment in affiliates, accounted for using the equity method	\$ 1,625	1,641	1,750	1,117	1,115
Intangible assets not subject to amortization (1)	\$ 29,944	28,060	28,057	24,018	24,018
Intangible assets subject to amortization, net (1)	\$ 5,940	5,715	6,192	1,072	1,097
Total assets (1)	\$ 44,189	40,828	41,996	31,377	29,798
Current portion of deferred revenue	\$ 2,113	2,079	1,941	1,877	1,797
Long-term debt, including current portion (1)	\$ 15,476	13,388	13,954	8,018	6,881
Deferred tax liabilities, net	\$ 1,913	1,651	1,478	2,025	1,667
Stockholders' equity (1)	\$ 16,295	16,595	16,943	11,756	10,933
Noncontrolling interest	\$ 5,630	5,103	5,631	5,960	7,198

	Years ended December 31,				
	2019	2018	2017	2016	2015
amounts in millions, except per share amounts					
<i>Summary Statement of Operations Data:</i>					
Revenue (1)	\$ 10,292	8,040	7,594	5,276	4,795
Operating income (loss)	\$ 1,470	1,511	1,394	1,734	954
Interest expense (1)	\$ (657)	(606)	(591)	(362)	(328)
Share of earnings (loss) of affiliates, net	\$ 6	18	104	14	(40)
Realized and unrealized gains (losses) on financial instruments, net	\$ (315)	40	(88)	37	(140)
Net earnings (loss) attributable to the noncontrolling interests	\$ 241	334	536	244	184
Net earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders (2)					
Liberty Media Corporation common stock	\$ NA	NA	NA	377	64
Liberty SiriusXM common stock	494	676	1,124	297	NA
Liberty Braves common stock	(77)	5	(25)	(30)	NA
Liberty Formula One common stock	(311)	(150)	255	36	NA
	<u>\$ 106</u>	<u>531</u>	<u>1,354</u>	<u>680</u>	<u>64</u>
Basic earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (2):					
Series A, B and C Liberty Media Corporation common stock	\$ NA	NA	NA	1.13	0.19
Series A, B and C Liberty SiriusXM common stock	1.55	2.04	3.35	0.89	NA
Series A, B and C Liberty Braves common stock	(1.51)	0.10	(0.51)	(0.65)	NA
Series A, B and C Liberty Formula One common stock	(1.35)	(0.65)	1.23	0.43	NA
Diluted earnings (loss) from continuing operations attributable to Liberty Media Corporation stockholders per common share (2):					
Series A, B and C Liberty Media Corporation common stock	\$ NA	NA	NA	1.12	0.19
Series A, B and C Liberty SiriusXM common stock	1.53	2.01	3.31	0.88	NA
Series A, B and C Liberty Braves common stock	(1.51)	0.10	(0.51)	(0.65)	NA
Series A, B and C Liberty Formula One common stock	(1.35)	(0.65)	1.21	0.42	NA

(1) On February 1, 2019, Sirius XM Holdings purchased all of the outstanding shares of Pandora Media, Inc. for \$2.4 billion.

On January 23, 2017, Liberty acquired a controlling interest in Delta Topco Limited (“Delta Topco”), the parent company of Formula 1.

See note 5 to the accompanying consolidated financial statements for additional information related to the acquisitions of Pandora and Formula 1.

- (2) During November 2015, Liberty’s 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 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’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 Liberty’s acquisition of a controlling interest in Delta Topco, 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.

Item 7. 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 Holdings Inc. (“Sirius XM Holdings”). Sirius XM Holdings operates two complementary audio entertainment businesses, Sirius XM and Pandora. Sirius XM features 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 and through the internet via applications for mobile devices, home devices and other consumer electronic equipment. Sirius XM also provides connected vehicle services and a suite of in-vehicle data services. The Pandora business operates a music, comedy and podcast streaming discovery platform. Pandora is available as an ad-supported radio service, a radio subscription service, called Pandora Plus, and an on-demand subscription service, called Pandora Premium.

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 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. 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 (the “Second Closing”). See note 5 to the accompanying consolidated financial statements for additional information related to the acquisition. Liberty’s 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, 2019 and is included in corporate and other. We also maintain minority positions in other public companies.

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.

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 Holdings, 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 Holdings, corporate cash, Liberty’s 2.125% Exchangeable Senior Debentures due 2048, Liberty’s 2.75% Exchangeable Senior Debentures due 2049 and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. As of December 31, 2019, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$493 million, which includes \$106 million of subsidiary cash.

Sirius XM Holdings is the only operating subsidiary attributed to the Liberty SiriusXM Group. In the event Sirius XM Holdings 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. On February 1, 2019, Sirius XM Holdings acquired Pandora Media, Inc., which continues to operate as Pandora Media, LLC (“Pandora”). See note 5 to the accompanying consolidated financial statements for more information regarding the acquisition of Pandora. Additionally, as discussed below, the Formula One Group retains an intergroup interest in the Liberty SiriusXM Group.

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. As of December 31, 2019, the Braves Group has cash and cash equivalents of approximately \$142 million, which includes \$59 million of subsidiary cash. Additionally, as discussed below, the Formula One Group retains an intergroup interest in 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, 2019, 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, cash, Liberty’s 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty’s 1% Cash Convertible Notes due 2023, Liberty’s 2.25% Exchangeable Senior Debentures due 2046 and Liberty’s 2.25% Exchangeable Senior Debentures due 2048. 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 \$268 million as of December 31, 2019. The Formula One Group also has an intergroup interest in the Liberty SiriusXM Group of approximately 0.2%, valued at \$24 million as of December 31, 2019. As of December 31, 2019, the Formula One Group had cash and cash equivalents of approximately \$587 million, which includes \$402 million of subsidiary cash.

Strategies and Challenges of Business Units

Sirius XM Holdings. Sirius XM Holdings is focused on several initiatives to increase its revenue. Sirius XM Holdings regularly evaluates its business plans and strategy. Currently, its strategies include:

- the acquisition 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 Holdings 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 FIA Formula One World Championship (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;
- building up the entertainment experience for fans and engaging with new fans on a global basis to further drive race attendance and television viewership; and
- improving the on-track competitive balance of the World Championship and the long term financial stability of the participating Teams; and
- improving the environmental sustainability of Formula One and its related activities, targeting a net zero carbon footprint by 2030 and sustainable race events by 2025.

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

	Years ended December 31,		
	2019	2018	2017
amounts in millions			
Revenue			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 7,794	5,771	5,425
Total Liberty SiriusXM Group	<u>7,794</u>	<u>5,771</u>	<u>5,425</u>
Braves Group			
Corporate and other	476	442	386
Total Braves Group	<u>476</u>	<u>442</u>	<u>386</u>
Formula One Group			
Formula 1	2,022	1,827	1,783
Total Formula One Group	<u>2,022</u>	<u>1,827</u>	<u>1,783</u>
Consolidated Liberty	<u>\$ 10,292</u>	<u>8,040</u>	<u>7,594</u>
Operating Income (Loss)			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 1,578	1,659	1,588
Corporate and other	(34)	(39)	(41)
Total Liberty SiriusXM Group	<u>1,544</u>	<u>1,620</u>	<u>1,547</u>
Braves Group			
Corporate and other	(39)	1	(113)
Total Braves Group	<u>(39)</u>	<u>1</u>	<u>(113)</u>
Formula One Group			
Formula 1	17	(68)	17
Corporate and other	(52)	(42)	(57)
Total Formula One Group	<u>(35)</u>	<u>(110)</u>	<u>(40)</u>
Consolidated Liberty	<u>\$ 1,470</u>	<u>1,511</u>	<u>1,394</u>
Adjusted OIBDA			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 2,453	2,233	2,109
Corporate and other	(17)	(16)	(15)
Total Liberty SiriusXM Group	<u>2,436</u>	<u>2,217</u>	<u>2,094</u>
Braves Group			
Corporate and other	49	88	2
Total Braves Group	<u>49</u>	<u>88</u>	<u>2</u>
Formula One Group			
Formula 1	482	400	438
Corporate and other	(36)	(25)	(41)
Total Formula One Group	<u>446</u>	<u>375</u>	<u>397</u>
Consolidated Liberty	<u>\$ 2,931</u>	<u>2,680</u>	<u>2,493</u>

Revenue. Our consolidated revenue increased \$2,252 million and \$446 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The 2019 increase was driven by revenue growth at Sirius XM Holdings (primarily as a result of the Pandora acquisition), Formula 1 and Braves Holdings of \$2,023 million, \$195 million and \$34 million, respectively. The 2018 increase was driven by revenue growth at Sirius XM Holdings, Braves Holdings and Formula 1 of \$346 million, \$56 million and \$44 million, respectively. See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of Sirius XM Holdings, Formula 1 and Braves Holdings.

Operating income. Our consolidated operating income decreased \$41 million and increased \$117 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The 2019 decrease was driven by \$81 million and \$40 million decreases in Sirius XM Holdings and Braves Holdings operating results, respectively, partially offset by a \$85 million improvement in Formula 1’s operating results. The 2019 increase in corporate and other operating losses for Formula One Group was driven by increases in personnel related costs. Operating losses decreased \$114 million and operating income increased \$71 million for Braves Holdings and Sirius XM Holdings, respectively, and operating losses increased \$85 million for Formula 1 during 2018 as compared to the prior year. The 2018 decrease in corporate and other operating losses for Formula One Group was driven by costs related to the acquisition of Formula 1 recognized during the year ended December 31, 2017. See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of Sirius XM Holdings, 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 \$291 million, \$192 million and \$230 million of stock compensation expense for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in stock compensation expense in 2019 as compared to the prior year is primarily due to increases of \$96 million, \$5 million and \$3 million at Sirius XM Holdings, Braves Holdings and Formula 1, respectively. The decrease in stock compensation expense in 2018 as compared to the prior year is primarily due to decreases of \$36 million and \$8 million at Braves Holdings and Formula 1, respectively, partially offset by increases of \$9 million at Sirius XM Holdings.

As of December 31, 2019, the total unrecognized compensation cost related to unvested Sirius XM Holdings stock options and restricted stock units was \$415 million. The Sirius XM Holdings unrecognized compensation cost will be recognized in the Company’s consolidated statements of operations over a weighted average period of approximately 2.4 years.

As of December 31, 2019, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$34 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.1 years.

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

Adjusted OIBDA. To provide investors with additional information regarding our financial results, we also disclose Adjusted OIBDA, which is a non-GAAP financial measure. We define Adjusted OIBDA as operating income (loss) plus depreciation and amortization, stock-based compensation, separately reported litigation settlements, restructuring, acquisition and other related costs 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 by identifying those items that are not directly a reflection of each business’ performance or indicative of ongoing business trends. In addition, this measure allows us to view operating results, perform analytical comparisons and benchmarking between businesses and identify strategies to improve performance. 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 generally accepted accounting principles (“GAAP”). The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Operating income (loss)	\$ 1,470	1,511	1,394
Depreciation and amortization	1,061	905	824
Stock-based compensation	291	192	230
Litigation settlement	25	69	45
Acquisition and other related costs	84	3	—
Adjusted OIBDA	<u>\$ 2,931</u>	<u>2,680</u>	<u>2,493</u>

During the year ended December 31, 2019, Sirius XM Holdings recorded a \$25 million litigation settlement for Do-Not-Call litigation. This charge is included in the selling, general and administrative expense line item in the accompanying consolidated financial statements for the year ended December 31, 2019. During the second quarter of 2018 and during the fourth quarter of 2017, Sirius XM Holdings recorded \$69 million and \$45 million, respectively, related to music royalty litigation settlements. As separately reported in note 17 of the accompanying consolidated financial statements, the \$69 million and \$45 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, 2018 and 2017, respectively. The aforementioned litigation settlements have been excluded from Adjusted OIBDA for the corresponding periods as these expenses were not incurred as a part of Sirius XM Holdings’ normal operations for the periods, and these lump sum amounts do not relate to the on-going performance of the business.

Consolidated Adjusted OIBDA increased \$251 million and \$187 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase in Adjusted OIBDA in 2019 as compared to the prior year was primarily due to increases of \$220 million and \$82 million in Sirius XM Holdings and Formula 1 Adjusted OIBDA, respectively, partially offset by a \$40 million decrease in Braves Holdings Adjusted OIBDA. The increase in Adjusted OIBDA in 2018 as compared to the prior year was primarily due to increases of \$124 million and \$87 million in Sirius XM Holdings and Braves Holdings Adjusted OIBDA, respectively, partially offset by a \$38 million decrease in Formula 1 Adjusted OIBDA. See “Results of Operations—Businesses” below for a more complete discussion of the results of operations of Sirius XM Holdings, Formula 1 and Braves Holdings.

Other Income and Expense

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
<i>Interest expense</i>			
Liberty SiriusXM Group	\$ (435)	(388)	(356)
Braves Group	(27)	(26)	(15)
Formula One Group	(195)	(192)	(220)
Consolidated Liberty	<u>\$ (657)</u>	<u>(606)</u>	<u>(591)</u>
<i>Share of earnings (losses) of affiliates</i>			
Liberty SiriusXM Group	\$ (24)	(11)	29
Braves Group	18	12	78
Formula One Group	12	17	(3)
Consolidated Liberty	<u>\$ 6</u>	<u>18</u>	<u>104</u>
<i>Realized and unrealized gains (losses) on financial instruments, net</i>			
Liberty SiriusXM Group	\$ (41)	(1)	(16)
Braves Group	(4)	(2)	—
Formula One Group	(270)	43	(72)
Consolidated Liberty	<u>\$ (315)</u>	<u>40</u>	<u>(88)</u>
<i>Other, net</i>			
Liberty SiriusXM Group	\$ (38)	25	(11)
Braves Group	2	35	3
Formula One Group	45	18	16
Consolidated Liberty	<u>\$ 9</u>	<u>78</u>	<u>8</u>
	<u>\$ (957)</u>	<u>(470)</u>	<u>(567)</u>

Interest expense. Consolidated interest expense increased \$51 million and \$15 million for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase for 2019 as compared to the prior year was primarily due to an increase in interest expense for the Liberty SiriusXM Group due to an increase in the average amount of corporate and subsidiary debt outstanding. The increase for 2018 as compared to the prior year was primarily due to an increase in the average amount of corporate and subsidiary debt outstanding for Liberty SiriusXM Group and a decrease in the capitalization of interest related to construction of the stadium and mixed-use facilities as compared to the prior period for Braves Group, partially offset by decreases in interest expense for the Formula One Group due to decreases in the average amount of corporate and subsidiary debt outstanding.

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Liberty SiriusXM Group			
Sirius XM Canada	\$ (3)	(1)	29
Other	(21)	(10)	—
Total Liberty SiriusXM Group	(24)	(11)	29
Braves Group			
Other	18	12	78
Total Braves Group	18	12	78
Formula One Group			
Live Nation	4	3	(18)
Other	8	14	15
Total Formula One Group	12	17	(3)
	<u>\$ 6</u>	<u>18</u>	<u>104</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.

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:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Debt and equity securities	\$ 110	2	(36)
Debt measured at fair value	(584)	130	(126)
Change in fair value of bond hedges	215	(94)	72
Other derivatives	(56)	2	2
	<u>\$ (315)</u>	<u>40</u>	<u>(88)</u>

The changes in unrealized gains (losses) on debt and equity securities (as defined in note 3 of our accompanying consolidated financial statements) are due to market factors primarily driven by changes in the fair value of the stock underlying these financial instruments.

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 is the change in the fair value of the underlying stock.

The unrealized losses on other derivatives for the year ended December 31, 2019 are primarily due to changes in the fair value of Formula 1's interest rate swaps.

Other, net. The decrease in 2019 was primarily due to a \$56 million increase in losses on extinguishment of debt and a \$28 million decrease in gains on transactions, partially offset by a \$8 million increase in gains on dilution of our investment in Live Nation and a \$5 million increase in foreign exchange gains. The increase in 2018 was primarily

due to a \$48 million decrease in losses on early extinguishment of debt and a \$17 million increase in gains on transactions, primarily driven by the sale of the residential portion of Braves Holdings' mixed-use complex.

Income taxes. Our effective tax rate for the years ended December 31, 2019, 2018 and 2017 was an expense of 32%, expense of 17% and benefit of 129%, respectively. Our effective tax rate for all three years was impacted for the following reasons:

- During 2019, our effective tax rate was higher than the 21% U.S. federal tax rate due to additional tax expense related to increases in the Company's valuation allowance, changes in the Company's effective state tax rate and the effect of state income taxes, partially offset by tax benefits related to deductible stock based compensation, earnings in foreign jurisdictions taxed at rates lower than the 21% U.S. federal tax rate and federal income tax credits.
- During 2018, our effective tax rate was lower than the 21% U.S. federal tax rate due to deductible stock-based compensation, benefits related to federal tax credits and the resolution of historical matters with various tax authorities, partially offset by changes in the valuation allowance and taxable dividends not recognized for book purposes.
- 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.

Net earnings. We had net earnings of \$347 million, \$865 million and \$1,890 million for the years ended December 31, 2019, 2018 and 2017, 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, 2019, 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.

As of December 31, 2019, Liberty's cash and cash equivalents were as follows:

	Cash and Cash Equivalents	
	amounts in millions	
Liberty SiriusXM Group		
Sirius XM Holdings	\$	106
Corporate and other		387
Total Liberty SiriusXM Group	\$	493
Braves Group		
Corporate and other	\$	142
Total Braves Group	\$	142
Formula One Group		
Formula 1	\$	402
Corporate and other		185
Total Formula One Group	\$	587

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 Holdings which has significant cash flows provided by operating activities, although due to Sirius XM Holdings 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 a restricted payment ("RP") test imposed by the first lien term loan and the revolving credit facility at Formula 1 is not met. Pursuant to the RP test, Liberty does not have access to Formula 1's cash when Formula 1's leverage ratio (defined as net debt divided by covenant earnings before interest, tax, depreciation and amortization for the trailing twelve months) exceeds a certain threshold. The RP test has been met as of December 31, 2019. However, Formula 1 has not made any distributions to Liberty. If distributions are made in the future, the RP test, pro forma for such distributions, would have to be met. As of December 31, 2019, Liberty had \$1,000 million available under Liberty's margin loan secured by shares of Sirius XM Holdings and \$470 million available under Liberty's margin loan secured by shares of Live Nation. 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:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Cash Flow Information			
Liberty SiriusXM Group cash provided (used) by operating activities	\$ 1,944	1,785	1,849
Braves Group cash provided (used) by operating activities	75	103	(42)
Formula One Group cash provided (used) by operating activities	294	268	(75)
Net cash provided (used) by operating activities	\$ 2,313	2,156	1,732
Liberty SiriusXM Group cash provided (used) by investing activities	\$ 384	(756)	(1,254)
Braves Group cash provided (used) by investing activities	(107)	159	(221)
Formula One Group cash provided (used) by investing activities	37	227	(1,662)
Net cash provided (used) by investing activities	\$ 314	(370)	(3,137)
Liberty SiriusXM Group cash provided (used) by financing activities	\$ (1,923)	(1,552)	(267)
Braves Group cash provided (used) by financing activities	54	(212)	296
Formula One Group cash provided (used) by financing activities	96	(616)	1,847
Net cash provided (used) by financing activities	\$ (1,773)	(2,380)	1,876

Liberty's primary uses of cash during the year ended December 31, 2019 (excluding cash used by Sirius XM Holdings, Formula 1 and Braves Holdings) was \$443 million of Series C Liberty SiriusXM common stock repurchases.

These repurchases were primarily funded by borrowings of debt, cash proceeds from the sale of investments and dividends from Sirius XM Holdings.

Sirius XM Holdings' primary uses of cash were the repurchase and retirement of outstanding Sirius XM Holdings common stock, repayment of long-term debt, additions to property and equipment and dividends paid to stockholders. The Sirius XM Holdings uses of cash were funded by cash provided by operating activities, borrowing of debt and cash received from the acquisition of Pandora. During the year ended December 31, 2019, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$226 million, of which Liberty received \$157 million.

Braves Holdings' primary use of cash was capital expenditures, funded primarily by cash provided by operating activities and net borrowings of debt.

Formula 1's uses of cash were not material during the year ended December 31, 2019.

The projected uses of Liberty cash (excluding Sirius XM Holdings', Formula 1's and Braves Holdings' uses of cash) are primarily the investment in new or existing businesses, debt service, including further 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, borrowing capacity under margin loans and outstanding or new debt instruments. We may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities.

Sirius XM Holdings' uses of cash are expected to be capital expenditures, including the construction of replacement satellites, working capital requirements, repurchases of outstanding Sirius XM Holdings common stock, interest payments, taxes and scheduled maturities of outstanding debt. In addition, Sirius XM Holdings' board of directors expects to declare regular quarterly dividends. On January 30, 2020, Sirius XM Holdings' board of directors declared a quarterly dividend on its common stock in the amount of \$0.01331 per share of common stock, payable on February 28, 2020 to stockholders of record at the close of business on February 12, 2020. Liberty expects Sirius XM Holdings to fund its projected uses of cash with cash on hand, cash provided by operations and borrowings under its existing credit facility.

Formula 1's uses of cash are expected to be debt service payments and operating expenses. 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, cash provided by operations and through the issuance of new construction loans. See Item 1. Business – (c) Narrative Description of Business – Braves Holdings, LLC – Mixed-use development.

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 Holdings has entered into various programming agreements. Under the terms of these agreements, Sirius XM Holdings' obligations include fixed payments, advertising commitments and revenue sharing arrangements. Sirius XM Holdings' 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 (current and former), coaches and executives whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of December 31, 2019 aggregated \$352 million. See the table below for more detail. In addition to the foregoing amounts, certain players, coaches and executives 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.

	Payments due by period				
	Total	Less than 1 year	2 - 3 years	4 - 5 years	After 5 years
amounts in millions					
<i>Consolidated contractual obligations</i>					
Long-term debt (1)	\$ 14,964	67	1,595	6,689	6,613
Interest payments (2)	4,417	640	1,213	924	1,640
Programming and royalty fees (3)	1,859	845	767	150	97
Lease obligations	914	90	179	153	492
Employment agreements	352	112	132	53	55
Other obligations (4)	392	180	93	36	83
Total consolidated	<u>\$ 22,898</u>	<u>1,934</u>	<u>3,979</u>	<u>8,005</u>	<u>8,980</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 do not assume additional borrowings or refinancings of existing debt.
- (2) Amounts (i) are based on our outstanding debt at December 31, 2019, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2019 rates and (iii) assume that our existing debt is repaid at maturity.
- (3) Sirius XM Holdings has entered into various programming agreements under which Sirius XM Holdings' 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. In addition, Sirius XM Holdings has entered into certain music royalty arrangements that include fixed payments.
- (4) Includes amounts related to Sirius XM Holdings' satellite and transmission, sales and marketing, satellite incentive payments, and other contractual commitments. Sirius XM Holdings satellite and transmission commitments are attributable to agreements with third parties to design, build, launch and insure two satellites, SXM-7 and SXM-8. Sirius XM Holdings has also entered into agreements to operate and maintain satellite telemetry, tracking and control facilities and certain components of its terrestrial repeater networks. Sirius XM Holdings sales and marketing commitments primarily relate to payments to sponsors, retailers, automakers and radio manufacturers pursuant to marketing, sponsorship and distribution agreements to promote the Sirius XM Holdings brand. Boeing Satellite Systems International, Inc., the manufacturers of certain of Sirius XM Holdings' in-orbit satellites, may be entitled to future in-orbit performance payments upon XM-3 and XM-4 meeting their fifteen-year design life, which it expects to occur. Boeing may also be entitled to up 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 Holdings 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, 2019, 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 Holdings	\$ 15,803	8,600	1,262	25,665
Formula 1	3,956	—	—	3,956
Other	180	—	143	323
Consolidated	<u>\$ 19,939</u>	<u>8,600</u>	<u>1,405</u>	<u>29,944</u>

We perform our annual assessment of the recoverability of our goodwill and other nonamortizable intangible assets in the fourth quarter each year, or more frequently if events and circumstances indicate impairment may have occurred. 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.

Useful Life of Broadcast/Transmission System. Sirius XM Holdings' 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 Holdings monitors its satellites for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset is not recoverable.

Sirius XM Holdings 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 Holdings operates three in-orbit XM satellites, XM-3, XM-4 and XM-5. Sirius XM Holdings 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. Sirius XM Holdings has entered into agreements for the design, construction and launch of two new satellites, SXM-7 and SXM-8, which it plans to launch into geostationary orbits in 2020 as replacements for XM-3 and XM-4. The XM-5 satellite that was launched in 2010, is used as an in-orbit spare for the Sirius and XM systems and is expected to reach the end of its depreciable life in 2025.

Sirius XM Holdings' satellites have been designed to last fifteen-years. Sirius XM Holdings' in-orbit satellites may experience component failures which could adversely affect their useful lives. Sirius XM Holdings 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 Holdings were to revise its estimates, depreciation expense would change.

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 Holdings Sirius XM Holdings operates two complementary audio entertainment business, Sirius XM and Pandora.

Sirius XM features music, sports, entertainment, comedy, talk, news, traffic and weather channels, as well as infotainment services, in the United States on a subscription fee basis. The Sirius XM service is distributed through its two proprietary satellite radio systems and through the internet via applications for mobile devices, home devices and other consumer electronic equipment. Satellite radios are primarily distributed through automakers, retailers and its website. The Sirius XM service is also available through a user interface called “360L,” that combines Sirius XM’s satellite and streaming services into a single, cohesive in-vehicle entertainment experience.

Sirius XM’s primary source of revenue is subscription fees, with most of its customers subscribing to monthly, quarterly, semi-annual or annual plans. Sirius XM also derives revenue from advertising on select non-music channels, direct sales of Sirius XM’s satellite radios and accessories, and other ancillary services. As of December 31, 2019, Sirius XM had approximately 35 million subscribers.

In addition to Sirius XM’s audio entertainment businesses, it provides connected vehicle services to several automakers and directly to consumers through aftermarket devices. These services are designed to enhance the safety, security and driving experience of consumers. Sirius XM also offers a suite of data services that includes graphical weather, fuel prices, sports schedules and scores and movie listings, a traffic information service that includes information as to road closings, traffic flow and incident data to consumers with compatible in-vehicle navigation systems, and real-time weather services in vehicles, boats and planes.

Sirius XM also holds a 70% equity interest and 33% voting interest in Sirius XM Canada Holdings Inc. (“Sirius XM Canada”). Sirius XM Canada’s subscribers are not included in Sirius XM’s subscriber count or subscriber-based operating metrics.

Pandora operates a music, comedy and podcast streaming discovery platform, offering a personalized experience for each listener wherever and whenever they want to listen, whether through mobile devices, car speakers or connected devices. Pandora enables listeners to create personalized stations and playlists, discover new content, hear artist- and expert-curated playlists, podcasts and select Sirius XM content as well as search and play songs and albums on-demand. Pandora is available as an ad-supported radio service, a radio subscription service, called Pandora Plus, and an on-demand subscription service, called Pandora Premium. As of December 31, 2019, Pandora had approximately 6.2 million subscribers.

The majority of Pandora’s revenue is generated from advertising on its ad-supported radio service. In addition, through AdsWizz Inc. (“AdsWizz”), Pandora provides a comprehensive digital audio advertising technology platform,

which connects audio publishers and advertisers. As of December 31, 2019, Pandora had approximately 63.5 million monthly active users.

Results of Operations - Actual

We acquired a controlling interest in Sirius XM Holdings on January 18, 2013 and applied purchase accounting and consolidated the results of Sirius XM Holdings from that date. The results presented below include the impacts of acquisition accounting adjustments in all periods presented. In addition, the results below include the financial results of Pandora from the date of acquisition by Sirius XM Holdings, February 1, 2019. As of December 31, 2019, there is an approximate 28% noncontrolling interest in Sirius XM Holdings, and the net earnings of Sirius XM Holdings 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 Holdings' actual operating results were as follows:

	Years ended December 31,		
	2019	2018	2017
amounts in millions			
Sirius XM:			
Subscriber revenue	\$ 5,644	5,264	4,990
Advertising revenue	205	188	160
Equipment revenue	173	155	132
Other revenue	165	164	143
Total Sirius XM revenue	<u>6,187</u>	<u>5,771</u>	<u>5,425</u>
Pandora:			
Subscriber revenue	476	—	—
Advertising revenue	1,131	—	—
Total Pandora revenue	<u>1,607</u>	<u>—</u>	<u>—</u>
Total revenue	<u>7,794</u>	<u>5,771</u>	<u>5,425</u>
Operating expenses (excluding stock-based compensation included below):			
Sirius XM cost of services (excluding litigation settlement)	(2,378)	(2,203)	(2,021)
Pandora cost of services	(1,006)	—	—
Subscriber acquisition costs	(427)	(470)	(499)
Selling, general and administrative expenses (excluding litigation settlement)	(1,299)	(759)	(699)
Other operating expenses	(231)	(106)	(97)
Adjusted OIBDA	2,453	2,233	2,109
Litigation settlement	(25)	(69)	(45)
Stock-based compensation	(229)	(133)	(124)
Acquisition and other related costs	(84)	(3)	—
Depreciation and amortization	(537)	(369)	(352)
Operating income	<u>\$ 1,578</u>	<u>1,659</u>	<u>1,588</u>

Sirius XM Subscriber revenue includes self-pay and paid promotional subscriptions, U.S. Music Royalty Fees and other ancillary fees. Subscriber revenue increased 7% and 5% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases were primarily attributable to higher U.S. Music Royalty Fees due to a higher music royalty rate and higher self-pay subscription revenue as a result of 3% and 5% increases in the daily weighted average number of subscribers during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2018 was partially offset by the impact of the adoption of Accounting Standards Codification Topic 606 ("ASC 606"), effective as of January 1, 2018.

Sirius XM Advertising revenue includes the sale of advertising on Sirius XM's non-music channels. Advertising revenue increased 9% and 18% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases were primarily due to a greater number of advertising spots sold and transmitted as well as increases in rates charged per spot.

Sirius XM Equipment revenue includes revenue and royalties for the sale of satellite radios, components and accessories. Equipment revenue increased 12% and 17% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increases were driven by an increase in royalty revenue due to Sirius XM's transition to a new generation of chipsets.

Sirius XM Other revenue includes service and advisory revenue from Sirius XM Canada, connected vehicle services, and ancillary revenue. Other revenue increased 1% and 15% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2019, was driven by higher royalty revenue generated from Sirius XM Canada, partially offset by a decrease in data usage revenue generated from Sirius XM's connected vehicle services. The increase for the year ended December 31, 2018 was driven by higher revenue generated from connected vehicle services and Sirius XM Canada.

Pandora revenue includes actual results for the period from the acquisition date to December 31, 2019. See "Results of Operations – Pro forma" below for additional information regarding Pandora's revenue.

Sirius XM Cost of 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 litigation settlements)* includes royalties for transmitting content, including streaming royalties, as well as automaker, content provider and advertising revenue share. Revenue share and royalties increased 8% and 14% during 2019 and 2018, respectively, as compared to the prior year periods. The increase for the year ended December 31, 2019 was driven by overall greater revenue subject to royalties and revenue share. The increase for the year ended December 31, 2018 was driven by an increase in the statutory royalty rate applicable to Sirius XM's use of post-1972 recordings and overall greater revenue subject to revenue share with the automakers, partially offset by the impact of the adoption of ASC 606, effective as of January 1, 2018.
- *Programming and Content* includes costs to acquire, create, promote and produce content. Programming and content costs increased 10% and 5% during 2019 and 2018, respectively, as compared to the corresponding prior years. The increases for were driven primarily by increased personnel-related costs and higher music licensing 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, bad debt expense and transaction fees. Customer service and billing expense increased 4% and decreased 1% during 2019 and 2018, respectively, as compared to the corresponding prior years. The 2019 increase was driven by increased transaction fees from a larger subscriber base and higher bad debt expense. The 2018 decrease was primarily driven by lower call center costs due to lower agent rates, increased customer self-service and improved non-pay process driving lower bad debt expense, partially offset by increased transaction fees from a larger subscriber base and personnel-related costs.
- *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 and connected vehicle services 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 increased 13% and 8% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior years. The 2019 increase was primarily driven by higher cloud hosting and wireless costs associated with Sirius XM's streaming services, higher repeater network costs and an increase in Sirius XM's inventory reserve, partially offset by lower direct sales to satellite radio and

connected vehicle consumers. The 2018 increase was primarily driven by higher wireless costs associated with Sirius XM's connected vehicle services and higher streaming costs, partially offset by lower direct satellite radio sales to consumers.

Pandora Cost of services includes revenue share and royalties, programming and content costs, customer service and billing expenses and other ancillary costs. Pandora cost of services was \$1,006 million for the period from the acquisition date to December 31, 2019. See "Results of Operations – Pro forma" below for additional information regarding Pandora's cost of services.

- *Revenue Share and Royalties* include licensing fees paid for streaming music or other content to Pandora subscribers and listeners as well as revenue share paid to third party ad servers. Pandora makes payments to third party ad servers for the period the advertising impressions are delivered or click-through actions occur, and accordingly, Pandora records this as a cost of service in the related period.
- *Programming and Content* includes costs to produce live listener events and promote content.
- *Customer Service and Billing* includes transaction fees on subscription purchases through mobile app stores and bad debt expense.
- *Other* includes costs associated with content streaming, maintaining Pandora's streaming radio and on-demand subscription services and creating and serving advertisements through third party ad servers.

Subscriber acquisition costs are costs associated with Sirius XM's satellite radio and include hardware subsidies paid to radio manufacturers, distributors and automakers, 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 acquiring a subscriber. For the years ended December 31, 2019 and 2018, subscriber acquisition costs decreased 9% and 6%, respectively, as compared to the corresponding periods in the prior year. The decreases for both years were driven by reductions to OEM hardware subsidy rates, lower subsidized costs related to the transition of chipsets and decreases in the volume of satellite radio installations.

Selling, general and administrative (excluding litigation settlement) expense includes costs of marketing, advertising, media and production, including promotional events and sponsorships; cooperative and artist marketing; personnel related costs; facilities costs, finance, legal, human resources and information technology costs. Selling, general and administrative expense increased 71% and 9% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2019 was driven by additional expenses associated with the inclusion of Pandora. The increases for both years were due to additional subscriber communications and acquisition campaigns. Additional increases during the year ended December 31, 2018 were driven by retention programs, higher personnel related costs, higher information technology costs and a one-time charge for sales and use taxes.

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, 2019 and 2018, other operating expense increased 118% and 9%, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was driven by additional expenses associated with the inclusion of Pandora. The 2018 increase was driven by the continued development of Sirius XM's streaming product and connected vehicle services.

Litigation settlement for the year ended December 31, 2019 relates to a one-time \$25 million litigation settlement for Do-Not-Call litigation. This charge is included in the selling, general and administrative expense line item in the accompanying consolidated financial statements for the year ended December 31, 2019. During the year ended December 31, 2018, Sirius XM Holdings recorded a \$69 million charge related to the litigation settlement that resolved all outstanding claims, including ongoing audits, under Sirius XM's statutory license for sound recordings for the period January 1, 2007 through December 31, 2017. During the fourth quarter of 2017, Sirius XM Holdings recorded \$45 million related to music royalty litigation settlements. These expenses are included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the years ended December 31, 2018 and 2017. The aforementioned

litigation settlements have been excluded from Adjusted OIBDA for the corresponding periods as these expenses were not incurred as a part of Sirius XM Holdings' normal operations and do not relate to the on-going performance of the business.

Stock-based compensation increased 72% and 7% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was driven by an increase in the number of awards granted and the continued vesting of outstanding awards. During the year ended December 31, 2018, Sirius XM recorded a one-time benefit to stock-based compensation expense as a result of the adoption of ASU 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. This benefit was more than offset by an increase in stock-based compensation expense due to an increase in the number of awards granted.

Acquisition related costs represent costs associated with the acquisition of Pandora and related reorganization costs.

Depreciation and amortization increased 46% and 5% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was due to increases in amortization expense attributable to intangibles recognized in connection with the Pandora acquisition and higher depreciation expense related to additional assets placed in service. The 2018 increase was driven by an increase in amortization expenses related to capitalized software additions and an increase in depreciation expense due to additional assets placed in-service.

Results of Operations – Pro forma

Although Pandora's results are only included in Sirius XM Holdings' results beginning on February 1, 2019, we believe a discussion of Sirius XM and Pandora's combined results for all periods presented promotes a better understanding of the overall results of the combined businesses. For comparative purposes, we are presenting the pro forma results of Sirius XM Holdings for the years ended December 31, 2019, 2018 and 2017. The pro forma financial information was prepared based on the historical financial information of Sirius XM Holdings (as disclosed above) and Pandora and assuming the acquisition of Pandora took place on January 1, 2017. The pro forma results primarily include adjustments related to amortization of acquired intangible assets, depreciation of property and equipment, acquisition costs and associated tax impacts. The financial information below is presented for illustrative purposes only and does not purport to represent the actual results of operations of Sirius XM Holdings had the business combination occurred on January 1, 2017, or to project the results of operations of Sirius XM Holdings or Liberty for any future periods.

