


Beta Holdings Limited

Strategic Report, Directors' Report and Financial Statements
for the Year Ended 31 December 2020

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Beta Holdings Limited

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Beta Holdings Limited

Glossary of abbreviated terms

The following abbreviated terms are used in the Strategic Report, Directors' Report and the Financial Statements:

(i) Abbreviations of the names of parent and subsidiary entities

"Allsport"	Allsport Management SA (a Formula 1 subsidiary)
"Alpha Prema"	Alpha Prema UK Limited (a Formula 1 subsidiary)
"Beta Holdings"	Beta Holdings Limited (the company)
"Delta Topco"	Delta Topco Limited (parent company of Formula 1)
"FOML"	Formula One Marketing Limited (a Formula 1 subsidiary)
"FOML II"	Formula One Marketing II Limited (a Formula 1 subsidiary)
"Formula 1" or "Group"	Delta Topco and its subsidiaries
"FOWC"	Formula One World Championship Limited (a Formula 1 subsidiary)
"Liberty"	Liberty Media Corporation (the ultimate parent undertaking of Formula 1)
"SLEC"	SLEC Holdings Limited (a Formula 1 subsidiary)

(ii) Other abbreviations used

"the Championship"	FIA Formula One World Championship
"CRH"	Commercial Rights Holder
"EU"	European Union
"FIA"	Fédération Internationale de l'Automobile
"FRS 101"	Financial Reporting Standard 101 'Reduced Disclosure Framework'
"GP"	Grand Prix™
"IAS"	International Accounting Standard
"IFRS"	International Financial Reporting Standard

Beta Holdings Limited

Company Information

Directors	Mr D Llowarch
	Ms S Woodward Hill
Registered office	No. 2 St. James's Market London SW1Y 4AH
Auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL

Beta Holdings Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their Strategic Report, Directors' Report and the Financial Statements for the year ended 31 December 2020, with abbreviations used defined in the Glossary of abbreviated terms (see page 1).

Principal activity

The principal activity of the company remains that of a holding company, with its principal asset being its investment in its subsidiaries, which are unquoted trading companies selling advertising and sponsorship packages, the provision of premium VIP event hospitality and the sub-licensing of certain other rights, in connection with the majority of the events of the FIA Formula One World Championship® ("the Championship").

Parent company

On 23 January 2017 the company's then ultimate parent undertaking Delta Topco Limited ("Delta Topco") was acquired by Liberty Media Corporation ("Liberty"). Delta Topco and its subsidiaries are collectively referred to herein as "Formula 1" or the "Group".

Review of the business

The company's key financial and other performance indicators during the year were as follows:

	2020 \$m	2019 \$m	Change \$m	Change %
Interest receivable from other Formula 1 companies	<u>154.9</u>	<u>158.2</u>	<u>(3.3)</u>	<u>(2%)</u>
Profit before taxation	<u>154.9</u>	<u>158.2</u>	<u>(3.3)</u>	<u>(2%)</u>

Interest receivable from other Formula 1 companies arises principally from the company's loan to its subsidiary FOML. The interest rate earned on this loan is 6% (see note 14).

The company's net intra-group loan receivable balance with FOML increased from \$2,562.9m at 31 December 2019 to \$2,717.8m at 31 December 2020 as a result of the net impact of the interest charge for the year of \$154.9m (2019-\$158.2m), interest settled of \$Nil (2019-\$58.9m) and capital repaid of \$Nil (2019-\$298.7m).

The company's activity as a holding company has not been affected in 2020 by the ongoing coronavirus pandemic, although it has placed constraints and created challenges for the Group and its subsidiaries. These saw the cancellation or postponement of the first 10 races of the 2020 Championship season, with racing only able to start in July and, even then, with only 17 races staged compared to the 22 originally scheduled (2019-21 races). The revised calendar with its reduced number of races also saw a heavier than normal weighting of European events and the inclusion of three "double headers" which saw two races take place at the same circuit on consecutive weekends. All but three races took place behind closed doors with no fans in attendance, and the others operated with significantly reduced capacity to ensure COVID-19 secure environments. These factors significantly reduced both the scope of the Group's activities and its revenue generation, and whilst the revised calendar and various management initiatives reduced costs and the Group ultimately reported positive operating results, 2020's financial performance was significantly down on prior year.

The potential ongoing effects of, and risks arising from, the coronavirus pandemic on the company and the Group in 2021 are discussed in the principal risks and uncertainties section below and in the directors' going concern considerations in relation to the approval of these financial statements.

The directors consider the performance of the company during the year to be both satisfactory and in line with expectations, and they believe the company to be in a sound position at the balance sheet date.

Principal risks and uncertainties

The review of risks and uncertainties contains certain forward-looking statements. These statements have been made by the directors in good faith based on the information available to them at the time of their approval of this report. They should be treated with caution due to the inherent uncertainties arising, which relate to events, and depend on circumstances, that may or may not occur in the future.

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Strategic Report for the Year Ended 31 December 2020

Business risk

The directors believe that the future success of the company, together with any threat to its ability to meet its obligations under its intra-group borrowings, is dependent on the continued ability of its subsidiaries and fellow Formula 1 companies to successfully exploit the commercial rights to the Championship and its events. In that regard the directors highlight certain arrangements to which the company's subsidiaries are parties, and which indirectly support the position of the company. The directors believe the effect of the ongoing arrangements will be to allow the company to continue to meet its obligations as they fall due.

In 2001 SLEC, a fellow Group company, entered into and funded a series of agreements, the counterparties to which were itself, other Group companies and the Fédération Internationale de l'Automobile ("FIA"), and under which the FIA continues to provide regulatory services and one of the Group companies, FOWC, became the Commercial Rights Holder ("CRH") to the Championship for a period of 100 years commencing from 1 January 2011.

From 2013 to 2020, FOWC was party to a bilateral agreement with each Formula 1 team, securing the relevant team's commitment to continue participating in the Championship until 31 December 2020. In August 2020, FOWC, SLEC, the FIA and the teams entered into the 2021 Concorde Agreement, securing the commitment of the teams to continue participating in the Championship from 1 January 2021 until 31 December 2025, and governing the relationship between the parties during that period. The 2021 Concorde Agreement is made up of two separate documents: (a) the 2021 Concorde Commercial Agreement between FOWC, SLEC and each of the teams; and (b) the 2021 Concorde Governance Agreement between FOWC, SLEC, the FIA and each of the teams. As was the case pursuant to the previous bilateral contracts, the 2021 Concorde Agreement provides, among other things, for the participation of the teams in the Championship during the term of the agreement, and provides for Formula 1 to make prize fund payments to the teams.

FOML is party to long-term contractual arrangements with the promoters of the majority of the Championship's events under which FOML obtains the rights to package and sell advertising, sponsorship, hospitality and other commercial rights in connection with those events.

Fundamentally, Formula 1 is a global business with a diverse portfolio of contracts, customers and activities, relatively few of which are affected by the terms and consequences of the UK's exit from the EU ("Brexit"). However, as Formula 1 operates its business principally through UK-based subsidiaries and a number of the Championship's events take place within the borders of the EU, Brexit and the terms of the recently agreed EU-UK Trade and Cooperation Agreement ("Trade Deal") will have some degree of operational impact on the Group. The Group therefore continues to work with its advisors, logistics partners, other F1 stakeholders and UK and other governmental authorities to assess in detail how the Trade Deal will affect its operations, and to identify appropriate mitigating actions to prevent significant disruption to the 2021 Championship, its European events and other aspects of the Group's operations that could be affected. Based on its assessments and plans to date, the Group has identified that the principal operational challenges will relate to the movement of equipment and personnel to and from European races, but in these, and other, areas, whilst the new rules may lead to additional administrative and operational burdens, the Group is confident identified solutions will mitigate their impact, and any associated additional costs will be limited. Whilst some uncertainty therefore remains as to the final impact of Brexit on Formula 1's business, the directors do not consider the risks to be significant, expect them to be mitigated in due course and therefore continue to believe Brexit will not have a material effect on the business.

COVID-19 and risks for the company and Group

Whilst the coronavirus pandemic has had no particular impact on the company, given its activities as an intermediate holding company are limited, its subsidiaries' business operations have faced significant disruption and risks remain given the ongoing coronavirus pandemic will continue to impact their activities into 2021. At the time of approving these financial statements members of the Group's senior management, including the directors, therefore continue to actively monitor the ongoing impact of the coronavirus pandemic, addressing the consequences, and assessing other potential risks arising and how their impact on the wider Group can be mitigated.

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Strategic Report for the Year Ended 31 December 2020

Given the unpredictability of the coronavirus pandemic's effect in different countries, the differing rules set by local governmental authorities around the world, and with continuing uncertainty as to when the coronavirus pandemic will recede and allow a return to more normal levels of business activity, in making plans for the 2021 season the Group is continuing to mitigate the associated risks wherever possible, and to liaise closely and actively communicate closely with its employees, the FIA, the teams, race promoters, government authorities in race jurisdictions, commercial partners and other stakeholders. On a daily basis, the Group continues to closely monitor applicable travel and public health restrictions as well as health and safety, travel and other advice and guidance issued by the UK Government, and other national and civil governments, and will take necessary decisions with those other stakeholders to continue to adjust its plans as required to address risks, and indeed pursue opportunities, as they arise.

As at the time of approval of these financial statements a 23 race 2021 Championship calendar is scheduled, and race promoters are making necessary preparations to stage those events. Having successfully completed 17 races in 2020, should the coronavirus pandemic continue to create challenges for the staging of the 2021 season the Group is confident that it has procedures in place to be able to once again successfully deliver a significant race calendar, whilst being flexible in meeting any requirements and restrictions in the jurisdictions where races will take place.

The ongoing coronavirus pandemic makes it reasonably likely that some of the planned events could be cancelled in due course, and if that happens the Group will take steps to maintain as significant a calendar as possible, adding other venues if needed and where logistically deliverable, or, as an alternative, giving consideration to running more than one race at certain circuits as happened in 2020. Flexibility may continue to be needed, but as has been seen already from amendments made to the original published 2021 calendar, with plans in place to stage replacement races at Imola and Portimao and the shuffling of the calendar to allow a later date for the Australian Grand Prix™ ("GP"), the Group will make changes as necessary to meet its aim of delivering a schedule with race numbers in excess of what was achieved in 2020.

Given the ongoing challenges faced as a result of the coronavirus pandemic, it remains likely that at early seasons events, and potentially later into the year, events may once again take place, as in 2020, under conditions that will either prevent or limit certain of the Group's normal race-related business activities. For example, the operation of the Paddock Club hospitality service is likely to be compromised in whole or in part at any event required to take place as a closed race without spectators, or at events with limited attendance and/or strict social distancing requirements. However, in line with the views of many external forecasts and supported by the progress now being made in the distribution of vaccines, Formula 1 believes that conditions suggest the effects of the coronavirus pandemic will reduce as the year progresses and the ability to operate a broader level of business activities will return. Whilst it is acknowledged that there can be no certainty as to when widespread vaccination is achieved in any particular country, or that vaccines will prove wholly effective against COVID-19 variants, the experience gained from, and the protocols which allowed racing in, the second half of 2020, suggest that, even if prevailing conditions remain difficult and restrictive, providing travel exemptions remain for elite sport and its participants, a significant race calendar can be delivered.

The Group generates its revenues from a range of activities in association with the Championship and its events, with individual revenues relating either to (i) rights associated with an entire Championship season, (ii) rights related to a specific Championship event, (iii) rights related to a specific period, typically a calendar year, or (iv) the sale of other rights or services with more ad hoc performance obligations. If events are cancelled and cannot be rescheduled there will be an adverse impact on the Group's revenues as was seen during 2020, and even if most events can take place in 2021, it cannot be discounted that these will be on less favourable terms to the Group than originally contracted and certain event-derived revenues may be reduced or eliminated, either because the venue is closed to spectators, guests and other members of the public or because fans and commercial partners are prevented from, or choose to not, travel to or attend major events in countries and regions perceived to be higher risk.

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Considering the impact on 2021 revenue generation of potential event cancellation or attendance restrictions, in line with the experience in 2020 certain revenues derived from rights for, or services delivered by the Group at cancelled or scaled-back events would most likely not be earned, and revenues from fixed fees arising from rights related to the 2021 Championship season could be subject to pro-rata or other negotiated reduction if the number of Championship events that ultimately take place in 2021 either falls below the varying level of minimum event numbers specified by certain applicable contracts or if the period of the year that the 2021 Championship takes place across is significantly shortened. It is also likely that the sale of other rights or services by the Group may be compromised to some degree, as discussed above. However, as was the case in 2020, lost revenues would be offset to some degree by cost savings, as cancellation of events or scaling back of activities would result in certain event-focused costs falling or not being incurred at all, and the Prize Fund payments made by the Group to the competing teams would be lower. As was the case in 2020, if the start of the season was delayed, or event cancellation once the season started led to a significant period with no racing, the Group would also take protective measures to minimise its operating costs and suspend all but essential and strategically important expenditure.

Whilst there remains continuing uncertainty as to the time period over which COVID-19 will impact both the Group and the company, there remain a wide range of theoretical scenarios and outcomes that are possible, featuring varying numbers of events and race locations, and different assumptions about the scope of revenue and cost generating activities. However, it is the directors' current base expectation, consistent with most external forecasts, that 2021 will see some improvement in conditions as the coronavirus pandemic recedes, and longer term the virus and its effects will be eliminated such that the disruption and its impact on the Group's financial results and position will prove temporary. Against this backdrop, the Group and the company are continuing to focus on what are considered to be the more realistic scenarios for 2021, reflecting current plans for the 2021 season, the experience of operating in the challenging conditions of 2020, and in the expectation that whilst operations will face some further disruption, likely restrictions on its activities and on fan attendance, there will be some easing as the year progresses.

At the time of their approval, in the directors' judgement the effects of the ongoing coronavirus pandemic have not required any post-balance sheet adjustment to be made to, or specific additional disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2020.

The directors believe the developments identified will help the company to mitigate its principal business risks for the immediate and foreseeable future and at least the next 12 months.

Other risks

Other risks and uncertainties are regularly monitored by the directors and no significant change is expected to this activity during the forthcoming year.

Statement by the directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006

The company's directors consider, both individually and together, that they have acted in the way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its sole shareholder, Alpha Prema (see note 20). They have also considered the company's other stakeholders and matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the financial year ended 31 December 2020.

Long term strategy and decision making

As discussed, the company is an intermediate holding company within a Group whose principal business activity is the exploitation of the commercial rights to the Championship. The company plays no direct role in that activity, and its only ongoing material transactions relate to interest charges on loan receivables due from other Group companies. As a result COVID-19 has had no direct impact on the company.

The directors of the company recognise the importance of taking decisions for the long term and analysing the likely consequence of each key decision they make. In taking decisions the directors also seek to apply and maintain the highest standards of business conduct, and given the company has a single shareholder, the directors are not at risk of acting unfairly between its members when making them.

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Strategic Report for the Year Ended 31 December 2020

As noted, the company is part of the Group and with all companies within the Group wholly owned, long term strategy is determined at the Group level with decisions and activities then delegated to its individual companies. Whilst the main objectives of the company and certain strategic decisions will be set/taken at a Group level, consideration does still need to be given to the individual interests of the company. Given that in addition to being directors of the company, Mr Llowarch and Ms Woodward Hill are also members of the Group's executive management, being respectively its Chief Financial Officer and its General Counsel, they are able to consider any decisions to be taken both in the context of the interests of the wider Group and its detailed strategy, and in the interests of the company.

The Group's strategy, which continues to be published and is available on the Group's corporate website (<https://corp.formula1.com>), sets out to deliver long-term value to both its ultimate owner Liberty, and to other stakeholders including the company. The strategy also promotes the Group's other aims, which include to grow the sport and its fan base, and to ensure the Championship's long-term sustainability, and continues to be built around six strategic priorities:

- Race: Increase competitiveness and unpredictability on track;
- Engage: Produce world-class spectacles for fans on and off track;
- Perform: Drive value for our stakeholders;
- Sustain: Deliver sustainable and efficient operations;
- Collaborate: Create win-win relationships with our partners; and
- Empower: Build an engaged, high-performing organisation.

Whilst the coronavirus pandemic caused considerable operational and commercial disruption during 2020, leading to the introduction of specific risk and operational management activities to support strategic decision making, the Group's broader long-term strategy and ambitions remain unchanged.

As noted, the onset of the coronavirus pandemic severely disrupted the Group's operations during 2020 and required significant changes to its business operations and decision making processes to operate effectively and manage risk in a challenging and rapidly evolving environment across the year. Following the first emergence of the virus Formula 1 first saw challenges in its operations during February 2020, and the Group immediately convened a committee constituted of members of its executive and senior management, including Mr Llowarch and Ms Woodward Hill, to take responsibility for overseeing the Group's planning, its operational strategy and the execution of its activities in response to the crisis, including any issues arising for the company. The committee met up to three times a week throughout the remainder of the year and continues to operate as the business plans for the 2021 Championship season.

With the coronavirus pandemic leading all races originally scheduled for the first half of 2020 to be either cancelled or postponed, the Group was required to operate with considerable strategic flexibility in order to reorganise the Championship calendar based on the ambition to stage between 15 and 18 races in the second half of the year. In fulfilling this aim through the staging of 17 races between 5 July and 13 December 2020, the Group secured agreements to race at a number of circuits that were not on the original calendar, liaising with other commercial stakeholders to deliver as many of their contracted rights as possible, but always whilst placing the highest priority on the safety and well-being of the Group's employees, the Championship's participants and other stakeholders in the sport. In this light it was critical for Formula 1 to reduce, as much as possible, the volumes of travelling personnel and equipment, and in that regard decisions were taken to significantly accelerate an element of the Group's longer term strategy to increase the proportion of its TV production and other technical services that during race weekends are performed away from the track at the Group's offices in Biggin Hill in the UK. Plans for a significant increase in remotely-conducted activities and services were accelerated during the period of the initial coronavirus pandemic lockdown, such that when the Group returned to racing in July both the volume of equipment required at the track and the number of staff needing to attend events were significantly reduced, so reducing the scale of operational challenges and those exposed to virus risk from travelling. Travelling staff were supported by a comprehensive and regular programme of virus testing, as were those required to be on site to provide services from the Group's technical office at Biggin Hill.

Following completion of the 2020 season, the company and Group's attention is now focused on plans for the 2021 Championship and its events. Expectation is that, as a minimum, early season events will continue to face disruption from the coronavirus pandemic, and many of the measures used in 2020 will still be required. As noted the Group's planning and response to the coronavirus pandemic continues to be overseen by the COVID-19 response committee, which is expected to continue to operate until such time as the business is able to return to more normal operation. The directors remain confident that the company and the Group, together with our other stakeholders, will continue to be able to adapt successfully to the ongoing challenges of the coronavirus pandemic, with the aim of completing the published Championship calendar of 23 races and increasing the scope of its commercial activities as, and when, conditions allow.

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Strategic Report for the Year Ended 31 December 2020

Maintaining a reputation for high standards of business conduct

The Group seeks to maintain its high business standards, ensuring that wherever its subsidiaries are operating in the world, their business is conducted with integrity, and in compliance with the law and the Formula 1 Code of Conduct. The code, which includes the Group's anti-bribery and corruption policy, has been adopted by each Formula 1 subsidiary, including the company, and applies to every officer and employee of the Group.

In addition to the requirements of its subsidiaries, officers and employees, the Group also expects third parties who perform services for Formula 1 to apply or adopt internal policies that are consistent with this Code. In that regard the Group's compliance team conduct KYC checks and other due diligence work on any potential partners the company considers doing business with.

As the subsidiary of a US public company, Liberty, the company and the wider Group are also required to comply with additional requirements, including the Foreign Account Tax Compliance Act (FATCA) and certain aspects of the 2002 Sarbanes-Oxley Act ("SOX"). SOX requires the Group to establish and maintain robust internal control structures and procedures for financial reporting, to report on their effectiveness, and have that effectiveness tested and assessed annually by its external auditor. The conclusions of the work on SOX for the 2020 year are that the Group continues to operate a robust and effective control environment.

Engagement with key stakeholders

In addition to the company's parent and other fellow subsidiary companies of Formula 1, the directors consider the company's key stakeholders to be Liberty and the Group's external lenders.

The directors, together with the Group's other senior management, regularly discuss material strategic and operational matters with senior Liberty executives, some of whom sit on the boards of certain Group companies, including Delta Topco and this process continued throughout 2020. As a US listed company, Liberty has significant public reporting obligations, and given Formula 1 is a material subsidiary, the Group is required to fulfil significant reporting requirements to Liberty on a quarterly and annual basis. These include the requirement for the Group to be compliant with, and report to it on, certain SOX requirements as discussed above. The Group also continues to assist Liberty with investor relations activities, contributing to Liberty's quarterly earnings calls and annual investor day.

The company has various intra-group loans and trading balances with other subsidiary companies of Formula 1. Formula 1's subsidiaries work together to pursue and deliver the Group's strategy and targets and ensure that any intra-group arrangements are in the interests of both parties. This requires that the terms of any intra-group loan agreements and trading balances are agreed and monitored, and that any required support is provided. Despite the challenges of 2020, these activities continued as per normal.

The company, together with several other Group companies, is party to and guarantees the Group's external borrowing arrangements. The Group provides quarterly management reports and compliance certificates to external lenders, holds periodic update calls and liaises on a regular basis with the agent who oversees the facilities on behalf of lenders. The Group also meets on a regular basis with the rating agencies to update them on its progress and expectations for the future. During 2020 various discussions were held with lenders and the rating agencies to keep them informed of developments and to provide updates on the impact of the coronavirus pandemic on the business. A waiver from reporting against the Group's leverage covenant until 31 March 2022 was secured as the Group proactively looked to manage and mitigate risks arising from COVID-19.

Other stakeholder considerations

The directors recognise the importance of certain other stakeholders in the success of both the company and the Group as a whole, including the Group's employees, of which the company has none of its own, the Championship's fans, the FIA and the competing teams, and other commercial partners - the race promoters, broadcasters and sponsors of the Championship. The Group's wider engagement with such stakeholders is discussed in the financial statements of the Group companies primarily responsible for overseeing the relevant relationships, and the section 172 (1) statements required of any of its subsidiaries are published on the Group's corporate website.

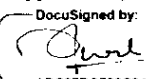
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Strategic Report for the Year Ended 31 December 2020

The community and the environment

During 2019 the Group announced an ambitious environmental sustainability plan for F1 which it has continued to pursue during 2020. Whilst the company, given the limited nature of its activities, has no direct role to play in the related initiatives, the directors fully subscribe to the aims of the plan, and the action being taken. Details are available on the Group's corporate website, and in the section 172 (1) statements published thereon by other Formula 1 subsidiary companies, and the company will pursue any actions required of it to contribute to the successful delivery of the Group's environmental and social initiatives and targets.

Approved by the Board on 18 March 2021 and signed on its behalf by:

DocuSigned by:

.....ADC270C796C24D6.....
Mr D Llowarch
Director

Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2020

Results and dividends

The results for the year are shown in the Profit and Loss Account on page 17. During 2020 the company declared and paid a cash dividend of \$81.3m to its parent Alpha Prema. No dividends were declared or paid during the prior year.

Future developments

The directors consider the developments detailed in the Strategic Report above leave the company well positioned to continue to perform satisfactorily in the future.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures, are described in the Strategic Report above, noting the importance of the activities of the wider Group in supporting the company's own business and the continued impact of the coronavirus pandemic on the Group's ongoing business activities. Whilst the coronavirus pandemic has had a limited effect to date on the company, given it is an intermediate holding company with limited activities, the ongoing uncertainty arising from the coronavirus pandemic and its potential continued impact has to be considered from the point of view of its anticipated effect on both the company and the rest of the Group when adopting the going concern basis in these financial statements.

Unlike the challenge in April 2020 of considering, for going concern purposes, the then-largely unknown possible effects of the virus when approving the 2019 financial statements, the coronavirus pandemic and its effects are no longer a new development and the Group's experience of operating and successfully delivering a 17 race Championship in the second half of 2020, leave the Group optimistic as to its ability to continue to operate effectively in 2021. The Group expects, and is planning for, the 2021 season to start in Bahrain as scheduled, with the Bahrain GP due to take place on 28 March 2021. Therefore, as discussed, whilst it is likely that the scope of the Group's activities may continue to be somewhat compromised, particularly in the first few months of the season, it is expected, and reflected, in the Group's 2021 budget that conditions will improve as the year progresses and its financial results will be less severely impacted than in 2020, when despite the challenging circumstances the Group was still able to generate positive financial returns from its operations.

Whilst the Group's 2021 budget has been prepared including significant levels of contingency to protect against the ongoing effects of the coronavirus pandemic, it indicates an improvement in expectations for financial performance in 2021 and underlines the Group's belief that performance will return quickly to historic levels once conditions allow. As such, if the budget projections are proved accurate, the Group will be in a stable and liquid position. However, given the uncertainty as to how long the coronavirus pandemic will impact the business, management continue to monitor and consider possible alternative scenarios in its trading performance and cash flow. As such, the Group has prepared a cash flow forecast for a period of at least 12 months from the date of approval of these accounts which includes severe but plausible downside scenarios. The severe but plausible downside scenarios reflect the circumstances and limited scope of activities seen in 2020 repeated throughout the forecast period. In such a scenario the Group is projected to deliver an improved level of financial performance on 2020. The severe but plausible downside scenarios indicate that the Group will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Additionally, should fewer than 17 races take place, the directors are confident that the Group would have access to significant, readily-available liquidity to support its operations or access to additional funding if needed, as is discussed below. Given the success of the Group in successfully navigating 2020 and staging 17 races, and with the development and ongoing roll out of vaccine programmes globally, the significantly more severe scenario of no races being able to take place in the coming season which was considered at the time of approval of the 2019 financial statements is now considered sufficiently remote to be no longer plausible.

When considering liquidity, the directors note that the Group reported available cash on balance sheet of \$265.4m at 31 December 2020, and in addition has access to a \$500m revolving credit facility ("RCF"), which was wholly undrawn at 31 December 2020 and remains undrawn at the time of approval of these financial statements. The RCF remains available to the Group until November 2023 and the need to test a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement has been temporarily waived by the lenders of the RCF ("the RCF Lenders"), with testing to be resumed from the quarter ending 31 March 2022. During the period of the waiver the Group is required to test a requirement for quarterly minimum liquidity to be above \$200m. Liquidity for this purpose is defined as the sum of cash on balance sheet and undrawn and available RCF, and as at 31 December 2020 this was measured at \$765.3m. Needing a simple majority consent to obtain the waiver, the Group received unanimous consent from all nine banks who are RCF Lenders with only a modest fee being paid to secure the agreed amendments to the terms of the RCF.

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Directors' Report for the Year Ended 31 December 2020

The circumstances and assumptions of the severe but plausible downside scenario would see the coronavirus pandemic's effects across 2021 as a whole mirror its effect on 2020 and therefore require widespread vaccination to prove far less effective than it is currently expected to be at the time of approving these accounts. In such circumstances the severe but plausible downside scenario projects the Group to breach its leverage covenant when it is again required to be tested at 31 March 2022, although the scenario also projects that the Group's RCF would be fully undrawn at that date. It is noted that, even when the waiver period expires in more than 12 months time, the leverage covenant will only be tested thereafter if the RCF remains in place, so its early cancellation would eliminate the test requirement completely and make the question of any future breach academic. As such, and with the continued expectation that the Group's financial performance will recover strongly once the coronavirus pandemic has receded, underpinned by some \$6.73bn of future core revenues under contract at 31 December 2020, in circumstances where a covenant breach was likely at 31 March 2022 the Group would either consider terminating the RCF or negotiating with the RCF Lenders to extend the period of the covenant waiver, or make other necessary amendments to the terms of the facility. Based on the historic support and strong, longstanding relationships with the RCF Lenders, and their unanimous support and the low costs charged for granting the ongoing waiver, the Group and the directors remain confident that any consent required for a further waiver would be given.

Notwithstanding the fact that the severe but plausible downside scenario does not indicate the Group will have a requirement for additional funding, the directors believe that if additional temporary support was required in 2022 from its RCF Lenders it would be secured, and even if in the unlikely event that the Group was unable to generate sufficient support for any necessary request, that alternative actions would be available to it, including raising additional or alternative third party financing, or securing support from its ultimate parent Liberty. On 23 April 2020 Liberty confirmed in a press release that it had positioned significant available liquidity to support the Group and enhance the Formula 1 business as required, by reattributing certain liquid assets under its ownership. With Liberty having reconfirmed their intention to provide support to the Group should it be required, and with those liquid assets still in place, the directors believe Liberty continues to have the ability to provide this support if needed. As such, and also supported by Delta Topco's own confirmation that, during the period, it intends to provide any additional financial support to the company and its fellow subsidiaries should it be required, the directors believe the company will have access to significant and sufficient liquidity to support its operations, including any additional funding as may be needed in the going concern period and beyond.

As discussed, the company is an intermediate holding company whose primary asset is its investment in subsidiaries, and therefore the company relies on income generated by its subsidiaries in order to meet its liabilities as they fall due. In turn the revenues and returns generated by those subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. As is the case with other Group companies, the company is an obligor under the Group's \$2.9bn Senior Loan facilities and these facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.

Whilst the eventual overall impact on the Group and the company of, and the period that will be affected by, the coronavirus pandemic remains uncertain, for the reasons discussed above, including the indicative parental financial support of Delta Topco and Liberty should it be required, the directors are confident that the company has adequate resources to continue to meet all liabilities as and when they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

Environmental report

The company itself consumed less than 40,000 kWh of energy in the UK during the financial year ended 31 December 2020 and so, under the Streamlined Energy and Carbon Reporting Framework implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, is not required to disclose information on energy usage and carbon reporting in these financial statements. Additional information concerning the Group's wider environmental sustainability strategy can be found in the Strategic Report.

Directors of the company

The directors who held office during the year were as follows:

Mr D Llowarch

Ms S Woodward Hill

Beta Holdings Limited

Directors' Report for the Year Ended 31 December 2020

Non adjusting events after the financial period

Issues arising from the global outbreak of COVID-19 are discussed in the Strategic Report in more detail, in the section titled 'COVID-19 and risks for the company' (see page 4). As disclosed in note 21 no adjusting or disclosable post-balance sheet events have been identified arising from COVID-19.

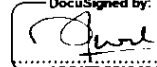
Disclosure of information to the auditor

Each director has taken the necessary steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of, and of which they know the auditor is unaware.

Reappointment of auditor

The auditor, KPMG LLP, will be deemed reappointed in accordance with section 487 of the Companies Act 2006.

Approved by the Board on 18 March 2021 and signed on its behalf by:

DocuSigned by:

.....
ADC27DC786C24D6
Mr D Elowarch
Director

Beta Holdings Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Beta Holdings Limited

Opinion

We have audited the financial statements of Beta Holdings Limited (the "company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of directors and inspection of policy documentation as to Formula 1's policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no revenue transactions. We did not identify any additional fraud risks.

We performed procedures including agreeing all accounting entries in the period to supporting documentation.

Independent Auditor's Report to the Members of Beta Holdings Limited

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Beta Holdings Limited

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A further description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Smeulders (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

19 March 2021

Beta Holdings Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 \$ 000	2019 \$ 000
Administrative expenses		-	12
Interest receivable and similar income	8	<u>154,928</u>	<u>158,226</u>
Profit before tax		154,928	158,238
Tax on profit on ordinary activities	11	<u>(35,135)</u>	<u>(27,090)</u>
Profit for the financial year		<u><u>119,793</u></u>	<u><u>131,148</u></u>

The above results were derived from continuing operations.

Beta Holdings Limited

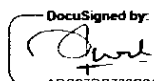
Statement of Comprehensive Income for the Year Ended 31 December 2020

	2020	2019
	\$ 000	\$ 000
Profit for the year	119,793	131,148
Other comprehensive income, net of tax		
	-	-
Total comprehensive income for the year	<u>119,793</u>	<u>131,148</u>

Beta Holdings Limited
(Registration number: 05729365)
Balance Sheet as at 31 December 2020

	Note	2020 \$ 000	2019 \$ 000
Fixed assets			
Investments	12	50,425	50,425
Current assets			
Debtors due within one year	13	250,876	349,503
Debtors due after more than one year	14	2,743,352	2,583,260
		<u>2,994,228</u>	<u>2,932,763</u>
Creditors: Amounts falling due within one year	15	<u>(53,438)</u>	<u>(30,472)</u>
Net current assets		<u>2,940,790</u>	<u>2,902,291</u>
Net assets		<u>2,991,215</u>	<u>2,952,716</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and Loss account		<u>2,991,215</u>	<u>2,952,716</u>
Shareholders' funds		<u>2,991,215</u>	<u>2,952,716</u>

Approved by the Board on 18 March 2021 and signed on its behalf by:

DocuSigned by:

ADC27DC786C2A06.....
 Mr D Llowarch
 Director

Beta Holdings Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital \$ 000	Retained earnings \$ 000	Total \$ 000
At 1 January 2019	-	2,821,568	2,821,568
Total comprehensive income	-	131,148	131,148
At 31 December 2019	-	2,952,716	2,952,716
Total comprehensive income	-	119,793	119,793
Dividends	-	(81,294)	(81,294)
At 31 December 2020	-	2,991,215	2,991,215

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

The company is a private company limited by share capital, and incorporated and domiciled in England and Wales.

The address of its registered office is:

No. 2 St. James's Market
London
SW1Y 4AH

These financial statements were authorised for issue by the Board on 18 March 2021.

2 Basis of preparation

Abbreviations used in these financial statements are defined in the Glossary of abbreviated terms (see page 1).

These financial statements were prepared in accordance with FRS 101 and under historical cost accounting rules.

The financial statements contain information about Beta Holdings as an individual company and do not contain consolidated financial information as the parent of a group, as the company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are now included by full consolidation in the consolidated financial statements of its parent, Liberty, a company incorporated in the United States of America (see note 20).

The financial information is presented in US dollars and all values are rounded to the nearest thousand (\$000) except where otherwise indicated.

New standards, interpretations and amendments effective

None of the new standards, interpretations and amendments adopted by the company for the first time for its annual reporting period commencing 1 January 2020 have had a material effect on the financial statements.

3 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its risk exposures, are described in the Strategic Report above, noting the importance of the activities of the wider Group in supporting the company's own business and the continued impact of the coronavirus pandemic on the Group's ongoing business activities. Whilst the coronavirus pandemic has had a limited effect to date on the company, given it is an intermediate holding company with limited activities, the ongoing uncertainty arising from the coronavirus pandemic and its potential continued impact has to be considered from the point of view of its anticipated effect on both the company and the rest of the Group when adopting the going concern basis in these financial statements.

Whilst the Group's 2021 budget has been prepared including significant levels of contingency to protect against the ongoing effects of the coronavirus pandemic, it indicates an improvement in expectations for financial performance in 2021 and underlines the Group's belief that performance will return quickly to historic levels once conditions allow. As such, if the budget projections are proved accurate, the Group will be in a stable and liquid position. However, given the uncertainty as to how long the coronavirus pandemic will impact the business, management continue to monitor and consider possible alternative scenarios in its trading performance and cash flow. As such, the Group has prepared a cash flow forecast for a period of at least 12 months from the date of approval of these accounts which includes severe but plausible downside scenarios. The severe but plausible downside scenarios reflect the circumstances and limited scope of activities seen in 2020 repeated throughout the forecast period. In such a scenario the Group is projected to deliver an improved level of financial performance on 2020. The severe but plausible downside scenarios indicate that the Group will continue to have sufficient funds to meet its liabilities as they fall due for that period.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

3 *Going concern (continued)*

Additionally, should fewer than 17 races take place, the directors are confident that the Group would have access to significant, readily-available liquidity to support its operations or access to additional funding if needed, as is discussed below. Given the success of the Group in successfully navigating 2020 and staging 17 races, and with the development and ongoing roll out of vaccine programmes globally, the significantly more severe scenario of no races being able to take place in the coming season which was considered at the time of approval of the 2019 financial statements is now considered sufficiently remote to be no longer plausible.

When considering liquidity, the directors note that the Group reported available cash on balance sheet of \$265.4m at 31 December 2020, and in addition has access to a \$500m revolving credit facility ("RCF"), which was wholly undrawn at 31 December 2020 and remains undrawn at the time of approval of these financial statements. The RCF remains available to the Group until November 2023 and the need to test a single EBITDA to net debt leverage ratio against a quarterly 8.25x test measure requirement has been temporarily waived by the lenders of the RCF ("the RCF Lenders"), with testing to be resumed from the quarter ending 31 March 2022. During the period of the waiver the Group is required to test a requirement for quarterly minimum liquidity to be above \$200m. Liquidity for this purpose is defined as the sum of cash on balance sheet and undrawn and available RCF, and as at 31 December 2020 this was measured at \$765.3m. Needing a simple majority consent to obtain the waiver, the Group received unanimous consent from all nine banks who are RCF Lenders with only a modest fee being paid to secure the agreed amendments to the terms of the RCF.

The circumstances and assumptions of the severe but plausible downside scenario would see the coronavirus pandemic's effects across 2021 as a whole mirror its effect on 2020 and therefore require widespread vaccination to prove far less effective than it is currently expected to be at the time of approving these accounts. In such circumstances the severe but plausible downside scenario projects the Group to breach its leverage covenant when it is again required to be tested at 31 March 2022, although the scenario also projects that the Group's RCF would be fully undrawn at that date. It is noted that, even when the waiver period expires in more than 12 months time, the leverage covenant will only be tested thereafter if the RCF remains in place, so its early cancellation would eliminate the test requirement completely and make the question of any future breach academic. As such, and with the continued expectation that the Group's financial performance will recover strongly once the coronavirus pandemic has receded, underpinned by some \$6.73bn of future core revenues under contract at 31 December 2020, in circumstances where a covenant breach was likely at 31 March 2022 the Group would either consider terminating the RCF or negotiating with the RCF Lenders to extend the period of the covenant waiver, or make other necessary amendments to the terms of the facility. Based on the historic support and strong, longstanding relationships with the RCF Lenders, and their unanimous support and the low costs charged for granting the ongoing waiver, the Group and the directors remain confident that any consent required for a further waiver would be given.

Notwithstanding the fact that the severe but plausible downside scenario does not indicate the Group will have a requirement for additional funding, the directors believe that if additional temporary support was required in 2022 from its RCF Lenders it would be secured, and even if in the unlikely event that the Group was unable to generate sufficient support for any necessary request, that alternative actions would be available to it, including raising additional or alternative third party financing, or securing support from its ultimate parent Liberty. On 23 April 2020 Liberty confirmed in a press release that it had positioned significant available liquidity to support the Group and enhance the Formula 1 business as required, by reattributing certain liquid assets under its ownership. With Liberty having reconfirmed their intention to provide support to the Group should it be required, and with those liquid assets still in place, the directors believe Liberty continues to have the ability to provide this support if needed. As such, and also supported by Delta Topco's own confirmation that, during the period, it intends to provide any additional financial support to the company and its fellow subsidiaries should it be required, the directors believe the company will have access to significant and sufficient liquidity to support its operations, including any additional funding as may be needed in the going concern period and beyond.

As discussed, the company is an intermediate holding company whose primary asset is its investment in subsidiaries, and therefore the company relies on income generated by its subsidiaries in order to meet its liabilities as they fall due. In turn the revenues and returns generated by those subsidiaries are required to contribute towards the servicing, and compliance with the terms, of the Group's external financing arrangements. As is the case with other Group companies, the company is an obligor under the Group's \$2.9bn Senior Loan facilities and these facilities are secured by fixed and floating charges over the present and future assets of the Group's main operating companies. The terms of the facilities see no covenants required to be tested in respect of the Senior Loans and no impending maturities, as the loans are not repayable until February 2024.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

3 Going concern (continued)

Whilst the eventual overall impact on the Group and the company of, and the period that will be affected by, the coronavirus pandemic remains uncertain, for the reasons discussed above, including the indicative parental financial support of Delta Topco and Liberty should it be required, the directors are confident that the company has adequate resources to continue to meet all liabilities as and when they fall due for at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

4 Disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 39(c), 40A, 40B, 40C, 40D and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

5 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Interest receivable

Income is recognised as interest accrues using the effective interest rate method ("EIR"); that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Tax

The tax expense for the period comprises current and deferred tax. Tax is charged or credited to the Profit and Loss account except where it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Current tax is the expected tax payable for the year based on the tax rates and laws enacted or substantively enacted at the balance sheet date, plus any adjustments to tax payable in respect of previous periods.

Tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, and the taxes relate to the same taxation authority and to the same taxable entity or to different entities which intend to settle the current tax assets and liabilities on a net basis.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

5 Accounting policies (continued)

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts relevant for tax purposes. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the underlying temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is not recognised on temporary differences that arise on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Deferred tax is not recognised in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Investments

Investments in subsidiaries are carried at cost less provision for impairment.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments consist of intra-group receivables and intra-group payables.

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of financial assets and financial liabilities at initial recognition.

All financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments classified as "at amortised cost" and financial assets "at fair value through other comprehensive income" ("FVOCI") are included within the carrying value of such instruments. Transaction costs directly attributable to the acquisition of financial instruments which are classified as "fair value through profit and loss" ("FVPL") are recognised immediately in the Profit and Loss account.

Financial assets

(a) Classification and subsequent measurement

All recognised financial assets are classified as either financial assets at amortised cost, FVOCI or FVPL. The company currently has no financial assets classified as either FVOCI or FVPL.