Sirius XM Holdings' pro forma operating results were as follows:

	Years ended December 31,		
	2019	2018	2017
amounts in millions			
Sirius XM:			
Subscriber revenue	\$ 5,644	5,264	4,990
Advertising revenue	205	188	160
Equipment revenue	173	155	132
Other revenue	172	171	150
Total Sirius XM revenue	<u>6,194</u>	<u>5,778</u>	<u>5,432</u>
Pandora:			
Subscriber revenue	527	478	315
Advertising revenue	1,200	1,092	1,071
Total Pandora revenue	<u>1,727</u>	<u>1,570</u>	<u>1,386</u>
Total revenue	<u>7,921</u>	<u>7,348</u>	<u>6,818</u>
Operating expenses (excluding stock-based compensation included below):			
Sirius XM cost of services (excluding litigation settlement)	(2,378)	(2,203)	(2,021)
Pandora cost of services	(1,104)	(1,082)	(951)
Subscriber acquisition costs	(427)	(470)	(499)
Selling, general and administrative expenses (excluding litigation settlement)	(1,344)	(1,245)	(1,159)
Other operating expenses	(241)	(217)	(182)
Adjusted OIBDA	<u>2,427</u>	<u>2,131</u>	<u>2,006</u>
Litigation settlement	(25)	(69)	(45)
Stock-based compensation	(240)	(244)	(252)
Depreciation and amortization	(552)	(533)	(505)
Operating income	<u>\$ 1,610</u>	<u>1,285</u>	<u>1,204</u>

Please refer to the disclosure above regarding changes in Sirius XM revenue.

Pro forma Pandora subscriber revenue includes fees charged for Pandora Plus and Pandora Premium subscriptions. Pro forma Pandora subscriber revenue increased 10% and 52% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The increases were primarily due to increases in the weighted average number of subscribers and an increase in the average price paid per subscriber due to the growth of Pandora Premium.

Pro forma Pandora advertising revenue is generated primarily from audio, display and video advertising. Pro forma Pandora advertising revenue increased 10% and 2% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was due to growth in Pandora's off-platform advertising revenue, increased sell-through percentage, increases in the average price per ad and revenue growth in the AdsWizz business. The 2018 increase was due to increases in the average price per ad and increases in Pandora's off-platform revenue.

Please refer to the disclosure above regarding changes in Sirius XM cost of services.

Pro forma Pandora cost of services includes revenue share and royalties, programming and content costs, customer service and billing expenses and transmission costs. Pro forma Pandora costs of services increased 2% and 14% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year.

- *Pro forma revenue share and royalties* include licensing fees paid for streaming music or other content to Pandora's subscribers and listeners as well as revenue share paid to third party ad servers. Pandora makes payments to third party ad servers for the period the advertising impressions are delivered or click-through actions occur, and accordingly, Pandora records this as a cost of service in the related period. Pro forma revenue share and royalties increased 2% and 12% during the years ended December 31, 2019 and 2018, respectively, as

compared to the corresponding periods in the prior year. The 2019 increase was primarily attributable to higher revenue share driven by growth of Pandora's off platform revenue, partially offset by lower royalty costs resulting from renegotiated agreements with record labels, music and sound recording copyright holders and distributors. The 2018 increase was due to minimum guarantee accruals related to Pandora's direct license agreements with major independent labels, distributors, performing rights organizations and publishers.

- *Pro forma programming and content* includes costs to produce live listener events and promote content. Pro forma programming and content increased 55% and decreased 21% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was primarily due to increases in personnel related and content costs. The 2018 decrease was primarily attributable to lower content costs.
- *Pro forma customer service and billing* includes transaction fees on subscription purchases through mobile app stores and bad debt expense. Pro forma customer service and billing decreased 11% and increased 44% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 decrease was primarily driven by lower bad debt expense due to recoveries and lower transaction fees. The 2018 increase was primarily driven by higher transaction fees and bad debt expense from higher average subscriber balances.
- *Pro forma other* includes costs associated with content streaming, maintaining Pandora's streaming radio and on-demand subscription services and creating and serving advertisements through third party ad servers. Pro forma other costs increased 21% and 4% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The increases for both periods were driven by increased web hosting costs. The 2019 increase was also driven by increased personnel related costs.

Please refer to the disclosure above regarding changes in subscriber acquisition costs.

Pro forma selling, general and administrative expenses (excluding litigation settlement) includes costs of marketing, advertising, media and production, including promotional events and sponsorships; cooperative and artist marketing; personnel costs; facilities costs, finance, legal, human resources and information technology costs. For the years ended December 31, 2019 and 2018, pro forma selling, general and administrative expense increased 8% and 7%, respectively, as compared to the corresponding periods in the prior year. The increases for both years were due to additional subscriber communications and acquisition campaigns. The increase for the year ended December 31, 2019 was also driven by higher rent. Additional increases during the year ended December 31, 2018 were driven by retention programs and higher legal and consulting costs.

Pro forma other operating expenses include engineering, design and development costs consisting primarily of compensation and related costs to develop chipsets and new products and services, including streaming and connected vehicle services, research and development for broadcast information systems and costs associated with the incorporation of Sirius XM's radios into new vehicles manufactured by automakers. For the years ended December 31, 2019 and 2018, pro forma other operating expenses increased approximately 11% and 19%, respectively, as compared to the corresponding periods in the prior year. The increases were driven by higher personnel-related costs. The increase for the year ended December 31, 2018 was also driven by the continued development of Sirius XM Holdings' streaming products and connected vehicle services.

Please refer to the disclosure above regarding litigation settlement expenses.

Pro forma stock-based compensation decreased 2% and 3% during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 decrease was primarily due to decreases in Pandora's stock-based compensation. The 2018 decrease was partially offset by an increase in Sirius XM's stock-based compensation.

Pro forma depreciation and amortization expense increased 4% and 6% for the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The increases were driven by higher depreciation costs related to additional assets placed in service.

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. Formula 1 derives its primary revenue from the commercial exploitation and development of the World Championship through a combination of entering into 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 since January 23, 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 year ended December 31, 2017, 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 pro forma adjustments 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 operating results were as follows:

	Years ended December 31,		
	2019 (actual)	2018 (actual)	2017 (pro forma)
	amounts in millions		
Primary Formula 1 revenue	\$ 1,664	1,487	1,483
Other Formula 1 revenue	358	340	301
Total Formula 1 revenue	2,022	1,827	1,784
Operating expenses (excluding stock-based compensation included below):			
Cost of Formula 1 revenue	(1,393)	(1,273)	(1,221)
Selling, general and administrative expenses	(147)	(154)	(125)
Adjusted OIBDA	482	400	438
Stock-based compensation	(19)	(16)	(24)
Depreciation and amortization	(446)	(452)	(451)
Operating income (loss)	\$ 17	(68)	(37)
Number of Events	21	21	20

Primary Formula 1 revenue is derived from the commercial exploitation and development of the World Championship through a combination of 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).

Primary Formula 1 revenue increased \$177 million and \$4 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year.

The increase for the year ended December 31, 2019 was primarily driven by an increase in broadcasting revenue due to contractual increases in fees, partially offset by the net adverse impact of weaker foreign currency exchange rates used to translate broadcasting fees that were not denominated in U.S. Dollars. Additionally, advertising and sponsorship revenue increased due to revenue from contracts with new customers. Race promotion revenue decreased due to the financial terms of two race promotion agreements and the net adverse impact of weaker foreign currency exchange rates, partially offset by contractual increases in a number of contracts.

The increase for the year ended December 31, 2018 was driven by an increase in race promotion fees due to contractual increases in fees for certain Events and increased economics from contractual arrangements at one Event (which was fully offset by a decrease in advertising and sponsorship revenue, as discussed below). In addition, broadcasting revenue increased during the current period as compared to the corresponding period in the prior year due to the favorable impact of foreign currency exchange rates used to translate Great Britain Pound and Euro-denominated contracts into U.S. Dollars and the impact of certain contractual rate increases, partially offset by the early termination of one contract with a failing broadcast rights holder. Advertising and sponsorship revenue decreased during the current period as compared to the corresponding period in the prior year due to revised contractual arrangements at one Event and non-renewal of another small sponsorship arrangement, partially offset by revenue from new contracts and increases in existing contracts.

Other Formula 1 revenue is generated from miscellaneous and ancillary sources primarily related to facilitating the shipment of cars and equipment to and from events outside of Europe, revenue from the sale of tickets to the Formula One Paddock Club at most Events, support races at Events (either from the direct operation of the F2 and F3 series or from the licensing of other third party series or individual race events), various television production and post-production activities, digital and social media services and other ancillary operations.

Other Formula 1 revenue increased \$18 million and \$39 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The increase in 2019 was due to an increase in digital media revenue, higher Paddock Club attendance, increased revenue from other Event-based activities and higher sales of equipment, parts and maintenance and other services to the competing F2 and F3 teams, partially offset by non-recurring television production revenue recorded in the prior year. The increase in 2018 was primarily attributable to increases in revenue from the sale of the new F2 chassis, engine and other components to the series' competing teams due to 2018 being the first year of the F2 vehicle cycle, higher logistical and travel services revenue, higher digital media and television production related revenue and increased revenue from hospitality and various fan engagement and other event based activities.

Cost of Formula 1 revenue consists primarily of team payments. 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 fees payable to the Federation Internationale de l'Automobile, advertising and sponsorship commissions and those incurred in the provision and sale of freight, travel and logistical services, F2 and F3 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.

	Years ended December 31,		
	2019	2018	2017
	(actual)	(actual)	(pro forma)
	amounts in millions		
Team payments	\$ (1,012)	(913)	(919)
Other costs of Formula 1 revenue	(381)	(360)	(302)
Cost of Formula 1 revenue	<u>\$ (1,393)</u>	<u>(1,273)</u>	<u>(1,221)</u>

Cost of Formula 1 revenue increased approximately \$120 million and \$52 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year.

Team payments increased \$99 million and decreased \$6 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The increase in team payments during 2019 was attributable to an increase in Primary Formula 1 revenue and the associated impact on the calculation of variable Prize Fund elements, which are calculated with reference to Formula 1's revenue and costs. The 2018 decrease was attributable to a reduction in the variable elements of the Prize Fund.

Other costs of Formula 1 revenue increased \$21 million and \$58 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase was primarily due to costs related to various technical initiatives, the continued further development and delivery of digital and social media products and platforms, increased costs related to the sale of equipment, parts, maintenance and other services to the competing F2 and F3 teams and higher FIA and hospitality costs. The 2018 increase is primarily due to increased technical, logistics and travel, hospitality and Formula 2 and GP3 costs associated with the changes in the World Championship calendar, increased costs associated with sale of the new Formula 2 chassis and components to the competing Formula 2 teams during the first season of the latest three year Formula 2 cycle, costs associated with increased fan engagement activities, technical and digital media development and delivery and higher freight and hospitality costs.

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. Selling, general and administrative expenses decreased \$7 million and increased \$29 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 decrease was driven by foreign exchange gains and lower bad debt expense, partially offset by higher personnel and information technology costs. The 2018 increase was primarily driven by higher marketing and research costs and an increase in bad debt expense.

Stock-based compensation expense 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, subsequent to the acquisition of Formula 1 by Liberty. Stock-based compensation expense increased \$3 million and decreased \$8 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding periods in the prior year. The 2019 increase in stock-based compensation is primarily due to an increase in the number of awards granted.

Depreciation and amortization includes depreciation of fixed assets and amortization of intangible assets. Depreciation and amortization decreased \$6 million during the year ended December 31, 2019 and was relatively flat during the year ended December 31, 2018, as compared the corresponding periods in the prior year. The 2019 decrease was primarily due to a decrease in amortization expense related to certain 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 six minor league baseball clubs (the Gwinnett Stripers, the Mississippi Braves, the Rome Braves, the Danville Braves, the GCL Braves and the Dominican Summer League). 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 Braves Holdings were as follows.

	Year ended December 31,		
	2019	2018	2017
	amounts in millions		
Baseball revenue	\$ 438	404	371
Development revenue	38	38	15
Total revenue	476	442	386
Operating expenses (excluding stock-based compensation included below):			
Other operating expenses	(340)	(265)	(296)
Selling, general and administrative expenses	(82)	(83)	(83)
Adjusted OIBDA	54	94	7
Stock-based compensation	(15)	(10)	(46)
Depreciation and amortization	(71)	(76)	(67)
Operating income (loss)	<u>\$ (32)</u>	<u>8</u>	<u>(106)</u>
Regular season home games	81	81	81
Postseason home games	3	2	—

Revenue includes amounts generated from Braves Holdings' baseball and development operations. Baseball revenue is derived from three primary sources: ballpark operations (ticket sales, concessions, corporate sales, retail, suites and premium seat fees), local broadcast rights and national broadcast rights, licensing and other shared Major League Baseball ("MLB") revenue streams. Development revenue is derived from the mixed-use facilities and primarily includes rental income. For the years ended December 31, 2019 and 2018, revenue increased \$34 million and \$56 million, respectively, as compared to the corresponding prior years. Baseball revenue per game increased in 2019 due to increases in ballpark operations revenue, driven by increases in attendance, and revenue from local and national broadcasting rights. In addition, one additional postseason home game contributed to higher baseball revenue in 2019. Baseball revenue per game increased in 2018 due to increases in ballpark operations revenue primarily due to increases in attendance driven by team performance, including revenue from the 2018 MLB postseason. The 2019 decrease in development revenue following the sale of the residential portion of the mixed-use facilities in 2018 was offset by increases in retail tenant rental income and parking revenue during 2019. Development revenue increased during the year ended December 31, 2018 as compared to the prior year as Braves Holdings had just begun renting the mixed-use facilities in 2017.

Other operating expenses primarily include costs associated with baseball and stadium operations. For the years ended December 31, 2019 and 2018, other operating expenses increased \$75 million and decreased \$31 million, respectively, as compared to the corresponding prior years. The increase in 2019 as compared to 2018 was driven by higher player salaries, increased baseball operations costs driven by the opening of the new spring training facility and higher player development costs, increased obligations under MLB's revenue sharing plan and increased stadium operating costs driven by concessions. The decrease in 2018 as compared to 2017 was driven by lower player salaries.

Selling, general and administrative expense includes costs of marketing, advertising, finance and related personnel costs. Selling, general and administrative expense decreased \$1 million for the year ended December 31, 2019 as compared to the corresponding prior year due to reduced expenses associated with the residential portion of the mixed-use complex, which was sold in October 2018. Selling, general and administrative expense was flat for the year ended December 31, 2018 as compared to the prior year.

Stock-based compensation increased \$5 million and decreased \$36 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior years. The increase in 2019 as compared to 2018 was driven by an increase in the fair value of the underlying awards. The decrease in 2018 as compared to 2017 was due to vesting of outstanding awards in 2017, the start of a new plan period in 2018 and decreases in the fair value of the underlying awards.

Depreciation and amortization decreased \$5 million and increased \$9 million during the years ended December 31, 2019 and 2018, respectively, as compared to the corresponding prior years. The decrease in 2019 as compared to 2018 is primarily due to decreases in depreciation expense related to the new stadium as a result of the adoption of ASC 842 and the sale of the residential portion of the mixed-use complex during October 2018 and decreases in amortization expense related to player contracts. The increase in 2018 as compared to 2017 is due to an increase in depreciation related to the stadium, which was placed into service on March 21, 2017, partially offset by lower amortization expense related to international player contracts.

Item 7A. 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, 2019, 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	\$ 350	4.0%	\$ 8,948	4.6%
Braves Group	\$ 237	3.4%	\$ 322	3.9%
Formula One Group	\$ 962	4.2%	\$ 4,145	3.2%

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, 2019, the fair value of our marketable debt and equity securities was \$353 million. Had the market price of such securities been 10% lower at December 31, 2019, the aggregate value of such securities would have been \$35 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.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements of Liberty Media Corporation are filed under this Item, beginning on Page II-37. The financial statement schedules required by Regulation S-X are filed under Item 15 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. 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, 2019 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 II-32 for *Management’s Report on Internal Control Over Financial Reporting*.

See page II-33 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

Sirius XM Holdings acquired Pandora in February 2019. Except for the changes in internal controls at Pandora, there has been no change in the Company’s internal control over financial reporting that occurred during the three months ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. 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, 2019, 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, 2019, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm audited the consolidated financial statements and related disclosures in the Annual Report on Form 10-K and has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page II-33 of this Annual Report on Form 10-K.

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, 2019, 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, 2019, 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, 2019 and 2018, 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, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2020 expressed an unqualified opinion on those consolidated financial statements.

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 26, 2020

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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2019, 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, 2019, 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 26, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Changes in Accounting Principles

As discussed in Note 10 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019 due to the adoption of Accounting Standard Codification (ASC) Topic 842, *Leases*. As discussed in Note 3 to the consolidated financial statements, the Company has changed its method of accounting for revenue recognition as of January 1, 2018 due to the adoption of ASC Topic 606, *Revenue from Contracts with Customers*.

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.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the sufficiency of audit evidence over certain subscriber and advertising revenue streams

As disclosed in the consolidated statements of operations, the Company generated \$10,294 million of revenue, of which \$5,644 million was Sirius XM subscriber revenue and \$1,131 million was Pandora (Pandora Media, LLC and subsidiaries, the successor to Pandora Media, Inc. and subsidiaries) advertising revenue, for the year ended December 31, 2019. The Company's accounting for these subscriber and advertising revenue streams involve multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence related to these subscriber and advertising revenue streams as a critical audit matter. Evaluating the sufficiency of audit evidence required our subjective judgment regarding, among other things, the nature and extent of the evidence relating to each revenue stream, due principally to the number of IT applications utilized in the revenue recognition process to capture and aggregate the data.

The primary procedures we performed to address this critical audit matter included the following. We used our judgment to determine the nature and extent of audit procedures to be performed regarding these subscriber and advertising revenue streams. We tested certain internal controls over the Sirius XM subscriber revenue and Pandora advertising revenue recognition processes. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain IT applications and controls used by the Company in its revenue recognition processes and testing the interface of relevant revenue data between different IT systems used in the revenue recognition processes.

For each revenue stream within Sirius XM subscriber revenue where procedures were performed, we developed an estimate of subscriber revenue. These estimates were based on a combination of internal data and publicly available external data and the estimates were compared to the Company's recorded amounts. In addition, we evaluated the relevance and reliability of the internal and external data used to develop those estimates. On a sample basis, we tested Pandora advertising revenue by tracing the recorded amounts to underlying documents and to data executed and tracked by third parties. In addition, we evaluated the overall sufficiency of audit evidence obtained over Sirius XM subscriber and Pandora advertising revenue.

Assessment of the initial fair value measurement of certain intangible assets acquired in the Pandora acquisition

As discussed in Note 5 to the consolidated financial statements, Sirius XM Holdings, Inc. (Sirius XM Holdings), a consolidated subsidiary, acquired Pandora in February 2019 for total consideration of \$2,879 million. This acquisition resulted in Sirius XM Holdings recording customer relationships, trademark, and software and technology intangible assets in the consolidated balance sheets. The fair value of these intangible assets was \$1,131 million as of the acquisition date. The determination of the acquisition date fair value of certain of these intangible assets required Sirius XM Holdings to make key assumptions regarding projected revenue and related growth rates; the trademark, software and technology royalty rates; the estimated advertising customer attrition rate; the discount rates; and the remaining useful life of the software and technology intangible asset.

We identified the assessment of the initial fair value measurement of certain intangible assets acquired in the Pandora acquisition as a critical audit matter. Testing the key assumptions, which were used to estimate the

fair values, involved a high degree of auditor judgment. The estimated fair values were also sensitive to changes in these key assumptions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over Sirius XM Holdings' acquisition-date valuation process, including controls related to the development of the key assumptions. We performed sensitivity analyses to assess the impact of possible changes to the key assumptions on the acquisition-date fair value of these intangible assets. We evaluated the growth rates used by Sirius XM Holdings to determine projected revenue by comparing them to industry benchmarks and publicly available data, as well as third-party market studies. We assessed the advertising customer attrition rate and the remaining useful life of the software and technology intangible asset based on historical data of Pandora. We involved a valuation professional with specialized skills and knowledge, who assisted in:

- Evaluating the discount rates by comparing them to an independently developed range using publicly available market data for comparable entities;
- Evaluating the royalty rates for trademark, software and technology acquired by comparing them to royalty rates for similar companies;
- Developing an estimated range of fair values of the advertising customer relationships acquired using Sirius XM Holdings' cash flow assumptions and an independently developed range of discount rates, and comparing it to Sirius XM Holdings' fair value estimate; and
- Developing an estimated range of fair values of the trademark, software and technology acquired using Sirius XM Holdings' revenue assumptions and an independently developed range of discount rates and royalty rates, and comparing them to Sirius XM Holdings' fair value estimates.

/s/ KPMG LLP

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

Denver, Colorado
February 26, 2020

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
	<u>amounts in millions</u>	
<i>Assets</i>		
Current assets:		
Cash and cash equivalents	\$ 1,222	358
Trade and other receivables, net	767	364
Other current assets	416	360
Total current assets	<u>2,405</u>	<u>1,082</u>
Investments in affiliates, accounted for using the equity method (note 7)	1,625	1,641
Property and equipment, at cost	3,780	3,765
Accumulated depreciation	<u>(1,518)</u>	<u>(1,296)</u>
	<u>2,262</u>	<u>2,469</u>
Intangible assets not subject to amortization (note 8)		
Goodwill	19,939	18,386
FCC licenses	8,600	8,600
Other	1,405	1,074
	<u>29,944</u>	<u>28,060</u>
Intangible assets subject to amortization, net (note 8)	5,940	5,715
Other assets	2,013	1,861
Total assets	<u>\$ 44,189</u>	<u>40,828</u>
<i>Liabilities and Equity</i>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,621	1,116
Current portion of debt (note 9)	60	17
Deferred revenue	2,113	2,079
Other current liabilities	94	32
Total current liabilities	<u>3,888</u>	<u>3,244</u>
Long-term debt, including \$3,678 million and \$2,487 million measured at fair value, respectively (note 9)	15,416	13,371
Deferred income tax liabilities (note 11)	1,913	1,651
Other liabilities	1,047	864
Total liabilities	<u>\$ 22,264</u>	<u>19,130</u>

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</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, 2019; issued and outstanding 103,339,016 shares at December 31, 2019 and 102,809,736 shares at December 31, 2018 (note 2)	1	1
Series A Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2019; issued and outstanding 10,312,639 shares at December 31, 2019 and 10,244,591 shares at December 31, 2018 (note 2)	—	—
Series A Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2019; issued and outstanding 25,834,334 shares at December 31, 2019 and 25,675,346 shares at December 31, 2018 (note 2)	—	—
Series B Liberty SiriusXM common stock, \$.01 par value. Authorized 75,000,000 shares at December 31, 2019; issued and outstanding 9,808,601 shares at December 31, 2019 and 9,821,531 shares at December 31, 2018 (note 2)	—	—
Series B Liberty Braves common stock, \$.01 par value. Authorized 7,500,000 shares at December 31, 2019; issued and outstanding 981,860 shares at December 31, 2019 and December 31, 2018 (note 2)	—	—
Series B Liberty Formula One common stock, \$.01 par value. Authorized 18,750,000 shares at December 31, 2019; issued and outstanding 2,448,233 shares at December 31, 2019 and 2,453,485 shares at December 31, 2018 (note 2)	—	—
Series C Liberty SiriusXM common stock, \$.01 par value. Authorized 2,000,000,000 shares at December 31, 2019; issued and outstanding 203,324,574 shares at December 31, 2019 and 213,130,922 shares at December 31, 2018 (note 2)	2	2
Series C Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2019; issued and outstanding 39,894,784 shares at December 31, 2019 and 39,740,215 shares at December 31, 2018 (note 2)	—	—
Series C Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2019; issued and outstanding 203,366,419 shares at December 31, 2019 and 202,887,872 shares at December 31, 2018 (note 2)	2	2
Additional paid-in capital	2,575	2,984
Accumulated other comprehensive earnings (loss), net of taxes	(33)	(38)
Retained earnings	13,748	13,644
Total stockholders' equity	<u>16,295</u>	<u>16,595</u>
Noncontrolling interests in equity of subsidiaries	5,630	5,103
Total equity	<u>21,925</u>	<u>21,698</u>
Commitments and contingencies (note 17)		
Total liabilities and equity	<u>\$ 44,189</u>	<u>40,828</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Consolidated Statements Of Operations****Years ended December 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	amounts in millions		
Revenue:			
Sirius XM Holdings revenue	\$ 7,794	5,771	5,425
Formula 1 revenue	2,022	1,827	1,783
Other revenue	476	442	386
Total revenue	<u>10,292</u>	<u>8,040</u>	<u>7,594</u>
Operating costs and expenses, including stock-based compensation (note 3):			
Cost of services (exclusive of depreciation shown separately below):			
Revenue share and royalties	2,291	1,394	1,210
Programming and content	462	406	388
Customer service and billing	475	382	385
Other	199	126	119
Cost of Formula 1 revenue	1,394	1,273	1,219
Subscriber acquisition costs	427	470	499
Other operating expenses	620	388	409
Selling, general and administrative	1,809	1,182	1,147
Acquisition and other related costs (note 5)	84	3	—
Depreciation and amortization	1,061	905	824
	<u>8,822</u>	<u>6,529</u>	<u>6,200</u>
Operating income (loss)	<u>1,470</u>	<u>1,511</u>	<u>1,394</u>
Other income (expense):			
Interest expense	(657)	(606)	(591)
Share of earnings (losses) of affiliates, net (note 7)	6	18	104
Realized and unrealized gains (losses) on financial instruments, net (note 6)	(315)	40	(88)
Other, net	9	78	8
	<u>(957)</u>	<u>(470)</u>	<u>(567)</u>
Earnings (loss) before income taxes	<u>513</u>	<u>1,041</u>	<u>827</u>
Income tax (expense) benefit (note 11)	(166)	(176)	1,063
Net earnings (loss)	<u>347</u>	<u>865</u>	<u>1,890</u>
Less net earnings (loss) attributable to the noncontrolling interests	241	334	536
Net earnings (loss) attributable to Liberty stockholders	<u>\$ 106</u>	<u>531</u>	<u>1,354</u>
Net earnings (loss) attributable to Liberty stockholders (note 2):			
Liberty SiriusXM common stock	\$ 494	676	1,124
Liberty Braves common stock	(77)	5	(25)
Liberty Formula One common stock	(311)	(150)	255
	<u>\$ 106</u>	<u>531</u>	<u>1,354</u>

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Consolidated Statements Of Operations (Continued)****Years ended December 31, 2019, 2018 and 2017**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Basic net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 3)			
Series A, B and C Liberty SiriusXM common stock	1.55	2.04	3.35
Series A, B and C Liberty Braves common stock	(1.51)	0.10	(0.51)
Series A, B and C Liberty Formula One common stock	(1.35)	(0.65)	1.23
Diluted net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 3)			
Series A, B and C Liberty SiriusXM common stock	1.53	2.01	3.31
Series A, B and C Liberty Braves common stock	(1.51)	0.10	(0.51)
Series A, B and C Liberty Formula One common stock	(1.35)	(0.65)	1.21

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statements Of Comprehensive Earnings (Loss)
Years ended December 31, 2019, 2018 and 2017

	<u>2019</u>	<u>2018</u>	<u>2017</u>
	<u>amounts in millions</u>		
Net earnings (loss)	\$ 347	865	1,890
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	20	(34)	24
Unrealized holding gains (losses) arising during the period	3	(3)	(3)
Credit risk on fair value debt instruments gains (losses)	(13)	32	—
Share of other comprehensive earnings (loss) of equity affiliates	1	(10)	14
Other comprehensive earnings (loss)	<u>11</u>	<u>(15)</u>	<u>35</u>
Comprehensive earnings (loss)	358	850	1,925
Less comprehensive earnings (loss) attributable to the noncontrolling interests	<u>247</u>	<u>324</u>	<u>544</u>
Comprehensive earnings (loss) attributable to Liberty stockholders	<u>\$ 111</u>	<u>526</u>	<u>1,381</u>
Comprehensive earnings (loss) attributable to Liberty stockholders:			
Liberty SiriusXM common stock	\$ 512	663	1,142
Liberty Braves common stock	(74)	2	(28)
Liberty Formula One common stock	<u>(327)</u>	<u>(139)</u>	<u>267</u>
	<u>\$ 111</u>	<u>526</u>	<u>1,381</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statements Of Cash Flows
Years ended December 31, 2019, 2018 and 2017

	2019	2018	2017
	amounts in millions (see note 4)		
Cash flows from operating activities:			
Net earnings (loss)	\$ 347	865	1,890
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	1,061	905	824
Stock-based compensation	312	192	230
Share of (earnings) loss of affiliates, net	(6)	(18)	(104)
Realized and unrealized (gains) losses on financial instruments, net	315	(40)	88
Noncash interest expense	9	(1)	16
Losses (gains) on dilution of investment in affiliate	(7)	1	(3)
Loss on early extinguishment of debt	57	1	48
Deferred income tax expense (benefit)	120	167	(1,064)
Other charges (credits), net	8	(17)	4
Changes in operating assets and liabilities			
Current and other assets	(3)	(31)	50
Payables and other liabilities	100	132	(247)
Net cash provided (used) by operating activities	<u>2,313</u>	<u>2,156</u>	<u>1,732</u>
Cash flows from investing activities:			
Cash proceeds from dispositions of investments	442	399	21
Cash (paid) received for acquisitions, net of cash acquired	313	(2)	(1,754)
Investments in equity method affiliates and debt and equity securities	(29)	(414)	(862)
Repayment of loans and other cash receipts from equity method affiliates and debt and equity securities	11	14	—
Capital expended for property and equipment, including internal-use software and website development	(510)	(403)	(517)
Sales of short term investments and other marketable securities	73	—	—
Other investing activities, net	14	36	(25)
Net cash provided (used) by investing activities	<u>314</u>	<u>(370)</u>	<u>(3,137)</u>
Cash flows from financing activities:			
Borrowings of debt	6,020	3,617	6,697
Repayments of debt	(4,871)	(4,057)	(5,107)
Proceeds from issuance of Series C Liberty Formula One common stock	—	—	1,938
Series C Liberty SiriusXM common stock repurchases	(443)	(466)	—
Subsidiary shares repurchased by subsidiary	(2,159)	(1,314)	(1,409)
Cash dividends paid by subsidiary	(68)	(59)	(60)
Taxes paid in lieu of shares issued for stock-based compensation	(211)	(130)	(135)
Other financing activities, net	(41)	29	(48)
Net cash provided (used) by financing activities	<u>(1,773)</u>	<u>(2,380)</u>	<u>1,876</u>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	—	(1)	4
Net increase (decrease) in cash, cash equivalents and restricted cash	854	(595)	475
Cash, cash equivalents and restricted cash at beginning of period	452	1,047	572
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,306</u>	<u>452</u>	<u>1,047</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statement Of Equity
Years ended December 31, 2019, 2018 and 2017

	Stockholders' equity													Additional paid-in capital	Accumulated other		Retained earnings	Noncontrolling interest in equity of subsidiaries	Total equity
	Common Stock																		
	Preferred Stock	Liberty Media Corporation			Liberty Sirius XM			Liberty Braves			Liberty Formula One								
		Series A	Series B	Series C	Series A	Series B	Series C	Series A	Series B	Series C	Series A	Series B	Series C						
	amounts in millions																		
Balance at January 1, 2017	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 87	\$ (62)	\$11,727	\$ 5,960	\$17,716	
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,354	536	1,890	
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	27	—	8	35	
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	129	—	—	35	164	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	(135)	—	—	—	(135)	
Shares issued in private placement transaction	—	—	—	—	—	—	—	—	—	—	—	—	—	1,938	—	—	—	1,938	
Shares issued as consideration in acquisition of Formula 1	—	—	—	—	—	—	—	—	—	—	—	—	1	1,616	—	—	—	1,617	
Initial recognition of conversion option on Delta Topco Exchangeable Notes	—	—	—	—	—	—	—	—	—	—	—	—	—	173	—	—	—	173	
Shares issued in exchange for Delta Topco Exchangeable Notes	—	—	—	—	—	—	—	—	—	—	—	—	—	352	—	—	—	352	
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(369)	—	—	(1,034)	(1,403)	
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(7)	—	—	186	179	
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	108	—	—	(60)	48	
Balance at December 31, 2017	—	—	—	—	1	—	2	—	—	—	—	—	2	3,892	(35)	13,081	5,631	22,574	
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	531	334	865	
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(5)	—	(10)	(15)	
Cumulative adjustment for change in accounting principle (note 3)	—	—	—	—	—	—	—	—	—	—	—	—	—	22	2	36	12	72	
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	153	—	—	39	192	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	(130)	—	—	—	(130)	
Series C Liberty SiriusXM stock repurchases	—	—	—	—	—	—	—	—	—	—	—	—	—	(466)	—	—	—	(466)	
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(416)	—	—	(881)	(1,297)	
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(65)	—	—	65	—	
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	(6)	—	(4)	(87)	(97)	
Balance at December 31, 2018	—	—	—	—	1	—	2	—	—	—	—	—	2	2,984	(38)	13,644	5,103	21,698	
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	106	241	347	
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—	6	11	
Cumulative adjustment for change in accounting principle (note 10)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(2)	—	(2)	
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	246	—	—	79	325	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	(211)	—	—	—	(211)	
Issuance of common stock upon exercise of stock options	—	—	—	—	—	—	—	—	—	—	—	—	—	10	—	—	—	10	
Series C Liberty SiriusXM stock repurchases	—	—	—	—	—	—	—	—	—	—	—	—	—	(443)	—	—	—	(443)	
Subsidiary shares issued as consideration in subsidiary acquisition	—	—	—	—	—	—	—	—	—	—	—	—	—	657	—	—	1,698	2,355	
Equity component of convertible note	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	62	62	
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(562)	—	—	(1,597)	(2,159)	
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	(92)	—	—	100	8	
Dividends paid by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(68)	(68)	
Noncontrolling interest activity of equity affiliates	—	—	—	—	—	—	—	—	—	—	—	—	—	(6)	—	—	—	(6)	
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	(8)	—	—	6	(2)	
Balance at December 31, 2019	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2	\$ 2,575	\$ (33)	\$13,748	\$ 5,630	\$21,925	

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2019, 2018 and 2017

(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 Holdings”), 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 January 2013, Starz (which was renamed Starz Acquisition, LLC in connection with its acquisition by Lions Gate Entertainment Corp. and was 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 Holdings. Sirius XM Holdings, since the date of our investment, has repurchased approximately 3.0 billion Sirius XM Holdings shares for approximately \$12.8 billion. On February 1, 2019, Sirius XM Holdings issued shares in conjunction with its acquisition of Pandora Media, Inc., which continues to operate as Pandora Media, LLC (“Pandora”). See note 5 for more information regarding the acquisition of Pandora. Liberty continues to maintain a controlling interest in Sirius XM Holdings following the share repurchases and issuances. As of December 31, 2019, we owned approximately 72% of the outstanding equity interest in Sirius XM Holdings.

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 9 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 Corporation (“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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

2016, Liberty Interactive completed the split-off of Liberty Expedia Holdings, Inc. (“Expedia Holdings”) (the “Expedia Holdings Split-Off”). During March 2018, Liberty Interactive completed the split-off of GCI Liberty, Inc. (“GCI Liberty”) (the “GCI Liberty Split-Off”) and Liberty Interactive was subsequently renamed Qurate Retail, Inc. (“Qurate Retail”). Following these transactions, each of these companies operates (or in the case of Starz, CommerceHub and Expedia Holdings, prior to their respective acquisitions, operated) as separate publicly traded companies, none of which has (or, in the case of Starz, CommerceHub and Expedia Holdings, had) any stock ownership, beneficial or otherwise, in the other (except that GCI Liberty 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, Expedia Holdings Split-Off and GCI Liberty Split-Off, Liberty entered into certain agreements with Qurate Retail, Starz, Liberty TripAdvisor, Liberty Broadband, CommerceHub, Expedia Holdings and GCI Liberty, 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 (in the case of Qurate Retail, Starz and Liberty Broadband only), Services Agreements (which, in Starz’s case terminated in April 2017, in CommerceHub’s case, terminated in August 2018 and in Expedia Holdings case, terminated in July 2019), Facilities Sharing Agreements (excluding Starz and 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 Qurate Retail, Starz and Liberty Broadband, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Qurate Retail, Liberty TripAdvisor, Liberty Broadband, CommerceHub (prior to termination), Expedia Holdings (prior to termination) and GCI Liberty with general and administrative services including legal, tax, accounting, treasury and investor relations support. Qurate Retail, Liberty TripAdvisor, Liberty Broadband, CommerceHub (prior to termination), Expedia Holdings (prior to termination) and GCI Liberty reimburse Liberty for direct, out-of-pocket expenses incurred by Liberty in providing these services and in the case of Qurate Retail, Qurate Retail’s allocable portion of costs associated with any shared services or personnel based on an estimated percentage of time spent providing services to Qurate Retail. Liberty TripAdvisor, Liberty Broadband, CommerceHub (prior to termination), Expedia Holdings (prior to termination) and GCI Liberty 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 Qurate Retail, Liberty TripAdvisor, Liberty Broadband, Expedia Holdings (prior to termination) and GCI Liberty at Liberty’s corporate headquarters. Under these various agreements, approximately \$46 million, \$30 million and \$24 million of these allocated expenses were reimbursed to Liberty during the years ended December 31, 2019, 2018 and 2017, 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.