Financial assets at amortised cost

Financial assets that meet the following conditions are classified as 'financial assets at amortised cost':

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest; and
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The asset was not acquired principally for the purpose of selling in the near term or management for short-term profit taking (held for trading).

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

5 Accounting policies (continued)

Financial assets at amortised cost are subsequently measured at amortised cost using the EIR method. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income or finance costs in the Profit and Loss account.

Financial assets at amortised cost are subject to impairment review. Gains and losses are recognised in the Profit and Loss account when the asset is derecognised, modified or impaired.

(b) Impairment of financial assets

The company assesses financial assets at amortised cost and recognises an impairment loss allowance to reduce the carrying amount of the assets. The impairment loss, as required by IFRS 9, is based on expected credit losses ("ECL") and reflects forward looking information. The ECL is first recognised on the date of initial recognition of the asset.

The simplified approach is used under IFRS 9 for assessing the potential impairment of short-term trade receivables, long-term trade receivables, accrued income and lease receivables, with the general approach used for other financial assets.

The simplified approach:

Under IFRS 9's simplified approach, the impairment loss is based on credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL) and is calculated, for a class of assets, as the weighted average of credit losses where the weights are the probabilities of default. Factors such as historical credit loss experience, future economic climate and forward-looking factors specific to the debtors are taken into account when estimating the probability of default.

The general approach:

Impairments are assessed and recognised in three stages to reflect the potential variation in credit quality of financial assets:

-Stage 1: items that have not deteriorated significantly in credit quality since initial recognition. For these items, the ECL is based on credit losses that result from default events that are possible within the next 12 months (a 12 month ECL) and is calculated as lifetime losses from default inside 12 months weighted by the probability of default in 12 months

-Stage 2: items that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. For these items, the ECL is equal a lifetime ECL and interest is calculated based on the gross carrying value of the asset

-Stage 3: items that have objective evidence of impairment at the reporting date. For these items the ECL is also equal to a lifetime ECL but the interest is calculated based on the net carrying value of the asset.

The amount of credit loss is calculated as the present value of estimated cash shortfalls discounted at the financial asset's original EIR.

(c) Financial assets held by the company

(i) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits and short-term deposits with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Term deposits with an initial maturity of more than three months are treated as other current financial assets.

(ii) Intra-group receivables

Intra-group receivables are recognised at transaction price less any provision for impairment on receivables.

(iii) Intra-group loans receivable

All loans receivable are initially recorded at the amount issued, net of transaction costs. Loans receivable are subsequently carried at amortised cost, with the difference between the amount issued and the amount due on redemption being recognised as a credit to the Profit and Loss account over the period of the relevant loan as interest receivable. Any losses arising from impairment are recognised in the Profit and Loss account in interest payable and similar charges.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

5 Accounting policies (continued)

Financial liabilities

(a) Classification and subsequent measurement

All recognised financial liabilities are subsequently measured at either amortised cost or fair value. Financial liabilities that are not held for trading and are not designated as at fair value through profit and loss are classified as 'Financial liabilities measured at amortised cost' and are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts that are subsequently measured at amortised cost are determined based on the EIR method (see above). The company's financial liabilities include trade and other creditors and intra-group payables. All of the company's financial liabilities are classified as 'Financial liabilities measured at amortised cost'.

(i) Intra-group payables

Intra-group payables are initially recognised at the transaction price and subsequently measured at amortised cost using the EIR method.

Dividends

Dividend distributions to the company's parent are recognised in the company's financial statements in the period in which the dividends are approved.

6 Judgements and key sources of estimation uncertainty

The preparation of historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the end of the reporting period. Uncertainty in making these judgements, assumptions and estimates can result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In preparing the financial statements management have made certain judgements, estimates and assumptions which are considered to have a significant effect on the amounts recognised in the historical financial information and where significant uncertainty may exist, with the risk that a material adjustment to the carrying amounts of assets and liabilities may be required within the next financial year. Those judgements, estimates and assumptions are discussed below.

COVID-19 impact on going concern considerations

As discussed in note 3 and in the Directors' Report to these financial statements, in light of the ongoing issues caused by the outbreak of COVID-19, management have had to carefully consider the potential impact of the crisis on the going concern consideration. In order to support the preparation of the financial statements on a going concern basis, the Group has considered both its 2021 budget, its base case expectation for 2022 and various alternative scenarios, including cash flow modelling, which assess on a broadly conservative basis the currently foreseeable range of impacts on the Group's financial performance in 2021, through the end of the going concern period ending 12 months from approval of these financial statements, and through the balance of 2022. The scenario modelling has then been used to assess liquidity requirements and availability.

The directors' deliberations have also been supported by the indication of intended financial support received by the company from Delta Topco, and the similar confirmation of intent received by Delta Topco from Liberty such that the directors have concluded the company will have access to sufficient liquidity across the going concern period in all foreseeable or plausible scenarios.

Taxation

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

7 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	\$ 000	\$ 000
Foreign exchange losses	<u>-</u>	<u>(12)</u>

8 Interest receivable

	2020	2019
	\$ 000	\$ 000
Interest receivable and similar income		
Interest income from other Formula 1 companies	<u>154,928</u>	<u>158,226</u>

9 Staff costs

The company had no employees during the year (2019:Nil). Directors' remuneration is paid by another member of the Group and the Group has not allocated any directors' remuneration to this entity in the current or prior year.

10 Auditor's remuneration

No audit fee was incurred by the company during the year (2019:\$Nil). Fees of \$9,045 (2019:\$8,314) in relation to the audit of the company's financial statements have been borne by the company's subsidiary FOML (see note 12).

11 Taxation

Tax charged in the Profit and Loss account:

	2020	2019
	\$ 000	\$ 000
Current taxation		
UK corporation tax	-	10,244
UK corporation tax adjustment to prior periods	(2,505)	535
Payment to fellow Formula 1 subsidiaries for group taxation relief - current year	33,053	6,322
Group relief adjustments to prior periods	<u>9,750</u>	<u>(229)</u>
	<u>40,298</u>	<u>16,872</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	10,253
Effect of tax rate change on opening deferred tax balances	(2,398)	-
Arising from adjustments in respect of prior periods	<u>(2,765)</u>	<u>(35)</u>
Total deferred taxation	<u>(5,163)</u>	<u>10,218</u>
Tax charged/ (credited) in the Profit and Loss account	<u>35,135</u>	<u>27,090</u>

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Taxation (continued)

Tax charged to the Profit and Loss account differs from tax calculated applying the average rate of corporation tax in the UK of 19% (2019-19%) to the result before tax for the period. The differences are reconciled below:

	2020 \$ 000	2019 \$ 000
Profit before tax	154,928	158,238
Corporation tax at standard rate	29,436	30,065
Adjustment to tax charge in respect of prior periods - deferred tax	(2,765)	(35)
Effect of deferred tax rate change	(2,397)	(1,208)
Adjustments in respect of prior periods - current tax	7,245	306
Increase (decrease) from transfer pricing adjustments	3,616	(2,038)
Total tax charge	35,135	27,090

Changes in tax rates and factors affecting the future tax charge

Under Finance Act 2016, the UK standard rate of corporation tax was scheduled to reduce from 19% to 17% from 1 April 2020. In March 2020, the UK Government confirmed that the reduction in the UK standard rate of corporation tax to 17% would be cancelled in Finance Act 2020, which was substantively enacted on 17th March 2020. As a result of this, deferred tax balances at 31 December 2020 have been recognised at 19% (2019 - 17%) of the underlying temporary differences, being the rate at which they are now expected to unwind, and a corresponding deferred tax credit of \$2.4m has been booked to the Profit and Loss account.

On 3 March 2021 the UK Government announced its intention to increase the main rate of UK corporation tax from 19% to 25%, with effect from 1 April 2023. At the time of signing these accounts, the legislation to effect this proposed change was neither enacted nor substantively enacted. Indicatively, the effect of restating the deferred tax asset at 31 December 2020 at the proposed new 25% rate, rather than the currently enacted 19% rate, would be to increase that asset by \$8.1m.

Deferred tax assets and liabilities

	2020 Asset \$ 000	2019 Asset \$ 000
Tax losses carried forward	25,546	20,383
	25,546	20,383

Deferred tax movement during the year

	Tax losses carried forward \$ 000	Net tax assets/ (liabilities) \$ 000
At 1 January 2019	30,601	30,601
Recognised in income	(10,218)	(10,218)
At 31 December 2019	20,383	20,383
Recognised in income	5,163	5,163
At 31 December 2020	25,546	25,546

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

11 Taxation (continued)

A deferred tax asset has been recognised in respect of carried forward tax losses because the company's financial projections indicate that sufficient taxable profits will be available in future periods against which the tax losses and reversing temporary differences can be offset. Those projections reflect the directors' current base expectation, consistent with most external forecasts, that, with the rollout of vaccines and improved treatments, COVID-19 and its related consequences will be controlled in due course, and that the disruption caused by the virus, and its impact on the company's financial results and position, will prove temporary.

12 Investments in subsidiaries

	2020 \$ 000	2019 \$ 000
Investments in subsidiaries	<u>50,425</u>	<u>50,425</u>

Investments in subsidiary companies represent the historic costs of acquiring FOML and FOML II, the company's directly held subsidiary companies.

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows (* indicates investment is held by a subsidiary undertaking):

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings				
Allsport Management SA*	Switzerland	Ordinary shares	100%	Non-trading
Formula One Hospitality and Event Services Limited*	England and Wales	Ordinary shares	100%	Formula 1® hospitality and event services
Formula One Marketing Limited	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights
Formula One Marketing II Limited	England and Wales	Ordinary shares	100%	Sale of Formula 1® related advertising and other event rights

Details of registered offices

Allsport - Route de l'Aéroport 10, 1215 Geneva 15, Switzerland.

The registered office of the company's other subsidiaries listed above is No.2 St. James's Market, London, UK, SW1Y 4AH.

13 Debtors due within one year

	2020 \$ 000	2019 \$ 000
Amounts due from other Formula 1 companies	<u>250,876</u>	<u>349,503</u>

Amounts due from other Formula 1 companies are trading balances on which no interest is charged.

No ECL has been provided on amounts due from other Formula 1 companies because under the simplified approach for trade receivables, the probability of default is considered to be extremely remote because the Group has considerable financial resources. Therefore the lifetime ECL is deemed to be immaterial and no impairment has been recognised.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

14 Debtors due after more than one year

	2020 \$ 000	2019 \$ 000
Deferred tax assets (see note 11)	25,546	20,383
Loans to other Formula 1 companies	<u>2,717,806</u>	<u>2,562,877</u>
Total current trade and other receivables	<u>2,743,352</u>	<u>2,583,260</u>

On 25 March 2015 the company made a \$2.5bn loan to its subsidiary FOML with interest charged at a rate of 10.15625% compounded annually and payable on 25 March each year. The interest rate on the loan was reduced to a fixed rate of 6% with effect from 1 December 2017 and to the extent that it is not otherwise redeemed or repurchased, the loan, together with any accrued or unpaid interest, is to be redeemed on 25 March 2035. The company's net intra-group loan receivable balance with FOML increased from \$2,562.9m at 31 December 2019 to \$2,717.8m at 31 December 2020 as a result of the net impact of the interest charge for the year of \$154.9m (2019-\$158.2m), interest settled of \$Nil (2019-\$58.9m) and capital repaid of \$Nil (2019-\$298.7m).

No ECL has been provided on loans to other Formula 1 companies because the balances are at Stage 1 of IFRS 9's general approach impairment model i.e. they have not deteriorated significantly in credit quality since initial recognition. The probability of default is considered to be extremely remote because the Group has considerable financial resources. Therefore the ECL in the next 12 months is deemed to be immaterial and so no impairment has been recognised.

15 Creditors: Amounts falling due within one year

	2020 \$ 000	2019 \$ 000
Amounts due to other Formula 1 companies	53,295	25,624
Income tax liability	<u>143</u>	<u>4,848</u>
	<u>53,438</u>	<u>30,472</u>

Amounts due to other Formula 1 companies are trading balances and no interest is charged.

16 Share capital

Allotted, called up and fully paid shares

	No. 000	2020 \$ 000	No. 000	2019 \$ 000
Ordinary shares of \$1 each	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The share capital of the company is one ordinary share of \$1.

Beta Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

17 Dividends

	31 December 2020 \$ 000	31 December 2019 \$ 000
Dividends paid	<u>81,294</u>	<u>-</u>

On 15 December 2020 the company declared and paid a cash dividend of \$81.3m to its parent Alpha Prema. No dividends were declared or paid during 2019.

18 Guarantees and other financial commitments

The Group's third party loan facilities and hedging arrangements are secured by fixed and floating charges (including share pledges and security over intra-group and book debts) over the present and future assets of the Group's main operating companies (of which the company is one), with cross guarantees as appropriate (including from the company).

19 Related party transactions

The company has taken advantage of the exemption under FRS 101 not to disclose transactions with wholly-owned subsidiaries of Liberty.

20 Parent and ultimate parent undertaking

The company's immediate parent company is Alpha Prema, a company incorporated in England and Wales and a wholly-owned subsidiary of Liberty.

As at the balance sheet date Liberty, a Nasdaq listed company incorporated in the United States of America is the parent undertaking of the smallest and largest group for which publicly available group financial statements are prepared which include the results of the company. Liberty's consolidated accounts are publicly available from 12300 Liberty Blvd, Englewood, CO 80112, USA. Liberty is considered to be, in the opinion of the directors, the ultimate parent undertaking of the company.

21 Non adjusting events after the financial period

COVID-19

In the period since 31 December 2020 and as of the date of approval of these financial statements the company has been addressing issues arising from the continued coronavirus pandemic. In the directors' judgement COVID-19 has not required any post-balance sheet adjustment to be made to, or specific disclosure of the potential impact of the virus to be provided in respect of, any of the company's balance sheet assets and liabilities reported as at 31 December 2020, although there remains evident economic risk exposures for its business in 2021 and potentially beyond, as discussed at length in the Strategic Report.

GROUP PAKKALIE ACCOUNTS FOR

BETA HOLDINGS LTD

Co. NO: 05729365

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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, 2020

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)

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

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

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	LSXMA	The Nasdaq Stock Market LLC
Series B Liberty SiriusXM Common Stock	LSXMB	The Nasdaq Stock Market LLC
Series C Liberty SiriusXM Common Stock	LSXMK	The Nasdaq Stock Market LLC
Series A Liberty Braves Common Stock	BATRA	The Nasdaq Stock Market LLC
Series C Liberty Braves Common Stock	BATRK	The Nasdaq Stock Market LLC
Series A Liberty Formula One Common Stock	FWONA	The Nasdaq Stock Market LLC
Series C Liberty Formula One Common Stock	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report: ☒

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 30, 2020, was approximately \$18.5 billion.

The number of outstanding shares of Liberty Media Corporation's common stock as of January 31, 2021 was:

	Series A	Series B	Series C
Liberty SiriusXM common stock	99,190,965	9,802,232	229,056,782
Liberty Braves common stock	10,312,670	981,778	40,958,175
Liberty Formula One common stock	25,835,838	2,446,606	203,538,477

Documents Incorporated by Reference

The Registrant's definitive proxy statement for its 2021 Annual Meeting of Stockholders is hereby incorporated by reference into Part III of this Annual Report on Form 10-K.

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LIBERTY MEDIA CORPORATION
2020 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 Inc. (“Sirius XM Holdings”), Formula 1, Braves Holdings, LLC (“Braves Holdings”) and our equity affiliate Live Nation Entertainment, Inc. (“Live Nation”).

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.

The Liberty Media common stock was renamed the Liberty Formula One common stock in January 2017.

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 Liberty Formula One Group (the “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 or Live Nation, in which Liberty holds an interest that is attributed to a Liberty tracking stock group, such as the Liberty SiriusXM 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.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of a rights offering in May 2016 to holders of Liberty Braves common stock to acquire shares of Series C Liberty Braves common stock, 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.

On April 22, 2020, the Company’s board of directors approved the immediate reattribution of certain assets and liabilities between the Formula One Group and the Liberty SiriusXM Group (collectively, the “reattribution”).

The assets reattributed from the Formula One Group to the Liberty SiriusXM Group, valued at \$2.8 billion, consisted of:

- Liberty’s entire Live Nation stake, consisting of approximately 69.6 million shares of Live Nation common stock;
- a newly-created Formula One Group intergroup interest, consisting of approximately 5.3 million notional shares of Liberty Formula One common stock, to cover exposure under Liberty’s 1.375% cash convertible senior notes due 2023 (the “Convertible Notes”);
- the bond hedge and warrants associated with the Convertible Notes;
- the entire Liberty SiriusXM Group intergroup interest, consisting of approximately 1.9 million notional shares of Liberty SiriusXM common stock, thereby eliminating the Liberty SiriusXM Group intergroup interest; and

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- a portion, consisting of approximately 2.3 million notional shares of Liberty Braves common stock, of the Formula One Group's intergroup interest in the Braves Group, to cover exposure under the Convertible Notes.

The reattributed liabilities, valued at \$1.3 billion, consisted of:

- the Convertible Notes;
- Liberty's 2.25% exchangeable senior debentures due 2048; and
- Liberty's margin loan secured by shares of Live Nation ("Live Nation Margin Loan").

Similarly, \$1.5 billion of net asset value has been reattributed from the Liberty SiriusXM Group to the Formula One Group, comprised of:

- a call spread between the Formula One Group and the Liberty SiriusXM Group with respect to 34.8 million of the Live Nation shares that were reattributed to the Liberty SiriusXM Group; and
- a net cash payment of \$1.4 billion from the Liberty SiriusXM Group to the Formula One Group, which was funded by a combination of (x) cash on hand, (y) an additional \$400 million drawn from the Company's existing margin loan secured by shares of common stock of Sirius XM Holdings, resulting in an aggregate outstanding balance of \$750 million, and (z) the creation of an intergroup loan obligation from the Liberty SiriusXM Group to the Formula One Group in the principal amount of \$750 million, plus interest thereon, which was repaid with the proceeds from the LSXMK rights offering described below (the "Intergroup Loan").

The reattribution is reflected in the Company's financial statements on a prospective basis.

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, which, as of December 31, 2020, include Liberty's interests in Sirius XM Holdings, and Live Nation, corporate cash, Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.25% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049, Liberty's 0.5% Exchangeable Senior Debentures due 2050 and margin loan obligations incurred by wholly-owned special purpose subsidiaries of Liberty as of December 31, 2020. 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. The Liberty SiriusXM Group retains intergroup interests in the Braves Group and the Formula One Group as of December 31, 2020, as described below.

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, which, as of December 31, 2020, include 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 Liberty SiriusXM Group and the Formula One Group retain intergroup interests in the Braves Group as of December 31, 2020, as described below.

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, as of December 31, 2020, 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 interest in Formula 1, cash, an intergroup interest in the Braves Group, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046.

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The number of notional shares representing the intergroup interest in the Braves Group held by the Formula One Group is 6,792,903, representing an 11.1% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Braves Group held by the Liberty SiriusXM Group is 2,292,037, representing a 3.7% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Formula One Group held by the Liberty SiriusXM Group is 5,271,475, representing a 2.2% intergroup interest at December 31, 2020. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group and Liberty SiriusXM Group have attributed interests in the Braves Group, which are generally stated in terms of a number of shares of Liberty Braves common stock, and the Liberty SiriusXM Group also has an attributed interest in the Formula One Group, which is generally stated in terms of a number of shares of Liberty Formula One common stock. The intergroup interests may be settled, at the discretion of the board of directors of the Company (the "Board of Directors"), through the transfer of newly issued shares of Liberty Braves common stock and Liberty Formula One common stock, respectively, cash and/or other assets to the respective tracking stock group. Accordingly, the Braves Group intergroup interests attributable to the Formula One Group and the Liberty SiriusXM Group are presented as assets of the Formula One Group and Liberty SiriusXM Group, respectively, and are presented as liabilities of the Braves Group. Similarly, the Formula One Group intergroup interest attributable to the Liberty SiriusXM Group is presented as an asset of the Liberty SiriusXM Group and is presented as a liability of the Formula One Group. The offsetting amounts between tracking stock groups are eliminated in consolidation. The intergroup interests will remain outstanding until the redemption of the outstanding interests, at the discretion of the Board of Directors, through a transfer of securities, cash and/or other assets from the Braves Group or Formula One Group to the respective tracking stock group.

In December 2019, Chinese officials reported a novel coronavirus outbreak ("COVID-19"). COVID-19 has since spread internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices. As a result, the start of the 2020 Formula 1 race calendar and the Major League Baseball season were delayed until the beginning of July 2020 and end of July 2020, respectively. In addition, in mid-March 2020, Live Nation suspended all large-scale live entertainment events due to COVID-19.