In December 2019, Liberty entered into amendments to the Services Agreements with each of Qurate Retail, Liberty TripAdvisor, Liberty Broadband and GCI Liberty in connection with Liberty’s entry into a new employment arrangement with Gregory B. Maffei, its President and Chief Executive Officer. Under the amended Services Agreements, components of his compensation will either be paid directly to him by each of Qurate Retail, Liberty TripAdvisor, Liberty Broadband and GCI Liberty (collectively, the “Service Companies”) or reimbursed to Liberty, in each case, based on allocations among Liberty and the Service Companies set forth in the amended Services Agreements.

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 result

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

primarily from the breach of certain restrictive covenants made by Starz and Liberty Broadband will be responsible for any such taxes and losses related to the Broadband Spin-Off which result primarily from the breach of certain restrictive covenants made by 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. In September 2015, Liberty entered into a closing agreement with the IRS which provided that the Broadband Spin-Off qualified for tax-free treatment.

(2) Tracking Stocks

During November 2015, Liberty's 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 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.

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 an 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 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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 an 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 9 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 Holdings 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 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: its subsidiary Sirius XM Holdings, corporate

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

cash, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049 and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. The Formula One Group holds an intergroup interest in the Liberty SiriusXM Group. As of December 31, 2019, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$493 million, which includes \$106 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: 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 cash. The Formula One Group holds an intergroup interest in the Braves Group. As of December 31, 2019, the Braves Group has cash and cash equivalents of approximately \$142 million, which includes \$59 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, which include 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, cash, intergroup interests in the Liberty SiriusXM Group and the Braves Group, Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 1% Cash Convertible Notes due 2023, Liberty's 2.25% Exchangeable Senior Debentures due 2046 and Liberty's 2.25% Exchangeable Senior Debentures due 2048. As of December 31, 2019, the Formula One Group has cash and cash equivalents of approximately \$587 million, which includes \$402 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, 2019. In addition, during the fourth quarter of 2019, the Formula One Group began purchasing shares of Liberty SiriusXM common stock. As of December 31, 2019, the number of notional shares representing the intergroup interest held by the Formula One Group was 493,278, representing a 0.2% intergroup interest in the Liberty SiriusXM Group. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group has attributed interests in the Braves Group and the Liberty SiriusXM Group which are generally stated in terms of a number of shares of Liberty Braves common stock and Liberty Sirius XM common stock, respectively, issuable to the Formula One Group with respect to its interests in the Braves Group and Liberty SiriusXM Group, respectively. The intergroup interests 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 and Liberty SiriusXM common stock, respectively, cash and/or other assets to the Formula One Group. Accordingly, the intergroup interests attributable to the Formula One Group are presented as assets and the intergroup interests attributable to the Braves Group and Liberty SiriusXM Group are presented as liabilities in the attributed financial statements and the offsetting amounts between tracking stock groups are eliminated in consolidation. The intergroup interests will remain outstanding until the cancellation of the outstanding interests, at the discretion of the Company's board of directors, through transfer of securities, cash and/or other assets from the Braves Group or Liberty SiriusXM Group, respectively, to the Formula One Group.

See Exhibit 99.1 to this Annual Report on Form 10-K for unaudited attributed financial information for Liberty's tracking stock groups.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(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 \$8 million and \$20 million at December 31, 2019 and 2018, respectively. Activity in the year ended December 31, 2019 included an increase of \$56 million of bad debt charged to expense and \$59 million of write-offs. Activity in the year ended December 31, 2018 included an increase of \$68 million of bad debt charged to expense and \$60 million of write-offs. 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.

Investments

All marketable equity and debt securities held by the Company are carried at fair value, generally based on quoted market prices and changes in the fair value of such securities are reported in realized and unrealized gain (losses) on financial instruments in the accompanying consolidated statements of operations. The Company elected the measurement alternative (defined as the cost of the security, adjusted for changes in fair value when there are observable prices, less impairments) for its equity securities without readily determinable fair values. The total value of marketable debt and equity securities aggregated \$353 million and \$1,195 million as of December 31, 2019 and 2018, respectively.

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.

The Company continually reviews its equity investments to determine whether a decline in fair value below the carrying value 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 carrying value of the equity method investment 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

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 equity method investments are included in share of earnings (losses) of affiliates.

The Company performs a qualitative assessment for equity securities without readily determinable fair values each reporting period to determine whether the security could be impaired. If the qualitative assessment indicates that an impairment could exist, we estimate the fair value of the investments, and, to the extent the security's fair value is less than its carrying value, an impairment is recorded in the consolidated statements of operations.

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.

Property and Equipment

Property and equipment consisted of the following:

	<u>Estimated Useful Life</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
		amounts in millions	
Land	NA	\$ 138	183
Buildings and improvements	10 - 40 years	783	905
Support equipment	3 - 20 years	630	553
Satellite system	15 years	1,694	1,679
Construction in progress	NA	535	445
Total property and equipment		<u>\$ 3,780</u>	<u>3,765</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, 2019, 2018 and 2017 was \$271 million, \$251 million and \$230 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 Holdings' satellites and launch vehicles is capitalized. Capitalized interest

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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, 2019 and 2018 was approximately \$17 million and \$12 million, respectively, which related to the construction of Sirius XM Holdings' satellites.

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, or more frequently if events and circumstances indicate impairment may have occurred.

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 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. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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

Effective January 1, 2018, the Company adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), under the modified retrospective transition method. ASC 606 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 and 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. ASC 606 replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles ("GAAP"). Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under ASC 605.

The Company elected to utilize certain practical expedients as permitted under ASC 606. The Company elected to apply the guidance from ASC 606 only to contracts that were not completed as of January 1, 2018. Completed contracts are those contracts for which substantially all of the revenue had been recognized under ASC 605. The Company also elected to utilize the practical expedient for contract modifications. For modified contracts, the Company did not separately evaluate the effects of each contract modification that occurred prior to January 1, 2018. Instead, the Company reflected the aggregate effect of all contract modifications (on a contract-by-contract basis) that occurred prior to January 1, 2018 by identifying the satisfied and unsatisfied performance obligations and allocating the transaction price to such performance obligations.

Sales, value add, and other taxes when collected concurrently with revenue producing activities are excluded from revenue. Incremental costs of obtaining a contract are expensed when the amortization period of the asset is one year or less. To the extent the incremental costs of obtaining a contract relate to a period greater than one year, the Company amortizes such incremental costs in a manner that is consistent with the transfer to the customer of the goods or services to which the asset relates. If, at contract inception, we determine the time period between when we transfer a promised good or service to a customer and when the customer pays us for that good or service is one year or less, we do not adjust the promised amount of consideration for the effects of a significant financing component.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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In accordance with ASC 606, the following table illustrates the impact on our reported results in the consolidated statements of operations assuming we did not adopt ASC 606 on January 1, 2018.

	Year ended December 31, 2018		
	As reported	Impact of ASC 606	Balances without adoption of ASC 606
in millions			
Revenue:			
Sirius XM Holdings revenue	\$ 5,771	95	5,866
Other revenue	\$ 442	(2)	440
Costs of subscriber services:			
Revenue share and royalties	\$ 1,394	88	1,482
Subscriber acquisition costs	\$ 470	4	474
Selling, general and administrative	\$ 1,182	(1)	1,181
Income tax (expense) benefit	\$ (176)	(1)	(177)
Net earnings (loss)	\$ 865	1	866

Our customers generally pay for services in advance of the performance obligation and therefore these prepayments are recorded as deferred revenue. The deferred revenue is recognized as revenue in our consolidated statement of operations as the services are provided. Changes in the contract liability balance for Sirius XM Holdings during the year ended December 31, 2019 were not materially impacted by other factors. The opening and closing balances for our deferred revenue related to Formula 1 and Braves Holdings was approximately \$154 million and \$184 million, respectively. The primary cause for the increase related to the receipt of cash from our customers in advance of satisfying our performance obligations.

As the majority of Sirius XM Holdings contracts are one year or less, Sirius XM Holdings utilized the optional exemption under ASC 606 and has not disclosed information about the remaining performance obligations for contracts which have original expected durations of one year or less. As of December 31, 2019, less than ten percent of the Sirius XM Holdings total deferred revenue balance related to contracts that extended beyond one year. These contracts primarily include prepaid data trials which are typically provided for three to five years as well as for self-pay customers who prepay for their audio subscriptions for up to three years in advance. These amounts will be recognized on a straight-line basis as Sirius XM Holdings' services are provided.

Significant portions of the transaction prices for Formula 1 and Braves Holdings are related to undelivered performance obligations that are under contractual arrangements that extend beyond one year. The Company anticipates recognizing revenue from the delivery of such performance obligations of approximately \$2,047 million in 2020, \$1,727 million in 2021, \$4,236 million in 2022 through 2027, and \$275 million thereafter, primarily recognized through 2035. We have not included any amounts in the undelivered performance obligations amounts for Formula 1 and Braves Holdings for those performance obligations that relate to a contract with an original expected duration of one year or less.

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Below is a summary of the impacts of ASC 606 on Sirius XM Holdings, Formula 1 and Braves Holdings.

Sirius XM Holdings

The following table disaggregates Sirius XM Holdings' revenue by source:

	Years ended December 31,	
	2019	2018
	in millions	
Subscriber	\$ 6,120	5,264
Advertising	1,336	188
Equipment	173	155
Other	165	164
Total Sirius XM Holdings revenue	<u>\$ 7,794</u>	<u>5,771</u>

ASC 606 primarily impacts how Sirius XM Holdings accounts for revenue share payments as well as other immaterial impacts.

Sirius XM Holdings previously recorded revenue share related to paid-trials as Revenue share and royalties expense. Under the ASC 606, SIRUS XM Holdings has recorded these revenue share payments as a reduction to revenue as the payments do not transfer a distinct good or service to Sirius XM Holdings.

Activation fees were previously recognized over the expected subscriber life using the straight-line method. Under ASC 606, activation fees have been recognized over a one month period from activation as the activation fees are non-refundable and they do not convey a material right. Loyalty payments to major automakers ("OEMs") were previously expensed when incurred as subscriber acquisition costs. Under ASC 606, these costs have been capitalized in other current assets as costs to obtain a contract and these costs will be amortized to subscriber acquisition costs over an average self-pay subscriber life of that OEM. These changes do not have a material impact to the consolidated financial statements.

The following is a description of the principal activities from which Sirius XM Holdings generates its revenue - including from self-pay and paid promotional subscribers, advertising, and sales of equipment.

Subscriber revenue. Subscriber revenue consists primarily of subscription fees and other ancillary subscription based revenue. Revenue is recognized on a straight line basis when the performance obligations to provide each service for the period are satisfied, which is over time as Sirius XM Holdings' subscription services are continuously transmitted and can be consumed by customers at any time. Consumers purchasing or leasing a vehicle with a factory-installed satellite radio may receive between a three and twelve month subscription to Sirius XM Holdings' service. In certain cases, the subscription fees for these consumers are prepaid by the applicable automaker. Prepaid subscription fees received from automakers or directly from consumers are recorded as deferred revenue and amortized to revenue ratably over the service period which commences upon sale. Activation fees are recognized over one month as the activation fees are non-refundable and do not provide for a material right to the customer. There is no revenue recognized for unpaid trial subscriptions. In some cases, Sirius XM Holdings pays a loyalty fee to the automakers when it receives a certain amount of payments from self-pay customers acquired from that automaker. These fees are considered incremental costs to obtain a contract and are therefore recognized as an asset and amortized to Subscriber acquisition costs over an average subscriber

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

life. Revenue share and loyalty fees paid to an automaker offering a paid trial are accounted for as a reduction of revenue as the payment does not provide a distinct good or service.

Music royalty fee primarily consists of U.S. music royalty fees (“MRF”) collected from subscribers. The related costs Sirius XM Holdings incurs for the right to broadcast music and other programming are recorded as revenue share and royalties expense in the consolidated statements of operations. Fees received from subscribers for the MRF are recorded as deferred revenue and amortized to revenue ratably over the service period as the royalties relate to the subscription services which are continuously delivered to Sirius XM Holdings’ customers.

Advertising revenue. Sirius XM Holdings recognizes revenue from the sale of advertising as performance obligations are satisfied upon delivery of the advertising; therefore, revenue is recognized at a point in time when each advertising spot is transmitted. Agency fees are calculated based on a stated percentage applied to gross billing revenue for Sirius XM Holdings’ advertising inventory and are reported as a reduction of advertising revenue. Additionally, Sirius XM Holdings pays certain third parties a percentage of advertising revenue. Advertising revenue is recorded gross of such revenue share payments as Sirius XM Holdings controls the advertising service including the ability to establish pricing and Sirius XM Holdings is primarily responsible for providing the service. Advertising revenue share payments are recorded to revenue share and royalties during the period in which the advertising is transmitted.

Equipment revenue. 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 services.

Other revenue. Other revenue primarily includes revenue recognized from royalties received from Sirius XM Canada.

Sirius XM Holdings 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

The following table disaggregates Formula 1’s revenue by source:

	Years ended December 31,	
	2019	2018
	in millions	
Primary	\$ 1,664	1,487
Other	358	340
Total Formula 1 revenue	<u>\$ 2,022</u>	<u>1,827</u>

Upon entering into a new arrangement, Formula 1 occasionally incurs certain incremental costs of obtaining a contract. These incremental costs relate to commission amounts that will be paid over the life of the contract for which the recipient does not have any substantive future performance requirement to earn such commission. Accordingly, the commission costs will be capitalized and amortized over the life of the contract. Upon adoption of ASC 606, Formula 1 recorded a contract cost asset and a corresponding commission payable.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

The following is a description of principal activities from which Formula 1 generates its revenue.

Primary revenue. Formula 1 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. Formula 1 derives its primary revenue from the commercial exploitation and development of the World Championship through a combination of entering into race promotion, broadcasting and advertising and sponsorship arrangements. Primary revenue derived from the commercial exploitation of the World Championship is (i) recognized on an event by event basis for those performance obligations associated with a specific event based on the fees within the underlying contractual arrangement and (ii) recognized over time for those performance obligations associated with a period of time that is greater than a single specific event (for example, over the entire race season or calendar year) based on the fees within the underlying contractual arrangement.

Other revenue. Formula 1 earns other revenue from miscellaneous and ancillary sources, primarily related to administering the shipment of cars and equipment to and from the events outside of Europe and revenue from the sale of tickets to the Formula One Paddock Club event-based hospitality at certain of the motor races. 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 and to the extent such revenue relates to services provided or rights over a longer period of time, the revenue is recognized over time.

Braves Holdings

The following table disaggregates Braves Holdings' revenue by source:

	Years ended December 31,	
	2019	2018
	in millions	
Baseball	\$ 438	404
Development	38	38
Total Braves Holdings revenue	<u>\$ 476</u>	<u>442</u>

ASC 606 standard primarily impacted Braves Holdings revenue recognition related to broadcast rights revenue. Under the old revenue standard, Braves Holdings recognized revenue from its broadcast rights arrangements limited to the amounts that were not contingent on the provision of future goods or services, which resulted in revenue recognition approximating the cash received. Upon adoption of ASC 606, Braves Holdings is required to estimate the entire transaction price of the contractual arrangements and recognize revenue allocated to each of the performance obligations within the contractual arrangements as those performance obligations are satisfied. Such performance obligations are typically satisfied over time and result in differences between revenue recognized and cash received, dependent on how far into a contractual arrangement Braves Holdings is at any given reporting period. ASC 606 resulted in an immaterial change in revenue recognized during the years ended December 31, 2019 and 2018 and an immaterial effect to the consolidated balance sheet as compared to the old revenue standard.

The following is a description of principal activities from which Braves Holdings generates its revenue.

Baseball revenue. Revenue for Braves Holdings ticket sales, 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. Broadcasting rights are recognized on a per game basis during the baseball season based on the pro rata number of games played to date to the total number of games during the season. Concession and parking revenue are recognized on a per game basis during the baseball season. Major League Baseball ("MLB")

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Notes to Consolidated Financial Statements (Continued)

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revenue is earned throughout the year based on an estimate of revenue generated by MLB on behalf of the 30 MLB clubs. Sources of MLB revenue include distributions from the Major League Central Fund, distributions from MLB Properties and revenue sharing income, if applicable.

Development revenue. Revenue from Braves Holdings' minimum rents are recognized on a straight-line basis over the terms of their respective lease agreements. Some retail tenants are required to pay overage rents based on sales over a stated base amount during the lease term. Overage rents are only recognized when each tenant's sales exceed the applicable sales threshold. Tenants reimburse Braves Holdings for a substantial portion of Braves Holdings operating expenses, including common area maintenance, real estate taxes and property insurance. Braves Holdings accrues reimbursements from tenants for recoverable portions of all these expenses as revenue in the period the applicable expenditures are incurred. Braves Holdings recognizes differences between estimated recoveries and the final billed amounts in the subsequent year. These differences were not material in any period presented. Sponsorship revenue is recognized on a straight-line basis over each annual period. Parking revenue is recognized daily based on actual usage.

Cost of Services

Revenue Share

Sirius XM Holdings shares a portion of its subscription revenue earned from self-pay 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.

Royalties

For Sirius XM Holdings' satellite radio business, it pays royalties to the holders of content licenses based on a percentage of its subscription revenue (subject to certain exclusions) through SoundExchange. Sirius XM Holdings pays a statutory rate established by the Copyright Royalty Board ("CRB").

For streaming music and other content, Sirius XM and Pandora pay royalties based on either a per-performance fee based on the number of sound recordings transmitted, a percentage of revenue associated with a service, or a per-subscriber minimum amount. Rates paid by Pandora are primarily stipulated in direct license agreements with major and independent record labels, music publishers and performing rights organizations. Rates paid by Sirius XM are primarily set by the CRB.

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 Holdings allocates a portion of certain programming costs which are 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

Automobile regulatory fees, advertising and sponsorship commissions and those incurred in the provision and sale of freight, travel and logistical services, F2 and F3 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 Holdings' OEM 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 Holdings 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.

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).

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Cost of services:			
Programming and content	\$ 30	28	27
Customer service and billing	4	4	4
Other	9	5	5
Other operating expense	49	17	16
Selling, general and administrative	199	138	178
	<u>\$ 291</u>	<u>192</u>	<u>230</u>

In June 2018, the Financial Accounting Standards Board ("FASB") issued new accounting guidance which expands the scope of existing accounting guidance for stock-based compensation to include share-based payments made to nonemployees. The new guidance substantially aligns the accounting for payments made to nonemployees and

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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employees. Upon adoption, equity classified share-based awards to nonemployees will be measured at fair value on the grant date of the awards, entities will need to assess the probability of satisfying performance conditions if any are present and awards will continue to be classified according to existing accounting guidance upon vesting, which eliminates the need to reassess classification upon vesting, consistent with awards granted to employees. The guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and early adoption is permitted. Sirius XM Holdings, the Company's only subsidiary with nonemployee share-based payment arrangements, elected to early adopt this guidance effective July 1, 2018. Upon adoption, the previously liability-classified awards were reclassified to equity. The impact of the adoption of this guidance was a \$22 million increase to additional paid-in capital, \$3 million decrease in opening retained earnings, \$7 million increase in noncontrolling interest in equity of subsidiaries and a decrease of \$26 million in accounts payable and accrued liabilities.

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

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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 (“WASO”) shares of common stock. Excluded from diluted EPS for each of the years ended December 31, 2019, 2018 and 2017 are 22 million potentially dilutive shares of Liberty SiriusXM common stock because their inclusion would be antidilutive.

	Years ended December 31,		
	2019	2018	2017
	number of shares in millions		
Basic WASO	319	332	336
Potentially dilutive shares	4	4	4
Diluted WASO (a)	<u>323</u>	<u>336</u>	<u>340</u>

- (a) As discussed in note 2, the Formula One Group has an intergroup interest in the Liberty SiriusXM Group. 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 Liberty SiriusXM 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 Liberty SiriusXM 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 SiriusXM common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series C Liberty SiriusXM common stock in order to not dilute voting percentages. Therefore, the market price of Series C Liberty SiriusXM 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 Liberty SiriusXM Group has net earnings, the notional 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 Liberty SiriusXM 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:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Basic earnings (loss) attributable to Liberty SiriusXM shareholders	\$ 494	676	1,124
Unrealized (gain) loss on the intergroup interest	—	NA	NA
Diluted earnings (loss) attributable to Liberty SiriusXM shareholders	<u>\$ 494</u>	<u>676</u>	<u>1,124</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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 years ended December 31, 2019, 2018 and 2017 are 3 million, 2 million and 2 million potentially dilutive shares of Liberty Braves common stock, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2019 (a)	2018	2017 (a)
	number of shares in millions		
Basic WASO	51	51	49
Potentially dilutive shares	10	10	10
Diluted WASO (b)	61	61	59

- (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, 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 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:

	Years ended December 31,		
	2019 (a)	2018	2017 (a)
	amounts in millions		
Basic earnings (loss) attributable to Liberty Braves shareholders	\$ (77)	5	(25)
Unrealized (gain) loss on the intergroup interest	42	24	15
Diluted earnings (loss) attributable to Liberty Braves shareholders	\$ (35)	29	(10)

- (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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017***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 years ended December 31, 2019, 2018 and 2017 are 6 million, 8 million and 5 million potentially dilutive shares of Liberty Formula One common stock, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2019 (a)	2018 (a)	2017
	number of shares in millions		
Basic WASO	231	231	207
Potentially dilutive shares	<u>2</u>	<u>1</u>	<u>4</u>
Diluted WASO	<u>233</u>	<u>232</u>	<u>211</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 Formula One Group are reported since the gain would be antidilutive.

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) fair value measurement of non-financial instruments, (ii) accounting for income taxes and (iii) the determination of the useful life of Sirius XM Holdings' 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 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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(4) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	\$ 90	—	(484)
Intangibles not subject to amortization	1,884	3	4,039
Intangibles subject to amortization	800	2	5,499
Net liabilities assumed	(772)	(3)	(5,035)
Deferred tax liabilities	102	—	(475)
Fair value of equity consideration	(2,417)	—	(1,790)
Cash paid (received) for acquisitions, net of cash acquired	<u>\$ (313)</u>	<u>2</u>	<u>1,754</u>
Stock repurchased by subsidiary not yet settled	<u>\$ —</u>	<u>—</u>	<u>17</u>
Cash paid for interest, net of amounts capitalized	<u>\$ 585</u>	<u>586</u>	<u>561</u>
Cash paid (received) for income taxes	<u>\$ 40</u>	<u>(26)</u>	<u>56</u>

The following table reconciles cash and cash equivalents and restricted cash reported in our consolidated balance sheets to the total amount presented in our consolidated statements of cash flows:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Cash and cash equivalents	\$ 1,222	358	1029
Restricted cash included in other current assets	57	70	8
Restricted cash included in other assets	27	24	10
Total cash, cash equivalents and restricted cash at end of period	<u>\$ 1,306</u>	<u>452</u>	<u>1,047</u>

(5) Acquisitions

Sirius XM Holdings acquisition of Pandora

On February 1, 2019, Sirius XM Holdings purchased all of the outstanding shares of Pandora for \$2.4 billion, by converting each outstanding share of Pandora common stock into 1.44 shares of Sirius XM Holdings common stock and by cancelling Sirius XM Holdings' investment in Pandora's preferred stock with a fair value of \$524 million, for total consideration of approximately \$2.9 billion. Net cash acquired by Sirius XM Holdings was \$313 million. Pandora operates an internet-based music discovery platform, offering a personalized experience for listeners.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The table below shows the value of the consideration paid in connection with the acquisition (in millions, except for exchange ratio and price per share of Sirius XM Holdings common stock):

Pandora common stock outstanding at January 31, 2019	272
Exchange ratio	1.44
Sirius XM Holdings common stock issued	392
Price per share of Sirius XM Holdings common stock as of January 31, 2019	\$ 5.83
Value of Sirius XM Holdings common stock issued to Pandora stockholders pursuant to the transactions	2,285
Value of Sirius XM Holdings replacement equity awards attributable to pre-combination service	70
Sirius XM Holdings' Pandora preferred stock investment cancelled	524
Total consideration	<u>\$ 2,879</u>

The final acquisition price allocation for Pandora is as follows (in millions):

Cash and cash equivalents	\$ 313
Trade and other receivables, net	353
Other current assets	109
Property and equipment	41
Goodwill	1,553
Intangible assets not subject to amortization	331
Intangible assets subject to amortization, net	800
Other assets	213
Accounts payable and accrued liabilities	(324)
Current portion of debt	(151)
Deferred revenue	(37)
Other current liabilities	(28)
Long-term debt (a)	(218)
Other liabilities	(76)
	<u>\$ 2,879</u>

(a) In order to present the assets acquired and liabilities assumed, the conversion feature associated with Pandora's convertible notes for \$2 million has been included within long-term debt in the table above and included within noncontrolling interest in equity of subsidiaries within the consolidated statement of equity. See note 9 for details regarding Pandora's convertible notes.

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired and represents synergies and economies of scale expected from the combination of services. None of the acquired goodwill is expected to be deductible for tax purposes. Pandora's amortizable intangible assets are comprised of customer relationships and software and technology, with estimated weighted average useful lives of 8 years and 5 years, respectively. The fair value assessed for the majority of the remaining assets acquired and liabilities assumed equaled their carrying value. Additionally, in connection with the acquisition, Sirius XM Holdings acquired gross net operating loss carryforwards of approximately \$1,287 million for federal income tax purposes available to offset future taxable income. The acquired net operating losses are limited by Section 382 of the Internal Revenue Code. Those limitations are not expected to impact our ability to fully utilize those net operating losses within the carryforward period.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

Sirius XM Holdings recognized \$84 million of costs related to the acquisition of Pandora during the year ended December 31, 2019.

The amounts of revenue and net loss of Pandora included in Liberty's consolidated statement of operations since the date of acquisition were \$1,607 million and \$303 million, respectively, for the year ended December 31, 2019.

The unaudited pro forma revenue and net earnings of Liberty, prepared utilizing the historical financial statements of Pandora, giving effect to acquisition accounting related adjustments made at the time of acquisition, as if the acquisition of Pandora discussed above occurred on January 1, 2018, are as follows:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Revenue	\$ 10,419	9,617	8,987
Net earnings (loss)	\$ 371	533	1,577
Net earnings (loss) attributable to Liberty stockholders	\$ 123	294	1,130

The pro forma results primarily include adjustments related to the amortization of acquired intangible assets, depreciation of property and equipment, acquisition costs, fair value gain or loss on the Pandora investment and associated tax impacts. 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 Pandora had occurred previously and the Company consolidated Pandora during the entirety of the periods presented.

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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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:

	Year ended December 31, 2017	
	amounts in millions	
Revenue	\$	7,595
Net earnings (loss)	\$	1,874
Net earnings (loss) attributable to Liberty stockholders	\$	1,338

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, 2019			December 31, 2018		
	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)
	amounts in millions					
Cash equivalents	\$ 992	992	—	231	231	—
Debt and equity securities	\$ 353	242	111	1,195	228	967
Financial instrument assets	\$ 498	29	469	280	21	259
Debt	\$ 3,678	—	3,678	2,487	—	2,487

The majority of Liberty's Level 2 financial instruments are debt related instruments and derivative instruments. 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 debt and equity securities, financial instruments and debt or debt related instruments are reported in the foregoing

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

table as Level 2 fair value. Debt and equity securities and financial instrument assets included in the table above are included in the Other assets line item in the consolidated balance sheets.

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,		
	2019	2018	2017
Debt and equity securities	\$ 110	2	(36)
Debt measured at fair value (a)	(584)	130	(126)
Change in fair value of bond hedges (b)	215	(94)	72
Other derivatives	(56)	2	2
	<u>\$ (315)</u>	<u>40</u>	<u>(88)</u>

- (a) Changes in unrealized gains (losses) on debt measured at fair value, exclusive of changes related to instrument specific credit risk which is presented in other comprehensive income, are due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable.
- (b) 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 9 for additional discussion of the convertible notes and the bond hedges.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(7) 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, 2019, and the carrying amount at December 31, 2018:

	Percentage ownership	December 31, 2019		December 31, 2018
		Fair Value (Level 1)	Carrying amount	Carrying amount
dollar amounts in millions				
Liberty SiriusXM Group				
Sirius XM Canada	70%	\$ NA	\$ 636	613
Other			8	16
Total Liberty SiriusXM Group			644	629
Braves Group				
Other	NA	NA	99	92
Total Braves Group			99	92
Formula One Group				
Live Nation (a)	33%	\$ 4,978	746	743
Other	various	NA	136	177
Total Formula One Group			882	920
Consolidated Liberty			\$ 1,625	1,641

(a) See note 9 for details regarding the number and value of shares pledged as collateral pursuant to the Live Nation Margin Loan as of December 31, 2019.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Liberty SiriusXM Group			
Sirius XM Canada	\$ (3)	(1)	29
Other	(21)	(10)	—
Total Liberty SiriusXM Group	(24)	(11)	29
Braves Group			
Other (a)	18	12	78
Total Braves Group	18	12	78
Formula One Group			
Live Nation	4	3	(18)
Other	8	14	15
Total Formula One Group	12	17	(3)
Consolidated Liberty	\$ 6	18	104

(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

On May 25, 2017, Sirius XM Holdings completed a recapitalization of Sirius XM Canada Holdings, Inc. ("Sirius XM Canada"), which is now a privately held corporation. As of December 31, 2019, Sirius XM Holdings holds a 70% equity interest and 33% voting interest in Sirius XM Canada, with the remainder of Sirius XM Canada's voting and equity interests held by two shareholders. Sirius XM Canada is accounted for as an equity method investment as Sirius XM Holdings does not have the ability to direct the most significant activities that impact Sirius XM Canada's economic performance. The total consideration from Sirius XM Holdings 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 Holdings 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 Holdings has a loan to Sirius XM Canada in the aggregate amount of \$31 million as of December 31, 2019. 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.

Sirius XM Holdings 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 currently pays Sirius XM Holdings 25% of its gross revenue on a monthly basis and pursuant to the Advisory Services Agreement, Sirius XM Canada pays Sirius XM Holdings 5% of its gross revenue on a monthly basis.

Sirius XM Holdings had approximately \$22 million and \$11 million in related party current assets as of December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018, Sirius XM Holdings had approximately

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

\$4 million and \$9 million in related party liabilities, respectively, which are recorded in current and noncurrent other liabilities in the Company's consolidated balance sheets. Sirius XM Holdings recorded approximately \$98 million, \$97 million and \$87 million in revenue for the years ended December 31, 2019, 2018 and 2017, respectively, associated with these various agreements. Sirius XM Canada paid dividends to Sirius XM Holdings of \$2 million, \$2 million and \$4 million during the years ended December 31, 2019, 2018 and 2017, respectively.

(8) Goodwill and Other Intangible Assets*Goodwill*

Changes in the carrying amount of goodwill are as follows:

	Sirius XM Holdings	Formula 1	Other	Total
	amounts in millions			
Balance at January 1, 2018	\$ 14,247	3,956	180	18,383
Acquisitions	3	—	—	3
Balance at December 31, 2018	14,250	3,956	180	18,386
Acquisitions (a)	1,553	—	—	1,553
Balance at December 31, 2019	\$ 15,803	3,956	180	19,939

(a) See note 5 for details regarding Sirius XM Holdings' acquisition of Pandora.

Other Intangible Assets Not Subject to Amortization

Other intangible assets not subject to amortization, not separately disclosed, are trademarks (\$1,262 million and \$931 million) at December 31, 2019 and 2018 and franchise rights owned by Braves Holdings (\$143 million) as of December 31, 2019 and 2018. 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 Holdings' Federal Communications Commission ("FCC") licenses for its Sirius satellites expire in 2022 and 2025 and the FCC licenses for its XM satellites expire in 2021, 2022 and 2028. Prior to expiration, Sirius XM Holdings 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 Holdings to use the broadcast spectrum, which is a renewable, reusable resource that does not deplete or exhaust over time.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017***Intangible Assets Subject to Amortization*

Intangible assets subject to amortization are comprised of the following:

	December 31, 2019			December 31, 2018		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
FIA Agreement	\$ 3,630	(543)	3,087	3,630	(346)	3,284
Customer relationships	3,086	(1,123)	1,963	2,684	(795)	1,889
Licensing agreements	316	(185)	131	316	(162)	154
Other	1,636	(877)	759	1,047	(659)	388
Total	<u>\$ 8,668</u>	<u>(2,728)</u>	<u>5,940</u>	<u>7,677</u>	<u>(1,962)</u>	<u>5,715</u>

The FIA Agreement is amortized over 35 years, customer relationships are amortized over 10-15 years and licensing agreements are amortized over 15 years. Amortization expense was \$790 million, \$654 million and \$594 million for the years ended December 31, 2019, 2018 and 2017, respectively. Based on its amortizable intangible assets as of December 31, 2019, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2020	\$ 790
2021	\$ 738
2022	\$ 584
2023	\$ 523
2024	\$ 405

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Continued)
December 31, 2019, 2018 and 2017
(9) Debt

Debt is summarized as follows:

	Outstanding Principal December 31, 2019	Carrying value	
		December 31, 2019	December 31, 2018
Liberty SiriusXM Group			
Corporate level notes and loans:			
2.125% Exchangeable Senior Debentures due 2048 (1)	\$ 400	423	372
2.75% Exchangeable Senior Debentures due 2049 (1)	604	632	—
Sirius XM Holdings Margin Loan	350	350	600
Subsidiary notes and loans:			
Sirius XM 3.875% Senior Notes due 2022	1,000	995	994
Sirius XM 4.625% Senior Notes due 2023	500	498	497
Sirius XM 6% Senior Notes due 2024	—	—	1,490
Sirius XM 4.625% Senior Notes due 2024	1,500	1,485	—
Sirius XM 5.375% Senior Notes due 2025	1,000	993	992
Sirius XM 5.375% Senior Notes due 2026	1,000	992	991
Sirius XM 5.0% Senior Notes due 2027	1,500	1,488	1,487
Sirius XM 5.50% Senior Notes due 2029	1,250	1,236	—
Pandora 1.75% Convertible Senior Notes due 2020	1	1	—
Pandora 1.75% Convertible Senior Notes due 2023	193	163	—
Sirius XM Senior Secured Revolving Credit Facility	—	—	439
Sirius XM Holdings leases	—	—	5
Deferred financing costs	—	(11)	(9)
Total Liberty SiriusXM Group	9,298	9,245	7,858
Braves Group			
Subsidiary notes and loans:			
Notes and loans	559	559	494
Deferred financing costs	—	(5)	(3)
Total Braves Group	559	554	491
Formula One Group			
Corporate level notes and loans:			
1.375% Cash Convertible Notes due 2023 (1)	1,000	1,322	1,062
1% Cash Convertible Notes due 2023 (1)	450	585	463
2.25% Exchangeable Senior Debentures due 2046 (1)	208	257	209
2.25% Exchangeable Senior Debentures due 2048 (1)	385	459	381
Live Nation Margin Loan	130	130	—
Other	32	32	33
Subsidiary notes and loans:			
Senior Loan Facility	2,902	2,907	2,910
Deferred financing costs	—	(15)	(19)
Total Formula One Group	5,107	5,677	5,039
Total debt	\$ 14,964	15,476	13,388
Less debt classified as current	—	(60)	(17)
Total long-term debt	—	\$ 15,416	13,371

(1) Measured at fair value

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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 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, 2019, 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, 2019, the basket price of the securities underlying the Bond Hedge Transaction was \$62.51 per share. The bond hedge expires on October 15, 2023 and is included in other assets as of December 31, 2019 and 2018 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.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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 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, 2019, the basket price of the securities underlying the Amended Warrant Transactions was \$62.51 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 \$50 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.

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”), and shares of the Company’s Time Warner, Inc. (“Time Warner”) common stock were the reference shares attributable to the debentures. On June 14, 2018, AT&T Inc. (“AT&T”) acquired Time Warner in a stock-and-cash transaction. In accordance with the terms of the indenture governing the 2.25% Exchangeable Senior Debentures due 2046, the cash portion of the acquisition consideration was paid on June 22, 2018 as an extraordinary additional distribution to holders of debentures, and the stock portion of the acquisition consideration became reference shares attributable to the debentures. Also pursuant to the indenture, the original principal amount of the 2.25% Exchangeable Senior Debentures due 2046 was reduced by an amount equal to the extraordinary additional distribution of \$229 million, calculated as \$514.1295 per \$1,000 original principal amount of debentures. Additionally, any amount of excess regular quarterly cash dividends paid on the AT&T reference shares will be distributed by the Company to holders of the debentures as an additional distribution.

Upon an exchange of debentures, Liberty, at its option, may deliver AT&T common stock, cash or a combination of AT&T common stock and cash. The number of shares of AT&T common stock attributable to a debenture represents an initial exchange price of approximately \$35.35 per share. A total of approximately 6.11 million shares of AT&T 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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. 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.

2.125% Exchangeable Senior Debentures due 2048

On March 6, 2018, Liberty closed a private offering of approximately \$400 million aggregate principal amount of its 2.125% exchangeable senior debentures due 2048 (the “2.125% Exchangeable Senior Debentures due 2048”). Upon an exchange of debentures, Liberty, at its option, may deliver Sirius XM Holdings common stock, Series C Liberty SiriusXM common stock, cash or a combination of Sirius XM Holdings common stock, Series C Liberty SiriusXM common stock and/or cash. The number of shares of Sirius XM Holdings common stock attributable to a debenture represents an initial exchange price of approximately \$8.02 per share. A total of approximately 49.9 million shares of Sirius XM Holdings 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 June 30, 2018. The debentures may be redeemed by Liberty, in whole or in part, on or after April 7, 2023. Holders of the debentures also have the right to require Liberty to purchase their debentures on April 7, 2023. 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 Liberty SiriusXM Group. 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.