On April 22, 2020, the Company's board of directors authorized management of the Company to cause subscription rights (the "Series C Liberty SiriusXM Rights") to purchase shares of Series C Liberty SiriusXM common stock, par value \$0.01 per share ("LSXMK"), in a rights offering (the "LSXMK rights offering") to be distributed to holders of Series A Liberty SiriusXM common stock, par value \$0.01 per share, Series B Liberty SiriusXM common stock, par value \$0.01 per share, and LSXMK. In the LSXMK rights offering, Liberty distributed 0.0939 of a Series C Liberty SiriusXM Right for each share of Series A, Series B or Series C Liberty SiriusXM common stock held as of 5:00 p.m., New York City time, on May 13, 2020. Fractional Series C Liberty SiriusXM Rights were rounded up to the nearest whole right. Each whole Series C Liberty SiriusXM Right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of LSXMK at a subscription price of \$25.47, which was equal to an approximate 20% discount to the volume weighted average trading price of LSXMK for the 3-day trading period ending on and including May 8, 2020. Each Series C Liberty SiriusXM Right also entitled the holder to subscribe for additional shares of LSXMK that were unsubscribed for in the LSXMK rights offering pursuant to an oversubscription privilege. The LSXMK rights offering commenced on May 18, 2020, which was also the ex-dividend date for the distribution of the Series C Liberty SiriusXM Rights. The LSXMK rights offering expired at 5:00 p.m. New York City time, on June 5, 2020 and was fully subscribed with 29,594,089 shares of LSXMK issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. The proceeds from the LSXMK rights offering, which aggregated approximately \$754 million, were used to repay the outstanding balance on the Intergroup Loan and accrued interest.

On January 26, 2021, Liberty Media Acquisition Corporation ("LMAC") consummated its initial public offering (the "IPO") of 57.5 million units (the "Units"), including 7.5 million Units sold pursuant to the full exercise of the underwriters' overallotment option. Each Unit consists of one share of Series A common stock of LMAC and one-fifth of one redeemable warrant of LMAC. Each whole warrant entitles the holder thereof to purchase one share of Series A common stock for \$11.50 per share, subject to adjustment, following the later of 30 days after the completion of LMAC's initial business combination and 12 months from the closing of the IPO. The Units were sold at a price of \$10.00 per Unit, generating gross proceeds to LMAC of \$575 million. Concurrently with the IPO, LMAC completed the private placement of 10 million warrants to its sponsor, Liberty Media Acquisition Sponsor LLC (the "Sponsor"), a wholly-owned subsidiary

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of the Company, generating gross proceeds of \$15 million. Each private placement warrant entitles the holder thereof to purchase one share of LMAC's Series A common stock for \$11.50 per share, subject to adjustment, following the later of 30 days after the completion of LMAC's initial business combination and 12 months from the closing of the IPO. A total of \$575 million was placed in a U.S.-based trust account. LMAC intends to search for a target in the media, digital media, music, entertainment, communications, telecommunications and technology industries, but may seek to complete a business combination with an operating company in any industry, sector or geographic region. Under the terms of the offering, the Company, through the Sponsor, owns 20% of LMAC's issued and outstanding common stock and the Sponsor has committed to acquire \$250 million of forward purchase units (each consisting of one share of LMAC's Series B common stock and one-fifth of one redeemable warrant to purchase one share of LMAC's Series A common stock) pursuant to a forward purchase agreement that will close substantially concurrently with the consummation of LMAC's initial business combination. In addition, the Company, through the Sponsor's ownership of LMAC founder shares, has certain governance rights which allow us to control LMAC's affairs, policies and operations through the initial business combination. The Company's ownership interest in LMAC will consist primarily of Series B common stock following the consummation of LMAC's initial business combination, and is initially being attributed to the Formula Onc Group tracking stock.

* * * * *

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; our ownership interest in 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 impacts of COVID-19; 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 (as they relate to our consolidated subsidiaries and equity affiliates) that could cause actual results or events to differ materially from those anticipated:

- the impact of the COVID-19 pandemic and local, state and federal governmental responses to the pandemic on the economy, our customers, our vendors and our businesses generally;
- our ability to obtain additional financing on acceptable terms and cash in amounts sufficient to service debt and other financial obligations;
- our and our subsidiaries' indebtedness could adversely affect operations and could limit the ability of our subsidiaries to react to changes in the economy or our industry;
- the success of businesses attributed to each of our tracking stock groups;
- our and Sirius XM Holdings' ability to realize the benefits of acquisitions or other strategic investments;
- the impact of weak economic conditions on consumer demand for products, services and events offered by our businesses attributed to each of our tracking stock groups;
- the outcome of pending or future litigation;
- the operational risks of our subsidiaries and business affiliates with operations outside of the United States;
- our ability to use net operating loss, disallowed business interest and tax credit carryforwards to reduce future tax payments;

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- the ability of our subsidiaries and business affiliates to comply with government regulations, including, without limitation, FCC requirements, consumer protection laws and competition laws, and adverse outcomes from regulatory proceedings;
- the regulatory and competitive environment of the industries in which we, and the entities in which we have interests, operate;
- changes in the nature of key strategic relationships with partners, vendors and joint venturers;
- competition faced by Sirius XM Holdings;
- the ability of Sirius XM Holdings to attract and retain subscribers and listeners;
- the ability of Sirius XM Holdings to market its services and sell advertising;
- the ability of Sirius XM Holdings to maintain revenue growth from its advertising products;
- the ability of Sirius XM Holdings to protect the security of personal information about its customers;
- the interruption or failure of Sirius XM Holdings' information technology and communication systems;
- the impact of the market for music rights on Sirius XM Holdings and the rates Sirius XM Holdings must pay for rights to use musical works;
- the impact of our equity method investment in Live Nation on our net earnings and the net earnings of Liberty SiriusXM Group;
- challenges by tax authorities in the jurisdictions where Formula 1 operates;
- changes in tax laws that affect Formula 1 and the Formula One Group;
- the ability of Formula 1 to expand into new markets;
- developments stemming from Brexit;
- the establishment of rival motorsports events or other circumstances that impact the competitive position of Formula 1;
- changes in consumer viewing habits and the emergence of new content distribution platforms;
- the impact of organized labor on the Braves Group;
- the impact of an expansion of Major League Baseball;
- the level of broadcasting revenue that Braves Holdings receives;
- the impact of the Development Project on the Braves Group and its ability to manage the project;
- the risks associated with the Company as a whole, even if a holder does not own shares of common stock of all of our groups;
- market confusion that results from misunderstandings about our capital structure;
- events, accidents or terrorist acts that cause one or more events to be cancelled or postponed, are not covered by insurance, or cause reputational damage to our subsidiaries and business affiliates; and
- challenges related to assessing the future prospects of tracking stock groups based on past performance.

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

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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.

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

As of December 31, 2020, we owned approximately 76% of the outstanding equity interest in Sirius XM Holdings. Sirius XM Holdings operates two complementary audio entertainment businesses, Sirius XM and Pandora. Sirius XM Holdings continues to expand the range of choices for its listeners – both in terms of compelling content and the array of ways in which it can be consumed. There are approximately 135 million vehicles in operation with Sirius XM radios, and the proliferation of smart speakers and other connected devices has increased the range of options consumers have for engaging with and consuming Sirius XM Holdings' content.

Sirius XM Holdings is also focused on rapidly growing content categories, such as podcasting. A podcast is a digital audio recording in spoken-word format, usually part of a themed series, which is downloaded or streamed most often to mobile devices. In 2020, an estimated 104 million Americans listened to a podcast at least monthly.

Sirius XM

Sirius XM features music, sports, entertainment, comedy, talk, news, traffic and weather channels and other content, as well as podcasts and infotainment services, in the United States on a subscription fee basis. Sirius XM's premier content bundles include live, curated and certain exclusive and on demand programming. 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, 2020, Sirius XM had approximately 34.7 million subscribers.

In addition to Sirius XM's audio entertainment businesses, it provides connected vehicle services to several automakers. 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

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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 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 (1) an ad-supported radio service, (2) a radio subscription service (Pandora Plus), and (3) an on-demand subscription service (Pandora Premium). As of December 31, 2020, Pandora had approximately 6.3 million subscribers.

The majority of revenue from the Pandora business is generated from advertising on Pandora's ad-supported radio service. Pandora also derives subscription revenue from its Pandora Plus and Pandora Premium subscribers.

The Pandora business also sells advertising on audio platforms and in podcasts unaffiliated with Sirius XM Holdings. Pandora has an arrangement with SoundCloud Holdings, LLC ("SoundCloud") to be its exclusive U.S. ad sales representative. Through this arrangement, Pandora is able to offer advertisers the ability to execute campaigns in the U.S. across the Pandora and SoundCloud listening platforms. Pandora also has arrangements to serve as the ad sales representative for podcasts produced by certain third parties. In addition, through AdsWizz Inc. ("Adswizz"), Pandora provides a comprehensive digital audio and programmatic advertising technology platform, which connects audio publishers and advertisers with a variety of ad insertion, campaign trafficking, yield optimization, programmatic buying, marketplace and podcast monetization solutions. As of December 31, 2020, Pandora had approximately 58.9 million monthly active users.

In February 2020, Sirius XM Holdings completed a \$75 million investment in SoundCloud. SoundCloud is the world's largest open audio platform, with a connected community of creators, listeners and curators. SoundCloud's platform enables its users to upload, promote, share and create audio entertainment. The minority investment complements the existing ad sales relationship between SoundCloud and Pandora.

In June 2020, Sirius XM Holdings acquired Audios Ventures Inc. (which does business as Simplecast) ("Simplecast"), a podcast management and analytics platform. Simplecast complements Adswizz's advertising technology platform, allowing the company to offer podcasters a solution for management, hosting, analytics and advertising sales. In October 2020, Sirius XM Holdings also acquired Stitcher and its Midroll advertising network from the E.W. Scripps Company. Stitcher is a leader in production, distribution, and ad sales in the podcast area.

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, entertainment and comedy channels for a variety of audiences;
- a wide range of national, international and financial news; and
- exclusive limited run channels.

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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 lineups for its services are available at siriusxm.com.

Streaming Service. Sirius XM's streaming service includes a variety of music and non-music channels, including channels that are not available on its satellite radio service, and podcasts. 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 video content, including video from The Howard Stern Show and performances and interviews from Sirius XM's archives, including in-studio performances and behind-the-scenes moments with artists, personalities and newsmakers.

Sirius XM's service also includes a library of podcasts, some of which are exclusive to its service, and other on demand content. Sirius XM's streaming service offers its subscribers the ability to choose their favorite podcast episodes from a catalog of content 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 the vast majority of Sirius XM's packages, including the Select and All Access packages. The Personalized Stations Powered by Pandora feature, which allows subscribers to create their own customized commercial-free music stations within the Sirius XM app, 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.

Sirius XM has entered into agreements with third parties designed to increase the distribution and ease of use of its streaming service, including through connected devices. 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 next generation automotive platform, which it calls "360L," combines Sirius XM's satellite and streaming services into a single, cohesive in-vehicle entertainment experience. Sirius XM has agreements with many automakers to deploy its 360L interface in a variety of vehicles. Sirius XM believes that 360L will be included in a majority of vehicles that include Sirius XM functionality in the future. 360L allows Sirius XM to take advantage of advanced in-dash infotainment systems. 360L is intended to leverage the ubiquitous signal coverage and low delivery costs of Sirius XM's satellite infrastructure 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, podcasts 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 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 -installed feature 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.

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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 include a subscription to Sirius XM's service in the sale or lease 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 orbiting geostationary satellites. Two of these satellites, FM-5 and FM-6, transmit Sirius XM's service on frequencies originally licensed by the FCC to Sirius, and two of these satellites, XM-3 and XM-4, transmit its service on frequencies originally licensed by the FCC to XM. 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 additional satellites, SXM-7 and SXM-8. On December 13, 2020, SXM-7 was successfully launched. In-orbit testing of SXM-7 began on January 4, 2021. During in-orbit testing of SXM-7, events occurred which have caused failures of certain SXM-7 payload units. An evaluation of SXM-7 is underway. The full extent of the damage to SXM-7 is not yet known.

Sirius XM does not expect its satellite radio service to be impacted by these adverse SXM-7 events. Sirius XM's XM-3 and XM-4 satellites continue to operate and are expected to support its satellite radio service for several years. In addition, the XM-5 satellite remains available as an in-orbit spare. Construction of the SXM-8 satellite is underway and is expected to be launched into a geostationary orbit in 2021.

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 of in-orbit operation. The aggregate coverage under those insurance policies with respect to SXM-7 is \$225 million. Sirius XM has notified the underwriters of these policies of a potential claim with respect to SXM-7. Sirius XM does not have insurance policies covering its other 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 may 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.

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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 in New York City. Sirius XM provides equipment to artists and hosts to enable remote creation and transmission of programming.

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

In May 2020, Sirius XM terminated the Automatic Labs Inc. ("Automatic") service, which was part of its connected services business. Automatic operated a service for consumers and auto dealers and offered an install-it-yourself adapter and mobile application, which transformed vehicles into connected vehicles.

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. Subscribers to the DISH Network satellite television service are not included in its subscriber count and 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.

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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, 2020, Sirius XM Canada had approximately 2.6 million subscribers. Sirius XM Canada's subscribers are not included in Sirius XM's subscriber count or subscriber-based operating metrics.

The Pandora Business

Pandora Media, LLC, which owns and operates the Pandora business, is a wholly owned subsidiary of Sirius XM Holdings.

Streaming Radio and On-Demand Music Services

Pandora offers a personalized audio entertainment platform for each listener. Users are able to create personalized stations and playlists and search and play songs and albums on-demand. The Pandora service utilizes content programming algorithms, data collected from listeners, and attributes of the music managed in 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 on iOS and Android mobile devices, web browsers and other internet connected devices. The Pandora application is free to download and use. The Pandora service is also available in vehicles in the United States with smartphone connectivity. Certain automakers now provide embedded streaming connectivity that 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.

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 on the ad-supported service.

Ad-Supported Radio Service

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

Listeners of the ad-supported service are provided with the option to temporarily access on-demand listening, including 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 and higher quality audio on supported devices. 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, download content for offline listening, 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

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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, podcasts 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. Pandora provides advertisers with the ability to target and connect with listeners based on various criteria including age, gender, geographic location and content preferences. 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 agreements to sell the available advertising inventory in the United States for SoundCloud, one of the world’s largest open audio platforms, and other third parties.

Stitcher

Stitcher creates original podcasts and operates content networks that each target a specific genre and audience. Stitcher also provides podcast advertising services that generate revenue for approximately 200 shows and offers a mobile app listening platform where consumers can stream the latest in news, sports, talk, and entertainment on demand.

Stitcher earns revenue by distributing advertising on specific podcasts created by third parties, including placement based on an advertiser’s desired target audience, and from the sale of advertising on its owned podcasts and podcasts offered within the Stitcher app. Stitcher creates and distributes original podcasts through platforms such as its Stitcher app and the iPhone podcast app.

Stitcher also earns subscription revenue from its Stitcher Premium subscription service. Users pay a monthly or annual fee for access on Stitcher Premium to premium content and ad-free archived podcast episodes.

AdsWizz

Through its AdsWizz subsidiary, Pandora is a 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.

In June 2020, Sirius XM Holdings acquired Simplecast, a podcast management and analytics platform that complements AdsWizz’s audio advertising product offering.

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

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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, are represented by performing rights organizations such as the American Society of Composers, Authors and Publishers ("ASCAP"), Broadcast Music, Inc. ("BMI"), SESAC, Inc. ("SESAC") and Global Music Rights LLC ("GMR"). 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 (the "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 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 13.3% of revenue or 24.1% of record label payments in 2020. The rate was scheduled to increase over the five-year period to 15.1% of revenue or 26.2% of record label payments by 2022.

In August 2020, the United States Court of Appeals for the District of Columbia Circuit concluded that the CRB failed to provide adequate notice of the rate structure it adopted, failed to explain its rejection of a past settlement agreement as a benchmark for going forward, and never identified the source of its asserted authority to substantively redefine a material term of its initial determination. For these reasons, the Court of Appeals overturned the CRB's adopted rate structure and percentage rates and remanded the proceeding to the CRB for further proceedings. The CRB has announced further proceedings to consider and address the Court of Appeals' decision.

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 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.

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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 2020, Sirius XM paid a per performance rate for the streaming of certain sound recordings of \$0.0024 on its Sirius XM streaming service.

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 service, 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, 2020, 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 \$0.0024. Sound recordings subject to the statutory license can only be played through Pandora's radio services and not through services that are offered on-demand or offline or through any replay or additional skip features. The CRB has completed a proceeding to determine the rates and terms for the sound recordings streamed pursuant to the statutory license for the period commencing on January 1, 2021 and ending on December 31, 2025. Pandora expects the CRB to issue its determination of these rates and terms on or prior to April 15, 2021.

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 a class action lawsuit 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 this action.

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

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“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. The 2020 World Championship calendar was originally scheduled to have 22 Events. However, due to the COVID-19 pandemic, the start of the season was postponed until early July, with certain Events being cancelled, certain new Events being added and others rescheduled at later dates. The revised 2020 World Championship calendar was comprised of 17 Events in 12 countries across Europe and the Middle East. In 2020, the World Championship was also followed by hundreds of millions of television viewers in approximately 200 territories. While Formula 1’s largest Events have historically hosted live audiences in excess of 300,000 on race weekends, fans were prohibited from attending all but three Events during 2020, with significant limitations on fan attendance at these Events, due to the COVID-19 pandemic.

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”), 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.

Formula 1 recognizes the majority of its revenue and expenses in connection with Events that take place in different countries around the world, generally 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. However, due to the delayed start of the 2020 Formula 1 race calendar, with the first Event not taking place until July 2020, the revenue and expenses recognized by Formula 1 were significantly lower during the first and second quarters of 2020 as compared to the third and fourth quarters.

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. 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.

Race Promotion. Race promotion revenue comprised 12%, 30% and 34% of Formula 1’s total revenue for the years ended December 31, 2020, 2019 and 2018, 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 promotion revenue was significantly lower in 2020 as a result of the reduced calendar and one-time revised fee arrangements, as most Events were closed to fans, which provided very different economics for the promoters.

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.

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Broadcasting. Broadcasting revenue comprised 55%, 38% and 33% of Formula 1's total revenue for the years ended December 31, 2020, 2019 and 2018, respectively. The variation in the 2020 percentage is due to a number of factors related to the COVID-19 pandemic, including the significant decrease in race promotion revenue, as described above. Certain fee relief arrangements were made with broadcasting partners due to the COVID-19 pandemic resulting in fewer Events within a shorter period of time than anticipated. 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 2020, Formula 1 had 13 free-to-air television agreements, nine pay television agreements and 23 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/ESPN (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 and ESPN Deportes (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 17%, 15% and 15% of Formula 1's total revenue for the years ended December 31, 2020, 2019 and 2018, respectively. 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. Advertising and sponsorship revenue was significantly lower in 2020 as a result of certain Events not taking place and revised fee arrangements, as rights under certain contracts could not be fully serviced due to the effects of the COVID-19 pandemic.

Other Revenue

The remainder of Formula 1's revenue is typically 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. As a result of the COVID-19 pandemic, the majority of these operations were significantly reduced in 2020, and others could not be operated.

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.

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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 2020 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 both the 2020 Concorde Arrangements and the 2021 Concorde Agreement (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 2020 Concorde Arrangements (from January 1, 2021, the "2021 Concorde Agreement") 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—Concorde Agreement" 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 Limited ("Delta Topco") subsidiaries party to the 100-Year Agreements become insolvent; (ii) Formula 1 fails to pay an amount due to the FIA and

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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.

Concorde Agreement

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 then-current 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 "2020 Concorde Arrangements") together provided, until December 31, 2020, the contractual framework for the World Championship that was previously set out in the Concorde Agreements.

In August 2020, Formula 1, the FIA and the Teams entered into the 2021 Concorde Agreement, securing the commitment of the Teams to continue participating in the World Championship from January 1, 2021 until December 31, 2025, and governing the relationship between the parties during that period. The 2021 Concorde Agreement is made up of two separate documents: (a) the 2021 Concorde Commercial Agreement between Formula 1 and each of the Teams; and (b) the 2021 Concorde Governance Agreement between Formula 1, the FIA and each of the Teams.

Similar to the 2020 Concorde Arrangements, the 2021 Concorde Agreement provides, among other things, for the participation of the Teams in the World Championship during the term of that agreement, and provides for Formula 1 to make certain Prize Fund payments to the Teams based on their performance in the Constructors' Championship and other principles (such as success and heritage in Formula 1).

Key Provisions

As discussed above, the 2021 Concorde Agreement establishes a Prize Fund, establishes procedures for setting the World Championship calendar, and provides for certain termination rights. The 2021 Concorde Agreement establishes 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 EBIT (defined by Formula 1 as operating profit adjusted to exclude certain specific, and largely non-cash items). A share of the Prize Fund is paid to Ferrari in recognition of its heritage, with the remainder paid to Teams based on their results in prior Constructors' Championships (a significant majority of which is based on their position in the prior year's World Championship). Under the 2021 Concorde Agreement, the consent of 70% of the Teams is required if there are more than 24 Events in a season or if there are fewer than eight Events across Europe and North America combined.