2.25% Exchangeable Senior Debentures due 2048

In December 2018, Liberty closed a private offering of approximately \$385 million aggregate principal amount of its 2.25% exchangeable senior debentures due 2048 (the “2.25% Exchangeable Senior Debentures due 2048”). Upon an exchange of debentures, Liberty, at its option, may deliver Live Nation common stock, cash or a combination of Live Nation common stock and cash. The number of shares of Live Nation common stock attributable to a debenture represents an initial exchange price of approximately \$66.28 per share. A total of approximately 5.8 million shares of Live Nation common stock are attributable to the debentures. Interest is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2019. The debentures may be redeemed by Liberty, in whole or in part, on or after December 1, 2021. Holders of the debentures also have the right to require Liberty to purchase their debentures on December 1, 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 a portion of the net proceeds of the 2.25% Exchangeable Senior Debentures due 2048 to repay all amounts outstanding under the Live Nation Margin Loan. 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.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

2.75% Exchangeable Senior Debentures due 2049

On November 26, 2019, Liberty closed a private offering of approximately \$604 million aggregate principal amount of its 2.75% exchangeable senior debentures due 2049 (the “2.75% Exchangeable Senior Debentures due 2049”). Upon an exchange of debentures, Liberty, at its option, may deliver Sirius XM Holdings common stock, Series C Liberty SiriusXM common stock, cash or a combination of Sirius XM Holdings common stock, Series C Liberty SiriusXM common stock and/or cash. The number of shares of Sirius XM Holdings common stock attributable to a debenture represents an initial exchange price of approximately \$8.62 per share. A total of approximately 70 million shares of Sirius XM Holdings common stock are attributable to the debentures. Interest is payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2020. The debentures may be redeemed by Liberty, in whole or in part, on or after December 1, 2024. Holders of the debentures also have the right to require Liberty to purchase their debentures on December 1, 2024. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the debentures plus accrued and unpaid interest to the redemption date, plus any final period distribution. The debentures, as well as the associated cash proceeds, were attributed to the Liberty SiriusXM Group. 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.

Margin Loans

Sirius XM Holdings Margin Loan

On April 30, 2013, Liberty Siri MarginCo, LLC (“Siri MarginCo”), 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 investments in debt and equity securities were pledged as collateral pursuant to this agreement. During October 2014, Siri MarginCo refinanced this margin loan arrangement for a similar financial instrument with a \$250 million term loan and a \$750 million undrawn line of credit. Interest on the term loan was payable on the first business day of each calendar quarter, and interest was payable on the amounts outstanding under the revolving line of credit on the last day of the interest period applicable to the borrowing of which such loan was a part.

During October 2015, Siri MarginCo amended this margin loan arrangement for a similar financial instrument with a \$250 million term loan and a \$1 billion undrawn line of credit. As of December 31, 2015, shares of Sirius XM Holdings and Live Nation were pledged as collateral pursuant to this agreement. The 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, Siri MarginCo amended this margin loan arrangement for a similar financial instrument with a \$250 million term loan and a \$500 million undrawn line of credit, which was scheduled to mature during October 2018. The term loan and any drawn portion of the revolver carried 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.

During March 2018, Siri MarginCo amended this margin loan agreement for a similar financial instrument with a \$250 million term loan, \$500 million revolving line of credit and a \$600 million delayed draw term loan, which was scheduled to mature during March 2020. The term loan and any drawn portion of the revolver carried an interest rate of LIBOR plus 2.05% with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement. Borrowing outstanding under this margin loan bore interest at a rate of 4.83% per annum at December 31, 2018. As of December 31, 2018, availability under the margin loan was \$750 million.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

During March 2019, Siri MarginCo amended this margin loan agreement, extending the maturity to March 2021. The \$00 million delayed draw term loan remains available until March 2020. The term loan and any drawn portion of the revolver carries an interest rate of LIBOR plus 2.05% with the undrawn portion carrying a fee of 0.75%. Other terms of the agreement were substantially similar to the previous arrangement. Borrowings outstanding under this margin loan bore interest at a rate of 3.99% per annum at December 31, 2019. As of December 31, 2019, availability under the margin loan was \$1,000 million. 1,000 million shares of Sirius XM Holdings common stock held by Liberty with a value of \$7,150 million were pledged as collateral to the margin loan as of December 31, 2019. The margin loan contains various affirmative and negative covenants that restrict the activities of the borrower. The margin loan 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 at 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 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. 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. On December 10, 2018, the margin loan agreement was amended, increasing the borrowing capacity to \$600 million, extending the maturity date to December 10, 2020, decreasing the interest rate to LIBOR plus 1.80% and increasing the undrawn commitment fee to either 0.75% or 0.85% per annum (based on the undrawn amount). On December 10, 2019, the margin loan agreement was amended, extending the maturity date to December 10, 2021. Interest on the margin loan is payable on the last business day of each calendar quarter. Borrowings outstanding under this margin loan bore interest at a rate of 3.74% per annum at December 31, 2019. As of December 31, 2019, availability under the margin loan was \$70 million. 53.7 million shares of the Company's Live Nation common stock with a value of \$3,841 million were pledged as collateral to the loan as of December 31, 2019. 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 Holdings Senior Notes and Senior Secured Revolving Credit Facility

Sirius XM 4.625% Senior Notes Due 2023

In May 2013, Sirius XM Holdings issued \$500 million of Senior Notes due 2023 which bear interest at an annual rate of 4.625%. Interest on the notes is payable semi-annually in arrears on May 15 and November 15 of each year. Substantially all of Sirius XM Holdings' domestic wholly-owned subsidiaries guarantee Sirius XM Holdings' obligations under the notes.

Sirius XM 3.875% Senior Notes Due 2022 and 5.00% Senior Notes Due 2027

In July 2017, Sirius XM Holdings 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. Substantially all of Sirius XM Holdings' domestic wholly-owned subsidiaries guarantee Sirius XM Holdings' obligations under the notes.

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Notes to Consolidated Financial Statements (Continued)

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Sirius XM 6% Senior Notes due 2024

In May 2014, Sirius XM Holdings issued \$1.5 billion aggregate principal amount of 6% Senior Notes due 2024 (the “6% Notes”). Interest was payable semi-annually in arrears on January 15 and July 15 of each year at a rate of 6% per annum. In July 2019, Sirius XM redeemed the \$1.5 billion aggregate principal amount of the 6% Notes.

Sirius XM 4.625% Senior Notes due 2024

In July 2019, Sirius XM Holdings issued \$1.5 billion aggregate principal amount of 4.625% Senior Notes due 2024 (the “4.625% Notes”). Interest is payable semi-annually in arrears on January 15 and July 15 of each year at a rate of 4.625% per annum. The 4.625% Notes will mature on July 15, 2024. Substantially all of Sirius XM Holdings’ domestic wholly-owned subsidiaries guarantee Sirius XM Holdings’ obligations under the notes. Sirius XM Holdings used the net proceeds from the offering, together with cash on hand, to redeem all of the 6% Senior Notes.

Sirius XM 5.375% Senior Notes due 2025

In March 2015, Sirius XM Holdings 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”). Interest is payable semi-annually in arrears on April 15 and October 15. The Sirius XM 5.375% Senior Notes due 2025 are recorded net of the remaining unamortized discount. Substantially all of Sirius XM Holdings’ domestic wholly-owned subsidiaries guarantee Sirius XM Holdings’ obligations under the notes.

Sirius XM 5.375% Senior Notes due 2026

In May 2016, Sirius XM Holdings 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”). Interest is payable semi-annually in arrears on January 15 and July 15. The Sirius XM 5.375% Senior Notes due 2026 are recorded net of the remaining unamortized discount. Substantially all of Sirius XM Holdings’ domestic wholly-owned subsidiaries guarantee Sirius XM Holdings’ obligations under the notes.

Sirius XM 5.50% Senior Notes due 2029

In June 2019, Sirius XM Holdings issued \$1.25 billion aggregate principal amount of 5.50% Senior Notes due 2029 (the “5.50% Notes”). Interest is payable semi-annually in arrears on January 1 and July 1 of each year at a rate of 5.50% per annum. The 5.50% Notes will mature on July 1, 2029. Substantially all of Sirius XM Holdings’ domestic wholly-owned subsidiaries guarantee Sirius XM Holdings’ obligations under the notes.

Pandora 1.75% Convertible Senior Notes due 2020

Sirius XM Holdings acquired \$152 million principal amount of the 1.75% Convertible Senior Notes due 2020 as part of the Pandora acquisition. On February 14, 2019, Pandora announced a tender offer to repurchase for cash any and all of its outstanding 1.75% Convertible Senior Notes due 2020 at a price equal to 100% of the aggregate principal amount thereof plus accrued and unpaid interest thereon to, but not including, the repurchase date. On March 18, 2019, Sirius XM Holdings purchased \$151 million principal amount of the 1.75% Convertible Senior Notes due 2020.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Pandora 1.75% Convertible Senior Notes due 2023

Sirius XM Holdings acquired \$193 million principal amount of the 1.75% Convertible Senior Notes due 2023 as part of the Pandora acquisition. Sirius XM Holdings allocates the principal amount of the 1.75% Convertible Senior Notes due 2023 between the liability and equity components. The value assigned to the debt components of the 1.75% Convertible Senior Notes due 2023 is the estimated fair value as of the issuance date of similar debt without the conversion feature. The difference between the fair value of the debt and this estimated fair value represents the value which has been assigned to the equity component. The equity component is recorded to noncontrolling interest in equity of subsidiaries and is not remeasured as long as it continues to meet the conditions for equity classification. The excess of the principal amount of the 1.75% Convertible Senior Notes due 2023 over the carrying amount of the liability component is recorded as a debt discount, and is being amortized to interest expense using the effective interest method through the December 1, 2023 maturity date.

Sirius XM Holdings Senior Secured Revolving Credit Facility

Sirius XM Holdings 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 2023. The Credit Facility is guaranteed by certain of Sirius XM Holdings’ material domestic subsidiaries and is secured by a lien on substantially all of Sirius XM Holdings’ 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, 2019 bore interest at a rate of 3.89% per annum. Sirius XM Holdings 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, 2019 and is payable on a quarterly basis. The Credit Facility contains customary covenants, including a maintenance covenant. As the amount available for future borrowings is reduced by \$1 million related to Pandora letters of credit, availability under the Credit Facility was \$1,749 million as of December 31, 2019.

Braves Holdings Notes and Loans

Braves Holdings’ debt is summarized as follows:

	Carrying value		As of December 31, 2019		Maturity Date
	December 31, 2019	December 31, 2018	Borrowing Capacity	Weighted avg interest rate	
	amounts in millions				
Operating credit facilities	\$ 45	17	185	2.69%	various
Ballpark funding					
Term loan	49	52	NA	3.07%	August 2021
Senior secured note	190	195	NA	3.77%	September 2041
Floating rate notes	65	70	NA	3.80%	September 2029
Mixed-use credit facilities and loans	180	160	307	4.12%	various
Spring training credit facility	30	—	39	2.82%	December 2022
Total Braves Holdings	\$ 559	494			

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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.

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.

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 repaid all outstanding borrowings under the revolving credit facility during the year ended December 31, 2018. The interest rate on the Senior Loan Facility was approximately 4.74% as of December 31, 2018.

On May 23, 2019, Formula 1 refinanced the revolving credit facility, reducing the pricing grid by 25 basis points, and in combination with leverage reduction, the applicable interest rate is LIBOR plus 2.0% per annum. The revolving credit facility matures on May 31, 2024, unless the Senior Loan Facility is outstanding, in which case the revolving credit facility matures on November 3, 2023. As of December 31, 2019, there were no outstanding borrowings under the \$500 million revolving credit facility. The interest rate on the Senior Loan Facility was approximately 4.30% as of December 31, 2019. 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, 2019, Formula 1 has interest rate swaps on \$2.1 billion of the \$2.9 billion Senior Loan Facility in order to manage its interest rate risk.

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.

Debt Covenants

The Sirius XM Holdings Credit Facility contains certain financial covenants related to Sirius XM Holdings' leverage ratio. Braves Holdings' debt contains certain financial covenants related to Braves Holdings' debt service coverage ratio, fixed charge ratio, debt yield ratio, capital expenditures and liquidity. The Formula 1 Senior Loan Facility contains certain financial covenants, including a leverage ratio. Additionally, Sirius XM Holdings' Credit Facility, Braves Holdings' debt, Formula 1 debt and other borrowings contain certain non-financial covenants. As of December 31, 2019, the Company, Sirius XM Holdings, Formula 1 and Braves Holdings were in compliance with all debt covenants.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017*****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 Holdings' publicly traded debt securities is as follows (amounts in millions):

	December 31, 2019
Sirius XM 3.875% Senior Notes due 2022	\$ 1,021
Sirius XM 4.625% Senior Notes due 2023	\$ 508
Sirius XM 4.625% Senior Notes due 2024	\$ 1,569
Sirius XM 5.375% Senior Notes due 2025	\$ 1,036
Sirius XM 5.375% Senior Notes due 2026	\$ 1,063
Sirius XM 5.0% Senior Notes due 2027	\$ 1,584
Sirius XM 5.50% Senior Notes due 2029	\$ 1,355
Pandora 1.75% Senior Notes due 2020	\$ 1
Pandora 1.75% Senior Notes due 2023	\$ 239

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, 2019.

Five Year Maturities

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

2020	\$ 67
2021	\$ 546
2022	\$ 1,049
2023	\$ 2,235
2024	\$ 4,454

(10) Leases

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. The Company adopted the new guidance, which established Accounting Standards Codification Topic 842 ("ASC 842"), effective January 1, 2019, and elected the optional transition method that allows for a cumulative-effect adjustment in the period of adoption. Results for reporting periods beginning after January 1, 2019 are presented under the new guidance, while prior period amounts were not adjusted and continue to be reported under the accounting standards in effect for those periods.

We elected certain of the available transition practical expedients, including those that permit us to not reassess (1) whether any expired or existing contracts are leases or contain leases, (2) the lease classification for any expired or existing leases, and (3) initial direct costs for any existing leases as of the effective date. We elected the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment. The most significant impact of the new guidance was the recognition of right-of-use assets and lease liabilities for operating leases.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

In addition, the Company elected the practical expedient to account for the lease and non-lease components as a single component and will not recognize right-of-use assets or lease liabilities for short-term leases, which are those leases with a term of twelve months or less at the lease commencement date.

The effect of the adoption on our consolidated balance sheets as of January 1, 2019 for the adoption of ASC 842 is as follows:

	Balance at December 31, 2018	Adjustments due to ASC 842	Balance at January 1, 2019
	in millions		
<i>Assets</i>			
Other current assets	\$ 360	(2)	358
Property and equipment, at cost	\$ 3,765	(371)	3,394
Accumulated depreciation	\$ (1,296)	15	(1,281)
Other assets	\$ 1,861	396	2,257
<i>Liabilities and Equity</i>			
Current portion of debt	\$ 17	(4)	13
Other current liabilities	\$ 32	36	68
Long-term debt	\$ 13,371	(1)	13,370
Other long-term liabilities	\$ 864	9	873
Retained earnings	\$ 13,644	(2)	13,642

The Company and its subsidiaries lease a baseball stadium and facilities, business offices, satellite transponders and equipment. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future lease payments using our incremental borrowing rate at the commencement date of the lease.

Our leases have remaining lease terms of 1 year to 40 years, some of which may include the option to extend for up to 10 years, and some of which include options to terminate the leases within 1 year.

Braves Holdings' baseball stadium was historically accounted for as a financing obligation under the build-to-suit lease guidance. The transition guidance for a build-to-suit lease arrangement requires the lessee to derecognize the assets and liabilities that were recognized solely as a result of a transaction's build-to-suit designation under the previous accounting guidance, with any difference recorded as an adjustment to equity as of the adoption date. Braves Holdings then applied the general lessee guidance under the new standard to the baseball stadium lease, including classifying it as a finance lease, and recorded a right-of-use asset and lease liability on the balance sheet, which has been initially measured at the present value of the remaining lease payments over the lease term.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The components of lease expense during the year ended December 31, 2019 were as follows:

	<u>Year ended December 31, 2019</u>
	<u>in millions</u>
Finance lease cost	
Depreciation of leased assets	\$ 37
Interest on lease liabilities	6
Total finance lease cost	<u>43</u>
Operating lease cost	89
Sublease income	(3)
Total lease cost	<u>\$ 129</u>

Prior to the adoption of ASC 842, rental expense under lease agreements amounted to \$64 million and \$58 million for the years ended December 31, 2018 and 2017, respectively.

The remaining weighted-average lease term and the weighted average discount rate were as follows:

	<u>December 31, 2019</u>
Weighted-average remaining lease term (years):	
Finance leases	29.7
Operating leases	9.2
Weighted-average discount rate:	
Finance leases	4.6%
Operating leases	5.2%

Supplemental balance sheet information related to leases was as follows:

	<u>December 31, 2019</u>
	<u>in millions</u>
Operating leases:	
Operating lease right-of-use assets (1)	\$ 510
Current operating lease liabilities (2)	\$ 53
Operating lease liabilities (3)	495
Total operating lease liabilities	<u>\$ 548</u>
Finance Leases:	
Property and equipment, at cost	\$ 473
Accumulated depreciation	(89)
Property and equipment, net	<u>\$ 384</u>
Current finance lease liabilities (2)	\$ 4
Finance lease liabilities (3)	119
Total finance lease liabilities	<u>\$ 123</u>

- (1) Included in Other assets in the condensed consolidated balance sheet
- (2) Included in Other current liabilities in the condensed consolidated balance sheet
- (3) Included in Other liabilities in the condensed consolidated balance sheet

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Supplemental cash flow information related to leases was as follows:

	<u>Year ended</u> <u>December 31, 2019</u>	
	in millions	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	79
Financing cash flows from finance leases	\$	8
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$	83

Future minimum payments under noncancelable operating leases and finance leases with initial terms of one year or more at December 31, 2019 consisted of the following:

	<u>Finance leases</u>	<u>Operating leases</u>
	in millions	
2020	\$ 10	78
2021	10	81
2022	9	76
2023	9	72
2024	9	63
Thereafter	161	331
Total lease payments	208	701
Less: implied interest	85	153
Present value of lease liabilities	<u>\$ 123</u>	<u>548</u>

(11) Income Taxes

On December 22, 2017, the U.S. government enacted the Tax Act. The Tax Act made broad and complex changes to the U.S. tax code, the most significant of which was a reduction to the U.S. federal corporate tax rate from 35 percent to 21 percent. The Company reflected the income tax effects of the Tax Act for which the accounting was known as of December 31, 2017, and made immaterial revisions to such amounts during the allowed one year measurement period. As of December 31, 2018, the Company had completed its analysis of the tax effects of the Tax Act.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Current:			
Federal	\$ (1)	(14)	38
State and local	(24)	13	(30)
Foreign	(21)	(8)	(9)
	<u>(46)</u>	<u>(9)</u>	<u>(1)</u>
Deferred:			
Federal	(139)	(228)	578
State and local	(20)	(2)	(21)
Foreign	39	63	507
	<u>(120)</u>	<u>(167)</u>	<u>1,064</u>
Income tax benefit (expense)	<u>\$ (166)</u>	<u>(176)</u>	<u>1,063</u>

The following table presents a summary of our domestic and foreign earnings (loss) before income taxes:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Domestic	\$ 583	1,140	943
Foreign	(70)	(99)	(116)
Total	<u>\$ 513</u>	<u>1,041</u>	<u>827</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Expected income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for both of the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 as a result of the following:

	<u>Years ended December 31,</u>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
	amounts in millions		
Computed expected tax benefit (expense)	\$ (108)	(219)	(289)
State and local income taxes, net of federal income taxes	(41)	18	(37)
Foreign income taxes, net of federal income taxes	26	22	88
Taxable dividends, net of dividends received deductions	(10)	(27)	(7)
Federal tax credits	26	30	22
Change in valuation allowance affecting tax expense	(40)	(62)	212
Change in tax rate due to Tax Act	—	(8)	929
Change in tax rate	(48)	1	(4)
Settlements with tax authorities	—	43	253
Deductible stock-based compensation	71	38	40
Non-deductible executive compensation	(22)	(7)	(4)
Income tax reserves	—	—	(22)
Non-deductible / Non-taxable interest	—	—	(60)
Write-off of tax attributes	—	—	(42)
Other, net	(20)	(5)	(16)
Income tax benefit (expense)	<u>\$ (166)</u>	<u>(176)</u>	<u>1,063</u>

For the year ended December 31, 2019, the significant reconciling items, as noted in the table above, are additional tax expense related to increases in the Company's valuation allowance, changes in the Company's effective state tax rate and the effect of state income taxes, partially offset by tax benefits related to deductible stock based compensation, earnings in foreign jurisdictions taxed at rates lower than the 21% U.S. federal tax rate and federal income tax credits.

For the year ended December 31, 2018, the significant reconciling items, as noted in the table above, are deductible stock-based compensation, benefits related to federal tax credits and the resolution of historical matters with various tax authorities, partially offset by changes in the valuation allowance and taxable dividends not recognized for book purposes.

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 the resolution of historical matters with various 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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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,	
	2019	2018
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 1,510	1,355
Accrued stock compensation	106	97
Other accrued liabilities	240	—
Deferred revenue	74	514
Discount on debt	45	—
Other future deductible amounts	31	22
Deferred tax assets	2,006	1,988
Valuation allowance	(216)	(174)
Net deferred tax assets	1,790	1,814
Deferred tax liabilities:		
Investments	90	26
Fixed assets	458	359
Intangible assets	2,912	2,690
Discount on debt	—	76
Other future taxable amounts	—	314
Deferred tax liabilities	3,460	3,465
Net deferred tax liabilities	\$ 1,670	1,651

Sirius XM Holdings' deferred tax assets and liabilities are included in the amounts above although Sirius XM Holdings' deferred tax assets and liabilities are not offset with Liberty's deferred tax assets and liabilities as Sirius XM Holdings is not included in the consolidated group tax return of Liberty. Liberty's acquisition of a controlling interest in Sirius XM Holdings' 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, 2019, there was a \$40 million increase in the Company's valuation allowance that affected tax expense and a \$2 million increase that affected equity.

At December 31, 2019, the Company had a deferred tax asset of \$1,510 million for federal, state and foreign net operating losses ("NOLs"), interest expense carryforwards and tax credit carryforwards. Of this amount, \$1,010 million is recorded at the Sirius XM Holdings level. If not utilized to reduce income tax liabilities at Sirius XM Holdings in future periods, these loss carryforwards and tax credits will expire on various dates through 2038. The Company has \$44 million of federal NOLs, \$85 million of federal interest expense carryforwards, \$239 million of foreign NOLS and \$130 million of foreign interest expense carryforwards that may be carried forward indefinitely. The remaining \$2 million of carryforwards expire at certain future dates. These carryforwards are expected to be utilized in future periods, except for \$216 million of NOLs, interest expense carryforwards and tax credit carryforwards which, based on current projections, will not be utilized in the future and are subject to a valuation allowance.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

A reconciliation of unrecognized tax benefits is as follows:

	December 31,		
	2019	2018	2017
	amounts in millions		
Balance at beginning of year	\$ 387	365	304
Reductions for tax positions of prior years	(13)	(27)	(1)
Increase in tax positions for current year	12	15	16
Increase in tax positions from prior years	1	65	37
Settlements with tax authorities	—	(31)	(423)
Increase in tax positions from acquisition	18	—	432
Balance at end of year	<u>\$ 405</u>	<u>387</u>	<u>365</u>

As of December 31, 2019, the Company had recorded tax reserves of \$405 million related to unrecognized tax benefits for uncertain tax positions. If such tax benefits were to be recognized for financial statement purposes, approximately \$297 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, 2019 will significantly increase or decrease during the twelve-month period ending December 31, 2020; 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, 2019, the Company's tax years prior to 2016 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2016 and 2017 tax years. The Company's 2018 and 2019 tax years are 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 Holdings, 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, 2019, 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, 2019, 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 Media common stock was renamed Liberty Formula One common stock on January 24, 2017 shortly after the Second Closing.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

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

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

During the year ended December 31, 2018, the Company repurchased 10.8 million shares of Series C Liberty SiriusXM common stock for aggregate cash consideration of \$466 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 Series A Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock and no repurchases of Series C Liberty Braves common stock or Liberty Formula One common stock during the year ended December 31, 2018.

During the year ended December 31, 2019, the Company repurchased 11.0 million shares of Series C Liberty SiriusXM common stock for aggregate cash consideration of \$443 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 Series A Liberty SiriusXM common stock, Liberty Braves common stock or Liberty Formula One common stock and no repurchases of Series C Liberty Braves common stock or Liberty Formula One common stock during the year ended December 31, 2019.

Dividends Declared by Subsidiary

During the year ended December 31, 2017, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$190 million, of which Liberty received \$130 million.

During the year ended December 31, 2018, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$201 million, of which Liberty received \$143 million.

During the year ended December 31, 2019, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$226 million, of which Liberty received \$157 million. Sirius XM Holdings' board of directors expects to declare regular quarterly dividends, in an aggregate annual amount of \$0.05324 per share of common stock. On January 30, 2020, Sirius XM Holdings' board of directors declared a quarterly dividend on its common stock in the amount of \$0.01331 per share of common stock, payable on February 28, 2020 to stockholders of record at the close of business on February 12, 2020.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

(13) Related Party Transactions with Officers and Directors

Chief Executive Officer Compensation Arrangement

In December 2019, the Compensation Committee (the “Committee”) of Liberty approved a compensation arrangement (the “CEO Arrangement”) for its President and Chief Executive Officer (the “CEO”). Also in December 2019, each of the Service Companies executed an amendment to each Service Company’s services agreement with Liberty, pursuant to which components of the CEO’s compensation described below will either be paid directly to the CEO by each Service Company or reimbursed to Liberty, in each case based on allocations among Liberty and each of the Service Companies set forth in the service agreement amendments. For 2020, the allocation percentage for Liberty is 44%. Beginning with his 2021 compensation, this percentage will be determined based on a combination of (1) relative market capitalizations, weighted 50%, and (2) a blended average of historical time allocation on a Liberty-wide and CEO basis, weighted 50%, in each case, absent agreement to the contrary by Liberty and the Service Companies in consultation with the CEO. The percentage will then be adjusted annually and following certain events.

The CEO Arrangement provides for a five year employment term which began on January 1, 2020 and ends December 31, 2024, with an annual base salary of \$3 million (with no contracted increase), a one-time cash commitment bonus of \$5 million and annual target cash performance bonus of \$17 million (with payment subject to the achievement of one or more performance metrics as determined by the applicable company’s Compensation Committee), upfront equity awards and annual equity awards (as described below).

The CEO is entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the “Upfront Awards”) to be granted in two equal tranches. The first tranche consisted of time-vested stock options from each of Liberty, Qurate Retail, Liberty Broadband and GCI Liberty and time-vested restricted stock units from Liberty TripAdvisor (collectively, the “2019 term awards”) that vest, in each case, on December 31, 2023 (except Liberty TripAdvisor’s award of time-vested restricted stock units, which vests on December 15, 2023), subject to the CEO’s continued employment, except under certain circumstances. Liberty’s portion of the 2019 term awards, granted in December 2019, had an aggregate grant date fair value of \$19,800,000 and consisted of stock options to purchase 927,334 Series C Liberty SiriusXM common stock (“LSXMK”) shares, 313,342 Series C Liberty Braves (“BATRK”) shares and 588,954 Series C Formula One common stock (“FWONK”) shares, with exercise prices of \$47.11, \$29.10 and \$43.85, respectively. The second tranche of the Upfront Awards will be granted on or before December 15, 2020, subject to the CEO’s continued employment on such date or the earlier occurrence of a termination of employment due to death, disability, by the issuing company without cause or by the CEO for good reason, and will consist of the same types of awards described above with respect to the first tranche (collectively, the “2020 term awards”). The 2020 term awards will vest, in each case, on December 31, 2024, subject to the CEO’s continued employment (except Liberty TripAdvisor’s award of time-vested restricted stock units, which would vest on the fourth anniversary of its grant date), except under certain circumstances. The portion of the 2020 term awards to be granted by Liberty is expected to consist of stock options to purchase shares of its Series C common stock.

Beginning in 2020, the CEO will receive annual equity award grants with an annual aggregate grant date fair value of \$17.5 million, consisting of time-vested options and/or performance-based restricted stock units. The CEO may elect the portions of his annual equity awards that he desires to be issued in the form of options, performance-based RSUs or a combination of both. The annual equity awards will be allocated across Liberty and each of the Service Companies. Vesting of any of these annual performance-based RSUs will be subject to the achievement of one or more performance metrics to be approved by the Compensation Committee of the applicable company with respect to its respective allocable portion of the annual performance-based RSUs. At Liberty, the CEO’s annual equity awards will be issued with respect to LSXMK, BATRK and FWONK.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

The CEO will be entitled to payments and benefits if his employment is terminated, subject to the execution of releases. Such payments and benefits generally will take the form of cash payments, issuance of fully vested shares and the acceleration of unvested equity awards, depending on the type of termination. In the event that the CEO's services to a Service Company are discontinued and he remains employed by Liberty following such discontinuation (unless such discontinuation is for cause (as defined in his employment agreement)), the Service Company will be required to make a termination payment to Liberty, as well as provide the CEO with certain payments and benefits upon termination under certain circumstances.

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 while he remains employed by the Company (instead of following his termination) 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. 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 amounts owed to the Chairman under the 8% Plan and 13% Plan aggregated approximately \$2.4 million and \$20 million, respectively, at December 31, 2008. The amount owed to the Chairman under his salary continuation plan aggregated approximately \$39 million at December 31, 2008. 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. Interest ceased to accrue under his salary continuation plan once the payment began.

(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 1-5 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 equity classified Award (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).

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

Liberty—Grants of stock options

Awards granted in 2019, 2018 and 2017 are summarized as follows:

	Years ended December 31,					
	2019		2018		2017	
	Options granted (000's)	Weighted average GDFV	Options granted (000's)	Weighted average GDFV	Options granted (000's)	Weighted average GDFV
Series C Liberty SiriusXM common stock, Liberty employees and directors (1)	179	\$ 11.62	33	\$ 11.09	263	\$ 10.39
Series C Liberty SiriusXM common stock, Liberty CEO (2)	1,419	\$ 11.23	633	\$ 11.56	920	\$ 8.50
Series C Liberty Formula One common stock, Liberty employees and directors (1)	139	\$ 12.70	21	\$ 8.99	153	\$ 9.42
Series C Liberty Formula One common stock, Liberty CEO (2)	815	\$ 11.67	139	\$ 8.80	171	\$ 8.96
Series C Liberty Formula One common stock, Formula 1 employees (3)	2,005	\$ 9.79	1,888	\$ 8.64	2,015	\$ 8.16
Series C Liberty Braves common stock, Liberty employees and directors (1)	62	\$ 7.33	5	\$ 7.14	35	\$ 6.14
Series C Liberty Braves common stock, Liberty CEO (2)	320	\$ 7.36	46	\$ 6.44	149	\$ 6.02

- (1) Mainly vests between three and five years for employees and in one year for directors.
- (2) Grants made in March 2019 mainly cliff vested in December 2019, and grants made in December 2019 in connection with the CEO's new employment agreement cliff vest in December 2023. Grants in 2018 and 2017 mainly vested in December 2018 and December 2017, respectively.
- (3) 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 time-based and performance-based restricted stock units ("RSUs"). During the year ended December 31, 2019, Liberty granted 12 thousand and 2 thousand time-based RSUs of Series C Liberty Formula One common stock and Series C Liberty Braves common stock, respectively. Such RSUs had a GDFV of \$33.94 per share and \$27.73 per share, respectively, at the time they were granted and cliff vested on March 11, 2019. During the years ended December 31, 2019, 2018 and 2017, Liberty granted 60 thousand, 86 thousand and 50 thousand performance-based RSUs, respectively, of Series C Liberty Formula One common stock. Such RSUs had a GDFV of \$33.94 per share, \$31.99 per share and \$33.92 per share, respectively. During the years ended December 31, 2019 and 2018, Liberty granted 38 thousand and 12 thousand performance-based RSUs, respectively, of Series C Liberty Braves common stock. Such RSUs had a GDFV of \$27.73 per share and \$23.34 per share, respectively. The 2019, 2018 and 2017 performance-based RSUs cliff vest one year from the month of grant, 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 stock option grants include the first upfront award related to the CEO's new employment agreement. See discussion in note 13 regarding the new compensation agreement with the Company's CEO.

The Company did not grant any options to purchase Series A or Series B of Liberty SiriusXM, Liberty Formula One or Liberty Braves common stock during the year ended December 31, 2019.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 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 in 2019, 2018 and 2017, the range of expected terms was 3.5 to 6.3 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 2019, 2018 and 2017 grants.

	<u>Volatility</u>
<i>2019 grants</i>	
Liberty options	21.8 % - 27.5 %
<i>2018 grants</i>	
Liberty options	23.5 % - 26.0 %
<i>2017 grants</i>	
Liberty options	22.6 % - 29.8 %

Liberty—Outstanding Awards

The following tables present 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, 2019	1,403	\$ 19.84		
Granted	—	\$ —		
Exercised	(1,381)	\$ 19.79		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2019	<u>22</u>	<u>\$ 22.62</u>	0.4 years	<u>\$ 1</u>
Exercisable at December 31, 2019	<u>22</u>	<u>\$ 22.62</u>	0.4 years	<u>\$ 1</u>

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2019, 2018 and 2017

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2019	11,495	\$ 28.85		
Granted	1,598	\$ 45.08		
Exercised	(2,923)	\$ 20.42		
Forfeited/Cancelled	(353)	\$ 31.69		
Outstanding at December 31, 2019	<u>9,817</u>	<u>\$ 33.90</u>	3.6 years	\$ 140
Exercisable at December 31, 2019	<u>7,997</u>	<u>\$ 32.18</u>	3.2 years	\$ 128

Liberty Formula One

	Series A			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2019	360	\$ 11.71		
Granted	—	\$ —		
Exercised	(359)	\$ 11.71		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2019	<u>1</u>	<u>\$ 12.63</u>	3.0 years	\$ —
Exercisable at December 31, 2019	<u>1</u>	<u>\$ 12.63</u>	3.0 years	\$ —

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2019	6,684	\$ 26.92		
Granted	2,959	\$ 36.38		
Exercised	(1,273)	\$ 21.80		
Forfeited/Cancelled	(86)	\$ 19.26		
Outstanding at December 31, 2019	<u>8,284</u>	<u>\$ 31.16</u>	4.9 years	\$ 123
Exercisable at December 31, 2019	<u>6,427</u>	<u>\$ 29.61</u>	4.5 years	\$ 105

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Liberty Braves

	Series A			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2019	177	\$ 11.44		
Granted	—	\$ —		
Exercised	(175)	\$ 11.43		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2019	<u>2</u>	\$ 11.89	2.5 years	\$ —
Exercisable at December 31, 2019	<u>2</u>	\$ 11.89	2.5 years	\$ —

	Series C			
	Liberty		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Awards (000's)	WAEP		
Outstanding at January 1, 2019	1,276	\$ 16.58		
Granted	382	\$ 28.93		
Exercised	(358)	\$ 11.37		
Forfeited/Cancelled	(33)	\$ 15.19		
Outstanding at December 31, 2019	<u>1,267</u>	\$ 21.82	4.3 years	\$ 10
Exercisable at December 31, 2019	<u>815</u>	\$ 18.81	3.1 years	\$ 9

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 2019.

As of December 31, 2019, the total unrecognized compensation cost related to unvested Liberty Awards was approximately \$34 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.1 years.

As of December 31, 2019, 9.8 million, 8.3 million and 1.3 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, 2019, 2018 and 2017 was \$63 million, \$22 million and \$31 million, respectively.

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Liberty—Restricted Stock

The Company had approximately 94 thousand, 149 thousand and 73 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, 2019. 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 \$36.07, \$34.03 and \$27.31 per share, respectively.

The aggregate fair value of all restricted shares of Liberty common stock that vested during the years ended December 31, 2019, 2018 and 2017 was \$17 million, \$9 million and \$85 million, respectively.

Sirius XM Holdings—Stock-based Compensation

During the years ended December 31, 2019, 2018 and 2017, Sirius XM Holdings granted various types of stock awards to its employees and members of its board of directors. Stock-based awards are generally subject to a graded vesting requirement, which is generally three to four years from the grant date. Stock options generally expire ten years from the date of grant. Restricted stock units include performance-based restricted stock units (“PRSUs”), the vesting of which are subject to the achievement of performance goals and the employee's continued employment and generally cliff vest on the third anniversary of the grant date. Sirius XM Holdings 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 Holdings' option grants during 2019, 2018 and 2017 was 26%, 23% and 24%, respectively. During the year ended December 31, 2019, Sirius XM Holdings granted approximately 15 million stock options with a weighted-average exercise price of \$6.10 per share and a grant date fair value of \$1.26 per share. As of December 31, 2019, Sirius XM Holdings has approximately 208 million options outstanding of which approximately 148 million are exercisable, each with a weighted-average exercise price per share of \$4.46 and \$3.96, respectively. The aggregate intrinsic value of these outstanding and exercisable options was \$560 million and \$472 million, respectively. During the year ended December 31, 2019, Sirius XM Holdings granted approximately 38 million RSUs and PRSUs with a grant date fair value of \$6.01 per share. In addition, 48 million RSUs with a grant date fair value per share of \$5.83 were granted during the year ended December 31, 2019 in connection with the Pandora acquisition. The stock-based compensation related to Sirius XM Holdings stock options and restricted stock awards was \$229 million, \$133 million and \$124 million for the years ended December 31, 2019, 2018, and 2017, respectively. In addition, the acquisition and other costs recognized by Sirius XM Holdings during the year ended December 31, 2019 includes \$21 million of stock-based compensation. As of December 31, 2019, the total unrecognized compensation cost related to unvested Sirius XM Holdings stock options was \$415 million. The Sirius XM Holdings unrecognized compensation cost will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.4 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 \$19 million, \$20 million and \$17 million for each of the years ended December 31, 2019, 2018 and 2017, respectively.