The 2021 Concorde Agreement may be terminated with respect to a Team if the Team 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 terminate their rights and obligations pursuant to the 2021 Concorde Agreement by giving one full season's written notice to Formula 1, as well as under certain other 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
- Upon the occurrence of specified compliance violations or sanctions-related events.

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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 2021 Concorde Agreement, 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

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- 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, and building on Formula 1's "WeRaceAsOne" initiatives to fight inequality and improve the diversity and opportunity in Formula 1 at all levels.

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.

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 historically recognized during the second and third quarters, which aligns with a normal baseball regular season, consisting of approximately 160 games. However, the 2020 regular season was played entirely during the third quarter and consisted of only 60 games, without fans in attendance. The 2020 minor league season was cancelled. The Battery Atlanta derives revenue primarily from rental income (including overage rent and tenant reimbursements), parking and sponsorships throughout the year.

Ticket Sales. While there were no fans in attendance at any 2020 games, the Braves have historically offered 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 also 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 ("Bally Sport South," formerly known as Fox SportsSouth). 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"). Television and radio broadcasting revenue was significantly lower in 2020 as a result of fewer games.

Advertising and Corporate Sponsorship. The Braves work with a variety of corporate sponsors to facilitate advertising and promotional opportunities at Truist 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 Bally Sport South. Revenue from advertising and corporate sponsorships was significantly lower in 2020 as a result of fewer games, all without fans in attendance.

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 2020 season was \$563,500 and will be \$570,500 during the 2021 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. Player salaries in 2020 were reduced to reflect the shortened season. 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 26 players on its active roster (subject to limited exceptions) from the Opening Day of the season through August 31 of each year. During the remainder of the season, teams may keep 28 players under contract. Due to the shortened 2020 season, each team was allowed to keep at least 30 players on its active roster through August 6. During the remainder of the 2020 season, teams were allowed to keep 28 players. The Braves’ roster reflects the team’s commitment to developing and securing talented young players, driving future on-field success.

Player Development. In 2020, the Braves were associated with six minor league teams located in the United States, five of which were owned by Braves Holdings. The club’s 2020 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	North Port, 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

Starting with the 2021 season, a new player development system will be put in place by MLB comprised of 11 Professional Development Leagues. MLB Professional Development Leagues, LLC (“MLB PDL”) will be responsible for the administration of the new system and will enter into player development license agreements with 120 minor league clubs that will compete in the Professional Development Leagues and be affiliated with MLB clubs, including the Braves. MLB PDL will also be responsible for enforcing the terms of each player development license agreement, including standards for facility quality and player working conditions. Each MLB club, including the Braves, will be affiliated with four Professional Development League clubs located in the United States and Canada. Three of the minor league clubs that are owned by Braves Holdings, the Gwinnett Stripes, Mississippi Braves and Rome Braves, have entered into player development license agreements with MLB PDL. Each license agreement has a 10-year term. Additionally, MLB PDL has selected the Augusta Green Jackets to be the fourth Professional Development League club to be affiliated with the Atlanta Braves. Braves Holdings will cease operations in Danville and the Braves will no longer be affiliated with the Florida Fire Frogs.

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.

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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 GCL Braves, the Rookie League affiliate of the Braves. 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 includes thyssenkrupp's new North American headquarters, Papa John's International, Inc.'s Atlanta headquarters, an Aloft Hotel, a specialty market and cinema. Certain portions became operational during 2020, while the remaining portions under construction will become operational throughout 2021 and 2022. 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.

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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.

The unprecedented and rapid spread of COVID-19 and the related government restrictions and social distancing measures implemented throughout the world have significantly impacted Live Nation's live event business. Beginning in March 2020, large public events were cancelled, governmental authorities began imposing restrictions on non-essential activities, and businesses suspended activities around the world. As the impact of the global COVID-19 pandemic became clearer, Live Nation ceased all tours and closed its venues in mid-March 2020 to support global efforts at social distancing and mitigating the virus, and to comply with restrictions put in place by various governmental entities, which has had a materially negative impact on its revenue and financial position.

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 traditionally, 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. Due to the unprecedented stoppage of its concert events globally in mid-March due to the worldwide COVID-19 pandemic, Live Nation did not promote its usual number of shows or experience its typical seasonality trends in 2020. Revenue is generally impacted by the number of events, volume of ticket sales and ticket prices. Event costs such as artist fees and production expenses are included in direct operating expenses and are typically substantial in relation to the revenue.

Ticketing. Live Nation's Ticketing segment is primarily an agency business that sells tickets for events on behalf of its clients and retains a portion of the service charge as a fee. 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. Due to the unprecedented stoppage of live events globally in mid-March and reduction in the number of fans in attendance due to the worldwide COVID-19 pandemic, Live Nation did not sell its usual number of tickets in 2020.

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 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 in, or occur from, May through October. Due to the unprecedented stoppage of Live Nation's concert events globally in mid-March due to the global COVID-19 pandemic, Live Nation did not recognize its normal amount of sponsorship revenue or experience its typical seasonality trends in 2020.

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Terms of Live Nation Investment

At December 31, 2020, 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, 2020.

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 12 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 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 its merger with 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.

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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 and other media properties, such as podcast networks. Sirius XM Holdings also faces competition from streaming and on-demand services, including Amazon Prime, Apple 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 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 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. In addition, 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 offering GPS mapping with sophisticated data-based turn navigation. Sirius XM's connected vehicle services business operates in a highly competitive environment and competes with several providers, as well as with products being developed for vehicles by automakers and other third parties. OnStar, a division of General Motors, 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; podcast distributors and networks; 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 and mobile 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, its artist relationships, its global footprint, the quality of its ticketing software and services, its ecommerce site and extensive database, its diverse distribution platform of venues, the scope, effectiveness and expertise of its advertising and sponsorship programs and its financial stability.

Human Capital Resources

General

As of December 31, 2020, we had 84 corporate employees, and our consolidated subsidiaries had an aggregate of approximately 6,963 full and part-time employees. We believe that our employee relations are good.

Liberty and its subsidiaries strive to create diverse, inclusive and supportive workplaces, with opportunities for employees to grow and develop in their careers, supported by competitive compensation, benefits and health and wellness programs, and by programs that build connections between employees and their communities.

Talent Development

Liberty fosters a strong learning culture by investing in our employees and empowering them to participate in opportunities for personal and professional growth. Some of these opportunities (which vary across our company and our subsidiaries) include tuition reimbursement for professional related coursework, executive and career coaching, paid professional seminars, paid membership in professional organizations, on-site lunch and learn educational meetings and internally led presentations on industry topics.

Diversity and Inclusion

Liberty strives to cultivate a culture that provides a sense of belonging and inclusiveness. Our company respects diversity and the unique perspectives, ideas, skills and abilities of our employees that lead our company to achieve better business results. To reinforce this commitment to inclusion and diversity at the corporate level, Liberty supports domestic partner benefits, paid parental leave, fertility benefits, flexible work arrangements, on-going training, mentorship for female leaders and quarterly town-hall meetings with our Chief Executive Officer.

Similarly, our subsidiaries have undertaken their own individual commitments to developing a diverse workforce. Sirius XM Holdings is focused on increasing female and minority representation at all levels of its organization, and recruits talent in diverse communities, including by engaging as a sponsor of professional conferences, creating employment opportunities and offering leadership development. Sirius XM Holdings provides a mentoring program to help underrepresented employees benefit from coaching, guidance and feedback, and also has several employee resource groups supporting different diverse groups. Braves Holdings has launched a program to provide space for employees to share perspectives, thoughts and insights and engage in thoughtful discussion with peers. Braves Holdings has also created fellowship programs to promote the hiring of diverse talent and accessibility within areas including baseball and baseball operations, data and analytics, scouting and executive leadership. Through its efforts to develop diversity within motorsport, Formula 1 seeks to find untapped, often under represented, talent from new areas. Formula 1 has also committed to a strong internship program and apprenticeship opportunities and will be seeking to provide scholarships to talented engineers from diverse backgrounds.

Compensation and Benefits

Liberty and its subsidiaries aim to provide attractive compensation and benefits programs for their employees. In addition to salaries, these programs (which vary across our company and our subsidiaries) may include, among other items, bonuses, stock awards, 401(k) plans, non-qualified deferred compensation plans, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, paid parental leave, advocacy resources, flexible work schedules and employee assistance programs.

COVID-19 Response

In response to the COVID-19 pandemic, we and our subsidiaries implemented changes that we consider to be in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. As a result of the COVID-19 pandemic, many of our employees are working from home, and we have implemented additional safety measures for employees continuing critical on-site work. We believe we have been able to

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preserve our business continuity without sacrificing our commitment to keeping our employees safe during the COVID-19 pandemic.

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, 2020, we had outstanding corporate-level indebtedness in the principal amount of \$4.8 billion. At December 31, 2020, our only wholly owned consolidated subsidiaries are Braves Holdings and Formula 1. Braves Holdings, due to its size and current indebtedness at its level, 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, the parent company

of Formula 1. 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, 2020, we had approximately \$4.8 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, \$203 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, \$920 million outstanding under our 0.5% exchangeable senior debentures due 2050, \$750 million outstanding under a margin loan obligation incurred by our wholly owned special purpose subsidiary attributed to the Liberty SiriusXM Group and \$74 million of other obligations. 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, Sirius XM Holdings' borrowings under its credit facility, Formula 1's borrowings under its loan facility and Braves Holdings' borrowings under its operating credit facilities 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 national, international and other regulatory guidance and proposals for reform. In 2017, the United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it intends to phase out LIBOR. On November 30, 2020, ICE Benchmark Administration, the administrator of LIBOR, with the support of the United States Federal Reserve and the FCA, announced plans to consult on ceasing publication of LIBOR on December 31, 2021 for only the one week and two month LIBOR tenors, and on June 30, 2023 for all other LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new LIBOR issuances by the end of 2021. In light of these recent announcements, the future of LIBOR at this time is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. 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 and its 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, including as a result of the current COVID-19 pandemic (as discussed below), 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 Corporation ("Liberty Broadband"), Liberty TripAdvisor Holdings, Inc. ("TripCo") and LMAC, 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 and TripCo, as well as the initial public offering of LMAC in January 2021, all of the executive officers of Liberty also serve as executive officers of Qurate Retail, Liberty Broadband, TripCo and LMAC, and there are overlapping directors. Other than our ownership of LMAC's sponsor, which beneficially owns 20% of LMAC's outstanding common stock as of January 26, 2021, 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 LMAC 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 LMAC 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 and TripCo 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 LMAC. 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,

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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 LMAC 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 LMAC) 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, LMAC 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, LMAC or any of their respective subsidiaries or affiliates as would be the case where there is no overlapping officer or director.

In addition, our Company has adopted a policy pursuant to which any business combination opportunity that is a corporate opportunity of our Company that may also be a business combination opportunity for LMAC will first be presented to a standing committee of our board of directors for consideration as to whether our Company desires to pursue such business combination opportunity as a direct investment or to present such opportunity to LMAC for consideration. John C. Malone, Chairman of the Board of our Company, is the sole member of that committee and will not serve in any fiduciary capacity at LMAC.

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, as amended (the "Code") of our Company or Sirius XM Holdings.

At December 31, 2020, we had a deferred tax asset attributable to federal and state net operating losses, disallowed business interest carryforwards and tax credit carryforwards of \$922 million (of which \$745 million was recorded at the Sirius XM Holdings level) and, under 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 Holdings', as applicable) market capitalization is below a certain level or proposed Treasury regulations under Section 382 of the Code issued during 2019 have become final and are applicable (taking into account the delayed effective date of such regulations), our ability to use our federal net operating loss, disallowed business interest and tax

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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 COVID-19

The COVID-19 pandemic is adversely impacting Sirius XM Holdings' business.

Sirius XM Holdings is monitoring and continues to assess the ongoing effects of the COVID-19 pandemic on its businesses and operations. The scope of the effects of the COVID-19 pandemic and its related economic impact on Sirius XM Holdings' businesses depends on many factors beyond its control, and the effects are difficult to assess or predict with meaningful precision both generally and specifically as to its Sirius XM and Pandora businesses.

Sirius XM Holdings has taken actions to help ensure the continuity of its audio entertainment service through the COVID-19 pandemic, including activating its business continuity plans and implementing other steps to enable employees to work remotely. The impact of these steps on Sirius XM Holdings' workforce has presented new challenges for its employees as they balance the demands of the pandemic with their daily operating responsibilities.

In addition, the COVID-19 pandemic has created various uncertainties in Sirius XM Holdings' business, including:

- Limits on its ability to fully staff its customer service operations and certain of its marketing efforts, particularly telemarketing;
- Changes to its sales and marketing practices as Sirius XM Holdings reacts to shifts in the volume of auto sales and subscriber expectations, particularly in customer service and billing operations;
- Possible increases in bad debts as the pandemic broadly affects employment and consumer spending;
- The loss of sales and orders in its advertising business, particularly as industries that are disproportionately affected by the pandemic - such as the travel and travel-related industries - curtail and in many cases stop their advertising spending; and
- Other consequences in its marketing, sales and other operations which Sirius XM Holdings has not yet identified.

Importantly, the COVID-19 pandemic may have a material adverse effect on other third parties upon which Sirius XM Holdings relies, and its ability to assess those effects in any meaningful manner are difficult at this time. In addition, a number of third parties upon which Sirius XM Holdings depends may experience financial difficulties or file for bankruptcy protection. Such third parties may not be able to perform their obligations or may be relieved of their obligations to Sirius XM Holdings as part of the bankruptcy process, which in either case could adversely affect Sirius XM Holdings' business.

Lastly, the negative impact on consumer spending in the United States due to the COVID-19 pandemic may, depending upon the severity, adversely affect several areas of its Sirius XM and Pandora businesses and may negatively impact Sirius XM Holdings' operating results.

Formula 1, the Atlanta Braves and Live Nation have been, and will continue to be, materially impacted by COVID-19 and local, state and federal government actions taken in response, which will have a negative impact on our results of operations and financial condition.

The global spread of COVID-19 has prompted most local, state, federal and foreign governmental agencies to impose travel restrictions and local quarantines or stay at home restrictions to contain the spread. As a result, the business operations of Formula 1, the Atlanta Braves and Live Nation initially were largely, if not completely, suspended at the outset of COVID-19, and continue to be impacted. The first ten races of the 2020 Formula 1 season were either cancelled or postponed, and prior to late-July 2020, all MLB games were postponed, with a portion of spring training in 2020 for teams also having been cancelled. Braves Holdings' Development Project, The Battery Atlanta, has also been affected due to the impacts of these restrictions on retail as well as restaurants, which had initially been limited to take-out and/or delivery service. Live Nation events have been severely impacted by COVID-19, with the vast majority of shows being postponed and the remainder cancelled with refunds issued. However, beginning in July 2020, both Formula 1 and MLB resumed races and games, respectively, although with no fan attendance. The Battery Atlanta has also seen the vast majority of businesses reopen as local quarantines and stay at home restrictions have lifted. However, ongoing or heightened resurgences of COVID-19 in the future or the occurrence of another disaster or crisis could recreate and/or exacerbate the risks and adverse impacts described. Formula 1 Events, MLB games and Live Nation events planned for the future may be cancelled or postponed, and it may not be possible to reschedule previously cancelled or postponed events. No revenue will be recognized from events that were not held and furthermore, if any events currently scheduled to be held are cancelled or postponed due to restrictions being re-implemented, no revenue will be recognized from those events, and it is unclear whether and to what extent certain of those events will be rescheduled.

There can be no assurance as to when the operations of Formula 1, the Atlanta Braves and Live Nation will resume as normal. There also cannot be any assurance as to when operations will resume or when they will resume in full or in a limited capacity due to continuing restrictions, including how long fans will be barred from attending events or whether they will be permitted to attend only in limited numbers. For example, it is possible that continuing concerns could cause professional sports teams in the U.S. to continue to play games without a live audience. Even if these restrictions are loosened or lifted in the near future, concerns about COVID-19 could deter fans from attending events or employees, vendors and other third parties from providing services for these events. In addition, even if these restrictions are loosened or lifted, there is no assurance that they will not be re-implemented as COVID-19 continues to spread.

As a result of the government mandates and possibility of continued concerns, these businesses are facing a potentially lengthy period of time in which they are unable to hold the same number of events, or hold events in the same manner, as they did in prior years due to the uncertainty around COVID-19. These businesses may be required to hold a smaller number of events than originally planned or may not be able to reschedule previously canceled or postponed events. In addition, these businesses may be precluded from holding events with fans in attendance for an undetermined period of time, thereby reducing any additional revenue associated with fan attendance. It is also unclear whether and to what extent COVID-19 concerns will impact the use of and/or demand for the entertainment, events and services provided by these businesses and demand for sponsorship and advertising assets, even after the restrictions are lifted. In many cases, the impact of cancelled events, closed venues and reduced attendance will substantially decrease our revenue. In many cases, we will not be able to reduce our expenses, to the same degree as our decline in revenue, which will adversely affect our results of operations and cash flow.

In addition, our businesses are particularly sensitive to reductions in travel and discretionary consumer spending. We cannot predict the time period over which our businesses will be impacted by COVID-19. Over the long-term, COVID-19 could impede economic activity in impacted regions or globally, causing a global recession, leading to a further decline in discretionary spending on sports and entertainment events and other leisure activities, which could result in long-term effects on our businesses.

Further, the extent of the impact of the COVID-19 pandemic on our businesses remains fluid and the impact could increase, the longer the virus impacts activity levels in the locations in which our businesses operate. In particular, the widespread distribution, acceptance and effectiveness of vaccines is highly uncertain and cannot be predicted at this time. Delays in the widespread distribution of vaccines, or lack of public acceptance, could lead people to continue to self-isolate

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and not participate in the economy at pre-pandemic levels for a prolonged period of time. Further, even if vaccines are widely distributed and accepted, there can be no assurance that the vaccines will ultimately be successful in limiting or stopping the spread of COVID-19.

Even after our businesses resume operations as normal there can be no assurances that fans attending events or vendors and employees working at our events will not contract COVID-19 in the course of attending or providing services. Any such occurrence could result in litigation, legal and other costs and reputational risk that could materially and adversely impact our businesses and results of operations. Even after the COVID-19 pandemic subsides, the U.S. economy may experience a recession, and we anticipate our businesses and operations could be materially adversely affected by a prolonged recession in the U.S.

For the reasons set forth above and other reasons that may come to light as the coronavirus outbreak and protective measures evolve, we cannot reasonably estimate the impact to our future revenue, results of operations, cash flows or financial condition, but such impacts have been and will continue to be significant and could have a material adverse effect on our business, revenue, results of operations, cash flows and financial condition.

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 outlets.

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' streaming products may be pre-loaded or integrated into consumer electronics products or automobiles, more broadly than Sirius XM Holdings' streaming 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.

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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 consumers;
- 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 Spotify, Apple, Google, Amazon, Facebook and other audio entertainment and information providers.

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, call blocking technologies or "do-not-call" or other marketing regulations, 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.

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;

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- 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.

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. Sirius XM Holdings' third party licensors may not 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 may not realize the benefits of acquisitions or other strategic investments and initiatives.

Sirius XM Holdings' strategy includes selective acquisitions, other strategic investments and initiatives that allow it to expand its business. The success of any acquisition 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 certain acquisitions. 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.

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. Sirius XM Holdings discounted pricing strategy is widely known, and this may interfere with its ability to collect its ordinary subscription prices. 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' 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.

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 several of 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

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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.

On December 13, 2020, Sirius XM Holdings' SXM-7 satellite was successfully launched. In-orbit testing of SXM-7 began on January 4, 2021. During in-orbit testing of SXM-7, events occurred which have caused failures of certain SXM-7 payload units. An evaluation of SXM-7 is underway. The full extent of the damage to SXM-7 is not yet known. Sirius XM Holdings has purchased insurance policies covering SXM-7 through launch and the first year of in-orbit operation. The aggregate coverage under those insurance policies is \$225 million. Sirius XM Holdings has notified the underwriters of these policies of a potential claim with respect to SXM-7.

Any material failure of Sirius XM Holdings' operating satellites could cause it to lose customers for its Sirius XM service and could materially harm its reputation and its operating results. With the exception of the insurance Sirius XM Holdings has purchased covering the launch and the first year of in-orbit operation of SXM-7 and SXM-8, it does not have insurance for its 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.

Pandora's ad-supported business has suffered a substantial and consistent 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.

Sirius XM Holdings' failure to convince advertisers of the benefits 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;

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- 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 Spotify, 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; 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.

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.

The substantial majority of the total listening to the Pandora service occurs on mobile devices. 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.

Changes to mobile operating systems and browsers may hinder Sirius XM Holdings' ability to sell advertising and market its services.