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Notes to Consolidated Financial Statements (Continued)

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(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 debt and equity 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, 2017	\$ (9)	(22)	(31)	(62)
Other comprehensive earnings (loss) attributable to Liberty stockholders	(3)	16	14	27
Balance at December 31, 2017	(12)	(6)	(17)	(35)
Other comprehensive earnings (loss) attributable to Liberty stockholders	(3)	(24)	22	(5)
Cumulative adjustment for change in accounting principle	—	—	2	2
Balance at December 31, 2018	(15)	(30)	7	(38)
Other comprehensive earnings (loss) attributable to Liberty stockholders	3	13	(11)	5
Balance at December 31, 2019	<u>\$ (12)</u>	<u>(17)</u>	<u>(4)</u>	<u>(33)</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, 2019:</i>			
Unrealized holding gains (losses) arising during period	\$ 4	(1)	3
Credit risk on fair value debt instruments gains (losses)	(17)	4	(13)
Foreign currency translation adjustments	27	(6)	21
Other comprehensive earnings	<u>\$ 14</u>	<u>(3)</u>	<u>11</u>
<i>Year ended December 31, 2018:</i>			
Unrealized holding gains (losses) arising during period	\$ (4)	1	(3)
Credit risk on fair value debt instruments gains (losses)	41	(9)	32
Foreign currency translation adjustments	(56)	12	(44)
Other comprehensive earnings	<u>\$ (19)</u>	<u>4</u>	<u>(15)</u>
<i>Year ended December 31, 2017:</i>			
Unrealized holding gains (losses) arising during period	\$ (5)	2	(3)
Foreign currency translation adjustments	60	(22)	38
Other comprehensive earnings	<u>\$ 55</u>	<u>(20)</u>	<u>35</u>

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(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 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 (current and former), coaches and executives have entered into long-term employment contracts whereby such individuals' compensation is guaranteed. Amounts due under guaranteed contracts as of December 31, 2019 aggregated \$352 million, which is payable as follows: \$112 million in 2020, \$93 million in 2021, \$39 million in 2022, \$29 million in 2023, \$24 million in 2024 and \$55 million thereafter. In addition to the foregoing amounts, certain players, coaches and executives may earn incentive compensation under the terms of their employment contracts.

Programming, music royalties and other contractual arrangements

Sirius XM Holdings has entered into various programming agreements under which Sirius XM Holdings' obligations include fixed payments, advertising commitments and revenue sharing arrangements. In addition, Sirius XM Holdings has entered into certain music royalty arrangements that include fixed payments. Amounts due under programming and music royalty agreements are payable as follows: \$845 million in 2020, \$461 million in 2021, \$306 million in 2022, \$101 million in 2023 and \$49 million in 2024. Future revenue sharing costs are dependent upon many factors and are difficult to estimate; therefore, they are not included in the amounts above. In addition, Sirius XM Holdings has entered into agreements related to certain satellite and transmission costs, sales and marketing costs and in-orbit performance payments to the manufacturer of its satellites. Amounts due under these agreements are payable as follows: \$151 million in 2020, \$41 million in 2021, \$32 million in 2022, \$19 million in 2023 and \$13 million in 2024.

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

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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.

During the fourth quarter of 2017, Sirius XM Holdings recorded \$45 million related to music royalty litigation settlements. The expense is included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2017, but has been excluded from Adjusted OIBDA (as defined in note 18) for the corresponding period as this expense was not incurred as a part of Sirius XM Holdings' normal operations for the period and does not relate to the on-going performance of the business.

Telephone Consumer Protection Act Suits. On March 13, 2017, Thomas Buchanan, individually and on behalf of all others similarly situated, filed a class action complaint against Sirius XM Holdings in the United States District Court for the Northern District of Texas, Dallas Division. The plaintiff alleges that Sirius XM Holdings 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 Holdings' 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 Holdings from making, or having made, any calls to land lines that are listed on the National Do-Not-Call registry or Sirius XM Holdings' internal Do-Not-Call registry.

Following a mediation, in April 2019, Sirius XM Holdings entered into an agreement to settle this purported class action suit. The settlement resolves the claims of consumers for the period October 2013 through January 2019. As part of the settlement, Sirius XM Holdings paid \$25 million into a non-reversionary settlement fund from which cash to class members, notice, administrative costs, and attorney's fees and costs will be paid. The settlement also contemplates that Sirius XM Holdings will provide three months of service to its All Access subscription package for those members of the class that elect to receive it, in lieu of cash, at no cost to those class members and who are not active subscribers at the time of the distribution. The availability of this three-month service option will not diminish the \$25 million common fund. As part of the settlement, Sirius XM Holdings will also implement certain changes relating to its "Do-Not-Call" practices and telemarketing programs. On January 28, 2020, the Court issued an order and final judgment approving the settlement. This charge is included in the selling, general and administrative expense line item in the consolidated financial statements for the year ended December 31, 2019, but has been excluded from Adjusted OIBDA (as defined in note 18) for the corresponding period as this charge does not relate to the on-going performance of the business.

SoundExchange Royalty Claims. On June 7, 2018, Sirius XM Holdings entered into an agreement with SoundExchange, Inc. ("Sound Exchange"), the organization that collects and distributes sound recording royalties pursuant to Sirius XM Holdings' statutory license, to settle the cases titled SoundExchange, Inc. v. Sirius XM Radio, Inc., No.13-cv-1290-RJL (D.D.C.), and SoundExchange, Inc. v. Sirius XM Radio, Inc., No.17-cv-02666-RJL (D.D.C.). A description of these actions is contained in our prior public filings. In connection with the settlement, Sirius XM Holdings made a one-time lump sum payment of \$150 million to SoundExchange on July 6, 2018. Sirius XM Holdings accrued for a portion of this liability in prior years and recorded a \$69 million charge for the remaining liability during the second quarter of 2018. This expense is included in the Revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2018, but has been excluded from Adjusted OIBDA (as defined in note 18) for the corresponding period as this expense was not incurred as a part of Sirius XM Holdings' normal operations and does not relate to the on-going performance of the business. The settlement resolved all outstanding claims, including ongoing audits, under Sirius XM Holdings' statutory license for sound recordings for the period January 1, 2007 through December 31, 2017.

Pre-1972 Sound Recording Litigation. On October 2, 2014, Flo & Eddie Inc. filed a class action suit against Pandora in the federal district court for the Central District of California. The complaint alleges a violation of California

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Civil Code Section 980, unfair competition, misappropriation and conversion in connection with the public performance of sound recordings recorded prior to February 15, 1972 ("pre-1972 recordings"). On December 19, 2014, Pandora filed a motion to strike the complaint pursuant to California's Anti-Strategic Lawsuit Against Public Participation ("Anti-SLAPP") statute, which following denial of Pandora's motion was appealed to the Ninth Circuit Court of Appeals. In March 2017, the Ninth Circuit requested certification to the California Supreme Court on the substantive legal questions. The California Supreme Court accepted certification. In May 2019, the California Supreme Court issued an order dismissing consideration of the certified questions on the basis that, following the enactment of the Orrin G. Hatch-Bob Goodlatte Music Modernization Act, Pub. L. No. 115-264, 132 Stat. 3676 (2018) (the "MMA"), resolution of the questions posed by the Ninth Circuit Court of Appeals was no longer "necessary to . . . settle an important question of law."

The MMA grants a potential federal preemption defense to the claims asserted in the aforementioned lawsuits. In July 2019, Pandora took steps to avail itself of this preemption defense, including making the required payments under the MMA for certain of its uses of pre-1972 recordings. Based on the federal preemption contained in the MMA (along with other considerations), Pandora asked the Ninth Circuit to order the dismissal of the *Flo & Eddie, Inc. v. Pandora Media, Inc.* case. On October 17, 2019, the Ninth Circuit Court of Appeals issued a memorandum disposition concluding that the question of whether the MMA preempts Flo and Eddie's claims challenging Pandora's performance of pre-1972 recordings "depends on various unanswered factual questions" and remanded the case to the District Court for further proceedings.

After Flo & Eddie filed its action in 2014 against Pandora, several other plaintiffs commenced separate actions, both on an individual and class action basis, alleging a variety of violations of common law and state copyright and other statutes arising from allegations that Pandora owed royalties for the public performance of pre-1972 recordings. Many of these separate actions have been dismissed or are in the process of being dismissed. Sirius XM Holdings believes that none of the remaining pending actions is likely to have a material adverse effect on Pandora's business, financial condition or results of operations.

Sirius XM Holdings believes it has substantial defenses to the claims asserted in these actions, and it intends to defend these actions vigorously.

Copyright Royalty Board Proceeding to Determine the Rate for Statutory Webcasting. Pursuant to Sections 112 and 114 of the Copyright Act, the Copyright Royalty Board (the "CRB") initiated a proceeding in January 2019 to set the rates and terms by which webcasters may perform sound recordings via digital transmission over the internet and make ephemeral reproductions of those recordings during the 2021-2025 rate period under the authority of statutory licenses provided under Sections 112 and 114 of the Copyright Act. Sirius XM Holdings filed a petition to participate in the proceeding on behalf of its Sirius XM and Pandora businesses, as did other webcasters including Google Inc. and the National Association of Broadcasters. SoundExchange, a collective organization that collects and distributes digital performance royalties to artists and copyright holders, represents the various copyright owner participants in the proceeding, including Sony Music Entertainment, Universal Music Group, and Warner Music Group. Because the proceeding focuses on setting statutory rates for non-interactive online music streaming (commonly identified as "webcasting"), the proceeding will set the rates that Pandora pays for music streaming on its free, ad-supported tier, and that Sirius XM pays for streaming on its subscription internet radio service. This proceeding will not set the rates that Sirius XM Holdings pays for its other music offerings (satellite radio, business establishment services) or that it pays for interactive streaming on the Pandora Plus and Pandora Premium services.

In September 2019, the participants filed written direct statements, including proposed rates and terms for the 2021-2025 period. Sirius XM Holdings and other webcaster participants proposed rates below the existing statutory rates, which for commercial webcasters are currently set at \$0.0018 per performance for non-subscription transmissions (such as offered by our Pandora ad-supported business) and \$0.0024 per performance for subscription transmissions (such as offered by our Sirius XM internet radio service). SoundExchange has proposed increasing the commercial webcasting

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rates to \$0.0028 per performance for non-subscription transmissions and \$0.0031 per performance for subscription transmissions.

In January 2020, the participants filed written rebuttal statements, responding to each other's proposals. Discovery in the matter is ongoing, and a multi-week hearing has been set to begin before the CRB in March 2020. The CRB's initial determination of the rates and terms for the 2021-2025 period is required to be delivered in December 2020.

(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 (as defined below) 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 (as defined below). In addition, the Company reviews nonfinancial measures such as subscriber growth and penetration.

For segment reporting purposes, the Company defines Adjusted OIBDA as revenue less operating expenses, and selling, general and administrative expenses excluding all stock-based compensation, separately reported litigation settlements and restructuring and impairment charges. The Company believes this measure is an important indicator of the operational strength and performance of its businesses, by identifying those items that are not directly a reflection of each business' performance or indicative of ongoing business trends. 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 Holdings is a consolidated subsidiary that operates two complementary audio entertainment businesses, Sirius XM and Pandora. Sirius XM features 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 and through the internet via applications for mobile devices, home devices and other consumer electronic equipment. Sirius XM also provides connected vehicle services and a suite of in-vehicle data services. The Pandora business operates a music, comedy and podcast streaming discovery platform. Pandora is available as an ad-supported radio service, a radio subscription service, called Pandora Plus, and an on-demand subscription service, called Pandora Premium. Sirius XM Holdings acquired Pandora on February 1, 2019, at which time it began consolidating the results of the Pandora business.
- 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

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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. 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.

Performance Measures

	Years ended December 31,					
	2019		2018		2017	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
	amounts in millions					
Liberty SiriusXM Group						
Sirius XM Holdings	\$ 7,794	2,453	5,771	2,233	5,425	2,109
Corporate and other	—	(17)	—	(16)	—	(15)
Total Liberty SiriusXM Group	<u>7,794</u>	<u>2,436</u>	<u>5,771</u>	<u>2,217</u>	<u>5,425</u>	<u>2,094</u>
Braves Group						
Corporate and other	476	49	442	88	386	2
Total Braves Group	<u>476</u>	<u>49</u>	<u>442</u>	<u>88</u>	<u>386</u>	<u>2</u>
Formula One Group						
Formula 1	2,022	482	1,827	400	1,783	438
Corporate and other	—	(36)	—	(25)	—	(41)
Total Formula One Group	<u>2,022</u>	<u>446</u>	<u>1,827</u>	<u>375</u>	<u>1,783</u>	<u>397</u>
Total	<u>\$ 10,292</u>	<u>2,931</u>	<u>8,040</u>	<u>2,680</u>	<u>7,594</u>	<u>2,493</u>

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Other Information

	December 31, 2019			December 31, 2018		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions					
Liberty SiriusXM Group						
Sirius XM Holdings	\$ 30,868	644	363	27,812	629	356
Corporate and other	553	—	—	480	—	—
Total Liberty SiriusXM Group	31,421	644	363	28,292	629	356
Braves Group						
Corporate and other	1,593	99	103	1,805	92	33
Total Braves Group	1,593	99	103	1,805	92	33
Formula One Group						
Formula 1	9,031	—	16	8,958	—	12
Corporate and other	2,474	882	28	1,999	920	2
Total Formula One Group	11,505	882	44	10,957	920	14
Elimination (1)	(330)	—	—	(226)	—	—
Consolidated Liberty	\$ 44,189	1,625	510	40,828	1,641	403

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

The following table provides a reconciliation of Adjusted OIBDA to Operating income (loss) and Earnings (loss) from continuing operations before income taxes:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Adjusted OIBDA	\$ 2,931	2,680	2,493
Litigation settlement (note 17)	(25)	(69)	(45)
Stock-based compensation	(291)	(192)	(230)
Acquisition and other related costs (note 5)	(84)	(3)	—
Depreciation and amortization	(1,061)	(905)	(824)
Operating income (loss)	1,470	1,511	1,394
Interest expense	(657)	(606)	(591)
Share of earnings (losses) of affiliates, net	6	18	104
Realized and unrealized gains (losses) on financial instruments, net	(315)	40	(88)
Other, net	9	78	8
Earnings (loss) from continuing operations before income taxes	\$ 513	1,041	827

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Revenue by Geographic Area

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
United States	\$ 8,172	6,112	5,724
United Kingdom	2,022	1,831	1,783
Other	98	97	87
	<u>\$ 10,292</u>	<u>8,040</u>	<u>7,594</u>

Long-lived Assets by Geographic Area

	December 31,	
	2019	2018
	amounts in millions	
United States	\$ 2,246	2,457
United Kingdom	16	12
	<u>\$ 2,262</u>	<u>2,469</u>

(19) Quarterly Financial Information (Unaudited)

	1st	2nd	3rd	4th
	Quarter	Quarter	Quarter	Quarter
	amounts in millions, except per share amounts			
<i>2019:</i>				
Revenue	\$ 2,012	2,805	2,856	2,619
Operating income (loss)	\$ 200	461	507	302
Net earnings (loss)	\$ (127)	192	262	20
Net earnings (loss) attributable to Liberty stockholders:				
Liberty SiriusXM common stock	\$ 61	167	140	126
Liberty Braves common stock	\$ (71)	26	12	(44)
Liberty Formula One common stock	\$ (148)	(77)	41	(127)
Basic net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.19	0.52	0.44	0.40
Liberty Braves common stock	\$ (1.39)	0.51	0.24	(0.86)
Liberty Formula One common stock	\$ (0.64)	(0.33)	0.18	(0.55)
Diluted net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.19	0.52	0.44	0.39
Liberty Braves common stock	\$ (1.39)	0.46	0.16	(0.86)
Liberty Formula One common stock	\$ (0.64)	(0.33)	0.18	(0.55)

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES**Notes to Consolidated Financial Statements (Continued)****December 31, 2019, 2018 and 2017**

	<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			
2018:				
Revenue	\$ 1,517	2,199	2,315	2,009
Operating income (loss)	\$ 227	374	531	379
Net earnings (loss)	\$ 213	255	366	31
Net earnings (loss) attributable to Liberty stockholders:				
Liberty SiriusXM common stock	\$ 200	165	185	126
Liberty Braves common stock	\$ (52)	(2)	41	18
Liberty Formula One common stock	\$ (17)	9	42	(184)
Basic net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.60	0.50	0.56	0.39
Liberty Braves common stock	\$ (1.02)	(0.04)	0.80	0.35
Liberty Formula One common stock	\$ (0.07)	0.04	0.18	(0.80)
Diluted net earnings (loss) attributable to Liberty stockholders per common share:				
Liberty SiriusXM common stock	\$ 0.59	0.49	0.55	0.38
Liberty Braves common stock	\$ (1.02)	(0.04)	0.80	(0.07)
Liberty Formula One common stock	\$ (0.07)	0.04	0.18	(0.80)

PART III.

The following required information is incorporated by reference to our definitive proxy statement for our 2020 Annual Meeting of Stockholders presently scheduled to be held in the second quarter of 2020:

<u>Item 10.</u>	Directors, Executive Officers and Corporate Governance
<u>Item 11.</u>	Executive Compensation
<u>Item 12.</u>	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
<u>Item 13.</u>	Certain Relationships and Related Transactions, and Director Independence
<u>Item 14.</u>	Principal Accounting Fees and Services

We expect to file our definitive proxy statement for our 2020 Annual Meeting of Stockholders with the Securities and Exchange Commission on or before April 29, 2020.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) *Financial Statements*

Included in Part II of this Report:

	<u>Page No.</u>
Liberty Media Corporation:	
Reports of Independent Registered Public Accounting Firm	II-34
Consolidated Balance Sheets, December 31, 2019 and 2018	II-37
Consolidated Statements of Operations, Years ended December 31, 2019, 2018 and 2017	II-39
Consolidated Statements of Comprehensive Earnings (Loss), Years ended December 31, 2019, 2018 and 2017	II-41
Consolidated Statements of Cash Flows, Years Ended December 31, 2019, 2018 and 2017	II-42
Consolidated Statements of Equity, Years ended December 31, 2019, 2018 and 2017	II-43
Notes to Consolidated Financial Statements, December 31, 2019, 2018 and 2017	II-44

(a)(2) *Financial Statement Schedules*

- (i) All schedules have been omitted because they are not applicable, not material or the required information is set forth in the financial statements or notes thereto.

(a)(3) *Exhibits*

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

3—Articles of Incorporation and Bylaws:

- 3.1 [Restated Certificate of Incorporation of the Registrant \(incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Registrant's Registration Statement on Form 8-A filed on January 24, 2017 \(File No. 001-35707\) \(the "8-A"\)\)](#).
- 3.2 [Amended and Restated Bylaws of the Registrant \(incorporated by reference to Exhibit 3.1 to Liberty Media Corporation's Current Report on Form 8-K as filed on August 6, 2015 \(File No. 001-35707\)\)](#).

4—Instruments Defining the Rights of Securities Holders, including Indentures:

- 4.1 [Specimen certificate for shares of the Registrant's Series A Liberty SiriusXM common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-4 filed on December 22, 2015 \(File No. 333-208699\) \(the "2015 Form S-4"\)\)](#).
- 4.2 [Specimen certificate for shares of the Registrant's Series B Liberty SiriusXM common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.5 to the 2015 Form S-4\)](#).
- 4.3 [Specimen certificate for shares of the Registrant's Series C Liberty SiriusXM common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.6 to the 2015 Form S-4\)](#).
- 4.4 [Specimen certificate for shares of the Registrant's Series A Liberty Braves common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.7 to the 2015 Form S-4\)](#).
- 4.5 [Specimen certificate for shares of the Registrant's Series B Liberty Braves common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.8 to the 2015 Form S-4\)](#).
- 4.6 [Specimen certificate for shares of the Registrant's Series C Liberty Braves common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.9 to the 2015 Form S-4\)](#).
- 4.7 [Specimen certificate for shares of the Registrant's Series A Liberty Formula One common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.6 to the 8-A\)](#).

- 4.8 [Specimen certificate for shares of the Registrant’s Series B Liberty Formula One common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.8 to Liberty Media Corporation’s Annual Report on Form 10-K for the year ended December 31, 2016 filed on February 28, 2017 \(File No. 001-25707\)\).](#)
- 4.9 [Specimen certificate for shares of the Registrant’s Series C Liberty Formula One common stock, par value \\$.01 per share \(incorporated by reference to Exhibit 4.7 to the 8-A\).](#)
- 4.10 [Indenture dated as of October 17, 2013 among the Registrant, as issuer, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on November 5, 2013 \(File No. 001-35707\)\).](#)
- 4.11 [Supplemental Indenture, dated as of April 15, 2016, among Liberty Media Corporation, as issuer, and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registrant’s Form 8-K filed on April 20, 2016 \(File No. 001-35707\)\).](#)
- 4.12 [Description of the Registrant’s Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.*](#)
- 4.13 [The Registrant undertakes to furnish to the Securities and Exchange Commission, upon request, a copy of all instruments with respect to long-term debt not filed herewith.](#)
- 10—Material Contracts:
- 10.1+ [Liberty Media Corporation 2013 Incentive Plan \(Amended and Restated as of March 31, 2015\) \(the “2013 Plan”\) \(incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 filed on May 8, 2015 \(File No. 001-35707\)\).](#)
- 10.2+ [Form of Non-Qualified Stock Option Agreement \(incorporated by reference to Exhibit 10.3 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 28, 2014 \(File No. 001-35707\) \(the “Liberty 2013 10-K”\)\).](#)
- 10.3+ [Form of Restricted Stock Award Agreement \(incorporated by reference to Exhibit 10.4 to the Liberty 2013 10-K\).](#)
- 10.4+ [Form of Non-Qualified Stock Option Agreement under the 2013 Plan granted to certain designated award recipients during 2016 and 2017 \(incorporated by reference to Exhibit 10.4 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2017 filed on March 1, 2018 \(File No. 001-35707\) \(the “2017 10-K”\)\).](#)
- 10.5+ [Liberty Media Corporation 2013 Nonemployee Director Incentive Plan \(Amended and Restated as of December 17, 2015\) \(incorporated by reference to Exhibit 10.5 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2015 filed on February 26, 2016 \(File No. 001-35707\) \(the “2015 10-K”\)\).](#)
- 10.6+ [Form of Non-Qualified Stock Option Agreement under the 2011 Nonemployee Director Incentive Plan \(incorporated by reference to Exhibit 10.4 to Starz’s Annual Report on Form 10-K for the year ended December 31, 2011 filed on February 23, 2012 \(File No. 001-35294\)\).](#)
- 10.7+ [Form of Liberty Media Corporation Transitional Stock Adjustment Plan \(incorporated by reference to Exhibit 10.3 to Amendment No. 2 to the Registrant’s Registration Statement on Form 10 filed on December 17, 2012 \(File No. 001-35707\)\).](#)
- 10.8+ [Liberty Media Corporation 2006 Deferred Compensation Plan \(Amended and Restated as of January 1, 2016\) \(incorporated by reference to Exhibit 10.9 to the 2015 10-K\).](#)
- 10.9+ [Amendment to the Liberty Media Corporation 2006 Deferred Compensation Plan \(Amended and Restated as of January 1, 2016\) \(incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 filed on August 9, 2017 \(File No. 001-35707\)\).](#)
- 10.10 [Tax Sharing Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation, Liberty Interactive LLC and Liberty Media Corporation \(as assignee of Starz \(f/k/a Liberty Media Corporation\) \(incorporated by reference to Exhibit 10.4 to Post-Effective Amendment No. 1 to Starz’s Registration Statement on Form S-4 filed on September 23, 2011 \(File No. 333-171201\) \(the “Starz S-4”\)\).](#)
- 10.11+ [Services Agreement, dated as of September 23, 2011, by and between Liberty Interactive Corporation and Liberty Media Corporation \(as assignee of Starz \(f/k/a Liberty Media Corporation\)\) \(incorporated by reference to Exhibit 10.5 to the Starz S-4\).](#)
- 10.12+ [Restated and Amended Employment Agreement dated November 1, 1992, between Tele-Communications, Inc. and John C. Malone \(assumed by Liberty Media LLC as of March 9, 1999\), and the amendment thereto dated June 30, 1999 and effective as of March 9, 1999, between Liberty Media LLC and John C. Malone \(collectively, the “Malone Employment Agreement” \(assumed, as amended, by the Registrant as of January 10, 2013\)\) \(incorporated by reference to Exhibit 10.11 to Qurate Retail, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2009 filed on February 25, 2010 \(File No. 001-33982\) \(the “Liberty Interactive 2009 10-K”\)\).](#)

10.13+	Second Amendment to Malone Employment Agreement effective January 1, 2003 (incorporated by reference to Exhibit 10.12 to the Liberty Interactive 2009 10-K).
10.14+	Third Amendment to Malone Employment Agreement effective January 1, 2007 (incorporated by reference to Exhibit 10.13 to Qurate Retail, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 filed on February 27, 2009 (File No. 001-33982) (the "Liberty Interactive 2008 10-K")).
10.15+	Fourth Amendment to Malone Employment Agreement effective January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Liberty Interactive 2008 10-K).
10.16+	Employment Agreement dated December 29, 2014, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014 filed on February 26, 2015 (File No. 001-35707)).
10.17+	Non-Qualified Stock Option Agreement under the Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015) for Gregory B. Maffei, effective December 24, 2014 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 filed on August 5, 2015 (File No. 001-35707)).
10.18+	Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of February 5, 2013, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012 filed on February 28, 2013 (File No. 001-35707)).
10.19+	Letter Agreement regarding personal use of Liberty Media's aircraft, dated as of November 11, 2015, between Gregory B. Maffei and Liberty Media Corporation (incorporated by reference to Exhibit 10.22 to the 2015 10-K).
10.20	Credit Agreement, dated as of December 5, 2012 among the Sirius XM Radio, Inc. ("Sirius XM Radio"), JPMorgan Chase Bank, N.A. as administrative agent, and the other agents and lenders party thereto (incorporated by reference to Exhibit 10.1 to Sirius XM Radio's Current Report on Form 8-K filed on December 10, 2012 (File No. 001-34295)).
10.21	Amendment No. 1, dated as of April 22, 2014, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio, the Lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent for the Lenders, as collateral agent for the Secured Parties and as an Issuing Bank (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Inc.'s ("Sirius XM Holdings") Current Report on Form 8-K filed on April 22, 2014 (File No. 001-34295)).
10.22	Amendment No. 2, dated as of June 16, 2015, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio Inc., JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and lenders parties thereto (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings Current Report on Form 8-K filed on June 19, 2015 (File No. 001-34295)).
10.23	Amendment No. 3, dated as of June 29, 2018, to the Credit Agreement, dated as of December 5, 2012, among Sirius XM Radio, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and lenders parties thereto (incorporated by reference to Exhibit 10.1 to Sirius XM Holdings' Current Report on Form 8-K filed on July 3, 2018 (File No. 001-34295)).
10.24	Indenture, dated as of May 16, 2013, among Sirius XM Radio, the guarantors named therein and U.S. Bank National Association, as trustee, relating to Sirius XM Radio's 4.625% Senior Notes due 2023 (incorporated by reference to Exhibit 4.2 to Sirius XM Radio's Current Report on Form 8-K filed on May 20, 2013 (File No. 001-34295)).
10.25	Indenture, dated as of March 6, 2015, among Sirius XM Radio, the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.375% Senior Notes due 2025 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings' Current Report on Form 8-K filed on March 6, 2015 (File No. 001-34295)).
10.26	Indenture, dated as of May 23, 2016, among Sirius XM Radio, the guarantors named therein and U.S. Bank National Association, as a trustee, relating to the 5.375% Senior Notes due 2026 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings' Current Report on Form 8-K filed on May 24, 2016 (File No. 001-34295)).
10.27	Indenture, dated as of July 5, 2017, among Sirius XM Radio, the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 3.875% Senior Notes due 2022 (incorporated by reference to Exhibit 4.1 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on July 5, 2017 (File No. 001-34295)).
10.28	Indenture, dated as of July 5, 2017, among Sirius XM Radio, the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.000% Senior Notes due 2027 (incorporated by reference to Exhibit 4.2 to Sirius XM Holdings Inc.'s Current Report on Form 8-K filed on July 5, 2017 (File No. 001-34295)).

10.29	Share Repurchase Agreement, dated as of October 9, 2013, by and between the Registrant and Sirius XM Radio (incorporated by reference to Exhibit 99.2 to the Registrant’s Current Report on Form 8-K filed on October 10, 2013 (File No. 001-35707)).
10.30	Technology Licensing Agreement among XM Satellite Radio Inc., XM Satellite Radio Holdings Inc., WorldSpace Management Corporation and American Mobile Satellite Corporation, dated as of January 1, 1998, amended by Amendment No. 1 to Technology Licensing Agreement, dated June 7, 1999 (incorporated by reference to Exhibit 10.4 to Amendment No. 1 to XM Satellite Radio Holdings Inc.’s Registration Statement on Form S-1 (File No. 333-83619)).***
10.31	Confirmation, dated June 22, 2016, of Base Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and the Registrant (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 filed on August 5, 2016 (File No. 001-35707) (the “2016 Second Quarter 10-Q”)).
10.32	Confirmation, dated June 22, 2016, of Base Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and the Registrant (incorporated by reference to Exhibit 10.3 to the 2016 Second Quarter 10-Q).
10.33	Confirmation, dated June 22, 2016, of Base Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and the Registrant (incorporated by reference to Exhibit 10.4 to the 2016 Second Quarter 10-Q).
10.34	Confirmation, dated June 22, 2016, of Base Warrants Transaction between Wells Fargo Bank, N.A. and the Registrant (incorporated by reference to Exhibit 10.5 to the 2016 Second Quarter 10-Q).
10.35	Confirmation, dated June 22, 2016, of Base Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and the Registrant (incorporated by reference to Exhibit 10.6 to the 2016 Second Quarter 10-Q).
10.36	Confirmation, dated June 22, 2016, of Base Warrants Transaction between Deutsche Bank AG, London Branch and the Registrant (incorporated by reference to Exhibit 10.7 to the 2016 Second Quarter 10-Q).
10.37	Confirmation, dated June 22, 2016, of Additional Cash Convertible Bond Hedge Transaction between J.P. Morgan Chase Bank N.A., London Branch and the Registrant (incorporated by reference to Exhibit 10.8 to the 2016 Second Quarter 10-Q).
10.38	Confirmation, dated June 22, 2016, of Additional Warrants Transaction between J.P. Morgan Chase Bank N.A., London Branch and the Registrant (incorporated by reference to Exhibit 10.9 to the 2016 Second Quarter 10-Q).
10.39	Confirmation, dated June 22, 2016, of Additional Cash Convertible Bond Hedge Transaction between Wells Fargo Bank, N.A. and the Registrant (incorporated by reference to Exhibit 10.10 to the 2016 Second Quarter 10-Q).
10.40	Confirmation, dated June 22, 2016, of Additional Warrants Transaction between Wells Fargo Bank, N.A. and the Registrant (incorporated by reference to Exhibit 10.11 to the 2016 Second Quarter 10-Q).
10.41	Confirmation, dated June 22, 2016, of Additional Cash Convertible Bond Hedge Transaction between Deutsche Bank AG, London Branch and the Registrant (incorporated by reference to Exhibit 10.12 to the 2016 Second Quarter 10-Q).
10.42	Confirmation, dated June 22, 2016, of Additional Warrants Transaction between Deutsche Bank AG, London Branch and the Registrant (incorporated by reference to Exhibit 10.13 to the 2016 Second Quarter 10-Q).
10.43+	Liberty Media Corporation Nonemployee Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 filed on May 8, 2015 (File No. 001-35707)).
10.44+	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.55 to the 2015 10-K).
10.45+	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.56 to the 2015 10-K).
10.46	Agreement for the Sale and Purchase of Delta Topco Limited, dated September 7, 2016, by and among Liberty Media Corporation, Liberty GR Cayman Acquisition Company, Delta Topco Limited and certain selling shareholders of Delta Topco Limited (incorporated by reference to Annex A to the Registrant’s Proxy Statement on Schedule 14A filed on December 9, 2016 (File No. 001-35707) (the “Special Meeting Proxy”)).
10.47	Form of Investment Agreement, dated December 13, 2016, by and between Liberty Media Corporation and the applicable investor, together with the form of Lock-Up Agreement and Coordination Agreement Side Letter included therein (incorporated by reference to Exhibit 99.1 to the Registrant’s Current Report on Form 8-K filed on December 14, 2016 (File No. 001-35707)).
10.48	Form of Shareholders Agreement, by and among Liberty Media Corporation and the Shareholders listed on Schedule A thereto (incorporated by reference to Annex C to the Special Meeting Proxy).
10.49	Amended and Restated Shareholders Agreement, dated September 19, 2017, by and among Liberty Media Corporation and the shareholders listed in Schedule A thereto (incorporated by reference to Exhibit 10.1 to Liberty Media Corporation’s Current Report on Form 8-K filed on September 22, 2017 (File No. 001-35707)).

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10.50+	Liberty Media Corporation 2017 Omnibus Incentive Plan (the “2017 Omnibus Plan”) (incorporated by reference to Annex A to Liberty Media Corporation’s Proxy Statement on Schedule 14A, filed with the SEC on April 20, 2017 (File No. 001-35707)).
10.51+	Form of 2017 Performance-based Restricted Stock Unit Agreement (FWONK) under the Liberty Media Corporation 2013 Incentive Plan (the “2013 Incentive Plan”) for Gregory B. Maffei (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 filed on November 9, 2017 (File No. 001-35707) (the “2017 Third Quarter 10-Q”).
10.52+	Form of 2017 Term Option Agreement under the 2013 Incentive Plan (BATRK and FWONK) for Gregory B. Maffei (incorporated by reference to Exhibit 10.3 to the 2017 Third Quarter 10-Q).
10.53+	Form of 2017 Term Option Agreement under the 2013 Incentive Plan (LSXMK) for Gregory B. Maffei (incorporated by reference to Exhibit 10.4 to the 2017 Third Quarter 10-Q).
10.54+	Form of 2017 Performance-based Restricted Stock Unit Agreement under the 2013 Incentive Plan and the 2017 Omnibus Plan for certain officers other than the Chief Executive Officer and Chief Legal Officer (incorporated by reference to Exhibit 10.5 to the 2017 Third Quarter 10-Q).
10.55+	Form of 2017 Time-vesting Restricted Stock Unit Agreement under the 2017 Omnibus Plan for Nonemployee Directors (incorporated by reference to Exhibit 10.6 to the 2017 Third Quarter 10-Q).
10.56	Letter Agreement between Liberty Interactive Corporation and Liberty Media Corporation relating to the Services Agreement dated September 23, 2011 (incorporated by reference to Exhibit 10.60 to the 2017 10-K).
10.57+	Amendment, dated March 12, 2018, of certain Liberty Media Corporation incentive plans (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed on May 9, 2018 (File No. 001-35707)).
10.58	Form of Amended and Restated Indemnification Agreement between the Registrant and its executive officers/directors (incorporated by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed on May 9, 2019 (File No. 001-35707)).
10.59+	Executive Employment Agreement, dated effective as of December 13, 2019, between Liberty Media and Gregory B. Maffei (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on December 19, 2019 (File No. 001-35707) (the “2019 8-K”).
10.60+	Form of Annual Option Award Agreement between Liberty Media and Gregory B. Maffei under the Liberty Media Corporation 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the 2019 8-K).
10.61+	Form of Annual Performance-based Restricted Stock Unit Award Agreement between Liberty Media and Gregory B. Maffei under the Liberty Media Corporation 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.3 to the 2019 8-K).
10.62+	Form of Upfront Award Agreement between Liberty Media and Gregory B. Maffei under the Liberty Media Corporation 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.4 to the 2019 8-K).
10.63+	Form of First Amendment to Services Agreement, effective as of December 13, 2019, between Liberty Media and Qurate Retail, Inc., Liberty Broadband Corporation, GCI Liberty, Inc. and Liberty TripAdvisor Holdings, Inc.*
21	Subsidiaries of Liberty Media Corporation.*
23.1	Consent of KPMG LLP.*
31.1	Rule 13a-14(a)/15d-14(a) Certification.*
31.2	Rule 13a-14(a)/15d-14(a) Certification.*
32	Section 1350 Certification.**
99.1	Unaudited Attributed Financial Information for Tracking Stock Groups.*
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Definition Document.*
104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).*

* Filed herewith.