Sirius XM Holdings uses shared common device identifiers that are universal in the advertising technology ecosystem, such as Apple's Identifier for Advertisers, a random device identifier assigned by Apple to a user's device. Sirius XM Holdings uses these common device identifiers for targeting, advertising effectiveness and measurement for the Pandora's advertising business and for Pandora's consumer marketing purposes. These common device identifiers enable Sirius XM Holdings to match audiences, including with second- and third-party data providers and measurement vendors and enhance Pandora's advertising targeting segments with additional data. In its programmatic advertising business, Sirius XM Holdings uses common identifiers for several important functions, such as targeting and bidding. Sirius XM Holdings also uses common device identifiers to evaluate the success of its Pandora brand consumer marketing campaigns.

Apple, as well as mobile operating system and browser providers have announced product features and plans that may adversely impact Sirius XM Holdings' ability to use these common identifiers and data collected in connection with these common identifiers in its Pandora business.

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 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 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.

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 services. 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.

Privacy-related laws and regulations, such as the California Consumer Privacy Act and the European General Data Protection Regulation, 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' costs of operation or otherwise adversely affect its business.

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. These efforts may not be successful and Sirius XM Holdings may 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.

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 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.

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

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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.

The cyber security measures Sirius XM Holdings has implemented, however, may not be sufficient to prevent all possible attacks and may be vulnerable to hacking, employee error, malfeasance, system error, faulty password management or other irregularities. Further, the 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.

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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.

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.

Under 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 seven years.

Pandora's services depend upon maintaining complex licenses with copyright owners, and these licenses contain onerous terms.

Pandora has direct license agreements with many sound recording copyright and 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.

The economic terms of these direct licenses are onerous and, as a result, Sirius XM Holdings may not be able to profitably operate the Pandora services. However, the economic terms of these direct licenses may be "market," given the rates paid by Pandora's competitors. Competition for Pandora's services are primarily offered by entities that provide music and entertainment services as a small part of a larger business, such as Apple, Google and Amazon. These competitors have the ability to bear these onerous economic provisions to a much greater extent than the Pandora business. Sirius XM Holdings may not be able to negotiate or obtain lower royalty rates under these direct licenses.

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, Pandora Plus or certain features of its advertising supported service. 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. These provisions have caused, and may in the future cause, Sirius XM Holdings' payments under those agreements to escalate substantially. In

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addition, many record labels, music publishers and performing rights organizations have the right to audit Sirius XM's royalty payments, and audits often 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 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. Pursuant to that decision, the rate that Sirius XM Holdings expected to pay to music publishers and songwriters for the mechanical rights and performance rights needed in connection with interactive streaming would have increased annually between 2018 and 2022. On August 11, 2020, the United States Court of Appeals for the District of Columbia Circuit concluded that the CRB failed to provide adequate notice of the rate structure it adopted, failed to explain its rejection of a past settlement agreement as a benchmark for going forward, and never identified the source of its asserted authority to substantively redefine a material term of its initial determination. For these reasons, the Court of Appeals overturned the CRB's adopted rate structure and percentage rates and remanded the proceeding to the CRB for further proceedings. The CRB has announced further proceedings to consider and address the Court of Appeals' decision.

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.

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.

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.

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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.

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

As of December 31, 2020, Sirius XM Holdings had an aggregate principal amount of approximately \$8.5 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.

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

An earthquake, hurricane, tornado, flood, cyber-attack, terrorist attack, civil unrest 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.

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.

Other Risks Relating to the Liberty SiriusXM 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 Liberty SiriusXM 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 Liberty SiriusXM Group.

We have a significant investment in Live Nation that is attributed to the Liberty SiriusXM 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. Due to the impact of COVID-19,

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Live Nation recorded significant losses during the year ended December 31, 2020. 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 or losses and those attributed to the Liberty SiriusXM Group. Notwithstanding the impact on our net earnings or losses and those attributed to the Liberty SiriusXM 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 Sirius XM Holdings, such as:

- *“Sirius XM Holdings faces substantial competition and that competition is likely to increase over time;”*
- *“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;”*
- *“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;” and*
- *“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.”*

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

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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) 2025 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 the 2021 Concorde Agreement, each of the current 10 Teams have committed to participate in the World Championship until December 31, 2025, 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 2025, or that the FIA will enter into a subsequent Concorde 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 the 2021 Concorde Agreement in certain circumstances and withdraw. For additional information regarding the 2021 Concorde Agreement, see "Item 1. Business—Formula 1—Key Commercial Agreements—Key Provisions." 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 2021 Concorde Governance 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

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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 continues its work on base erosion and profit shifting, 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 2021 Concorde Agreement, the consent of 70% of the Teams is required if there are more than 24 Events in a season or if there are fewer than 8 Events across Europe and North America combined. See " *Item 1. Business Formula 1—Key Commercial Agreements—Key Provisions.*" 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.

The new economic and security relationship between the U.K. and the E.U. stemming from Brexit 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 resulted in a transition period that ended on December 31, 2020 during which the E.U.-U.K. trade relationship did not change. During the transition period, the E.U. and the U.K. negotiated their new economic

and security relationship, including a new agreement on trade. The transition lasted until January 1, 2021, at which point a new trade agreement took effect. On December 24, 2020, the European Commission reached a trade agreement with the U.K. on the terms of its future cooperation with the E.U. (the "Trade Agreement"). The Trade Agreement offers U.K. and E.U. companies preferential access to each other's markets, ensuring imported goods will be free of tariffs and quotas; however, economic relations between the U.K. and the E.U. will now be more restricted terms than existed previously. The Trade Agreement does not incorporate the full scope of the services sector, and businesses such as banking and finance face a more uncertain future. The U.K. and E.U. plan to put in place a regulatory dialogue on financial services based on a separate memorandum of understanding by March 2021. At this time, we cannot predict what impact the Trade Agreement and any future agreements on services, particularly financial services, will have on Formula 1's business, and it is possible that new terms may adversely affect its operations and financial results.

The potential impacts, if any, of the 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, a number of Events that were originally on the calendar for the 2020 season were postponed or cancelled due to the 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 a specified number of Events in a season for reasons other than a force majeure event. The minimum number of Events varies by broadcast contract but is typically between 14 and 16 Events. 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

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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 the 2021 Concorde Agreement, each of the 10 Teams have committed to participate in the World Championship until December 31, 2025. 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) 2025 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

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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;

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- 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 2020, 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 occasionally uses derivatives to hedge its exposure to more significant 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. Chase Carey, Formula 1's Chairman and Chief Executive Officer through the end of 2020, 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. In January 2021, Mr. Carey was succeeded as Chief Executive Officer by Stefano Domenicali, who brings his history of success in Formula 1 racing at Ferrari and the broader auto industry at Audi and Lamborghini. Mr. Carey remains at Formula 1 as non-executive Chairman. Formula 1's Chief Financial Officer, Duncan Llowarch, and the General Counsel, Sacha Woodward Hill, have 24 years and 25 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 2021 Concorde Agreement 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 2021 Concorde Agreement, including in relation to the number of Events in a season exceeding 24 or if there are fewer than 8 Events across Europe and North America combined and the introduction of new sporting and technical regulations applying to the World Championship. 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.

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 generate 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, participation in MLB's postseason provides the franchise with additional revenue and income. While the Braves have made the MLB postseason during five of the past nine 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 2021 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 may obtain 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.

Organized labor matters could have an adverse effect on the Braves Group's financial results.

Our business is dependent upon the efforts of unionized workers. MLB players are covered by a CBA between the Major League Baseball Players Association and MLB. MLB has experienced labor difficulties in the past and may have labor issues in the future. Labor difficulties may include players' strikes or protests or management lockouts. MLB experienced a players strike during the 1994 season, which resulted in a regular season that was shortened and the cancellation of the World Series. The current CBA with the Major League Baseball Players Association expires on December 1, 2021. Any labor disputes, such as players' strikes, protests or lockouts, could have a material negative effect on our business and results of operations.

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, 2020, Braves Holdings had \$115 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, 2020, Braves Holdings had approximately \$290 million outstanding under various debt instruments for construction and other stadium-related costs, \$239 million outstanding under various credit facilities and loans for the

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Development Project and \$30 million outstanding under a credit facility for the spring training facility. As of December 31, 2020, approximately \$138 million of capacity remained available under the credit facilities and loans.

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. Development activities also 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. In addition, Braves Holdings has only been managing the mixed use development since 2017 and although real estate developers and other real estate experts have been engaged to assist in its efforts, Braves Holdings may not be able to fully realize the projected returns and benefits of its real estate development efforts. 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.

Certain covenants included in the documents governing indebtedness 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, 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 interests in Sirius XM Holdings and Live Nation and corporate cash. 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. 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.

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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.

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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

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of Liberty Braves common stock and Liberty SiriusXM common stock was further adjusted in connection with the rights distribution in May 2016 and the rights distribution in May 2020, respectively. 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 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).

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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, 2021) 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.

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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, warehouse 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

Refer to note 17 in the accompanying notes to the consolidated financial statements for information on our legal proceedings.

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, 2020 and 2019. 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
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
2020		
First quarter	\$ 50.89	24.49
Second quarter	\$ 42.42	30.54
Third quarter	\$ 41.65	33.04
Fourth quarter	\$ 47.42	34.45

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	Braves Group Series B (BATRB)	
	High	Low
2019		
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
2020		
First quarter	\$ 33.00	21.60
Second quarter	\$ 30.00	20.95
Third quarter	\$ 26.00	18.60
Fourth quarter	\$ 39.90	24.90

- (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
2019		
First quarter	\$ 31.00	29.60
Second quarter	\$ 36.41	36.00
Third quarter	\$ 39.00	34.90
Fourth quarter	\$ 43.00	38.50
2020		
First quarter	\$ 44.95	22.00
Second quarter	\$ 36.00	21.00
Third quarter	\$ 36.40	30.00
Fourth quarter	\$ 43.47	36.10

Holders

The number of record holders as of January 31, 2021 were as follows:

	Series A	Series B	Series C
Liberty SiriusXM common stock	1,029	58	1,085
Liberty Braves common stock	1,965	36	796
Liberty Formula One common stock	714	54	920

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 2021 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.

A summary of the repurchase activity for the three months ended December 31, 2020 is as follows:

Period	Series A Liberty SiriusXM Common Stock		Series C Liberty SiriusXM Common Stock		(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs (in millions)
	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share		
October 1-31, 2020	355,077	\$ 34.50	904,593	\$ 35.10	1,259,670	\$ 1.120
November 1-30, 2020	747,121	\$ 39.62	94,708	\$ 36.96	841,829	\$ 1.087
December 1-31, 2020	543,290	\$ 42.52	312,197	\$ 42.28	855,487	\$ 1.051
Total	1,645,488		1,311,498		2,956,986	

There were no repurchases of Series A Liberty Formula One common stock or Liberty Braves common stock and no repurchases of Series C Liberty Formula One common stock or Liberty Braves common stock during the three months ended December 31, 2020.

During the three months ended December 31, 2020, 123 shares of Series A and 242 shares of Series C Liberty Formula One common stock, 485 shares of Series A and 976 shares of Series C Liberty SiriusXM common stock, and 51 shares of Series A and 98 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.

Not applicable.

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 and other content, as well as podcasts and infotainment services, in the United States on a subscription fee basis and is distributed through its two proprietary satellite radio systems and streamed 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.

Formula 1 is a wholly-owned consolidated subsidiary and is also a reportable segment. Formula 1 is a global motorsports business that holds exclusive commercial rights with respect to the World Championship, an annual, approximately nine-month long, motor race-based competition in which teams compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship takes place on various circuits with a varying number of events ("Events") taking place in different countries around the world each season. Formula 1 is responsible for the commercial exploitation and development of the World Championship as well as various aspects of its management and administration.

We hold an ownership interest in Live Nation Entertainment, Inc. ("Live Nation"), which is accounted for as an equity method investment at December 31, 2020. Live Nation is considered the world's leading live entertainment company. As of December 31, 2020, Live Nation met the Company's reportable segment threshold for equity method affiliates due to significant losses driven by COVID-19.

Our "Corporate and Other" category includes a consolidated subsidiary, Braves Holdings, LLC ("Braves Holdings") and corporate expenses. 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, which created three new tracking stock groups. 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 or Live Nation, in which Liberty holds an interest that is attributed to a Liberty tracking stock group, such as the Liberty SiriusXM 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.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of a rights offering in May 2016 to holders of Liberty Braves common stock to acquire shares of Series C Liberty Braves common stock, the number of notional shares representing the intergroup interest held by the Formula

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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.

On April 22, 2020, the Company's board of directors approved the immediate reattribution of certain assets and liabilities between the Formula One Group and the Liberty SiriusXM Group (collectively, the "reattribution").

The assets reattributed from the Formula One Group to the Liberty SiriusXM Group, valued at \$2.8 billion, consisted of:

- Liberty's entire Live Nation stake, consisting of approximately 69.6 million shares of Live Nation common stock;
- a newly-created Formula One Group intergroup interest, consisting of approximately 5.3 million notional shares of Liberty Formula One common stock, to cover exposure under Liberty's 1.375% cash convertible senior notes due 2023 (the "Convertible Notes");
- the bond hedge and warrants associated with the Convertible Notes;
- the entire Liberty SiriusXM Group intergroup interest, consisting of approximately 1.9 million notional shares of Liberty SiriusXM common stock, thereby eliminating the Liberty SiriusXM Group intergroup interest; and
- a portion, consisting of approximately 2.3 million notional shares of Liberty Braves common stock, of the Formula One Group's intergroup interest in the Braves Group, to cover exposure under the Convertible Notes.

The reattributed liabilities, valued at \$1.3 billion, consisted of:

- the Convertible Notes;
- Liberty's 2.25% exchangeable senior debentures due 2048; and
- Liberty's margin loan secured by shares of Live Nation ("Live Nation Margin Loan").

Similarly, \$1.5 billion of net asset value has been reattributed from the Liberty SiriusXM Group to the Formula One Group, comprised of:

- a call spread between the Formula One Group and the Liberty SiriusXM Group with respect to 34.8 million of the Live Nation shares that were reattributed to the Liberty SiriusXM Group; and
- a net cash payment of \$1.4 billion from the Liberty SiriusXM Group to the Formula One Group, which was funded by a combination of (x) cash on hand, (y) an additional \$400 million drawn from the Company's existing margin loan secured by shares of common stock of Sirius XM Holdings, resulting in an aggregate outstanding balance of \$750 million, and (z) the creation of an intergroup loan obligation from the Liberty SiriusXM Group to the Formula One Group in the principal amount of \$750 million, plus interest thereon, which was repaid with the proceeds from the L.SXMK rights offering described below (the "Intergroup Loan").

The reattribution is reflected in the Company's financial statements on a prospective basis.

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. As of December 31, 2020, the Liberty SiriusXM Group is primarily comprised of Liberty's interests in Sirius XM Holdings and Live Nation, corporate cash, Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.25% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049, Liberty's 0.5% Exchangeable Senior Debentures due 2050 and margin loan obligations incurred by wholly-owned special purpose subsidiaries of Liberty. As of December 31, 2020, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$996 million, which includes \$71 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

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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, the Liberty SiriusXM Group holds intergroup interests in the Formula One Group and Braves Group of approximately 2.2% and 3.7%, respectively, valued at \$200 million and \$57 million, respectively, as of December 31, 2020.

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. As of December 31, 2020, 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, 2020, the Braves Group has cash and cash equivalents of approximately \$151 million, which includes \$73 million of subsidiary cash. Additionally, the Formula One Group and the Liberty SiriusXM Group retain intergroup interests 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, 2020, the Formula One 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 interest in Formula 1, cash, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046. The Formula One Group also has an intergroup interest in the Braves Group of approximately 11.1%, valued at \$169 million as of December 31, 2020. As of December 31, 2020, the Formula One Group had cash and cash equivalents of approximately \$1,684 million, which includes \$265 million of subsidiary cash.

On April 22, 2020, the Company's board of directors authorized management of the Company to cause subscription rights (the "Series C Liberty SiriusXM Rights") to purchase shares of Series C Liberty SiriusXM common stock, par value \$0.01 per share ("LSXMK"), in a rights offering (the "LSXMK rights offering") to be distributed to holders of Series A Liberty SiriusXM common stock, par value \$0.01 per share, Series B Liberty SiriusXM common stock, par value \$0.01 per share, and LSXMK. In the LSXMK rights offering, Liberty distributed 0.0939 of a Series C Liberty SiriusXM Right for each share of Series A, Series B or Series C Liberty SiriusXM common stock held as of 5:00 p.m., New York City time, on May 13, 2020. Fractional Series C Liberty SiriusXM Rights were rounded up to the nearest whole right. Each whole Series C Liberty SiriusXM Right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of LSXMK at a subscription price of \$25.47, which was equal to an approximate 20% discount to the volume weighted average trading price of LSXMK for the 3-day trading period ending on and including May 8, 2020. Each Series C Liberty SiriusXM Right also entitled the holder to subscribe for additional shares of LSXMK that were unsubscribed for in the LSXMK rights offering pursuant to an oversubscription privilege. The LSXMK rights offering commenced on May 18, 2020, which was also the ex-dividend date for the distribution of the Series C Liberty SiriusXM Rights. The LSXMK rights offering expired at 5:00 p.m. New York City time, on June 5, 2020 and was fully subscribed with 29,594,089 shares of LSXMK issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. The proceeds from the LSXMK rights offering, which aggregated approximately \$754 million, were used to repay the outstanding balance on the Intergroup Loan and accrued interest.

In December 2019, Chinese officials reported a novel coronavirus outbreak ("COVID-19"). COVID-19 has since spread internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices. As a result, the start of the 2020 Formula 1 race calendar and the Major League Baseball season were delayed until the beginning of July 2020 and end of July 2020, respectively. In addition, in mid-March 2020, Live Nation suspended all large-scale live entertainment events due to COVID-19. As a result, the Company's results of operations have been negatively impacted by COVID-19 during the year ended December 31, 2020. Further, Formula 1, the Atlanta Braves and Live Nation will

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continue to be materially impacted by COVID-19 and local, state, and federal government actions taken in response, which will likely have a negative impact on our results of operations and financial condition in future periods.

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 existing 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 used 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, and building on Formula 1's "WeRaceAsOne" initiatives to fight inequality and improve the diversity and opportunity in Formula 1 at all levels.

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 consolidated 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,		
	2020	2019	2018
	amounts in millions		
Revenue			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 8,040	7,794	5,771
Total Liberty SiriusXM Group	8,040	7,794	5,771
Braves Group			
Corporate and other	178	476	442
Total Braves Group	178	476	442
Formula One Group			
Formula 1	1,145	2,022	1,827
Total Formula One Group	1,145	2,022	1,827
Consolidated Liberty	<u>\$ 9,363</u>	<u>10,292</u>	<u>8,040</u>
Operating Income (Loss)			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 790	1,578	1,659
Corporate and other	(41)	(34)	(39)
Total Liberty SiriusXM Group	749	1,544	1,620
Braves Group			
Corporate and other	(128)	(39)	1
Total Braves Group	(128)	(39)	1
Formula One Group			
Formula 1	(386)	17	(68)
Corporate and other	(58)	(52)	(42)
Total Formula One Group	(444)	(35)	(110)
Consolidated Liberty	<u>\$ 177</u>	<u>1,470</u>	<u>1,511</u>
Adjusted OIBDA			
Liberty SiriusXM Group			
Sirius XM Holdings	\$ 2,575	2,453	2,233
Corporate and other	(31)	(17)	(16)
Total Liberty SiriusXM Group	2,544	2,436	2,217
Braves Group			
Corporate and other	(53)	49	88
Total Braves Group	(53)	49	88
Formula One Group			
Formula 1	56	482	400
Corporate and other	(38)	(36)	(25)
Total Formula One Group	18	446	375
Consolidated Liberty	<u>\$ 2,509</u>	<u>2,931</u>	<u>2,680</u>

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Revenue. Our consolidated revenue decreased \$929 million and increased \$2,252 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The 2020 decrease was driven by decreases at Formula 1 and Braves Holdings of \$877 million and \$298 million, respectively, partially offset by revenue growth at Sirius XM Holdings of \$246 million. 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 and of \$2,023 million, \$195 million and \$34 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 \$1,293 million and \$41 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The 2020 decrease was driven by \$788 million, \$403 million and \$89 million decreases in Sirius XM Holdings, Formula 1 and Braves Holdings operating results, respectively. 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 an \$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. 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 \$261 million, \$291 million and \$192 million of stock compensation expense for the years ended December 31, 2020, 2019 and 2018, respectively. The decrease in stock compensation expense in 2020 as compared to the prior year is primarily due to decreases of \$12 million, \$6 million and \$6 million at Braves Holdings, Formula 1 and Sirius XM Holdings, 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.

As of December 31, 2020, the total unrecognized compensation cost related to unvested Sirius XM Holdings stock options and restricted stock units was \$385 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 2.6 years.