** Furnished herewith.

*** Pursuant to the Commission’s Orders Granting Confidential Treatment under Rule 406 of the Securities Act of 1933, as amended, or Rule 24(b)-2 under the Securities Exchange Act of 1934, as amended, certain confidential portions of this Exhibit were omitted by means of redacting a portion of the text.

+ This document has been identified as a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

Not applicable.

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of the end of the period covered by the most recent Annual Report on Form 10-K of Liberty Media Corporation (the "Registrant"), the following securities of the Registrant were registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) Series A Liberty SiriusXM common stock, par value \$0.01 per share (the "Series A Liberty SiriusXM common stock"); (2) the Series B Liberty SiriusXM common stock, par value \$0.01 per share (the "Series B Liberty SiriusXM common stock"); (3) the Series C Liberty SiriusXM common stock, par value \$0.01 per share (the "Series C Liberty SiriusXM common stock"); (4) the Series A Liberty Braves common stock, par value \$0.01 per share (the "Series A Liberty Braves common stock"); (5) the Series C Liberty Braves common stock, par value \$0.01 per share (the "Series C Liberty Braves common stock"); (6) the Series A Liberty Formula One common stock, par value \$0.01 per share (the "Series A Liberty Formula One common stock"); and (7) the Series C Liberty Formula One common stock, par value \$0.01 per share (the "Series C Formula One common stock").

Description of Registrant's Common Stock

The following description of the Registrant's Series A Liberty SiriusXM common stock, Series B Liberty SiriusXM common stock, Series C Liberty SiriusXM common stock, Series A Liberty Braves common stock, Series B Liberty Braves common stock, Series A Liberty Formula One common stock, and Series C Liberty Formula One common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our [Restated Certificate of Incorporation](#) (the "charter"), which is an exhibit to this Annual Report on Form 10-K and is incorporated by reference herein. We encourage you to read the charter and the applicable provisions of the Delaware General Corporation Law for additional information.

Liberty SiriusXM Common Stock

Basic Investment

The Liberty SiriusXM common stock is intended to reflect the separate economic performance of the assets included in the Liberty SiriusXM Group. The Liberty SiriusXM Group is defined in the Registrant's charter to include (i) the Registrant's direct and indirect interest, as of the effective date of the charter, in SiriusXM Holdings Inc. and each of its subsidiaries (including any successor to SiriusXM Holdings Inc. or any such subsidiary by merger, consolidation or sale of all or substantially all of its assets, whether or not in connection with a Liberty SiriusXM Group Related Business Transaction (as such term is defined in the charter)) and their respective assets, liabilities and businesses, (ii) all other assets, liabilities and businesses of the Registrant or any of its subsidiaries to the extent attributed to the Liberty SiriusXM Group as of the effective date of the charter, (iii) such other businesses, assets and liabilities that the Registrant's board of directors may determine to attribute to the Liberty SiriusXM Group or that may be acquired for or transferred to the Liberty SiriusXM Group in the future, (iv) the proceeds of any sale, transfer, exchange, assignment or other disposition of any of the foregoing, (v) an Inter-Group Interest in the Braves Group equal to one (1) minus the Braves Group Outstanding Interest Fraction allocable to the Liberty SiriusXM Group as of such date (as such terms are defined in the charter) and (vi) an Inter-Group Interest in the Formula One Group equal to one (1) minus the Formula One Group Outstanding Interest Fraction allocable to the Liberty SiriusXM Group as of such date (as such terms are defined in the charter).

Authorized Capital Stock

The Registrant is authorized to issue up to 4.075 billion shares of Liberty SiriusXM common stock, of which 2 billion are designated as Series A Liberty SiriusXM common stock, 75 million are designated as Series B Liberty SiriusXM common stock, and 2 billion are designated as Series C Liberty SiriusXM common stock.

Dividends and Securities Distributions

The Registrant is permitted to pay dividends on Liberty SiriusXM common stock out of the lesser of its assets legally available for the payment of dividends under Delaware law and the “Liberty SiriusXM Group Available Dividend Amount” (defined generally as the excess of the total assets less the total liabilities of the Liberty SiriusXM Group over the par value, or any greater amount determined to be capital in respect of, all outstanding shares of Liberty SiriusXM common stock or, if there is no such excess, an amount equal to the earnings or loss attributable to the Liberty SiriusXM Group (if positive) for the fiscal year in which such dividend is to be paid and/or the preceding fiscal year). If dividends are paid on any series of Liberty SiriusXM common stock, an equal per share dividend will be concurrently paid on the other series of Liberty SiriusXM common stock.

The Registrant is permitted to make (i) share distributions of (A) Series C Liberty SiriusXM common stock to holders of all series of Liberty SiriusXM common stock, on an equal per share basis; and (B) Series A Liberty SiriusXM common stock to holders of Series A Liberty SiriusXM common stock and, on an equal per share basis, shares of Series B Liberty SiriusXM common stock to holders of Series B Liberty SiriusXM common stock and, on an equal per share basis, shares of Series C Liberty SiriusXM common stock to holders of Series C Liberty SiriusXM common stock; and (ii) share distributions of (A) Series C Liberty Braves common stock or Series C Liberty Formula One common stock to holders of all series of Liberty SiriusXM common stock, on an equal per share basis, subject to certain limitations; and (B) Series A Liberty Braves common stock or Series A Liberty Formula One common stock to holders of Series A Liberty SiriusXM common stock and, on an equal per share basis, shares of Series B Liberty Braves common stock or Series B Liberty Formula One common stock to holders of Series B Liberty SiriusXM common stock and, on an equal per share basis, shares of Series C Liberty Braves common stock or Series C Liberty Formula One common stock to holders of Series C Liberty SiriusXM common stock, in each case, subject to certain limitations; and (iii) share distributions of any other class or series of the Registrant’s securities or the securities of any other person to holders of all series of Liberty SiriusXM common stock, on an equal per share basis, subject to certain limitations.

Conversion at Option of Holder

Each share of Series B Liberty SiriusXM common stock is convertible, at the option of the holder, into one share of Series A Liberty SiriusXM common stock. Shares of Series A and Series C Liberty SiriusXM common stock are not convertible at the option of the holder.

Conversion at Option of Issuer

The Registrant can convert each share of Series A, Series B and Series C Liberty SiriusXM common stock into a number of shares of the corresponding series of Liberty Braves common stock or Liberty Formula One common stock at a ratio based on the relative trading prices of the Series A Liberty SiriusXM common stock (or another series of Liberty SiriusXM common stock subject to certain limitations) and the Series A Liberty Braves common stock or Series A Liberty Formula One common stock (or another series of Liberty Braves common stock or Liberty Formula One common stock, subject to certain limitations) over a specified 20-trading day period.

The Registrant also can convert each share of Series A, Series B and Series C Liberty Braves common stock or Liberty Formula One common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock at a ratio based on the relative trading prices of the Series A Liberty Braves common stock (or another series of Liberty Braves common stock subject to certain limitations) or Series A Liberty Formula One common stock (or another series of Liberty Formula One common stock subject to certain limitations) to the Series A Liberty SiriusXM common stock (or another series of Liberty SiriusXM common stock subject to certain limitations) over a specified 20-trading day period.

Optional Redemption for Stock of a Subsidiary

The Registrant may redeem outstanding shares of Liberty SiriusXM common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Liberty SiriusXM Group (and may or may not hold assets and liabilities attributed to the Braves Group or the Formula One Group), provided that the Registrant’s

board of directors seeks and receives the approval to such redemption of holders of Liberty SiriusXM common stock, voting together as a separate class.

If the Registrant were to effect a redemption as described above with stock of a subsidiary that also holds assets and liabilities of the Braves Group and/or the Formula One Group, shares of Liberty Braves common stock and/or Liberty Formula One common stock would also be redeemed in exchange for shares of that subsidiary, and the entire redemption would be subject to the voting rights of the holders of Liberty SiriusXM common stock described above as well as the separate class vote of the holders of Liberty Braves common stock and/or Liberty Formula One common stock, as the case may be.

Mandatory Dividend, Redemption and Conversion Rights on Disposition of Assets

If the Registrant disposes, in one transaction or a series of transactions, of all or substantially all of the assets of the Liberty SiriusXM Group, it is required to choose one of the following four alternatives, unless the board obtains approval of the holders of Liberty SiriusXM common stock not to take such action or the disposition qualifies under a specified exemption (in which case the Registrant will not be required to take any of the following actions):

- ① pay a dividend to holders of Liberty SiriusXM common stock out of the available net proceeds of such disposition; or
- ② if there are legally sufficient assets and the Liberty SiriusXM Group Available Dividend Amount would have been sufficient to pay a dividend, then: (i) if the disposition involves all of the properties and assets of the Liberty SiriusXM Group, redeem all outstanding shares of Liberty SiriusXM common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition, or (ii) if the disposition involves substantially all (but not all) of the properties and assets of the Liberty SiriusXM Group, redeem a portion of the outstanding shares of Liberty SiriusXM common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition; or
- ③ convert each outstanding share of each series of Liberty SiriusXM common stock into a number of shares of the corresponding series of Liberty Braves common stock and/or Liberty Formula One common stock at a specified premium; or
- ④ combine a conversion of a portion of the outstanding shares of Liberty SiriusXM common stock into a number of shares of the corresponding series of Liberty Braves common stock and/or Liberty Formula One common stock with either the payment of a dividend on or a redemption of shares of Liberty SiriusXM common stock, subject to certain limitations.

Voting Rights

Holders of Series A Liberty SiriusXM common stock are entitled to one vote for each share of such stock held and holders of Series B Liberty SiriusXM common stock are entitled to ten votes for each share of such stock held on all matters submitted to a vote of stockholders. Holders of Series C Liberty SiriusXM common stock are not entitled to any voting powers (including with respect to any class votes taken in accordance with the terms of the charter), except as otherwise required by Delaware law. When so required, holders of Series C Liberty SiriusXM common stock will be entitled to 1/100th of a vote for each share of such stock held.

Holders of Liberty SiriusXM common stock will vote as one class with holders of Liberty Braves common stock and Liberty Formula One common stock on all matters that are submitted to a vote of stockholders unless a separate class vote is required by the terms of the charter or Delaware law. In connection with certain dispositions of Liberty SiriusXM Group assets as described above, the Registrant's board may determine to seek approval of the holders of Liberty SiriusXM common stock, voting together as a separate class, to avoid effecting a mandatory dividend, redemption or conversion under the Registrant's charter.

The Registrant may not redeem outstanding shares of Liberty SiriusXM common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Liberty SiriusXM Group unless the Registrant's board of directors seeks and receives the approval to such redemption of holders of Liberty SiriusXM common stock, voting together as a separate class, and, if such subsidiary also holds assets and liabilities of the Braves Group and/or the Formula One Group, the approval of holders of Liberty Braves common stock and/or Liberty Formula One common stock, as the case may be, to the corresponding Liberty Braves common stock and/or Liberty Formula One common stock redemption, with each affected group voting as a separate class.

The Registrant's charter imposes supermajority voting requirements in connection with certain charter amendments and other extraordinary transactions which have not been approved by 75% of the directors then in office. When these requirements apply, the threshold vote required is 66 2/3% of the aggregate voting power of the Registrant's outstanding voting securities, voting together as a single class.

Inter-Group Interest

From time to time, the Registrant's board may determine to create an inter-group interest in the Liberty SiriusXM Group in favor of the Braves Group or the Formula One Group, subject to the terms of the charter.

If the Liberty SiriusXM Group has an inter-group interest in the Braves Group or the Formula One Group at such time as any extraordinary action is taken with respect to the Liberty Braves common stock or the Liberty Formula One common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Braves Group or the Formula One Group's assets), the Registrant's board will consider what actions are required, or permitted, to be taken under the charter with respect to the Liberty SiriusXM Group's inter-group interest in the Braves Group or the Formula One Group. For example, in some instances, the board may determine that a portion of the aggregate consideration that is available for distribution to holders of Liberty Braves common stock or Liberty Formula One common stock must be allocated to the Liberty SiriusXM Group to compensate the Liberty SiriusXM Group on a pro rata basis for its interest in the Braves Group or the Formula One Group, as the case may be.

Similarly, if the Braves Group or the Formula One Group has an inter-group interest in the Liberty SiriusXM Group at such time as any extraordinary action is taken with respect to the Liberty SiriusXM common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Liberty SiriusXM Group's assets), the board will consider what actions are required, or permitted, to be taken under the charter with respect to the Braves Group or the Formula One Group's inter-group interest in the Liberty SiriusXM Group.

All such board determinations will be made in accordance with the Registrant's charter and applicable Delaware law.

As of December 31, 2019, (i) the Formula One Group had an inter-group interest in the Liberty SiriusXM Group as set forth on the statement on file with the Secretary of the Registrant, (ii) the Braves Group did not have an inter-group interest in the Liberty SiriusXM Group and (iii) the Liberty SiriusXM Group did not have an inter-group interest in either the Braves Group or the Formula One Group.

Liquidation

Upon the Registrant's liquidation, dissolution or winding up, holders of shares of Liberty SiriusXM common stock will be entitled to receive in respect of such stock their proportionate interests in the Registrant's assets, if any, remaining for distribution to holders of common stock (regardless of the group to which such assets are then attributed) in proportion to their respective number of liquidation units per share.

Each share of Liberty SiriusXM common stock will be entitled to a number of liquidation units as set forth on the statement on file with the Secretary of the Registrant on the effective date of the charter, a copy of which will be furnished by the Registrant, on request and without cost, to any stockholder of the Registrant.

Liberty Braves Common Stock

Basic Investment

The Liberty Braves common stock is intended to reflect the separate economic performance of the assets included in the Braves Group. The Braves Group is defined in the Registrant's charter to include (i) the Registrant's direct and indirect interest, as of the effective date of the charter, in Braves Holdings, LLC and each of its subsidiaries (including any successor to Braves Holdings, LLC or any such subsidiary by merger, consolidation or sale of all or substantially all of its assets, whether or not in connection with a Braves Group Related Business Transaction (as such term is defined in the charter)) and their respective assets, liabilities and businesses, (ii) all other assets, liabilities and businesses of the Registrant or any of its subsidiaries to the extent attributed to the Braves Group as of the effective date of the charter, (iii) such other businesses, assets and liabilities that the Registrant's board of directors may determine to attribute to the Braves Group or that may be acquired for or transferred to the Braves Group in the future, (iv) the proceeds of any sale, transfer, exchange, assignment or other disposition of any of the foregoing, (v) an Inter-Group Interest in the Liberty SiriusXM Group equal to one (1) minus the Liberty SiriusXM Group Outstanding Interest Fraction allocable to the Braves Group as of such date (as such terms are defined in the charter) and (vi) an Inter-Group Interest in the Formula One Group equal to one (1) minus the Formula One Group Outstanding Interest Fraction allocable to the Braves Group as of such date (as such terms are defined in the charter).

Authorized Capital Stock

The Registrant is authorized to issue up to 407.5 million shares of Liberty Braves common stock, of which 200 million are designated as Series A Liberty Braves common stock, 7.5 million are designated as Series B Liberty Braves common stock, and 200 million are designated as Series C Liberty Braves common stock.

Dividends and Securities Distributions

The Registrant is permitted to pay dividends on Liberty Braves common stock out of the lesser of its assets legally available for the payment of dividends under Delaware law and the "Braves Group Available Dividend Amount" (defined generally as the excess of the total assets less the total liabilities of the Braves Group over the par value, or any greater amount determined to be capital in respect of, all outstanding shares of Liberty Braves common stock or, if there is no such excess, an amount equal to the earnings or loss attributable to the Braves Group (if positive) for the fiscal year in which such dividend is to be paid and/or the preceding fiscal year). If dividends are paid on any series of Liberty Braves common stock, an equal per share dividend will be concurrently paid on the other series of Liberty Braves common stock.

The Registrant is permitted to make (i) share distributions of (A) Series C Liberty Braves common stock to holders of all series of Liberty Braves common stock, on an equal per share basis; and (B) Series A Liberty Braves common stock to holders of Series A Liberty Braves common stock and, on an equal per share basis, shares of Series B Liberty Braves common stock to holders of Series B Liberty Braves common stock and, on an equal per share basis, shares of Series C Liberty Braves common stock to holders of Series C Liberty Braves common stock; and (ii) share distributions of (A) Series C Liberty SiriusXM common stock or Series C Liberty Formula One common stock to holders of all series of Liberty Braves common stock, on an equal per share basis, subject to certain limitations; and (B) Series A Liberty SiriusXM common stock or Series A Liberty Formula One common stock to holders of Series A Liberty Braves common stock and, on an equal per share basis, shares of Series B Liberty SiriusXM common stock or Series B Liberty Formula One common stock to holders of Series B Liberty Braves common stock and, on an equal per share basis, shares of Series C Liberty SiriusXM common stock or Series C Liberty Formula One common stock to holders of Series C Liberty Braves common stock, in each case, subject to certain limitations; and (iii) share distributions of any other class or series of the Registrant's securities or the securities of any other person to holders of all series of Liberty Braves common stock, on an equal per share basis, subject to certain limitations.

Conversion at Option of Holder

Each share of Series B Liberty Braves common stock is convertible, at the option of the holder, into one share of Series A Liberty Braves common stock. Shares of Series A and Series C Liberty Braves common stock are not convertible at the option of the holder.

Conversion at Option of Issuer

The Registrant can convert each share of Series A, Series B and Series C Liberty Braves common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock or Liberty Formula One common stock at a ratio based on the relative trading prices of the Series A Liberty Braves common stock (or another series of Liberty Braves common stock subject to certain limitations) and the Series A Liberty SiriusXM common stock or Series A Liberty Formula One common stock (or another series of Liberty SiriusXM common stock or Liberty Formula One common stock, subject to certain limitations) over a specified 20-trading day period.

The Registrant also can convert each share of Series A, Series B and Series C Liberty SiriusXM common stock or Liberty Formula One common stock into a number of shares of the corresponding series of Liberty Braves common stock at a ratio based on the relative trading prices of the Series A Liberty SiriusXM common stock (or another series of Liberty SiriusXM common stock subject to certain limitations) or Series A Liberty Formula One common stock (or another series of Liberty Formula One common stock subject to certain limitations) to the Series A Liberty Braves common stock (or another series of Liberty Braves common stock subject to certain limitations) over a specified 20-trading day period.

Optional Redemption for Stock of a Subsidiary

The Registrant may redeem outstanding shares of Liberty Braves common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Braves Group (and may or may not hold assets and liabilities attributed to the Liberty SiriusXM Group or the Formula One Group), provided that the Registrant's board of directors seeks and receives the approval to such redemption of holders of Liberty Braves common stock, voting together as a separate class.

If the Registrant were to effect a redemption as described above with stock of a subsidiary that also holds assets and liabilities of the Liberty SiriusXM Group and/or the Formula One Group, shares of Liberty SiriusXM common stock and/or Liberty Formula One common stock would also be redeemed in exchange for shares of that subsidiary, and the entire redemption would be subject to the voting rights of the holders of Liberty Braves common stock described above as well as the separate class vote of the holders of Liberty SiriusXM common stock and/or Liberty Formula One common stock, as the case may be.

Mandatory Dividend, Redemption and Conversion Rights on Disposition of Assets

If the Registrant disposes, in one transaction or a series of transactions, of all or substantially all of the assets of the Braves Group, it is required to choose one of the following four alternatives, unless the board obtains approval of the holders of Liberty Braves common stock not to take such action or the disposition qualifies under a specified exemption (in which case the Registrant will not be required to take any of the following actions):

- ① pay a dividend to holders of Liberty Braves common stock out of the available net proceeds of such disposition; or
- ② if there are legally sufficient assets and the Braves Group Available Dividend Amount would have been sufficient to pay a dividend, then: (i) if the disposition involves all of the properties and assets of the Braves Group, redeem all outstanding shares of Liberty Braves common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition, or (ii) if the disposition involves substantially all (but not all) of the properties and assets of the Braves Group, redeem a portion of the outstanding shares of Liberty Braves common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition; or

- ① convert each outstanding share of each series of Liberty Braves common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock and/or Liberty Formula One common stock at a specified premium; or
- ② combine a conversion of a portion of the outstanding shares of Liberty Braves common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock and/or Liberty Formula One common stock with either the payment of a dividend on or a redemption of shares of Liberty Braves common stock, subject to certain limitations.

Voting Rights

Holders of Series A Liberty Braves common stock are entitled to one vote for each share of such stock held and holders of Series B Liberty Braves common stock are entitled to ten votes for each share of such stock held on all matters submitted to a vote of stockholders. Holders of Series C Liberty Braves common stock are not entitled to any voting powers (including with respect to any class votes taken in accordance with the terms of the charter), except as otherwise required by Delaware law. When so required, holders of Series C Liberty Braves common stock will be entitled to 1/100th of a vote for each share of such stock held.

Holders of Liberty Braves common stock will vote as one class with holders of Liberty SiriusXM common stock and Liberty Formula One common stock on all matters that are submitted to a vote of stockholders unless a separate class vote is required by the terms of the charter or Delaware law. In connection with certain dispositions of Braves Group assets as described above, the Registrant's board may determine to seek approval of the holders of Liberty Braves common stock, voting together as a separate class, to avoid effecting a mandatory dividend, redemption or conversion under the Registrant's charter.

The Registrant may not redeem outstanding shares of Liberty Braves common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Braves Group unless the Registrant's board of directors seeks and receives the approval to such redemption of holders of Liberty Braves common stock, voting together as a separate class, and, if such subsidiary also holds assets and liabilities of the Liberty SiriusXM Group and/or the Formula One Group, the approval of holders of Liberty SiriusXM common stock and/or Liberty Formula One common stock, as the case may be, to the corresponding Liberty SiriusXM common stock and/or Liberty Formula One common stock redemption, with each affected group voting as a separate class.

The Registrant's charter imposes supermajority voting requirements in connection with certain charter amendments and other extraordinary transactions which have not been approved by 75% of the directors then in office. When these requirements apply, the threshold vote required is 66 2/3% of the aggregate voting power of the Registrant's outstanding voting securities, voting together as a single class.

Inter-Group Interest

From time to time, the Registrant's board may determine to create an inter-group interest in the Braves Group in favor of the Liberty SiriusXM Group or the Formula One Group, subject to the terms of the charter.

If the Braves Group has an inter-group interest in the Liberty SiriusXM Group or the Formula One Group at such time as any extraordinary action is taken with respect to the Liberty SiriusXM common stock or the Liberty Formula One common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Liberty SiriusXM Group or the Formula One Group's assets), the Registrant's board will consider what actions are required, or permitted, to be taken under the charter with respect to the Braves Group's inter-group interest in the Liberty SiriusXM Group or the Formula One Group. For example, in some instances, the board may determine that a portion of the aggregate consideration that is available for distribution to holders of Liberty SiriusXM common stock or Liberty Formula One common stock must be allocated to the Braves Group to compensate the Braves Group on a pro rata basis for its interest in the Liberty SiriusXM Group or the Formula One Group, as the case may be.

Similarly, if the Liberty SiriusXM Group or the Formula One Group has an inter-group interest in the Braves Group at such time as any extraordinary action is taken with respect to the Liberty Braves common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Braves Group's assets), the board will consider what actions are required, or permitted, to be taken under the charter with respect to the Liberty SiriusXM Group or the Formula One Group's inter-group interest in the Braves Group.

All such board determinations will be made in accordance with the Registrant's charter and applicable Delaware law.

As of December 31, 2019, (i) the Formula One Group had an inter-group interest in the Braves Group as set forth on the statement on file with the Secretary of the Registrant, (ii) the Liberty SiriusXM Group did not have an inter-group interest in the Braves Group and (iii) the Braves Group did not have an inter-group interest in either the Liberty SiriusXM Group or the Formula One Group.

Liquidation

Upon the Registrant's liquidation, dissolution or winding up, holders of shares of Liberty Braves common stock will be entitled to receive in respect of such stock their proportionate interests in the Registrant's assets, if any, remaining for distribution to holders of common stock (regardless of the group to which such assets are then attributed) in proportion to their respective number of liquidation units per share.

Each share of Liberty Braves common stock initially will be entitled to a number of liquidation units as set forth on the statement on file with the Secretary of the Registrant on the effective date of the charter, a copy of which will be furnished by the Registrant, on request and without cost, to any stockholder of the Registrant.

Liberty Formula One Common Stock

Basic Investment

The Liberty Formula One common stock is intended to reflect the separate economic performance of the assets included in the Formula One Group. The Formula One Group is defined in the Registrant's charter to include (i) the Registrant's direct and indirect interest, as of the effective date of the charter, in (x) all of the businesses in which the Registrant is or has been engaged, directly or indirectly (either itself or through direct or indirect subsidiaries, affiliates, joint ventures or other investments or any of the predecessors or successors of any of the foregoing), and (y) the respective assets and liabilities of the Registrant and its subsidiaries, in each case, other than any businesses, assets or liabilities attributable to the Liberty SiriusXM Group or the Braves Group as of the effective date of the charter, (ii) such other businesses, assets and liabilities that the Registrant's board of directors may determine to attribute to the Formula One Group or that may be acquired for or transferred to the Formula One Group in the future, (iii) the proceeds of any sale, transfer, exchange, assignment or other disposition of any of the foregoing, (iv) an Inter-Group Interest in the Liberty SiriusXM Group equal to one (1) minus the Liberty SiriusXM Group Outstanding Interest Fraction allocable to the Formula One Group as of such date and (v) an Inter-Group Interest in the Braves Group equal to one (1) minus the Braves Group Outstanding Interest Fraction allocable to the Formula One Group as of such date.

Authorized Capital Stock

The Registrant is authorized to issue up to 1,018,750,000 shares of Liberty Formula One common stock, of which 500 million are designated as Series A Liberty Formula One common stock, 18.75 million are designated as Series B Liberty Formula One common stock, and 500 million are designated as Series C Liberty Formula One common stock.

Dividends and Securities Distributions

The Registrant is permitted to pay dividends on Liberty Formula One common stock out of the lesser of its assets legally available for the payment of dividends under Delaware law and the "Formula One Group Available

Dividend Amount” (defined generally as the excess of the total assets less the total liabilities of the Formula One Group over the par value, or any greater amount determined to be capital in respect of, all outstanding shares of Liberty Formula One common stock or, if there is no such excess, an amount equal to the earnings or loss attributable to the Formula One Group (if positive) for the fiscal year in which such dividend is to be paid and/or the preceding fiscal year). If dividends are paid on any series of Liberty Formula One common stock, an equal per share dividend will be concurrently paid on the other series of Liberty Formula One common stock.

The Registrant is permitted to make (i) share distributions of (A) Series C Liberty Formula One common stock to holders of all series of Liberty Formula One common stock, on an equal per share basis; and (B) Series A Liberty Formula One common stock to holders of Series A Liberty Formula One common stock and, on an equal per share basis, shares of Series B Liberty Formula One common stock to holders of Series B Liberty Formula One common stock and, on an equal per share basis, shares of Series C Liberty Formula One common stock to holders of Series C Liberty Formula One common stock; and (ii) share distributions of (A) Series C Liberty SiriusXM common stock or Series C Liberty Braves common stock to holders of all series of Liberty Formula One common stock, on an equal per share basis, subject to certain limitations; and (B) Series A Liberty SiriusXM common stock or Series A Liberty Braves common stock to holders of Series A Liberty Formula One common stock and, on an equal per share basis, shares of Series B Liberty SiriusXM common stock or Series B Liberty Braves common stock to holders of Series B Liberty Formula One common stock and, on an equal per share basis, shares of Series C Liberty SiriusXM common stock or Series C Liberty Braves common stock to holders of Series C Liberty Formula One common stock, in each case, subject to certain limitations; and (iii) share distributions of any other class or series of the Registrant’s securities or the securities of any other person to holders of all series of Liberty Formula One common stock, on an equal per share basis, subject to certain limitations.

Conversion at Option of Holder

Each share of Series B Liberty Formula One common stock is convertible, at the option of the holder, into one share of Series A Liberty Formula One common stock. Shares of Series A and Series C Liberty Formula One common stock are not convertible at the option of the holder.

Conversion at Option of Issuer

The Registrant can convert each share of Series A, Series B and Series C Liberty Formula One common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock or Liberty Braves common stock at a ratio based on the relative trading prices of the Series A Liberty Formula One common stock (or another series of Liberty Formula One common stock subject to certain limitations) and the Series A Liberty SiriusXM common stock or Series A Liberty Braves common stock (or another series of Liberty SiriusXM common stock or Liberty Braves common stock, subject to certain limitations) over a specified 20-trading day period.

The Registrant also can convert each share of Series A, Series B and Series C Liberty SiriusXM common stock or Liberty Braves common stock into a number of shares of the corresponding series of Liberty Formula One common stock at a ratio based on the relative trading prices of the Series A Liberty SiriusXM common stock (or another series of Liberty SiriusXM common stock subject to certain limitations) or Series A Liberty Braves common stock (or another series of Liberty Braves common stock subject to certain limitations) to the Series A Liberty Formula One common stock (or another series of Liberty Formula One common stock subject to certain limitations) over a specified 20-trading day period.

Optional Redemption for Stock of a Subsidiary

The Registrant may redeem outstanding shares of Liberty Formula One common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Formula One Group (and may or may not hold assets and liabilities attributed to the Liberty SiriusXM Group or the Liberty Braves Group), provided that the Registrant’s board of directors seeks and receives the approval to such redemption of holders of Liberty Formula One common stock, voting together as a separate class.

If the Registrant were to effect a redemption as described above with stock of a subsidiary that also holds assets and liabilities of the Liberty SiriusXM Group and/or the Braves Group, shares of Liberty SiriusXM common

stock and/or Liberty Braves common stock would also be redeemed in exchange for shares of that subsidiary, and the entire redemption would be subject to the voting rights of the holders of Liberty Formula One common stock described above as well as the separate class vote of the holders of Liberty SiriusXM common stock and/or Liberty Braves common stock, as the case may be.

Mandatory Dividend, Redemption and Conversion Rights on Disposition of Assets

If the Registrant disposes, in one transaction or a series of transactions, of all or substantially all of the assets of the Formula One Group, it is required to choose one of the following four alternatives, unless the board obtains approval of the holders of Liberty Formula One common stock not to take such action or the disposition qualifies under a specified exemption (in which case the Registrant will not be required to take any of the following actions):

- Ⓢ pay a dividend to holders of Liberty Formula One common stock out of the available net proceeds of such disposition; or
- Ⓢ if there are legally sufficient assets and the Formula One Group Available Dividend Amount would have been sufficient to pay a dividend, then: (i) if the disposition involves all of the properties and assets of the Formula One Group, redeem all outstanding shares of Liberty Formula One common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition, or (ii) if the disposition involves substantially all (but not all) of the properties and assets of the Formula One Group, redeem a portion of the outstanding shares of Liberty Formula One common stock in exchange for cash and/or securities or other assets with a fair value equal to the available net proceeds of such disposition; or
- Ⓢ convert each outstanding share of each series of Liberty Formula One common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock and/or Liberty Braves common stock at a specified premium; or
- Ⓢ combine a conversion of a portion of the outstanding shares of Liberty Formula One common stock into a number of shares of the corresponding series of Liberty SiriusXM common stock and/or Liberty Braves common stock with either the payment of a dividend on or a redemption of shares of Liberty Formula One common stock, subject to certain limitations.

Voting Rights

Holders of Series A Liberty Formula One common stock are entitled to one vote for each share of such stock held and holders of Series B Liberty Formula One common stock are entitled to ten votes for each share of such stock held on all matters submitted to a vote of stockholders. Holders of Series C Liberty Formula One common stock are not entitled to any voting powers (including with respect to any class votes taken in accordance with the terms of the charter), except as otherwise required by Delaware law. When so required, holders of Series C Liberty Formula One common stock will be entitled to 1/100th of a vote for each share of such stock held.

Holders of Liberty Formula One common stock will vote as one class with holders of Liberty SiriusXM common stock and Liberty Braves common stock on all matters that are submitted to a vote of stockholders unless a separate class vote is required by the terms of the charter or Delaware law. In connection with certain dispositions of Formula One Group assets as described above, the Liberty Formula One board may determine to seek approval of the holders of Liberty Formula One common stock, voting together as a separate class, to avoid effecting a mandatory dividend, redemption or conversion under the charter.

The Registrant may not redeem outstanding shares of Liberty Formula One common stock for shares of common stock of a subsidiary that holds assets and liabilities attributed to the Formula One Group unless the Registrant's board of directors seeks and receives the approval to such redemption of holders of Liberty Formula One common stock, voting together as a separate class, and, if such subsidiary also holds assets and liabilities of the Liberty SiriusXM Group and/or the Braves Group, the approval of holders of Liberty SiriusXM common stock

and/or Liberty Braves common stock, as the case may be, to the corresponding Liberty SiriusXM common stock and/or Liberty Braves common stock redemption, with each affected group voting as a separate class.

The Registrant's charter imposes supermajority voting requirements in connection with certain charter amendments and other extraordinary transactions which have not been approved by 75% of the directors then in office. When these requirements apply, the threshold vote required is 66 2/3% of the aggregate voting power of the Registrant's outstanding voting securities, voting together as a single class.

Inter-Group Interest

From time to time, the Registrant's board may determine to create an inter-group interest in the Formula One Group in favor of the Liberty SiriusXM Group or the Braves Group, subject to the terms of the charter.

If the Formula One Group has an inter-group interest in the Liberty SiriusXM Group or the Braves Group at such time as any extraordinary action is taken with respect to the Liberty SiriusXM common stock or the Liberty Braves common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Liberty SiriusXM Group or the Braves Group's assets), the Registrant's board will consider what actions are required, or permitted, to be taken under the charter with respect to the Formula One Group's inter-group interest in the Liberty SiriusXM Group or the Braves Group. For example, in some instances, the board may determine that a portion of the aggregate consideration that is available for distribution to holders of Liberty SiriusXM common stock or Liberty Braves common stock must be allocated to the Formula One Group to compensate the Formula One Group on a pro rata basis for its interest in the Liberty SiriusXM Group or the Braves Group, as the case may be.

Similarly, if the Liberty SiriusXM Group or the Braves Group has an inter-group interest in the Formula One Group at such time as any extraordinary action is taken with respect to the Liberty Formula One common stock (such as the payment of a dividend, a share distribution, the redemption of such stock for stock of a subsidiary or an action required to be taken in connection with a disposition of all or substantially all of the Formula One Group's assets), the board will consider what actions are required, or permitted, to be taken under the charter with respect to the Liberty SiriusXM Group or the Braves Group's inter-group interest in the Formula One Group.

All such board determinations will be made in accordance with the Registrant's charter and applicable Delaware law.

As of December 31, 2019, (i) the Formula One Group had an inter-group interest in the Braves Group and the SiriusXM Group as set forth on the statement on file with the Secretary of the Registrant and (ii) neither the SiriusXM Group nor the Braves Group had an inter-group interest in the Formula One Group. The number of shares issuable with respect to the Formula One Group's inter-group interests in each of the Braves Group and the SiriusXM Group is set forth on the statement on file with the Secretary of the Registrant.

Liquidation

Upon the Registrant's liquidation, dissolution or winding up, holders of shares of Liberty Formula One common stock will be entitled to receive in respect of such stock their proportionate interests in the Registrant's assets, if any, remaining for distribution to holders of common stock (regardless of the group to which such assets are then attributed) in proportion to their respective number of liquidation units per share.

Each share of Liberty Formula One common stock will be entitled to a number of liquidation units as set forth on the statement on file with the Secretary of the Registrant on the effective date of the charter, a copy of which will be furnished by the Registrant, on request and without cost, to any stockholder of the Registrant.

Description of Other Provisions of the Registrant's Charter

Authorized Share Capital

The Registrant is authorized to issue up to 5,551,250,000 shares of capital stock, which will be divided into the following two classes: (i) 5,501,250,000 shares of common stock (which class is divided into the series described above), and (ii) 50,000,000 shares of preferred stock (which class is issuable in series as described below).

Preferred Stock

The Registrant's charter authorizes the board of directors of the Registrant to establish one or more series of preferred stock and to determine, with respect to any series of preferred stock, the terms and rights of the series, including:

- ⌚ the designation of the series;
- ⌚ the number of authorized shares of the series, which number the Registrant's board may subsequently increase or decrease but not below the number of such shares of such series of preferred stock then outstanding;
- ⌚ the dividend rate or amounts, if any, and, in the case of cumulative dividends, the date or dates from which dividends on all shares of the series will be cumulative and the relative preferences or rights of priority or participation with respect to such dividends;
- ⌚ the rights of the series in the event of the Registrant's voluntary or involuntary liquidation, dissolution or winding up and the relative preferences or rights of priority of payment;
- ⌚ the rights, if any, of holders of the series to convert into or exchange for other classes or series of stock or indebtedness and the terms and conditions of any such conversion or exchange, including provision for adjustments within the discretion of the Registrant's board of directors;
- ⌚ the voting rights, if any, of the holders of the series;
- ⌚ the terms and conditions, if any, for the Registrant to purchase or redeem the shares of the series; and
- ⌚ any other relative rights, preferences and limitations of the series.

The Registrant believes that the ability of its board to issue one or more series of its preferred stock will provide it with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs that might arise. The authorized shares of preferred stock, as well as shares of common stock, will be available for issuance without further action by stockholders, unless such action is required by applicable law or the rules of any stock exchange or automatic quotation system on which the Registrant's securities may be listed or traded.