As of December 31, 2020, the total unrecognized compensation cost related to unvested Liberty equity awards was approximately \$56 million. Such amount will be recognized in our consolidated statements of operations over a weighted average period of approximately 2.0 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 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 U.S. generally accepted accounting principles (“GAAP”). The following table provides a reconciliation of Operating income (loss) to Adjusted OIBDA:

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	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Operating income (loss)	\$ 177	1,470	1,511
Depreciation and amortization	1,083	1,061	905
Stock-based compensation	261	291	192
Impairment of intangible assets	976	—	—
Litigation settlements and reserves	(16)	25	69
Acquisition and restructuring	28	84	3
Adjusted OIBDA	\$ 2,509	2,931	2,680

During the year ended December 31, 2020, Sirius XM Holdings recorded a goodwill impairment charge of \$956 million related to the Pandora reporting unit and a \$20 million impairment of Pandora's trademark. See note 8 to the accompanying consolidated financial statements for information regarding these impairments.

During the year ended December 31, 2020, Sirius XM Holdings reversed a pre-Pandora acquisition reserve of \$16 million for royalties. This benefit is included in the revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2020. 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, Sirius XM Holdings recorded \$69 million related to music royalty litigation settlements. As separately reported in note 17 of the accompanying consolidated financial statements, this charge is included in the Revenue share and royalties expense line item in the accompanying consolidated financial statements for the year ended December 31, 2018. The aforementioned litigation settlements and reserve have been excluded from Adjusted OIBDA for the corresponding periods as they were not 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 decreased \$422 million and increased \$251 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease in 2020 as compared to the prior year was primarily due to decreases of \$426 million and \$103 million in Formula 1 and Braves Holdings Adjusted OIBDA, respectively, partially offset by a \$122 million increase in Sirius XM Holdings Adjusted OIBDA. 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. 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.

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Other Income and Expense

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Interest expense			
Liberty SiriusXM Group	\$ (462)	(435)	(388)
Braves Group	(26)	(27)	(26)
Formula One Group	(146)	(195)	(192)
Consolidated Liberty	<u>\$ (634)</u>	<u>(657)</u>	<u>(606)</u>
Share of earnings (losses) of affiliates			
Liberty SiriusXM Group	\$ (484)	(24)	(11)
Braves Group	6	18	12
Formula One Group	(108)	12	17
Consolidated Liberty	<u>\$ (586)</u>	<u>6</u>	<u>18</u>
Realized and unrealized gains (losses) on financial instruments, net			
Liberty SiriusXM Group	\$ (521)	(41)	(1)
Braves Group	(10)	(4)	(2)
Formula One Group	129	(270)	43
Consolidated Liberty	<u>\$ (402)</u>	<u>(315)</u>	<u>40</u>
Other, net			
Liberty SiriusXM Group	\$ (13)	(38)	25
Braves Group	—	2	35
Formula One Group	23	45	18
Consolidated Liberty	<u>\$ 10</u>	<u>9</u>	<u>78</u>
	<u>\$ (1,612)</u>	<u>(957)</u>	<u>(470)</u>

Interest expense. Consolidated interest expense decreased \$23 million and increased \$51 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. Interest expense for the Formula One Group decreased during 2020 as compared to the prior year due to a decrease in the average amount of corporate and subsidiary debt outstanding. Interest expense for the Liberty SiriusXM Group increased during 2020 as compared to the prior year due to an increase in the average amount of corporate and subsidiary debt outstanding. As previously disclosed, certain debt was reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020. The interest related to such debt is reflected in interest expense for the Formula One Group prior to the reattribution and in interest expense for the Liberty SiriusXM Group following the reattribution. 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.

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Liberty SiriusXM Group			
Live Nation	(465)	NA	NA
Sirius XM Canada	\$ 5	(3)	(1)
Other	(24)	(21)	(10)
Total Liberty SiriusXM Group	(484)	(24)	(11)
Braves Group			
Other	6	18	12
Total Braves Group	6	18	12
Formula One Group			
Live Nation	(112)	4	3
Other	4	8	14
Total Formula One Group	(108)	12	17
	<u>\$ (586)</u>	<u>6</u>	<u>18</u>

Due to the impact of COVID-19, Live Nation recorded significant losses during the year ended December 31, 2020.

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,		
	2020	2019	2018
	amounts in millions		
Debt and equity securities	\$ (74)	110	2
Debt measured at fair value	(114)	(584)	130
Change in fair value of bond hedges	(127)	215	(94)
Other derivatives	(87)	(56)	2
	<u>\$ (402)</u>	<u>(315)</u>	<u>40</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 years ended December 31, 2020 and 2019 are primarily due to changes in the fair value of Formula 1's interest rate swaps.

Other, net. The decrease in other, net expense in 2020 was primarily driven by a decrease in losses on extinguishment of debt related to Sirius XM Holdings. As previously disclosed, Liberty's investment in Live Nation was

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reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020. Accordingly, any gains or losses on dilution of our investment in Live Nation are reflected in Formula One Group's results prior to the reattribution and in Liberty SiriusXM Group's results following the reattribution. 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.

Income taxes. The Company had an income tax benefit of \$44 million and income tax expense of \$166 million and \$176 million for the years ended December 31, 2020, 2019 and 2018, respectively. Our effective tax rate for the years ended December 31, 2020, 2019 and 2018 was 3%, 32% and 17%, respectively. Our effective tax rate for all three years was impacted for the following reasons:

- During 2020, our effective tax rate was lower than the 21% U.S. federal tax rate due to additional tax expense related to an impairment loss on goodwill that is not deductible for tax purposes and an increase in the Company's valuation allowance, partially offset by tax benefits related to changes in the Company's effective tax rate and federal tax credits.
- 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.

On February 1, 2021, the Company entered into a tax sharing agreement with Sirius XM Holdings governing the allocation of consolidated U.S. income tax liabilities and setting forth agreements with respect to other tax matters when one corporation owns stock representing at least 80% of the voting power and value of the outstanding capital stock of the other corporation. The tax sharing agreement and Sirius XM Holdings' inclusion in the Company's consolidated tax group is not expected to have a material adverse effect on the Company. See note 11 to the accompanying consolidated financial statements for additional information regarding the tax sharing agreement.

Net earnings. We had net losses of \$1,391 million, earnings of \$347 million and earnings of \$865 million for the years ended December 31, 2020, 2019 and 2018, 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, 2020, 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 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 (including derivatives), debt borrowings and equity issuances, available borrowing capacity under margin loans, and dividend and interest receipts. As of December 31, 2020, Liberty had \$266 million of unencumbered marketable equity securities.

Liberty currently does not have a corporate debt rating.

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As of December 31, 2020, Liberty's cash and cash equivalents were as follows:

	Cash and Cash Equivalents
	amounts in millions
Liberty SiriusXM Group	
Sirius XM Holdings	\$ 71
Corporate and other	925
Total Liberty SiriusXM Group	\$ 996
Braves Group	
Corporate and other	\$ 151
Total Braves Group	\$ 151
Formula One Group	
Formula 1	\$ 265
Corporate and other	1,419
Total Formula One Group	\$ 1,684

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. However, Formula 1 does not have the ability to make a RP to Liberty during the waiver period, as discussed below. 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 not been met as of December 31, 2020. As of December 31, 2020, 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, 2020, Liberty had \$600 million available under Liberty's margin loan secured by shares of Sirius XM Holdings and \$200 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.

As stated in note 9 to the accompanying consolidated financial statements, the Company, Sirius XM Holdings, Formula 1 and Braves Holdings are in compliance with all debt covenants as of December 31, 2020. Pursuant to an amendment to Formula 1's Senior Loan Facility (as defined in note 9 of the accompanying consolidated financial statements) on June 26, 2020, subject to compliance by Formula 1 with certain financial conditions, the net leverage financial covenant does not apply until the quarter ended March 31, 2022. The relevant conditions applicable to Formula 1 include the maintenance of minimum liquidity (comprised of unrestricted cash and cash equivalent investments and available revolving credit facility commitments) of \$200 million and certain restrictions on dividends, other payments and the incurrence of additional debt. Formula 1 has the ability to recommence the requirement to comply with the net leverage financial covenant prior to the quarter ended March 31, 2022, in which case the relevant additional conditions will cease to apply. Pursuant to an amendment to Braves Holdings' \$85 million credit facility on August 20, 2020, the fixed charge coverage ratio does not apply until the quarter ending March 31, 2022, subject to certain conditions, including the maintenance of minimum liquidity thresholds throughout the waiver period and certain other restrictions. Braves Holdings could recommence the requirement to comply with the fixed charge coverage ratio beginning with the quarter ending December 31, 2021, in which case the relevant additional conditions will cease to apply. In addition, on August 20, 2020, Braves Holdings amended the debt agreements related to its ballpark funding, waiving the debt service coverage covenant until the quarter ending September 30, 2021, subject to certain conditions, including the maintenance of a minimum liquidity threshold, the increase in debt service reserves and certain other conditions. On January 29, 2021, Braves Holdings amended one of the debt agreements of the mixed-use loans, waiving the debt yield ratio until the quarter ending June 30,

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2021. Additionally, the calculation of the debt yield has been modified from June 30, 2021 through the quarter ending December 31, 2021, subject to certain other conditions.

See Item 7A. Quantitative and Qualitative Disclosures about Market Risk for disclosures related to the anticipated effects of the transition away from London Inter-bank Offered Rate ("LIBOR") as a benchmark for establishing the rate of interest on Liberty's margin loans, Sirius XM Holdings' borrowings under its credit facility, Formula 1's borrowings under its loan facility and Braves Holdings' borrowings under its operating credit facilities.

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Cash Flow Information			
Liberty SiriusXM Group cash provided (used) by operating activities	\$ 1,924	1,944	1,785
Braves Group cash provided (used) by operating activities	(55)	75	103
Formula One Group cash provided (used) by operating activities	(139)	294	268
Net cash provided (used) by operating activities	\$ 1,730	2,313	2,156
Liberty SiriusXM Group cash provided (used) by investing activities	\$ (734)	384	(756)
Braves Group cash provided (used) by investing activities	(77)	(107)	159
Formula One Group cash provided (used) by investing activities	75	37	227
Net cash provided (used) by investing activities	\$ (736)	314	(370)
Liberty SiriusXM Group cash provided (used) by financing activities	\$ (689)	(1,923)	(1,552)
Braves Group cash provided (used) by financing activities	105	54	(212)
Formula One Group cash provided (used) by financing activities	1,158	96	(616)
Net cash provided (used) by financing activities	\$ 574	(1,773)	(2,380)

Liberty's primary uses of cash during the year ended December 31, 2020 (excluding cash used by Sirius XM Holdings, Formula 1 and Braves Holdings) were \$318 million of Series A and Series C Liberty SiriusXM common stock repurchases and the repayment of \$130 million outstanding under Liberty's margin loan secured by shares of Live Nation. These uses were primarily funded by borrowings of debt, returns of investments in equity method affiliates and dividends from Sirius XM Holdings. In connection with the reattribution, Liberty borrowed \$400 million under the margin loan secured by shares of Sirius XM Holdings. The proceeds from the LSXMK rights offering, which aggregated approximately \$754 million, were used to repay the outstanding balance on the Intergroup Loan and accrued interest.

Sirius XM Holdings' primary uses of cash during the year ended December 31, 2020 were the repurchase and retirement of outstanding Sirius XM Holdings common stock, repayment of long-term debt, additions to property and equipment, acquisitions of businesses and dividends paid to stockholders. The Sirius XM Holdings uses of cash were funded by borrowings of debt and cash provided by operating activities. During the year ended December 31, 2020, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$237 million, of which Liberty received \$173 million.

Braves Holdings' primary uses of cash during the year ended December 31, 2020 were operating expenses and capital expenditures for continued expansion of the mixed-use development, funded primarily by net borrowings of debt.

During the year ended December 31, 2020, Formula 1 borrowed against its revolving credit facility and then repaid the outstanding balance in full.

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 loan secured by shares of Sirius XM Holdings 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, or dividends or distributions from operating subsidiaries. We may be required to make net payments of income tax liabilities to settle items under discussion with tax authorities.

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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 28, 2021, Sirius XM Holdings' board of directors declared a quarterly dividend on its common stock in the amount of \$0.014641 per share of common stock, payable on February 26, 2021 to stockholders of record at the close of business on February 10, 2021. 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.

The precise extent to which the COVID-19 pandemic will impact Sirius XM Holdings' operational and financial performance will depend on various factors. To date, the pandemic has not increased Sirius XM Holdings' costs of or access to capital under its revolving credit facility and in the debt markets, and Sirius XM Holdings does not believe it is reasonably likely to in the future. In addition, Sirius XM Holdings does not believe that the pandemic will affect its ongoing ability to meet the covenants in its debt instruments, including under its revolving credit facility. Due to the nature of Sirius XM Holdings' subscription business, the effect of the COVID-19 pandemic will not be fully reflected in certain of its results of operations until future periods.

Formula 1's uses of cash are expected to be debt service payments and operating expenses. Formula 1 has historically funded its uses of cash with cash provided by operations. Formula 1's operating cash flows have been, and may continue to be, adversely impacted by COVID-19, which may require Formula 1 to fund its projected uses of cash with other sources of liquidity.

Braves Holdings' uses of cash are expected to be expenditures related to the mixed-use development, debt service payments and operating expenses. Liberty expects Braves Holdings to fund its projected uses of cash with cash on hand, cash provided by operations and through borrowings under construction loans. See Item 1. Business – (c) Narrative Description of Business – Braves Holdings, LLC – Mixed-use development. Braves Holdings' operating cash flows have been, and may continue to be, adversely impacted by COVID-19, which may require Braves Holdings to fund its projected uses of cash with other sources of liquidity.

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, 2020 aggregated \$287 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.

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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				
Consolidated contractual obligations					
Long-term debt (1)	\$ 16,954	69	4,333	4,577	7,975
Interest payments (2)	4,264	640	1,121	706	1,797
Programming and royalty fees (3)	1,918	709	730	284	195
Lease obligations	839	89	175	150	425
Employment agreements	287	128	76	56	27
Other obligations (4)	313	137	59	32	85
Total consolidated	\$ 24,575	1,772	6,494	5,805	10,504

- (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, 2020, (ii) assume the interest rates on our variable rate debt remain constant at the December 31, 2020 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. In certain arrangements, the 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 Sirius XM Holdings' brands. 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-4 meeting its 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

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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, 2020, the intangible assets not subject to amortization for each of our consolidated reportable segments were as follows (amounts in millions):

	<u>Goodwill</u>	<u>FCC Licenses</u>	<u>Other</u>	<u>Total</u>
Sirius XM Holdings	\$ 15,082	8,600	1,242	24,924
Formula 1	3,956	—	—	3,956
Other	180	—	143	323
Consolidated	<u>\$ 19,218</u>	<u>8,600</u>	<u>1,385</u>	<u>29,203</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, which launched in 2009 and 2013, respectively, and estimates they will operate effectively through the end of their depreciable lives in 2024 and 2028, respectively.

Sirius XM Holdings currently operates three in-orbit XM satellites, XM-3, XM-4 and XM-5. The XM-3 satellite, launched in 2005, reached the end of its depreciable life in 2020. Sirius XM Holdings estimates that its XM-4 satellite, launched in 2006, will reach the end of its depreciable life in 2021. Sirius XM Holdings has entered into agreements for the design, construction and launch of two satellites, SXM-7 and SXM-8. SXM-7 was launched into a geostationary orbit in December 2020. In-orbit testing of SXM-7 began on January 4, 2021. During in-orbit testing of SXM-7, events occurred which have caused failures of certain SXM-7 payload units. An evaluation of SXM-7 is underway. The full extent of the damage to SXM-7 is not yet known. SXM-8 is expected to be launched into a geostationary orbit in 2021. 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 and other content, as well as podcasts and infotainment services, in the United States on a subscription fee basis. Sirius XM's premier content bundles include live, curated and certain exclusive and on demand programming. 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, 2020, Sirius XM had approximately 34.7 million subscribers.

In addition to Sirius XM's audio entertainment businesses, it provides connected vehicle services to several automakers. 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.

In May 2020, Sirius XM terminated the Automatic Labs Inc. ("Automatic") service, which was part of its connected services business. Automatic operated a service for consumers and auto dealers and offered an install-it-yourself adapter and mobile application, which transformed vehicles into connected vehicles. During the year ended December 31, 2020, Sirius XM recorded \$24 million of restructuring expenses related to this termination of the service.

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

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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 (1) an ad-supported radio service, (2) a radio subscription service, called Pandora Plus and (3) an on-demand subscription service, called Pandora Premium. As of December 31, 2020, Pandora had approximately 6.3 million subscribers.

The majority of Pandora's revenue is generated from advertising on its ad-supported radio service. Pandora also derives subscription revenue from its Pandora Plus and Pandora Premium subscribers.

Pandora also sells advertising on audio platforms and in podcasts unaffiliated with Sirius XM Holdings. Pandora is the exclusive U.S. ad sales representative for SoundCloud Holdings, LLC ("SoundCloud"). Through this arrangement, Pandora offers advertisers the ability to execute campaigns in the U.S. across the Pandora and SoundCloud listening platforms. Sirius XM Holdings also has arrangements to serve as the ad sales representative for certain podcasts, such as the podcasts of NBC News. In addition, through AdsWizz, Inc. ("Adswizz"), Pandora provides a comprehensive digital audio advertising technology platform, which connects audio publishers and advertisers with a variety of ad insertion, campaign trafficking, yield optimization, programmatic buying, marketplace and podcast monetization solutions. As of December 31, 2020, Pandora had approximately 58.9 million monthly active users.

In October 2020, Sirius XM Holdings acquired the assets of Stitcher from The E.W. Scripps Company and certain of its subsidiaries for a total consideration of \$296 million, which includes \$272 million in cash and \$30 million related to contingent consideration, partially offset by working capital adjustments of \$6 million. In June 2020, Sirius XM Holdings acquired Simplecast for \$28 million in cash. Simplecast is a podcast management and analytics platform. The acquisition of Stitcher, in conjunction with Simplecast, creates a full-service platform for podcast creators, publishers and advertisers. Refer to note 5 to our consolidated financial statements for more information on these acquisitions.

In February 2020, Sirius XM Holdings completed a \$75 million investment in SoundCloud. SoundCloud is the world's largest open audio platform, with a connected community of creators, listeners and curators. SoundCloud's platform enables its users to upload, promote, share and create audio entertainment. The minority investment complements the existing ad sales relationship between SoundCloud and Pandora.

Results of Operations

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.

Sirius XM Holdings acquired Pandora on February 1, 2019. 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 and 2018. The pro forma financial information was prepared based on the historical financial information of Sirius XM Holdings 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. Pro forma adjustments are not included for the acquisitions of Simplecast and Stitcher. 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.

As of December 31, 2020, there is an approximate 24% 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.

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Sirius XM Holdings' operating results were as follows:

	Years ended December 31,		
	2020	2019	2018
	(actual)	(pro forma)	(pro forma)
	amounts in millions		
Sirius XM:			
Subscriber revenue	\$ 5,857	5,644	5,264
Advertising revenue	157	205	188
Equipment revenue	173	173	155
Other revenue	155	172	171
Total Sirius XM revenue	6,342	6,194	5,778
Pandora:			
Subscriber revenue	515	527	478
Advertising revenue	1,183	1,200	1,092
Total Pandora revenue	1,698	1,727	1,570
Total revenue	8,040	7,921	7,348
Operating expenses (excluding stock-based compensation included below):			
Sirius XM cost of services (excluding litigation settlement)	(2,430)	(2,378)	(2,203)
Pandora cost of services (excluding litigation reserve)	(1,121)	(1,104)	(1,082)
Subscriber acquisition costs	(362)	(427)	(470)
Selling, general and administrative expenses (excluding litigation settlement)	(1,332)	(1,344)	(1,245)
Other operating expenses	(220)	(241)	(217)
Adjusted OIBDA	2,575	2,427	2,131
Impairment of intangible assets	(976)	—	—
Litigation settlements and reserves	16	(25)	(69)
Stock-based compensation	(223)	(240)	(244)
Acquisition and restructuring	(28)	—	—
Depreciation and amortization	(574)	(552)	(533)
Operating income	\$ 790	1,610	1,285

Sirius XM Subscriber revenue includes self-pay and paid promotional subscriptions, U.S. Music Royalty Fees and other ancillary fees. Subscriber revenue increased 4% and 7% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The increase for the year ended December 31, 2020 was primarily driven by higher self-pay revenue as a result of increases in certain subscription plans and higher U.S. Music Royalty Fees due to a higher music royalty rate, partially offset by lower paid promotional revenue. The increase for the year ended December 31, 2019 was 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 a 3% increase in the daily weighted average number of subscribers during the year ended December 31, 2019, as compared to the corresponding prior year period.