Although the Registrant has no intention at the present time of doing so, it could issue a series of preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. The Registrant's board will make any determination to issue such shares based upon its judgment as to the best interests of its stockholders. The Registrant's board of directors, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of its board of directors, including a tender offer or other transaction that some, or a majority, of its stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Board of Directors

The Registrant's charter provides that, subject to any rights of the holders of any series of preferred stock to elect additional directors, the number of its directors will not be less than three and the exact number will be fixed from time to time by a resolution of its board. The members of the Registrant's board, other than those who may be elected by holders of any preferred stock, will be divided into three classes. Each class consists, as nearly as possible, of a number of directors equal to one-third of the then authorized number of board members. As of December 31, 2019, the terms of the Class I, II and III directors who were then in office will expire at the annual meeting of stockholders to be held in 2020, 2021 and 2022, respectively.

At each annual meeting of stockholders, the successors of that class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election. The directors of each class will hold office until their respective successors are elected and qualified or until such director's earlier death, resignation or removal.

The Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, directors may be removed from office only for cause upon the affirmative vote of the holders of at least a majority of the aggregate voting power of the Registrant's outstanding capital stock entitled to vote at an election of directors, voting together as a single class.

The Registrant's charter provides that, subject to the rights of the holders of any series of preferred stock, vacancies on the board resulting from death, resignation, removal, disqualification or other cause, and newly created directorships resulting from any increase in the number of directors on the board, will be filled only by the affirmative vote of a majority of the remaining directors then in office (even though less than a quorum) or by the sole remaining director. Any director so elected shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred or to which the new directorship is assigned, and until that director's successor will have been elected and qualified or until such director's earlier death, resignation or removal. No decrease in the number of directors constituting its board will shorten the term of any incumbent director, except as may be provided in any certificate of designation with respect to a series of preferred stock with respect to any additional director elected by the holders of that series of preferred stock.

These provisions would preclude a third party from removing incumbent directors and simultaneously gaining control of the Registrant's board by filling the vacancies created by removal with its own nominees. Under the classified board provisions described above, it would take at least two elections of directors for any individual or group to gain control of the Registrant's board. Accordingly, these provisions could discourage a third party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of the Registrant.

Limitation on Liability and Indemnification

To the fullest extent permitted by Delaware law, the Registrant's directors are not liable to it or any of its stockholders for monetary damages for breaches of fiduciary duties while serving as a director. In addition, the Registrant indemnifies, to the fullest extent permitted by applicable law, any person involved in any suit or action by reason of the fact that such person is a director or officer of the Registrant or, at its request, a director, officer, employee or agent of another corporation or entity, against all liability, loss and expenses incurred by such person. The Registrant will pay expenses of a director or officer in defending any proceeding in advance of its final disposition, provided that such payment is made upon receipt of an undertaking by the director or officer to repay all amounts advanced if it should be ultimately determined that the director or officer is not entitled to indemnification.

No Shareowner Action by Written Consent; Special Meetings

The Registrant's charter provides that (except as otherwise provided in the terms of any series of preferred stock), any action required to be taken or which may be taken at any annual meeting or special meeting of stockholders may not be taken without a meeting and may not be effected by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any series of the Registrant's preferred stock, special meetings of the Registrant's stockholders for any purpose or purposes may be called only by

its Secretary at the written request of the holders of not less than 66 2/3% of the total outstanding voting power or at the request of at least 75% of the members of the Registrant's board of directors then in office.

Amendments

The Registrant's charter provides that, subject to the rights of the holders of any series of its preferred stock, the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of the Registrant's outstanding capital stock generally entitled to vote upon all matters submitted to its stockholders, voting together as a single class, is required to adopt, amend or repeal any provision of the Registrant's charter or to add or insert any provision in the Registrant's charter, *provided* that the foregoing enhanced voting requirement will not apply to any adoption, amendment, repeal, addition or insertion (1) as to which Delaware law does not require the consent of the Registrant's stockholders or (2) which has been approved by at least 75% of the members of its board then in office. The Registrant's charter further provides that the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of its outstanding capital stock generally entitled to vote upon all matters submitted to its stockholders, voting together as a single class, is required to adopt, amend or repeal any provision of its bylaws, provided that the foregoing enhanced voting requirement will not apply to any adoption, amendment or repeal approved by the affirmative vote of not less than 75% of the members of its board then in office.

Supermajority Voting Provisions

In addition to the supermajority voting provisions discussed under “—Amendments” above, the Registrant's charter provides that, subject to the rights of the holders of any series of its preferred stock, the affirmative vote of the holders of at least 66 2/3% of the aggregate voting power of its outstanding capital stock generally entitled to vote upon all matters submitted to its stockholders, voting together as a single class, is required for:

- Ⓢ its merger or consolidation with or into any other corporation (including a merger consummated pursuant to Section 251(h) of the Delaware General Corporation Law and notwithstanding the exception to a vote of the stockholders for such a merger set forth therein), provided, that the foregoing voting provision will not apply to any such merger or consolidation (1) as to which the laws of the State of Delaware, as then in effect, do not require the consent of its stockholders (other than Section 251(h) of the Delaware General Corporation Law), or (2) that at least 75% of the members of its board of directors then in office have approved;
- Ⓢ the sale, lease or exchange of all, or substantially all, of its assets, provided, that the foregoing voting provisions will not apply to any such sale, lease or exchange that at least 75% of the members of its board of directors then in office have approved; or
- Ⓢ its dissolution, provided, that the foregoing voting provision will not apply to such dissolution if at least 75% of the members of its board of directors then in office have approved such dissolution.

Restrictions on Ownership; Transfer of Excess Shares to a Trust

In order to comply with applicable policies of Major League Baseball (“MLB”), the Registrant's charter contains restrictions on the transfer and ownership of shares of Liberty Braves common stock. These provisions (the “excess share provisions”) provide that, subject to certain exceptions, no person may acquire shares of Liberty Braves common stock if (i) such person (an “MLB Employee”) is an employee of MLB or any related entities, (ii) such person is an employee of or otherwise associated with an MLB club (other than the Atlanta Braves) and, after giving effect to such acquisition of shares, such person (an “MLB Holder”) would own a number of shares of Liberty Braves common stock equal to or in excess of five percent (5%) of the total number of outstanding shares of Liberty Braves common stock, or (iii) after giving effect to such acquisition or shares, such person (a “10% Holder”) would own a number of shares of Liberty Braves common stock equal to or in excess of ten percent (10%) of the total number of outstanding shares of Liberty Braves common stock (with the 5% threshold in clause (ii) of this paragraph and the 10% threshold in clause (iii) of this paragraph, each being referred to as a share threshold) unless, in the case of this clause (iii) only, (1) such person has received the prior written approval of the Office of the

Commissioner of Baseball (such approval, the “MLB Approval”) or (2) such person is considered an “exempt holder,” which includes, but is not limited to, John C. Malone, Gregory B. Maffei or Terence McGuirk and each of their affiliated persons, including entities, trusts, foundations or organizations organized for the benefit of or wholly owned by any of such persons. Any person who (1) inadvertently and without the Registrant’s Actual Knowledge (as defined in the charter) acquires a number of shares of Liberty Braves common stock equal to or in excess of the share threshold and (2) divests of a sufficient number of shares of Liberty Braves common stock so as to cause itself to not exceed the share threshold will not be deemed to be an MLB Holder or a 10% Holder, as applicable. Further, no person will be deemed an MLB Employee, MLB Holder or 10% Holder, unless and until the Registrant has Actual Knowledge that such person is an MLB Employee, MLB Holder or 10% Holder, as the case may be.

Subject to certain exceptions, in the event of a purported transfer of shares of Liberty Braves common stock (i) to an MLB Employee or (ii) that would cause such person to become an MLB Holder or a 10% Holder after giving effect to such transfer, such purported transfer will be null and void to the intended holder (the “excess share transferor”) with respect to (x) in the case of an MLB Employee, all such shares purported to be transferred, or (y) in the case of an MLB Holder or a 10% Holder, those shares purported to be transferred that would cause such person to equal or exceed the applicable share threshold (in the case of clause (x), all such shares, and in the case of clause (y), such excess number of shares, being referred to collectively as the “excess shares”), and instead, all excess shares will automatically be transferred to the trustee of a trust, which will be created upon the filing of the Registrant’s charter. Such excess shares will be held in the trust for the exclusive benefit of the applicable excess share transferor.

Following the automatic transfer of the excess shares to the trust (and except as noted below), the trustee will sell the excess shares for cash, on the open market, in privately negotiated transactions or otherwise. The excess share transferor will be entitled to receive the proceeds from such sale, net of any commissions or other expenses, tax withholding or reasonable fees and expenses of the trustee relating to the sale. In the event any excess share transferor described as a potential 10% Holder in clause (y) above exceeds the share threshold by less than 1% of the then outstanding shares of Liberty Braves common stock notifies the Registrant that it intends to seek MLB Approval, the trustee will refrain from selling the related excess shares for a specified period of time.

In addition, the charter provides that:

- ⌚ The trustee will have all voting rights with respect to the excess shares.
- ⌚ Any shares of Liberty Braves common stock issued as a dividend on the excess shares will themselves become excess shares.
- ⌚ The excess share transferor will be entitled to receive from the trustee any other dividends or distributions paid on the excess shares (including, for example, distributions of shares of Liberty Formula One common stock or Liberty SiriusXM common stock).
- ⌚ The excess share transferor will be entitled to receive from the trustee, in the event the excess shares are converted or exchanged for cash, securities or other property, such cash, securities or other property received by the trustee with respect to the excess shares.

The excess share provisions may be waived, or otherwise not enforced, in whole or in part, by the Registrant’s board upon written approval of the Office of the Commissioner of Baseball (but no such waiver will affect the right of any excess share transferor to receive any funds, securities or other property to which it is then entitled). The excess share provisions included in the charter will cease to be effective upon the earlier of (1) there ceasing to be outstanding any shares of Liberty Braves common stock or (2) the fair market value, as determined by the Registrant’s board, of Braves Baseball Holdco, LLC (or any successor of such entity holding the business and assets of Atlanta National League Baseball Club, LLC) and its direct and indirect subsidiaries, taken as a whole, ceasing to constitute 33 1/3% or more of the fair market value, as determined by the Registrant’s board, of the businesses and assets attributed to the Braves Group. Upon the termination of these provisions, all excess shares held by the trustee will be transferred to the respective excess share transferors.

Section 203 of the Delaware General Corporation Law

Section 203 of the General Corporation Law of the State of Delaware prohibits certain transactions between a Delaware corporation and an “interested stockholder.” An “interested stockholder” for this purpose is a stockholder who is directly or indirectly a beneficial owner of 15% or more of the aggregate voting power of a Delaware corporation. This provision prohibits certain business combinations between an interested stockholder and a corporation for a period of three years after the date on which the stockholder became an interested stockholder, unless: (1) prior to the time that a stockholder became an interested stockholder, either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder is approved by the corporation’s board of directors, (2) the interested stockholder acquired at least 85% of the aggregate voting power of the corporation in the transaction in which the stockholder became an interested stockholder, or (3) the business combination is approved by a majority of the board of directors and the affirmative vote of the holders of 66 2/3% of the aggregate voting power not owned by the interested stockholder. The Registrant is subject to Section 203.

FORM OF FIRST AMENDMENT TO SERVICES AGREEMENT

This First Amendment to Services Agreement (this “Amendment”), effective as of December 13, 2019, is between Liberty Media Corporation, a Delaware corporation (the “Provider”), and [____], a Delaware corporation (“[____]” or “[____]”).

RECITALS

WHEREAS, the Provider and [____] previously entered into that certain Services Agreement, dated as of [____] (the “Original Agreement”); and

WHEREAS, in connection with the execution and delivery by the Provider and Gregory B. Maffei (“Executive”) of that certain Executive Employment Agreement dated as of the date hereof (the “Executive Employment Agreement”), the Provider and [____] desire to amend the Original Agreement on the terms and conditions set forth herein.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing recitals, the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be bound legally, agree as follows:

1. Defined Terms. All initially capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Original Agreement.

(a) The term “[____]” as used in the Original Agreement and this Amendment (and the term “[____]” as used in this Amendment) shall each refer to [____], a Delaware corporation.

(b) References to “the Agreement” shall be deemed to be references to the Original Agreement, as amended by this Amendment and as it may be further amended from time to time in accordance with the terms thereof and hereof.

2. Amendment to Section 2.2. Section 2.2 of the Original Agreement is amended to read in its entirety as follows:

“Section 2.2Cost Reimbursement. In addition to (and without duplication of) the [Allocated Expenses] [Services Fee] payable pursuant to Section 2.1 and Executive Allocated Expenses pursuant to Section 2.5, [____] also will reimburse the Provider for all direct out-of-pocket costs, with no markup (“Out-of-Pocket Costs”), incurred by the Provider in performing the Services (e.g., postage and courier charges, [software license fees attributable to desktop or laptop computers utilized by Employees,] travel, meals and entertainment expenses, and other miscellaneous expenses that are incurred by the Provider or the [Employees] [Personnel] in the conduct of the Services.)”

3. **Amendment to [Section 2.4] [Article II].** [Section 2.4] [Article II] of the Original Agreement is amended to [read in its entirety] [insert new Section 2.4 and Section 2.5] as follows:

“[Section 2.4. Survival.] The terms and conditions of this Article II will survive the expiration or earlier termination of this Agreement with respect to such amounts as are payable in respect of the period of time prior to the effective date of such expiration or termination.”

4. **[Amendment to Article II.** Article II of the Original Agreement is amended to insert new Section 2.5 as follows:]

“Section 2.5. Executive Compensation Expenses. Notwithstanding anything in this Agreement to the contrary, this Section 2.5 shall apply with respect to the Executive Allocated Expenses and Direct Compensation (each as defined below).

(a) Executive Allocated Expenses. [] shall be allocated a portion of the Executive Allocated Expenses equal to its Executive Percentage (as defined below). The “Executive Allocated Expenses” mean Executive’s aggregate salary, commitment bonus (as described in Section 4.2 of the Executive Employment Agreement), health, retirement and other compensation, benefits, perquisites, any legal fees and other expense reimbursements owed to Executive pursuant to Section 9.6 of the Executive Employment Agreement, any Special Reimbursement payments owed to Executive by the Provider (as defined and described in Section 9.7 of the Executive Employment Agreement) and other expenses paid by Provider in connection with the employment of Executive and all Severance Payments (as defined below) paid by Provider; *provided, however,* that the Executive Allocated Expenses will not include (1) any annual cash bonus amounts with respect to services performed for the benefit of the Provider (excluding, for the avoidance of doubt, the commitment bonus described in Section 4.2 of the Executive Employment Agreement) and any equity-based compensation, in each case, paid to such [Employee] [Personnel] by the Provider, (2) all Direct Compensation and any Prorated Executive Bonus Payment (as defined below), and (3) Out-of-Pocket Costs. The Executive Allocated Expenses will be more fully set forth in, and determined from time to time in the manner set forth in, Schedule 2.5 attached hereto, as such Schedule may be periodically amended and revised by the parties as set forth in this Section 2.5.

(b) Payment of Direct Compensation. In accordance with the Executive Employment Agreement, [] agrees to (i) pay Executive []’s allocation of the annual cash bonus amounts with respect to services performed for the benefit of [] in accordance with Section 4.3 of the Executive Employment Agreement with such allocation being equal to the Executive Percentage, (ii) grant Executive options to purchase shares of Series [] Common Stock of [] (“[] Common Stock”) in accordance with Section 4.10 of the Executive Employment Agreement (the “Service Company Term Awards”) and (iii) grant Executive an annual award with respect to [] Common Stock in accordance with Section 4.11 of the Executive Employment Agreement (the “Annual Executive Incentive Awards”) and, together with the Service Company Term Awards, the “Equity Awards”). The compensation described in the preceding sentence is referred to herein as the “Direct Compensation.” [] will be solely responsible for all liabilities associated with the Direct Compensation, including with respect to satisfaction of the obligations with respect to Annual Executive Incentive Awards on any

termination of Executive's services with the Provider or [____]. The Direct Compensation will be more fully set forth in, and determined from time to time in the manner set forth in, Schedule 2.5 attached hereto, as such Schedule may be periodically amended and revised by the parties as set forth in this Section 2.5.

(c) Payment of Executive Severance.

(i) The Executive Allocated Expenses shall include all cash severance payments and benefit continuation obligations owed to Executive by the Provider pursuant to Section 5 of the Executive Employment Agreement ("Severance Payments"). Furthermore, [____] may, in lieu of reimbursing Provider the Executive Percentage of any Severance Payments and in accordance with Section 5 of the Executive Employment Agreement, directly deliver shares of [____] Common Stock to Executive in satisfaction of a portion of its Executive Percentage of the Severance Payments (a "Share-Based Severance Payment"), *provided, that*, in the event [____] is unable or otherwise fails to deliver any Share-Based Severance Payment in [____] Common Stock, [____] shall deliver cash to Provider in an amount equal to the value of Share-Based Severance Payment otherwise required to be delivered to Executive by [____].

(ii) Following an Executive Service Termination (as defined below) under circumstances qualifying Executive for payment of a prorated annual bonus pursuant to Section 5.7 of the Executive Employment Agreement (the "Prorated Executive Bonus Payment"), [____] shall pay Executive the Prorated Executive Bonus Payment at the time such payment is due under the Executive Employment Agreement; *provided, that*, in the event [____] fails to pay the Prorated Executive Bonus Payment, it shall reimburse the Provider amounts paid by Provider in respect thereof.

(iii) The amounts set forth in this Section 2.5(c) shall be paid by [____] in addition to any Executive Termination Payment payable to Provider under Section 3.4 of this Agreement.

(iv) In the event of any termination of employment or Services of Executive, this Section 2.5 shall apply to any severance or other payments to be made by or allocated to [____] [in lieu of, and notwithstanding, Section 4.3 of this Agreement].

(d) Executive Percentage. The "Executive Percentage" for the period commencing January 1, 2020 through December 31, 2020 is set forth in Schedule 2.5 and thereafter the Executive Percentage and the Executive Allocated Expenses will be determined annually by the Provider, in consultation with [____] and the Executive, prior to each December 15th of the Term, pursuant to paragraph (e) below.

(e) Determination of Amounts and Allocations. Unless otherwise agreed between the Provider and [____], in consultation with Executive, the Executive Percentage will be determined consistent with the methodology described on Schedule 2.5. In addition, following any Significant Corporate Transaction, the Provider and [____], in consultation with Executive, will negotiate in good faith any appropriate adjustments to the Executive Percentage, Executive Allocated Expenses and Direct Compensation. In no event will any such adjustments apply

retroactively (without the prior written consent of Provider and [_____] in consultation with the Executive and, with respect to any retroactive adjustments to Direct Compensation previously paid or awarded to Executive, without the prior written consent of Executive).

(i) The parties acknowledge and agree that the methodology described on Schedule 2.5 reflects a good faith estimate of the amount of time that the Provider estimates Executive will spend providing Services to [_____] during the upcoming fiscal year and that the parties in making any good faith adjustments to the Executive Percentage may take into account such other factors as they deem relevant, including (for the avoidance of doubt) those described in clause (ii) below.

(ii) In the event of (1) a termination by Executive or any other company to whom Executive is providing service at the direction of Provider (each, an “Other Service Company”) of Executive’s services to such Other Service Company, (2) a Change in Control (as such term is defined in the Executive Employment Agreement) of any Other Service Company, (3) a Fundamental Corporate Event (as defined in the Executive Employment Agreement) with respect to the Provider or any Other Service Company, or (4) any other material change in circumstances with respect to the Provider or any Other Service Company following the last agreed adjustment to the Executive Percentage, Executive Allocated Expenses or Direct Compensation that, in each case, results in a change in the allocable percentage of time spent by Executive providing Services to [_____] in the Executive Allocated Expenses or in the Direct Compensation (any such event in clause (1) through (4) inclusive, a “Significant Corporate Transaction”), the Provider and [_____] shall promptly, and in good faith, renegotiate the Executive Percentage, Executive Allocated Expenses and Direct Compensation, in consultation with Executive, based on, among other things deemed relevant by the parties, the anticipated Services to be provided by Executive to [_____] during any upcoming fiscal period and the amount of time that the Provider estimates Executive will spend providing Services to [_____] during such time.

(iii) In the event of a dispute between the Provider and [_____] as to the determination of the amount of the Executive Percentage, Executive Allocated Expenses or Direct Compensation, each of the Provider and [_____] agrees to attempt, in good faith and in consultation with the Executive, to resolve the dispute as set forth in Section 7.16 of this Agreement.

(iv) It is intended that the payments by [_____] to the Provider under this Agreement in respect of Executive Allocated Expenses and any Termination Payment, when combined with the payment of the Direct Compensation and any Prorated Executive Bonus Payment by [_____] directly to Executive, are comparable to those which [_____] would pay to a third party on an arm’s length basis for the same services.

(f) Provider as Payor. Notwithstanding Section 4.2 of this Agreement, the parties acknowledge and agree that the Provider, and not [_____] will be solely responsible for the payment of salaries, wages, benefits (including health insurance, retirement, and other similar benefits, if any), perquisites and other compensation applicable to Executive; *provided, however*, that [_____] is responsible for the reimbursement to Provider of the Executive Percentage of the

Executive Allocated Expenses and payment of the Direct Compensation and any Prorated Executive Bonus Payment directly to Executive each as provided in this Section 2.5. The parties acknowledge that Executive will provide services directly to [] in consideration for the receipt of the Direct Compensation and any Prorated Executive Bonus Payment. [Except as otherwise required by the terms of the Tax Sharing Agreement,] the Provider will be responsible for the payment of all federal, state, and local withholding taxes on the compensation of Executive (other than Direct Compensation and any Prorated Executive Bonus Payment) and other such employment related taxes as are required by law, and [] will be responsible for the payment of all federal, state, and local withholding taxes on the Direct Compensation and any Prorated Executive Bonus Payment paid to Executive by [] and other such employment related taxes as are required by law. Each of [] and the Provider will cooperate with the other to facilitate the other's compliance with applicable federal, state, and local laws, rules, regulations, and ordinances applicable to the employment of Executive by either party.

(g) Monthly Payment. [] will pay the Provider, by wire or intrabank transfer of funds or in such other manner specified by the Provider to [], in arrears on or before the last day of each calendar month beginning with January 2020, its allocated portion of the Executive Allocated Expenses then in effect, in monthly installments.

(h) No Duplication. For the avoidance of doubt, no Executive Allocated Expenses, Direct Compensation, Prorated Executive Bonus Payments or Executive Termination Payment (as defined below) will be included in the [Allocated Expenses or in the severance payments under Section 4.2 allocated to [] pursuant to this Agreement][Services Fee].”

5. Amendment to Section 3.3. Section 3.3 of the Original Agreement is amended to insert the following as the last paragraph:

“An Executive Termination Payment may be due in connection with the termination of this Agreement pursuant to this Section 3.3 as described in and subject to the limitations of Section 3.4(c).”

6. Amendment to Article III. Article III of the Original Agreement is amended to insert new Section 3.4 as follows:

“Section 3.4. Termination of Executive Services. This Section 3.4 shall apply with respect to the termination of any Services provided by Executive in lieu of and notwithstanding Section 3.2 of this Agreement:

(a) Termination of Executive Services by []. At any time during the Term, [] may elect to discontinue obtaining any of the Services from Executive (including removing Executive from his position as [Executive Chairman] [President and CEO] at []) by providing written notice to the Provider and the Executive (an “Executive Service Termination”). Such Executive Service Termination shall be effective (i) in the case of termination for Cause (as defined in the Executive Employment Agreement with reference to []), on the date written notice is provided by [] to the Provider and the Executive and (ii) in the case of termination for any reason other than termination for Cause on the later of (x)

the 30th day following the delivery of such notices (or such later date as may be specified in the notices) and (y) the payment by [] to the Provider of the Executive Termination Payment.

(b) *Termination of Executive Services by Provider.* At any time during the Term, the Provider may elect to discontinue providing [] any of the Services by Executive by providing written notice to [] and the Executive, including, in connection with a termination by Executive of his employment with the Provider or of any services provided to [] under his Executive Employment Agreement. Such termination shall be effective on the date specified in the notices.

(c) *Termination Requiring Payment of Executive Termination Payment.*

(i) An Executive Service Termination for any reason other than termination for Cause (as defined in the Executive Employment Agreement with reference to []) will result in an obligation by [] to pay the Provider the Executive Termination Payment no later than the effective date of such Executive Service Termination.

(ii) A termination (x) by the Provider of the Services provided to [] by Executive following or in connection with a Change in Control (as defined in the Executive Employment Agreement with reference to []) of [] or (y) by Executive of his Services provided to [] under the Executive Employment Agreement, in each case, shall also require the payment by [] to the Provider of the Executive Termination Payment no later than the effective date of such termination. The effective date of a termination described in clause (y) of this Section 3.4(c)(ii) shall be determined in accordance with the Executive Employment Agreement.

(iii) In event of the termination of this Agreement on or before the expiration of the Employment Period (as defined in the Executive Employment Agreement) pursuant to Section 3.3, [] will pay the Executive Termination Payment to the Provider no later than the effective date of such termination; *provided, however*, that if such termination of this Agreement is at or after the time Executive's services to [] or Provider under the Executive Employment Agreement have been terminated for Cause or by Executive without Good Reason (each as defined in the Executive Employment Agreement with reference to either Provider or []), then no Executive Termination Payment shall be due.

(iv) Notwithstanding anything to contrary in this Section 3.4(c), (1) no Executive Termination Payment shall be payable if in connection with the events giving rise to such payment obligation Executive is no longer employed by Provider, and (2) only one Executive Termination Payment shall be paid under this Agreement.

(v) The "Executive Termination Payment" means the net present value (determined by Provider in good faith, as of the date on which Executive's services to [] are terminated (the "Service Termination Date")) of the sum of:

(1) an amount equal to (x) the Executive Percentage then-in effect multiplied by (y) all Executive Allocated Expenses that would have been allocated to [] pursuant to Section 2.5 (absent termination of Executive's services to []) from and

after the Service Termination Date through the earlier of the expiration of the Employment Period or December 31 of the calendar year following the year in which the Service Termination Date occurs (and if the Executive Percentage for such following year has not yet been determined, then the Executive Percentage for such following year will be deemed to be the same as the Executive Percentage for the year in which the Service Termination Date occurs); plus

(2) an amount equal to (x) [_____]’s allocation of the Aggregate Target Bonus (as defined in the Executive Employment Agreement) for the year in which the Service Termination Date occurs multiplied by (y) the ratio of (A) the number of days remaining in the year in which the Service Termination Date occurs to (B) 365; plus

(3) an amount equal to [_____]’s allocation of the Aggregate Target Bonus for the first calendar year commencing after the Service Termination Date (and if [_____]’s allocation of the Aggregate Target Bonus for such year has not yet been determined, then this clause (3) shall refer to [_____]’s allocation of the Aggregate Target Bonus for the year in which the Service Termination Date occurs); *provided*, that if the Service Termination Date occurs during the last calendar year of the Employment Period, then this clause (3) shall equal \$0; plus

(4) if the Service Company Term Awards to be granted to Executive by [_____] pursuant to Section 2.5(b)(ii) of this Agreement have not been granted on or before the Service Termination Date, then an amount equal to the portion of the \$45,000,000 grant value for all Term Awards (as defined in the Executive Employment Agreement) that is allocated to [_____] pursuant to Section 4.10(b) of the Executive Employment Agreement (and if the portion of the Term Awards that will be allocated to [_____] pursuant to Section 4.10(b) of the Executive Employment Agreement has not yet been determined, then this clause (4) shall refer to the portion of the Term Awards allocated to [_____] pursuant to Schedule 2.5 to this Agreement with respect to the Service Company Term Awards granted by [_____] in December 2019 pursuant to Section 4.10(a) of the Executive Employment Agreement, unless otherwise agreed by the Provider and [____], in consultation with the Executive); *provided that* if all Service Company Term Awards have been granted to Executive on or before the Service Termination Date then this clause (4) shall equal \$0; plus

(5) if the Annual Executive Incentive Awards to be granted to Executive by [_____] pursuant to Section 2.5(b)(iii) of this Agreement for the year in which the Service Termination Date occurs have not been granted on or before the Service Termination Date, then an amount equal to the Service Company Target Amount (as defined in the Executive Employment Agreement) applicable to [_____] pursuant to Section 4.11(b) of the Executive Employment Agreement for such year (and if all Annual Executive Incentive Awards for the year in which the Service Termination Date occurs have been granted to Executive, then this clause (5) shall equal \$0); plus

(6) an amount equal to the Service Company Target Amount (as defined in the Executive Employment Agreement) applicable to [_____] for the first calendar year commencing after the Service Termination Date (and if the Service Company Target

Amount for such year has not yet been determined, then this clause (6) shall refer to the Service Company Target Amount applicable to [] for the year in which the Service Termination Date occurs) ; *provided*, that if the Service Termination Date occurs during the last calendar year of the Employment Period, then this clause (6) shall equal \$0.

(d) *No Effect on other Services.* The Provider shall have no obligation to provide the Services that have been discontinued pursuant to this Section 3.4, and []'s obligation to further compensate the Provider for such Services, in each case, from and after the effective date of the termination of such Services in accordance with this Agreement will remain in effect for the remainder of the Term with respect to those Services that have not been so discontinued. Each party will remain liable to the other for any required payment or performance accrued prior to the effective date of the termination of such Services.

(e) *Impact on Equity Awards.* The impact of termination of any Services provided by Executive pursuant to this Section 3.4 on the Equity Awards will be as specified in the Equity Award Agreements.”

7. Amendment to Article V. Article V of the Original Agreement is amended to insert new Section 5.3 as follows:

“Section 5.3. Equity Awards. [] represents and warrants that each equity award granted to Executive with respect to its common stock shall either be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409”). Without limiting the foregoing, each option granted to Executive that is intended to be exempt from Section 409A shall be with respect to “service recipient stock” and with respect to an “eligible issuer of service recipient stock” (each as defined in Section 409A), shall not contain any feature for the deferral of compensation and shall have an exercise or strike price that is not less than the fair market value of such service recipient stock on the grant date of such award.”

8. Amendment to Section 6.4. Section 6.4 of the Original Agreement is amended to read in its entirety as follows:

“Section 6.4.Survival. The terms and conditions of this Article VI will survive the expiration or termination of this Agreement only in respect of claims for indemnification asserted against the Indemnitor prior to such termination.”

9. Amendment to Section 7.6. Section 7.6 of the Original Agreement is amended to read in its entirety as follows:

“Section 7.6. Third-Party Rights. Nothing expressed or referred to in this Agreement is intended or will be construed to give any Person other than the parties hereto, the [] Indemnitees, Provider Indemnitees, Executive and their respective successors and permitted assigns any legal or equitable right, remedy or claim under or with respect to this Agreement, or any provision hereof, it being the intention of the parties hereto that this Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this Agreement, Executive and their respective successors and assigns. For the avoidance of doubt, Executive shall be considered a third party beneficiary of this Agreement with respect to, and entitled to the

rights and benefits set forth in, the Amendment and may enforce the applicable provisions of this Agreement as if Executive was a party hereto.”

10. Amendment to Section 7.9. Section 7.9(a) of the Original Agreement is amended to read in its entirety as follows:

“(a) This Agreement will inure to the benefit of and be binding on the parties to this Agreement and their respective legal representatives, successors and permitted assigns, including, for avoidance of doubt successors and assigns of [] as a result of a Spin Transaction or a Fundamental Corporate Event (each as defined in the Executive Employment Agreement).”

11. Amendment to Article VII. Article VII of the Original Agreement is amended to insert new Section 7.16 as follows:

“Section 7.16. Dispute Resolution. In the event of any dispute arising out of or related to this Agreement or any of the transactions contemplated hereby, the parties shall first negotiate in good faith to resolve such dispute in accordance with this Section 7.16 prior to commencing any action, suit or proceeding before any court or other adjudicatory body. The parties shall designate representatives to meet to negotiate in good faith a resolution of such dispute for a period of thirty days (which may be extended by agreement of the parties). If at the end of the good faith negotiation period the parties fail to resolve the dispute, then the parties shall mediate the dispute before a neutral third party mediator under the then current American Arbitration Association (AAA) procedures for mediation of business disputes. The parties will equally share the cost of the mediation.”

12. Counterparts; Electronic Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment electronically (including by e-mail delivery of a “.pdf” format data file) shall be equally as effective as delivery of a manually executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment electronically also shall deliver a manually executed counterpart of this Amendment but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

13. Entire Agreement. The Original Agreement as amended by this Amendment constitutes the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and thereof, and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof and thereof.

14. Reaffirmation of the Original Agreement. Except as specifically set forth in this Amendment, all other terms and conditions of the Original Agreement shall remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has signed this Amendment, or has caused this Amendment to be signed by its duly authorized officer, as of the date first above written.

PROVIDER:

LIBERTY MEDIA CORPORATION

By: _____

Name: Renee Wilm

Title: Chief Legal Officer

[]:

[]

By: _____

Name: Kate Jewell

Title: Assistant Vice President

[Signature Page to [] Amendment]

Schedule 2.5

Executive Percentage

2020 Executive Percentage

For Executive's 2020 compensation, the Executive Percentage for each of Provider, Qurate Retail, Inc. ("Qurate"), Liberty Broadband Corporation ("LBC"), GCI Liberty, Inc. ("GCIL") and Liberty TripAdvisor Holdings, Inc. ("LTAH") and together with Qurate, LBC and GCIL, the "Service Companies" and each, a "Service Company") will be as set forth below, unless a different allocation is otherwise agreed by Provider, the Service Companies and Executive:

	Provider			Qurate	GCIL	LBC	LTAH
	FWONK	LSXMK	BATRK	QRTEA	GLIBA	LBRDK	LTRPB
2020 Executive Percentage (by ticker)	16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2020 Executive Percentage (by company)	44.0%			19.0%	14.0%	18.0%	5.0%

Executive Percentage Methodology

For calendar years 2021 and beyond, the "Executive Percentage" will be determined based on the following two factors, each weighted 50%: (i) the relative market capitalization of shares of Series C Liberty SiriusXM common stock, par value \$0.01 per share ("LSXMK"), Series C Liberty Braves common stock, par value \$0.01 per share ("BATRK"), and Series C Liberty Formula One common stock, par value \$0.01 per share ("FWONK," and together with LSXMK and BATRK, the "Series C Common Stock"), Series A common stock, par value \$0.01 per share, of Qurate ("QRTEA"), Series C common stock, par value \$0.01 per share, of LBC ("LBRDK"), Series A common stock, \$0.01 per share, of GCIL ("GLIBA") and Series B common stock, par value \$0.01 per share, of LTAH ("LTRPB," and together with the Series C Common Stock, QRTEA, LBRDK and GLIBA, the "Common Stock"); and (ii) on the average of (x) the percentage allocation of time for all Provider employees across the applicable Service Companies or tracking stock groups represented by all Series C Common Stock and (y) the Executive's percentage allocation of time across the applicable Service Companies or tracking stock groups represented by all Series C Common Stock (in each case, for the prior calendar year), unless a different allocation method is otherwise agreed by the Provider and the Service Companies in consultation with the Executive.

Certain 2020 Executive Allocated Expenses

For the avoidance of doubt, the aggregate annual base salary and the initial commitment bonus payable to Executive pursuant to the Executive Employment Agreement shall be allocated to, and reimbursed to Provider by, each Service Company in 2020 based on its respective Executive Percentage as set forth below:

	Aggregate Amount	Allocation of Aggregate Annual Base Salary and Initial Commitment Bonus by Company				
		Provider	Qurate	GCIL	LBC	LTAH
2020 Executive Percentage		44.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Base Salary	\$ 3,000,000	\$1,320,000	\$570,000	\$420,000	\$540,000	\$150,000
Initial Commitment Bonus	\$ 5,000,000	\$2,200,000	\$950,000	\$700,000	\$900,000	\$250,000

Direct Compensation

Direct Compensation

The amounts of the annual cash performance bonus, the Annual Executive Incentive Awards and the Service Company Term Awards payable by each Service Company directly to Executive pursuant to Section 2.5(b) of this Agreement shall be determined as follows:

- Annual Cash Performance Bonus. Executive’s aggregate target annual cash performance bonus amount of \$17 million (“Aggregate Annual Target Cash Bonus”) is allocated to each Service Company based on its respective Executive Percentage and may be made subject to the achievement of one or more performance metrics as described in Section 4.3 of the Executive Employment Agreement;
- Annual Incentive Awards. Executive’s aggregate annual equity award target value of \$17.5 million (“Aggregate Annual Equity Award Target”) is allocated to each Service Company based on its respective Executive Percentage; and
- Service Company Term Awards. Executive’s aggregate upfront stock option and restricted stock unit (“RSU”) grant date value of \$90 million (“Aggregate Term Award”) is allocated to each Service Company based on its respective Executive Percentage.

2020 Allocation

The Aggregate Annual Target Cash Bonus, Aggregate Annual Equity Incentive Award Target and Aggregate Term Award shall be allocated to each Service Company in 2020 based on its respective Executive Percentage as set forth below:

	Aggregate Annual Target Cash Bonus	Allocation of Aggregate Annual Target Cash Bonus by Company				
		Provider	Qurate	GCIL	LBC	LTAH
2020 Executive Percentage		44.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Target Cash Bonus	\$ 17,000,000	\$ 7,480,000	\$ 3,230,000	\$ 2,380,000	\$ 3,060,000	\$ 850,000

	Aggregate Annual Equity Award Target	Allocation of Aggregate Annual Equity Award Target by Ticker ⁽¹⁾						
		Provider			Qurate	GCIL	LBC	LTAH
		FWONK	LSXMK	BATRK	QRTEA	GLIBA	LBRDK	LTRPB
2020 Executive Percentage		16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2020 Annual Equity Award Target	\$17,500,000	\$ 2,800,000	\$4,025,000	\$875,000	\$3,325,000	\$2,450,000	\$3,150,000	\$875,000
2020 Annual Equity Awards (by company)	\$17,500,000	Total: \$7,700,000			\$3,325,000	\$2,450,000	\$3,150,000	\$875,000

(1) The exercise price of any options granted by the Provider or a Service Company will equal the fair market value of the underlying stock on the grant date determined in accordance with the governing plan, which will not occur

during a blackout. The value will be determined in accordance with the applicable company's standard grant practice.

	Aggregate Term Award ⁽¹⁾	Allocation of Aggregate Term Award by Ticker ⁽¹⁾⁽²⁾						
		Provider			Qurate	GCIL	LBC	LTAH
		FWONK	LSXMK	BATRK	QRTEA	GLIBA	LBRDK	LTRPB
Executive Percentage		16.0%	23.0%	5.0%	19.0%	14.0%	18.0%	5.0%
2019 tranche	\$45,000,000	\$7,200,000	\$10,350,000	\$2,250,000	\$8,550,000	\$6,300,000	\$8,100,000	\$2,250,000
2020 tranche (estimated)	\$45,000,000	\$7,200,000	\$10,350,000	\$2,250,000	\$8,550,000	\$6,300,000	\$8,100,000	\$2,250,000
Total Term Awards (by company)	\$90,000,000	Total: \$39,600,000			\$17,100,000	\$12,600,000	\$16,200,000	\$4,500,000

- (1) The Aggregate Term Award will be split into two equal tranches to be granted in December 2019 and December 2020, with each tranche cliff vesting on December 31 of 2023 and 2024, respectively, except LTAH's awards of upfront RSUs will vest on the fourth anniversary of each grant date.
- (2) The exercise price of any options granted by the Provider or a Service Company will equal the fair market value of the underlying stock on the grant date determined in accordance with the governing plan, which will not occur during a blackout. The value will be determined in accordance with the applicable company's standard grant practice.

Methodology for Allocation of 2020 tranche of Aggregate Term Awards

With respect to the second tranche of the Aggregate Term Awards to be granted on or before December 15, 2020, the awards will be the responsibility of the Provider and each Service Company based on an allocation of \$45 million grant value across each class of Common Stock and on the following two factors, each weighted 50%: (i) the relative market value of each such class of Common Stock and (ii) the average of (x) the percentage allocation of time for all Provider employees across the applicable Service Company or tracking stock groups represented by all Series C Common Stock and (y) the Executive's percentage allocation of time across the applicable Service Company or tracking stock groups represented by all Series C Common Stock (in each case, for calendar year 2020), unless a different allocation method is otherwise agreed by the Provider and the Service Companies in consultation with the Executive.

As of December 31, 2019

A table of subsidiaries of Liberty Media Corporation is set forth below, indicating as to each the state or jurisdiction of organization and the names under which such subsidiaries do business. Subsidiaries not included in the table are inactive or, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Entity Name	Domicile
Allsport Management S.A.	Switzerland
Alpha Prema UK Limited	UK
Alpha Topco Limited	Jersey
Atlanta Braves, Inc.	GA
Atlanta Braves DR, Inc.	Dominican Republic
Atlanta National League Baseball Club, LLC	GA
Battery Hotel Group, LLC	DE
BDC Collateral, LLC	DE
BDC Block C, LLC	DE
BDC Block H, LLC	DE
BDC Holdco, LLC	DE
BDC Hotel I, LLC	DE
BDC Hotel II, LLC	DE
BDC Office I, LLC	DE
BDC Office II, LLC	DE
BDC Parking I, LLC	DE
BDC Residential I, LLC	DE
BDC Retail I, LLC	DE
Beta Holdings Limited	Jersey
Block A Condominium Association, Inc.	GA
Block B Condominium Association, Inc.	GA
Block D-2 Condominium Association, Inc.	GA
Braves Baseball Holdco, LLC	DE

Braves Construction Company, LLC	DE
Braves Development Company, LLC	DE
Braves Entertainment Company, LLC	DE
Braves Facility Fund, LLC	DE
Braves Florida Rentco, LLC	DE
Braves Holdings, LLC	DE
Braves Productions, LLC (fka Braves Productions, Inc.)	GA
Braves Stadium Company, LLC	DE
Braves Stadium Parking Company, LLC	DE
BRED Co., LLC	GA
Delta 2 (Lux) S.a rl.	Luxembourg
Delta Debtco Limited	Jersey
Delta Topco Limited	Jersey
Formula Motorsport Limited (fka GP2 Motorsport Limited)	UK
Formula One Administration Limited	UK
Formula One Asset Management Limited	UK
Formula One Digital Media Limited	UK
Formula One Hospitality and Event Services Limited	UK
Formula One Licensing B.V.	Netherlands
Formula One Management Limited	UK
Formula One Marketing Limited	UK
Formula One Marketing II Limited	UK
Formula One Research, Engineering and Development Limited (fka Beta D3 Limited)	UK
Formula One World Championship Limited	UK
Georgia Ballpark Hotel Company, LLC	DE
Liberty ATCL, Inc.	CO
Liberty GR Acquisition Company Limited	UK
Liberty GR Cayman Acquisition Company	Cayman Islands

Liberty GR Cayman Finance Company	Cayman Islands
Liberty GR Cayman Finance Company II	Cayman Islands
Liberty GR Holding Company Limited	UK
Liberty GR Foreign Holding Company I, L.P.	Scotland
Liberty GR US Sub 1 Corp.	DE
Liberty GR US Sub 2, LLC	DE
Liberty LYV, LLC	DE
Liberty Programming Company LLC	DE
Liberty Property Holdings, Inc.	DE
Liberty Radio 2, LLC	DE
Liberty Radio, LLC	DE
Liberty Satellite Radio, Inc.	DE
Liberty SIRI Marginco, LLC	DE
LMC LYV, LLC	DE
LSAT Astro LLC	DE
LSR Foreign Holdings 2, LLC	DE
LSR Foreign Holdings, LLC	DE
LTWX V, Inc.	CO
Mould Fountain Funding, LLC	DE
SLEC Holdings Limited	UK
Sirius XM Holdings, Inc.	DE
The Battery Atlanta Association, Inc.	GA
The Stadium Club, Inc.	GA
TSAT Holding 2, Inc.	DE

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Liberty Media Corporation:

We consent to the incorporation by reference in the following registration statements of Liberty Media Corporation of our reports dated February 26, 2020, with respect to the consolidated balance sheets of Liberty Media Corporation and subsidiaries as of December 31, 2019 and 2018, 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, 2019, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of Liberty Media Corporation.

Our report refers to changes in the method of accounting for leases and revenue.

<u>Description</u>	<u>Registration Statement No.</u>	<u>Description</u>
S-8	333-235374	Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended
S-8	333-229965	Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended
S-8	333-222135	Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended
S-8	333-219885	Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended
S-3ASR	333-219009	Registration of shares of Liberty Media Corporation's Series C Liberty Formula One common stock
S-8	333-216318	Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015), as amended
S-8	333-211245	Liberty Media Corporation 2013 Incentive Plan (Amended and Restated as of March 31, 2015), as amended; Liberty Media Corporation 2013 Nonemployee Director Incentive Plan (Amended and Restated as of December 17, 2015), as amended; Liberty Media Corporation Transitional Stock Adjustment Plan, as amended
S-8	333-210818	Liberty Media 401(k) Savings Plan

/s/ KPMG LLP

Denver, Colorado
February 26, 2020

CERTIFICATION

I, Gregory B. Maffei, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

CERTIFICATION

I, Brian J. Wendling, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2020

/s/ BRIAN J. WENDLING

Brian J. Wendling
Chief Accounting Officer and Principal Financial Officer

Certification

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

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ended December 31, 2019 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2020

/s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Dated: February 26, 2020

/s/ BRIAN J. WENDLING

Brian J. Wendling
*Chief Accounting Officer and Principal Financial Officer
(Principal Financial Officer and Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

Unaudited Attributed Financial Information for Tracking Stock Groups

The following tables present Liberty Media Corporation's ("Liberty") assets and liabilities as of December 31, 2019 and December 31, 2018 and revenue, expenses and cash flows for the years ended December 31, 2019, 2018, and 2017. 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, 2019 included in this Annual Report on Form 10-K.

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,	December 31,
	2019	2018
	amounts in millions	
Cash and cash equivalents	\$ 493	\$ 91
Investments in affiliates, accounted for using the equity method	\$ 644	\$ 629
Intangible assets not subject to amortization	\$ 25,665	\$ 23,781
Intangible assets subject to amortization, net	\$ 1,603	\$ 942
Total assets	\$ 31,421	\$ 28,292
Deferred revenue	\$ 1,930	\$ 1,932
Long-term debt, including current portion	\$ 9,245	\$ 7,858
Deferred tax liabilities	\$ 1,890	\$ 1,673
Attributed net assets	\$ 10,678	\$ 10,599
Noncontrolling interest	\$ 5,628	\$ 5,108

Summary Statement of Operations Data:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Revenue	\$ 7,794	\$ 5,771	\$ 5,425
Cost of subscriber services (1)	\$ (3,427)	\$ (2,308)	\$ (2,102)
Subscriber acquisition costs	\$ (427)	\$ (470)	\$ (499)
Other operating expenses (1)	\$ (280)	\$ (123)	\$ (113)
Selling, general and administrative expense (1)	\$ (1,495)	\$ (878)	\$ (812)
Operating income (loss)	\$ 1,544	\$ 1,620	\$ 1,547
Interest expense	\$ (435)	\$ (388)	\$ (356)
Income tax (expense) benefit	\$ (271)	\$ (241)	\$ 466
Net earnings (loss) attributable to noncontrolling interests	\$ 241	\$ 328	\$ 535
Earnings (loss) attributable to Liberty stockholders	\$ 494	\$ 676	\$ 1,124

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

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Cost of subscriber services	\$ 43	\$ 37	\$ 36
Other operating expenses	\$ 49	\$ 17	\$ 16
Selling, general and administrative expense	\$ 154	\$ 102	\$ 98
	\$ 246	\$ 156	\$ 150

Braves Group*Summary Balance Sheet Data:*

	December 31, 2019	December 31, 2018
	amounts in millions	
Cash and cash equivalents	\$ 142	107
Property and equipment, net	\$ 795	1,041
Investments in affiliates, accounted for using the equity method	\$ 99	92
Intangible assets not subject to amortization	\$ 323	323
Intangible assets subject to amortization, net	\$ 34	37
Total assets	\$ 1,593	1,805
Deferred revenue	\$ 70	54
Long-term debt, including current portion	\$ 554	491
Deferred tax liabilities	\$ 61	69
Attributed net assets	\$ 378	446

Summary Statement of Operations Data:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Revenue	\$ 476	442	386
Selling, general and administrative expense (1)	\$ (104)	(100)	(136)
Operating income (loss)	\$ (39)	1	(113)
Share of earnings (losses) of affiliates, net	\$ 18	12	78
Income tax (expense) benefit	\$ 15	15	36
Earnings (loss) attributable to Liberty stockholders	\$ (77)	5	(25)

(1) Includes stock-based compensation of \$17 million, \$11 million, and \$48 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Formula One Group*Summary Balance Sheet Data:*

	December 31, 2019	December 31, 2018
	amounts in millions	
Cash and cash equivalents	\$ 587	160
Investments in affiliates, accounted for using the equity method	\$ 882	920
Intangible assets not subject to amortization	\$ 3,956	3,956
Intangible assets subject to amortization, net	\$ 4,303	4,736
Total assets	\$ 11,505	10,957
Long-term debt, including current portion	\$ 5,677	5,039
Attributed net assets	\$ 5,239	5,550

Summary Statement of Operations Data:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Revenue	\$ 2,022	1,827	1,783
Cost of Formula 1 revenue	\$ (1,394)	(1,273)	(1,219)
Selling, general and administrative expense (1)	\$ (210)	(204)	(199)
Operating income (loss)	\$ (35)	(110)	(40)
Interest expense	\$ (195)	(192)	(220)
Share of earnings (losses) of affiliates, net	\$ 12	17	(3)
Realized and unrealized gains (losses) on financial instruments, net	\$ (270)	43	(72)
Income tax (expense) benefit	\$ 90	50	561
Earnings (loss) attributable to Liberty stockholders	\$ (311)	(150)	255

(1) Includes stock-based compensation of \$28 million, \$25 million, and \$32 million for the years ended December 31, 2019, 2018, and 2017, respectively.

BALANCE SHEET INFORMATION
December 31, 2019
(unaudited)

	Attributed (note 1)				
	Liberty	Braves Group	Formula One Group	Inter-Group Eliminations	Consolidated Liberty
	SiriusXM Group				
	amounts in millions				
<i>Assets</i>					
Current assets:					
Cash and cash equivalents	\$ 493	142	587	—	1,222
Trade and other receivables, net	670	28	69	—	767
Other current assets	227	97	92	—	416
Total current assets	<u>1,390</u>	<u>267</u>	<u>748</u>	<u>—</u>	<u>2,405</u>
Intergroup interests (note 1)	—	—	292	(292)	—
Investments in affiliates, accounted for using the equity method (note 1)	644	99	882	—	1,625
Property and equipment, at cost	2,686	923	171	—	3,780
Accumulated depreciation	<u>(1,331)</u>	<u>(128)</u>	<u>(59)</u>	<u>—</u>	<u>(1,518)</u>
	<u>1,355</u>	<u>795</u>	<u>112</u>	<u>—</u>	<u>2,262</u>
Intangible assets not subject to amortization					
Goodwill	15,803	180	3,956	—	19,939
FCC licenses	8,600	—	—	—	8,600
Other	1,262	143	—	—	1,405
	<u>25,665</u>	<u>323</u>	<u>3,956</u>	<u>—</u>	<u>29,944</u>
Intangible assets subject to amortization, net	1,603	34	4,303	—	5,940
Other assets	764	75	1,212	(38)	2,013
Total assets	<u>\$ 31,421</u>	<u>1,593</u>	<u>11,505</u>	<u>(330)</u>	<u>44,189</u>
<i>Liabilities and Equity</i>					
Current liabilities:					
Intergroup payable (receivable) (note 4)	\$ (23)	(9)	32	—	—
Accounts payable and accrued liabilities	1,294	63	264	—	1,621
Current portion of debt (note 1)	1	59	—	—	60
Deferred revenue	1,930	70	113	—	2,113
Other current liabilities	72	5	17	—	94
Total current liabilities	<u>3,274</u>	<u>188</u>	<u>426</u>	<u>—</u>	<u>3,888</u>
Long-term debt (note 1)	9,244	495	5,677	—	15,416
Deferred income tax liabilities (note 3)	1,890	61	—	(38)	1,913
Redeemable intergroup interests (note 1)	24	268	—	(292)	—
Other liabilities	683	203	161	—	1,047
Total liabilities	<u>15,115</u>	<u>1,215</u>	<u>6,264</u>	<u>(330)</u>	<u>22,264</u>
Equity / Attributed net assets	10,678	378	5,239	—	16,295
Noncontrolling interests in equity of subsidiaries	5,628	—	2	—	5,630
Total liabilities and equity	<u>\$ 31,421</u>	<u>1,593</u>	<u>11,505</u>	<u>(330)</u>	<u>44,189</u>

BALANCE SHEET INFORMATION
December 31, 2018
(unaudited)

Attributed (note 1)

	Liberty				
	SiriusXM Group	Braves Group	Formula One Group	Inter-Group Eliminations	Consolidated Liberty
	amounts in millions				
<i>Assets</i>					
Current assets:					
Cash and cash equivalents	\$ 91	107	160	—	358
Trade and other receivables, net	233	21	110	—	364
Other current assets	191	129	40	—	360
Total current assets	<u>515</u>	<u>257</u>	<u>310</u>	<u>—</u>	<u>1,082</u>
Intergroup interests (note 1)	—	—	226	(226)	—
Investments in affiliates, accounted for using the equity method (note 1)	629	92	920	—	1,641
Property and equipment, at cost	2,450	1,137	178	—	3,765
Accumulated depreciation	(1,112)	(96)	(88)	—	(1,296)
	<u>1,338</u>	<u>1,041</u>	<u>90</u>	<u>—</u>	<u>2,469</u>
Intangible assets not subject to amortization					
Goodwill	14,250	180	3,956	—	18,386
FCC licenses	8,600	—	—	—	8,600
Other	931	143	—	—	1,074
	<u>23,781</u>	<u>323</u>	<u>3,956</u>	<u>—</u>	<u>28,060</u>
Intangible assets subject to amortization, net	942	37	4,736	—	5,715
Other assets	1,087	55	719	—	1,861
Total assets	<u>\$ 28,292</u>	<u>1,805</u>	<u>10,957</u>	<u>(226)</u>	<u>40,828</u>
<i>Liabilities and Equity</i>					
Current liabilities:					
Intergroup payable (receivable) (note 4)	\$ (4)	(21)	25	—	—
Accounts payable and accrued liabilities	854	29	233	—	1,116
Current portion of debt (note 1)	3	14	—	—	17
Deferred revenue	1,932	54	93	—	2,079
Other current liabilities	15	8	9	—	32
Total current liabilities	<u>2,800</u>	<u>84</u>	<u>360</u>	<u>—</u>	<u>3,244</u>
Long-term debt (note 1)	7,855	477	5,039	—	13,371
Deferred income tax liabilities (note 3)	1,673	69	(91)	—	1,651
Redeemable intergroup interests (note 1)	—	226	—	(226)	—
Other liabilities	257	511	96	—	864
Total liabilities	<u>12,585</u>	<u>1,367</u>	<u>5,404</u>	<u>(226)</u>	<u>19,130</u>
Equity / Attributed net assets	10,599	446	5,550	—	16,595
Noncontrolling interests in equity of subsidiaries	5,108	(8)	3	—	5,103
Total liabilities and equity	<u>\$ 28,292</u>	<u>1,805</u>	<u>10,957</u>	<u>(226)</u>	<u>40,828</u>

STATEMENT OF OPERATIONS INFORMATION
December 31, 2019
(unaudited)

	Attributed (note 1)			
	Liberty SiriusXM Group	Braves Group	Formula One Group	Consolidated Liberty
	amounts in millions			
Revenue:				
Sirius XM Holdings revenue	\$ 7,794	—	—	7,794
Formula 1 revenue	—	—	2,022	2,022
Other revenue	—	476	—	476
Total revenue	7,794	476	2,022	10,292
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of services (exclusive of depreciation shown separately below):				
Revenue share and royalties	2,291	—	—	2,291
Programming and content	462	—	—	462
Customer service and billing	475	—	—	475
Other	199	—	—	199
Cost of Formula 1 revenue	—	—	1,394	1,394
Subscriber acquisition costs	427	—	—	427
Other operating expenses	280	340	—	620
Selling, general and administrative	1,495	104	210	1,809
Acquisition and other related costs	84	—	—	84
Depreciation and amortization	537	71	453	1,061
	<u>6,250</u>	<u>515</u>	<u>2,057</u>	<u>8,822</u>
Operating income (loss)	1,544	(39)	(35)	1,470
Other income (expense):				
Interest expense	(435)	(27)	(195)	(657)
Share of earnings (losses) of affiliates, net	(24)	18	12	6
Unrealized gain/(loss) on inter-group interests	—	(42)	42	—
Realized and unrealized gains (losses) on financial instruments, net	(41)	(4)	(270)	(315)
Other, net	(38)	2	45	9
	<u>(538)</u>	<u>(53)</u>	<u>(366)</u>	<u>(957)</u>
Earnings (loss) before income taxes	1,006	(92)	(401)	513
Income tax (expense) benefit (note 3)	(271)	15	90	(166)
Net earnings (loss)	735	(77)	(311)	347
Less net earnings (loss) attributable to the noncontrolling interests	241	—	—	241
Net earnings (loss) attributable to Liberty stockholders	\$ 494	(77)	(311)	106

STATEMENT OF OPERATIONS INFORMATION
December 31, 2018
(unaudited)

	Attributed (note 1)			
	Liberty	Braves	Formula One	Consolidated
	SiriusXM Group			
amounts in millions				
Revenue:				
Sirius XM Holdings revenue	\$ 5,771	—	—	5,771
Formula 1 revenue	—	—	1,827	1,827
Other revenue	—	442	—	442
Total revenue	5,771	442	1,827	8,040
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of services (exclusive of depreciation shown separately below):				
Revenue share and royalties	1,394	—	—	1,394
Programming and content	406	—	—	406
Customer service and billing	382	—	—	382
Other	126	—	—	126
Cost of Formula 1 revenue	—	—	1,273	1,273
Subscriber acquisition costs	470	—	—	470
Other operating expenses	123	265	—	388
Selling, general and administrative	878	100	204	1,182
Acquisition and other related costs	3	—	—	3
Depreciation and amortization	369	76	460	905
	<u>4,151</u>	<u>441</u>	<u>1,937</u>	<u>6,529</u>
Operating income (loss)	1,620	1	(110)	1,511
Other income (expense):				
Interest expense	(388)	(26)	(192)	(606)
Share of earnings (losses) of affiliates, net	(11)	12	17	18
Unrealized gain/(loss) on inter-group interests	—	(24)	24	—
Realized and unrealized gains (losses) on financial instruments, net	(1)	(2)	43	40
Other, net	25	35	18	78
	<u>(375)</u>	<u>(5)</u>	<u>(90)</u>	<u>(470)</u>
Earnings (loss) before income taxes	1,245	(4)	(200)	1,041
Income tax (expense) benefit (note 3)	(241)	15	50	(176)
Net earnings (loss)	1,004	11	(150)	865
Less net earnings (loss) attributable to the noncontrolling interests	328	6	—	334
Net earnings (loss) attributable to Liberty stockholders	\$ 676	5	(150)	531

STATEMENT OF OPERATIONS INFORMATION
December 31, 2017
(unaudited)

	Attributed (note 1)			
	Liberty			
	SiriusXM Group	Braves Group	Formula One Group	Consolidated Liberty
	amounts in millions			
Revenue:				
SIRIUS XM Holdings revenue	\$ 5,425	—	—	5,425
Formula 1 revenue	—	—	1,783	1,783
Other revenue	—	386	—	386
Total revenue	5,425	386	1,783	7,594
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of 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	296	—	409
Selling, general and administrative	812	136	199	1,147
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 interests	—	(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	<u>\$ 1,124</u>	<u>(25)</u>	<u>255</u>	<u>1,354</u>

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2019
(unaudited)

	Attributed (note 1)			
	Liberty			
	SiriusXM Group	Braves Group	Formula One Group	Consolidated Liberty
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 735	(77)	(311)	347
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	537	71	453	1,061
Stock-based compensation	267	17	28	312
Share of (earnings) loss of affiliates, net	24	(18)	(12)	(6)
Unrealized (gains) losses on intergroup interests, net	—	42	(42)	—
Realized and unrealized (gains) losses on financial instruments, net	41	4	270	315
Noncash interest expense	7	1	1	9
Losses (gains) on dilution of investment in affiliate	—	—	(7)	(7)
Loss on early extinguishment of debt	57	—	—	57
Deferred income tax expense (benefit)	268	(7)	(141)	120
Intergroup tax allocation	(21)	(8)	29	—
Intergroup tax (payments) receipts	(3)	21	(18)	—
Other charges (credits), net	4	18	(14)	8
Changes in operating assets and liabilities				
Current and other assets	(11)	(12)	20	(3)
Payables and other liabilities	39	23	38	100
Net cash provided (used) by operating activities	<u>1,944</u>	<u>75</u>	<u>294</u>	<u>2,313</u>
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	373	—	69	442
Cash (paid) received for acquisitions, net of cash acquired	313	—	—	313
Investments in equity method affiliates and debt and equity securities	(19)	(4)	(6)	(29)
Repayment of loans and other cash receipts from equity method affiliates and debt and equity securities	11	—	—	11
Capital expended for property and equipment, including internal-use software and website development	(363)	(103)	(44)	(510)
Sales of short term investments and other marketable securities	73	—	—	73
Other investing activities, net	(4)	—	18	14
Net cash provided (used) by investing activities	<u>384</u>	<u>(107)</u>	<u>37</u>	<u>314</u>
Cash flows from financing activities:				
Borrowings of debt	5,795	96	129	6,020
Repayments of debt	(4,833)	(31)	(7)	(4,871)
Series C Liberty SiriusXM stock repurchases	(419)	—	(24)	(443)
Subsidiary shares repurchased by subsidiary	(2,159)	—	—	(2,159)
Cash dividends paid by subsidiary	(68)	—	—	(68)
Taxes paid in lieu of shares issued for stock-based compensation	(201)	(4)	(6)	(211)
Other financing activities, net	(38)	(7)	4	(41)
Net cash provided (used) by financing activities	<u>(1,923)</u>	<u>54</u>	<u>96</u>	<u>(1,773)</u>
Effect of foreign exchange rates on cash, cash equivalents and restricted cash				
Net increase (decrease) in cash, cash equivalents and restricted cash	405	22	427	854
Cash, cash equivalents and restricted cash at beginning of period	102	190	160	452
Cash, cash equivalents and restricted cash at end of period	<u>\$ 507</u>	<u>212</u>	<u>587</u>	<u>1,306</u>

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2018
(unaudited)

	Attributed (note 1)			
	Liberty			
	SiriusXM Group	Braves Group	Formula One Group	Consolidated Liberty
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 1,004	11	(150)	865
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	369	76	460	905
Stock-based compensation	156	11	25	192
Share of (earnings) loss of affiliates, net	11	(12)	(17)	(18)
Unrealized (gains) losses on intergroup interests, net	—	24	(24)	—
Realized and unrealized (gains) losses on financial instruments, net	1	2	(43)	(40)
Noncash interest expense	(8)	5	2	(1)
Losses (gains) on dilution of investment in affiliate	—	—	1	1
Loss on early extinguishment of debt	—	—	1	1
Deferred income tax expense (benefit)	231	(1)	(63)	167
Intergroup tax allocation	22	(14)	(8)	—
Intergroup tax (payments) receipts	(20)	35	(15)	—
Other charges (credits), net	2	(20)	1	(17)
Changes in operating assets and liabilities				
Current and other assets	(4)	8	(35)	(31)
Payables and other liabilities	21	(22)	133	132
Net cash provided (used) by operating activities	1,785	103	268	2,156
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	155	244	399
Cash (paid) received for acquisitions, net of cash acquired	(2)	—	—	(2)
Investments in equity method affiliates and debt and equity securities	(405)	—	(9)	(414)
Repayment of loans and other cash receipts from equity method affiliates and debt and equity securities	14	—	—	14
Capital expended for property and equipment, including internal-use software and website development	(356)	(33)	(14)	(403)
Other investing activities, net	(7)	37	6	36
Net cash provided (used) by investing activities	(756)	159	227	(370)
Cash flows from financing activities:				
Borrowings of debt	2,795	123	699	3,617
Repayments of debt	(2,431)	(317)	(1,309)	(4,057)
Series C Liberty SiriusXM stock repurchases	(466)	—	—	(466)
Subsidiary shares repurchased by subsidiary	(1,314)	—	—	(1,314)
Cash dividends paid by subsidiary	(59)	—	—	(59)
Taxes paid in lieu of shares issued for stock-based compensation	(127)	—	(3)	(130)
Other financing activities, net	50	(18)	(3)	29
Net cash provided (used) by financing activities	(1,552)	(212)	(616)	(2,380)
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	—	—	(1)	(1)
Net increase (decrease) in cash, cash equivalents and restricted cash	(523)	50	(122)	(595)
Cash, cash equivalents and restricted cash at beginning of period	625	140	282	1,047
Cash, cash equivalents and restricted cash at end of period	\$ 102	190	160	452

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

	Attributed (note 1)			
	Liberty	Braves	Formula One	Consolidated
	SiriusXM			
	Group	Group	Group	Liberty
	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 interests, 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
Cash (paid) received for acquisitions, net of cash acquired	(107)	—	(1,647)	(1,754)
Investments in equity method affiliates and debt and equity securities	(851)	(2)	(9)	(862)
Capital expended for property and equipment, including internal-use software and website development	(288)	(219)	(10)	(517)
Other investing activities, net	(8)	(5)	(12)	(25)
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
Subsidiary 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)	—	(13)	(48)
Net cash provided (used) by financing activities	<u>(267)</u>	<u>296</u>	<u>1,847</u>	<u>1,876</u>
Effect of foreign exchange rates on cash, cash equivalents and restricted cash				
Net increase (decrease) in cash, cash equivalents and restricted cash	328	33	114	475
Cash, cash equivalents and restricted cash at beginning of period	297	107	168	572
Cash, cash equivalents and restricted cash at end of period	<u>\$ 625</u>	<u>140</u>	<u>282</u>	<u>1,047</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

- (1) As discussed in note 2 to the accompanying consolidated financial statements, on April 15, 2016 Liberty completed a reclassification 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 Holdings"), 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 Holdings, corporate cash, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049 and a margin loan obligation incurred by a wholly-owned special purpose subsidiary of Liberty. On February 1, 2019, Sirius XM Holdings acquired Pandora Media, Inc. ("Pandora"). See note 5 to the accompanying consolidated financial statements for information related to Sirius XM Holdings' acquisition of Pandora. Additionally, as discussed below, the Formula One Group retains an intergroup interest in the Liberty SiriusXM Group. As of December 31, 2019, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$493 million, which includes \$106 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. As of December 31, 2019, the Braves Group has cash and cash equivalents of approximately \$142 million, which includes \$59 million of subsidiary cash. Additionally, as discussed below, the Formula One Group retains an intergroup interest in the Braves Group. See note 2 to the accompanying consolidated financial statements for information regarding the Series C Liberty Braves common stock rights offering.

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, 2019, Liberty's interests in Formula 1 and Live Nation, cash, intergroup interests in the Liberty SiriusXM Group and 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, Liberty's 2.25% Exchangeable Senior Debentures due 2046 and Liberty's 2.25% Exchangeable Senior Debentures due 2048. 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 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

Notes to Attributed Financial Information (Continued)
(unaudited)

upon completion of the Second Closing. As of December 31, 2019, the Formula One Group has cash and cash equivalents of approximately \$587 million, which includes \$402 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 underlying the intergroup interest was adjusted to 9,084,940, representing a 15.1% intergroup interest in the Braves Group as of December 31, 2019. In addition, during the fourth quarter of 2019, the Formula One Group began purchasing shares of Liberty SiriusXM common stock. As of December 31, 2019, the number of notional shares representing the intergroup interest held by the Formula One Group was 493,278, representing a 0.2% intergroup interest in the Liberty SiriusXM Group. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group has attributed interests in the Braves Group and the Liberty SiriusXM Group which are generally stated in terms of a notional number of shares of Series C Liberty Braves common stock and Series C Liberty SiriusXM common stock, respectively, issuable to the Formula One Group with respect to its interests in the Braves Group and Liberty SiriusXM Group, respectively. Each reporting period, the notional shares representing the intergroup interests are marked to fair value. The changes in fair value are recorded in the Unrealized gain (loss) on intergroup interests line item in the unaudited attributed consolidated statements of operations. The Formula One Group's intergroup interest is reflected in the Investment in intergroup interests line item, and the Braves Group and Liberty SiriusXM Group liabilities for their respective intergroup interests are reflected in the Redeemable intergroup interests 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 interests. Appropriate eliminating entries are recorded in the Company's consolidated financial statements.

As the notional shares underlying the intergroup interests 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 and Liberty SiriusXM common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series C Liberty Braves common stock and Series C Liberty SiriusXM common stock, respectively, in order to not dilute voting percentages. Therefore, the market prices of Series C Liberty Braves common stock and Series C Liberty SiriusXM common stock, respectively, are used for the quarterly mark-to-market adjustment through the unaudited attributed consolidated statements of operations.

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

For information relating to investments in affiliates accounted for using the equity method and debt, see notes 7 and 9, 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. 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.

Notes to Attributed Financial Information (Continued)
(unaudited)

Liberty SiriusXM Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Current:			
Federal	\$ 18	(22)	4
State and local	(21)	12	(30)
Foreign	—	—	—
	<u>(3)</u>	<u>(10)</u>	<u>(26)</u>
Deferred:			
Federal	(241)	(235)	511
State and local	(27)	4	(19)
Foreign	—	—	—
	<u>(268)</u>	<u>(231)</u>	<u>492</u>
Income tax benefit (expense)	<u>\$ (271)</u>	<u>(241)</u>	<u>466</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for both of the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 as a result of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Computed expected tax benefit (expense)	\$ (211)	(262)	(418)
State and local income taxes, net of federal income taxes	(45)	22	(40)
Foreign income taxes, net of federal income taxes	—	(1)	—
Taxable dividends, net of dividends received deductions	(11)	(28)	(9)
Federal tax credits	26	27	22
Change in valuation allowance affecting tax expense	(4)	(14)	(4)
Change in tax rate due to Tax Act	—	(8)	888
Change in tax rate	(45)	(3)	(4)
Deductible stock-based compensation	47	37	35
Non-deductible executive compensation	(19)	(6)	(3)
Other, net	(9)	(5)	(1)
Income tax benefit (expense)	<u>\$ (271)</u>	<u>(241)</u>	<u>466</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,	
	2019	2018
amounts in millions		
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 1,018	951
Accrued stock compensation	95	84
Other accrued liabilities	185	—
Deferred revenue	81	523
Discount on debt	2	—
Other future deductible amounts	11	10
Deferred tax assets	1,392	1,568
Valuation allowance	(70)	(67)
Net deferred tax assets	1,322	1,501
Deferred tax liabilities:		
Investments	31	22
Fixed assets	384	226
Intangible assets	2,749	2,484
Discount on debt	—	17
Other future taxable amounts	—	425
Deferred tax liabilities	3,164	3,174
Net deferred tax liabilities	\$ 1,842	1,673

Braves Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
amounts in millions			
Current:			
Federal	\$ 8	14	36
State and local	—	—	2
Foreign	—	—	—
	8	14	38
Deferred:			
Federal	—	9	3
State and local	7	(8)	(5)
Foreign	—	—	—
	7	1	(2)
Income tax benefit (expense)	\$ 15	15	36

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 21% for both of the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 as a result of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Computed expected tax benefit (expense)	\$ 19	1	22
State and local income taxes, net of federal income taxes	6	(4)	3
Federal tax credits	—	3	—
Change in valuation allowance affecting tax expense	3	5	(6)
Change in tax rate due to Tax Act	—	11	25
Change in tax rate	(3)	2	—
Deductible stock-based compensation	2	—	—
Inter-group interest	(9)	(5)	(5)
Other, net	(3)	2	(3)
Income tax benefit (expense)	<u>\$ 15</u>	<u>15</u>	<u>36</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,	
	2019	2018
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 6	3
Accrued stock compensation	2	2
Other accrued liabilities	46	102
Other future deductible amounts	20	12
Deferred tax assets	<u>74</u>	<u>119</u>
Valuation allowance	—	(3)
Net deferred tax assets	<u>74</u>	<u>116</u>
Deferred tax liabilities:		
Investments	10	7
Fixed assets	71	131
Intangible assets	47	38
Other future taxable amounts	7	9
Deferred tax liabilities	<u>135</u>	<u>185</u>
Net deferred tax liabilities	<u>\$ 61</u>	<u>69</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

Liberty Formula One Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Current:			
Federal	\$ (27)	(6)	(2)
State and local	(3)	1	(2)
Foreign	(21)	(8)	(9)
	(51)	(13)	(13)
Deferred:			
Federal	102	(2)	64
State and local	—	2	3
Foreign	39	63	507
	141	63	574
Income tax benefit (expense)	\$ 90	50	561

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for both of the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 as a result of the following:

	Years ended December 31,		
	2019	2018	2017
	amounts in millions		
Computed expected tax benefit (expense)	\$ 84	42	107
State and local income taxes, net of federal income taxes	(2)	—	—
Foreign income taxes, net of federal income taxes	26	23	88
Taxable dividends, net of dividends received deductions	1	1	2
Change in valuation allowance affecting tax expense	(39)	(53)	222
Change in tax rate due to Tax Act	—	(11)	16
Change in tax rate	—	2	—
Settlements with tax authorities	—	43	253
Deductible stock-based compensation	22	1	5
Non-deductible executive compensation	(3)	(1)	(1)
Income tax reserves	—	—	(22)
Non-deductible / Non-taxable interest	—	—	(60)
Write-off of tax attributes	—	—	(42)
Inter-group interest	9	5	5
Other, net	(8)	(2)	(12)
Income tax benefit (expense)	\$ 90	50	561

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,	
	2019	2018
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 486	401
Accrued stock compensation	9	11
Other accrued liabilities	9	9
Discount on debt	43	—
Other future deductible amounts	—	3
Deferred tax assets	547	424
Valuation allowance	(146)	(104)
Net deferred tax assets	401	320
Deferred tax liabilities:		
Investments	49	—
Fixed assets	3	2
Intangible Assets	116	168
Discount on debt	—	59
Deferred tax liabilities	168	229
Net deferred tax (assets) liabilities	\$ (233)	(91)

- (4) The intergroup balances as December 31, 2019 and December 31, 2018 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.