Sirius XM Advertising revenue includes the sale of advertising on Sirius XM's non-music channels. Advertising revenue decreased 23% and increased 9% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease for the year ended December 31, 2020 was primarily due to lower advertising spend as a result of the impact of the COVID-19 pandemic. The increase for the year ended December 31, 2019 was 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 was flat and increased 12% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. During the year ended December 31, 2020, increased OEM royalty revenue was offset by lower direct sales to customers and the loss of revenue resulting from the termination of the

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Automatic service. The increase for the year ended December 31, 2019 was 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 decreased 10% and increased 1% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease for the year ended December 31, 2020 was driven by lower revenue from Sirius XM's connected vehicle services, rental car revenue and royalty revenue from Sirius XM Canada. 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.

Pandora subscriber revenue includes fees charged for Pandora Plus, Pandora Premium, Stitcher and Simplecast subscriptions. Pandora subscriber revenue decreased 2% and increased 10% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The decrease for the year ended December 31, 2020 was primarily due to the expiration of the one-year promotional subscriptions generated through an agreement with T-Mobile. The increase for the year ended December 31, 2019 was primarily due to an increase in the weighted average number of subscribers and an increase in the average price paid per subscriber due to the growth of Pandora Premium.

Pandora advertising revenue is generated primarily from audio, display and video advertising from on-platform and off-platform advertising. Pandora advertising revenue decreased 1% and increased 10% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The decrease for the year ended December 31, 2020 was primarily due to lower advertising as a result of the impact of the COVID-19 pandemic and a decrease in advertising revenue per thousand hours, partially offset by growth in Pandora's off-platform advertising and the inclusion of revenue from Stitcher. The increase for the year ended December 31, 2019 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.

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 4% and 8% during 2020 and 2019, respectively, as compared to the prior year periods. The increases were driven by overall greater revenue subject to royalties and revenue share.
- *Programming and Content* includes costs to acquire, create, promote and produce content. Programming and content costs increased 1% and 10% during 2020 and 2019, respectively, as compared to the corresponding prior years. The increases for both years were driven primarily by higher music licensing costs and increased personnel-related costs. The increase in 2020 was partially offset by one-time benefits for reduced sports programming as a result of shortened sports seasons due to the COVID-19 pandemic and lower costs associated with hosting live events.
- *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 decreased 2% and increased 4% during 2020 and 2019, respectively, as compared to the corresponding prior years. The 2020 decrease was driven by reduced staffing resulting from stay at home orders issued in countries in which Sirius XM's vendors operate call centers. The 2019 increase was driven by increased transaction fees from a larger subscriber base and higher bad debt expense.
- *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.

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in Sirius XM's direct to consumer distribution channels. Other costs of subscriber services was flat and increased 13% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. During the year ended December 31, 2020, higher hosting and wireless costs associated with Sirius XM's 360L platform and its streaming and connected vehicle services were offset by lower direct sales to consumers and reduced costs due to the termination of the Automatic service. The 2019 increase was primarily driven by higher hosting and other 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.

Pandora Cost of services (excluding legal reserve) includes revenue share and royalties, programming and content costs, customer service and billing expenses and other ancillary costs.

- *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. Revenue share and royalties increased 1% and 2% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 increase was attributable to the inclusion of Stitcher, partially offset by lower listening hours and the expiration during 2019 of certain minimum guarantees in direct license agreements with record labels. 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.
- *Programming and content* includes costs to produce live listener events and promote content. Programming and content increased 71% and 55% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The increases were primarily due to increases in personnel related and content costs.
- *Customer service and billing* includes transaction fees on subscription purchases through mobile app stores and bad debt expense. Customer service and billing increased 2% and decreased 11% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 increase was primarily driven by higher bad debt expense, partially offset by lower transaction costs. The 2019 decrease was primarily driven by lower bad debt expense due to recoveries and lower transaction fees.
- *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. Other costs decreased 9% and increased 21% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was primarily driven by lower streaming costs due to lower listener hours and lower personnel related costs. The 2019 increase was primarily driven by increased web hosting and personnel related costs.

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, 2020 and 2019, subscriber acquisition costs decreased 15% and 9%, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was driven by a decline in OEM installations as a result of the COVID-19 pandemic as well as lower hardware subsidies as certain subsidy rates decreased. The decrease for 2019 was driven by reductions to OEM hardware subsidy rates, lower subsidized costs related to the transition of chipsets and a decrease 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 decreased 1% and increased 8% for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior year periods. The decrease for the year ended December 31, 2020 was driven by

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lower personnel related costs, the closure of a sales and use tax audit in the second quarter of 2020 and lower travel and entertainment costs, partially offset by a \$25 million contribution to a donor advised fund that will be the source of Sirius XM Holdings' future charitable contributions, and higher legal costs. The increase for the year ended December 31, 2019 was driven by additional subscriber communications and acquisition campaigns and higher rent.

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, 2020 and 2019, other operating expense decreased 9% and increased 11%, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was driven by lower personnel-related costs. The 2019 increase was driven by higher personnel-related costs.

Impairment of intangible assets for the year ended December 31, 2020 includes a goodwill impairment charge of \$956 million related to the Pandora reporting unit and a \$20 million impairment of Pandora's trademark.

Litigation settlements and reserves for the year ended December 31, 2020 relates to the reversal of a pre-Pandora acquisition reserve of \$16 million for royalties. This benefit is included in the revenue share and royalties line item in the accompanying consolidated financial statements for the year ended December 31, 2020. During the year ended December 31, 2019, Sirius XM Holdings recorded 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. 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. The aforementioned litigation settlements and reserve have been excluded from Adjusted OIBDA for the corresponding periods as they were not part of Sirius XM Holdings' normal operations and do not relate to the on-going performance of the business.

Stock-based compensation decreased 7% and 2% during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The decreases are primarily due to decreases in Pandora's stock-based compensation.

Acquisition and restructuring costs for the year ended December 31, 2020 relate to costs associated with the termination of the Automatic service and the acquisitions of Simplecast and Stitcher.

Depreciation and amortization increased 4% during both of the years ended December 31, 2020 and 2019, as compared to the corresponding periods in the prior year. The increases were due to higher depreciation expense 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. Due to the COVID-19 pandemic, the start of the 2020 season was postponed, with certain Events being cancelled, certain new Events being added and others rescheduled to later dates. 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.

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Formula 1's operating results were as follows:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Primary Formula 1 revenue	\$ 964	1,664	1,487
Other Formula 1 revenue	181	358	340
Total Formula 1 revenue	1,145	2,022	1,827
Operating expenses (excluding stock-based compensation included below):			
Cost of Formula 1 revenue	(974)	(1,393)	(1,273)
Selling, general and administrative expenses	(115)	(147)	(154)
Adjusted OIBDA	56	482	400
Stock-based compensation	(13)	(19)	(16)
Depreciation and amortization	(429)	(446)	(452)
Operating income (loss)	\$ (386)	17	(68)
Number of Events	17	21	21

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 decreased \$700 million and increased \$177 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year.

Race promotion revenue decreased during the year ended December 31, 2020, as compared to the prior year, due to the fact that fans were prohibited at all but three Events during 2020, which led to one-time changes in the contractual terms of the originally scheduled Events that remained on the revised 2020 calendar, and limited revenue from the other Events that were added to make up the 17 Events. Broadcasting revenue decreased as the altered schedule triggered lower broadcasting fees pursuant to the contractual terms within certain broadcasting agreements and also led to other one-time changes as certain broadcasting fees were renegotiated for 2020, leading to overall lower than originally contracted broadcasting revenue. Additionally, Formula 1 was prevented from delivering all of the elements of a typical sponsorship offering with the cancellation of certain Events to which contracted sponsorship inventory related, and with limited activities at the Events that have taken place due to the lack of fans and inability to operate services such as hospitality, leading to one-time changes in sponsorship contracts. These challenging circumstances led to a number of other one-time changes as certain sponsorship fees were also renegotiated for 2020, with revenue related to certain undelivered contract rights in 2020 being deferred into future years.

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.

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.

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Other Formula 1 revenue decreased \$177 million and increased \$18 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. Other Formula 1 revenue decreased in 2020 as there were four fewer Events in 2020 and COVID-19 related restrictions and the related calendar changes led to lower revenue from most activities, including the non-operation of the Formula One Paddock Club at all but one Event where a limited service could be provided, reduced freight income, the non-operation of fan festivals and business forums, and lower F2 and F3 series income. These decreases were partially offset by increases in licensing and digital media income, driven primarily by F1 TV subscriptions. 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.

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,		
	2020	2019	2018
	amounts in millions		
Team payments	\$ (711)	(1,012)	(913)
Other costs of Formula 1 revenue	(263)	(381)	(360)
Cost of Formula 1 revenue	<u>\$ (974)</u>	<u>(1,393)</u>	<u>(1,273)</u>

Cost of Formula 1 revenue decreased \$419 million and increased \$120 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year.

Team payments decreased \$301 million and increased \$99 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was driven by the decrease in Primary Formula 1 revenue and other 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, partially offset by one-time fees paid to teams upon signing the 2021 Concorde Agreement in 2020. 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.

Other costs of Formula 1 revenue decreased \$118 million and increased \$21 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was driven by four fewer Events, fewer non-European Events, and the significantly reduced activities in the current period due to COVID-19. 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.

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 \$32 million and \$7 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was driven by lower personnel costs and certain cost reduction initiatives while Events were not taking place and following the return to racing, resulting in lower legal and

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professional fees and lower discretionary marketing expenditures. The 2019 decrease was driven by foreign exchange gains and lower bad debt expense, partially offset by higher personnel and information technology costs.

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. Stock-based compensation expense decreased \$6 million and increased \$3 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year. The 2020 decrease was due to the vesting of outstanding awards and a decrease in the fair value of the underlying awards. 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 \$17 million and \$6 million during the year ended December 31, 2020 and 2019, respectively, as compared to the corresponding periods in the prior year, primarily due to decreases 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 ANLBC and six minor league baseball clubs (the Gwinnett Stripers, the Mississippi Braves, the Rome Braves, the Danville Braves (through 2020), the GCL Braves and the Dominican Summer League). ANLBC's ballpark is located 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 the construction of the adjacent mixed-use development project, which we refer to as the Development Project.

Due to COVID-19, Major League Baseball postponed the start of the 2020 season until late July, resulting in a regular season of 60 games, without fans in attendance. In addition, the 2020 minor league season was cancelled. Braves Holdings did not generate material revenue from the Braves' participation in the 2020 postseason given the structure of the Major League Baseball playoffs to accommodate COVID-19 safety protocols.

Operating results attributable to Braves Holdings were as follows.

	Year ended December 31,		
	2020	2019	2018
	amounts in millions		
Baseball revenue	\$ 142	438	404
Development revenue	36	38	38
Total revenue	178	476	442
Operating expenses (excluding stock-based compensation included below):			
Other operating expenses	(170)	(344)	(268)
Selling, general and administrative expenses	(57)	(78)	(80)
Adjusted OIBDA	(49)	54	94
Stock-based compensation	(3)	(15)	(10)
Depreciation and amortization	(69)	(71)	(76)
Operating income (loss)	\$ (121)	(32)	8
Regular season home games	30	81	81
Postseason home games	7	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, licensing and other shared Major League Baseball

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("MLB") revenue streams. Development revenue is derived from the mixed-use facilities and primarily includes rental income. For the years ended December 31, 2020 and 2019, revenue decreased \$298 million and increased \$34 million, respectively, as compared to the corresponding prior years. A normal baseball season has historically consisted of approximately 160 games. However, the 2020 regular season consisted of only 60 games. The decrease in baseball revenue in 2020 was primarily driven by fewer games in 2020. Without fans in attendance for any games, ballpark operations revenue was lower due to decreased ticket and concession sales. Fewer games also resulted in lower broadcasting revenue. 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. The decrease in development revenue in 2020 was primarily driven by the deferral of rental income from the mixed-use facilities. 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.

Other operating expenses primarily include costs associated with baseball and stadium operations. For the years ended December 31, 2020 and 2019, other operating expenses decreased \$174 million and increased \$76 million, respectively, as compared to the corresponding prior years. The decrease in 2020 as compared to 2019 was primarily due to lower player salaries, as players were paid a pro-rata portion of their salaries, lower travel expenses and lower facility and game day expenses, as there were fewer games in 2020, all without fans in attendance. 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.

Selling, general and administrative expense includes costs of marketing, advertising, finance and related personnel costs. Selling, general and administrative expense decreased \$21 million and \$2 million for the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. The decrease for 2020 as compared to 2019 was primarily driven by lower marketing expense and fewer games in 2020. The decrease for 2019 as compared to 2018 was primarily due to reduced expenses associated with the residential portion of the mixed-use complex, which was sold in October 2018.

Stock-based compensation decreased \$12 million and increased \$5 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. The decrease in 2020 as compared to 2019 was driven by a decrease in the fair value of the underlying awards. The increase in 2019 as compared to 2018 was driven by an increase in the fair value of the underlying awards.

Depreciation and amortization decreased \$2 million and \$5 million during the years ended December 31, 2020 and 2019, respectively, as compared to the corresponding prior years. The decrease in 2020 as compared to 2019 was driven by a decrease in amortization expense related to player contracts. 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.

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

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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, 2020, our debt is comprised of the following amounts:

	Variable rate debt		Fixed rate debt	
	Principal amount	Weighted avg interest rate	Principal amount	Weighted avg interest rate
dollar amounts in millions				
Liberty SiriusXM Group	\$ 1,399	2.1%	\$ 11,252	3.8%
Braves Group	\$ 278	1.8%	\$ 396	3.6%
Formula One Group	\$ 832	3.5%	\$ 2,797	4.6%

Liberty's borrowings under margin loans, Sirius XM Holdings' borrowings under its credit facility, Formula 1's borrowings under its loan facility and Braves Holdings' borrowings under its operating credit facilities carry a variable interest rate based on LIBOR as a benchmark for establishing the rate of interest. LIBOR is the subject of national, international and other regulatory guidance and proposals for reform. In 2017, the United Kingdom's Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it intends to phase out LIBOR. On November 30, 2020, ICE Benchmark Administration, the administrator of LIBOR, with the support of the United States Federal Reserve and the FCA, announced plans to consult on ceasing publication of LIBOR on December 31, 2021 for only the one week and two month LIBOR tenors, and on June 30, 2023 for all other LIBOR tenors. While this announcement extends the transition period to June 2023, the United States Federal Reserve concurrently issued a statement advising banks to stop new LIBOR issuances by the end of 2021. In light of these recent announcements, the future of LIBOR at this time is uncertain and any changes in the methods by which LIBOR is determined or regulatory activity related to LIBOR's phaseout could cause LIBOR to perform differently than in the past or cease to exist. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of borrowings under the aforementioned debt instruments. In preparation for the expected phase out of LIBOR, and to the extent alternate reference rates were not included in existing debt agreements, Liberty, Sirius XM Holdings and Formula 1 expect to incorporate alternative reference rates when amending these facilities, as applicable.

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, 2020, the fair value of our marketable equity securities was \$266 million. Had the market price of such securities been 10% lower at December 31, 2020, the aggregate value of such securities would have been \$27 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-36. 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.

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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, 2020 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-31 for *Management’s Report on Internal Control Over Financial Reporting*.

See page II-32 for *Report of Independent Registered Public Accounting Firm* for their attestation regarding our internal control over financial reporting.

There has been no change in the Company’s internal control over financial reporting that occurred during the three months ended December 31, 2020 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, 2020, 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, 2020, its internal control over financial reporting is effective.

The Company's independent registered public accounting firm audited the consolidated financial statements and related notes 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-32 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, 2020, 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, 2020, 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, 2020 and 2019, 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, 2020, and the related notes (collectively, the consolidated financial statements), and our report dated February 26, 2021 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, 2021

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 2020, 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, 2020, 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, 2021 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Change in Accounting Principle

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*.

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.

Sufficiency of audit evidence over certain subscriber and advertising revenue streams

As disclosed in the consolidated statements of operations, the Company generated \$9,363 million of revenue, of which \$5,857 million was Sirius XM subscriber revenue and \$1,183 million was Pandora (Pandora Media, LLC and subsidiaries, the successor to Pandora Media, Inc. and subsidiaries) advertising revenue, for the year ended December 31, 2020. 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 following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the Sirius XM subscriber revenue and Pandora advertising revenue recognition processes. We involved IT professionals with specialized skills and knowledge, who assisted in testing relevant 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. We applied auditor judgment to determine the nature and extent of procedures to be performed over subscriber and advertising revenue. 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 source documents and system reports. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed.

Fair value of the Pandora trademark and goodwill in the Pandora reporting unit

As discussed in note 8 to the consolidated financial statements, the Company's goodwill balance associated with Sirius XM Holdings was \$15,082 million as of December 31, 2020, which is comprised of Sirius XM and Pandora reporting units. Additionally, as discussed in note 8 to the consolidated financial statements, the Company's trademarks balance was \$1,242 million as of December 31, 2020. The Company performs goodwill and indefinite-lived assets impairment testing as of the fourth quarter of each fiscal year, and whenever events and changes in circumstances indicate that the carrying value of a trademark more likely than not exceeds its fair value or the carrying value of a reporting unit more likely than not exceeds its fair value. The Company identified events that indicated that it was more likely than not that the carrying value of the Pandora reporting unit and the Pandora trademark exceeded their fair values. The Company estimated the fair value of the Pandora reporting unit using a combination of a discounted cash flow model and a market approach, and the Pandora trademark using a discounted cash flow model. As a result, the Company recognized an impairment charge of \$956 million for the Pandora reporting unit goodwill and an impairment charge of \$20 million for the Pandora trademark.

We identified the evaluation of the Company's fair value assessment of the Pandora trademark and goodwill in the Pandora reporting unit as a critical audit matter. There was a high degree of subjective auditor judgment in applying and evaluating the results of our audit procedures over the discounted cash flow model used to calculate the fair value of the goodwill in the Pandora reporting unit and the Pandora trademark. Specifically, the revenue growth rates, long-term growth rate, and the discount rates (the key assumptions), which were used by the Company to estimate the fair value of the reporting unit involved a higher degree of subjectivity. In addition, these key assumptions used in the fair value assessment were challenging to test due to the sensitivity of the fair value to changes in these assumptions.

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The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's goodwill and trademark impairment process. This included controls over the selection of the revenue growth rates, long-term growth rate, and the discount rates used to estimate the fair value of the Pandora reporting unit and the Pandora trademark. We performed sensitivity analyses to assess the impact of possible changes to the revenue growth rates, long-term growth rate and discount rate assumptions on the fair value of the Pandora reporting unit and the Pandora trademark. We compared the Company's forecasted revenue growth rate assumptions to the Pandora reporting unit's historical revenue growth rates, to projected revenue growth rates for comparable companies, and to other publicly available data, including third party market studies. We compared the Company's historical revenue forecasts to actual results to assess the Company's ability to accurately forecast. We evaluated the relevance and reliability of the internal and external data used to develop those assumptions. We involved valuation professionals with specialized skills and knowledge who assisted in:

- evaluating the Company's discount rates by comparing them to discount rate ranges that were developed using publicly available market data for comparable entities;
- developing an estimated range of fair value of the Pandora reporting unit using the reporting unit's cash flow projections, estimated discount rate range, and comparing the result to the Company's fair value estimate; and
- developing an estimated range of fair value of the Pandora trademark using the Company's cash flow projections and an estimated discount rate range and comparing the result to the Company's fair value estimate.

/s/ KPMG LLP

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

Denver, Colorado
February 26, 2021

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

	2020	2019
	amounts in millions	
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,831	1,222
Trade and other receivables, net	823	767
Other current assets	376	416
Total current assets	4,030	2,405
Investments in affiliates, accounted for using the equity method (note 7)	1,018	1,625
Property and equipment, at cost	4,017	3,780
Accumulated depreciation	(1,778)	(1,518)
	2,239	2,262
Intangible assets not subject to amortization (note 8)		
Goodwill	19,218	19,939
FCG licenses	8,600	8,600
Other	1,385	1,405
	29,203	29,944
Intangible assets subject to amortization, net (note 8)	5,378	5,940
Other assets	2,136	2,018
Total assets	\$ 44,004	44,189
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,583	1,621
Current portion of debt, including \$684 million and \$0 measured at fair value, respectively (note 9)	743	60
Deferred revenue	2,070	2,113
Other current liabilities	94	94
Total current liabilities	4,490	3,888
Long-term debt, including \$3,861 million and \$3,678 million measured at fair value, respectively (note 9)	16,686	15,416
Deferred income tax liabilities (note 11)	2,126	1,913
Other liabilities	1,101	1,047
Total liabilities	\$ 24,403	22,264

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets (Continued)

December 31, 2020 and 2019

	2020	2019
	amounts in millions	
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, 2020; issued and outstanding 99,383,666 shares at December 31, 2020 and 103,339,016 shares at December 31, 2019 (note 2)	1	1
Series A Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2020; issued and outstanding 10,312,670 shares at December 31, 2020 and 10,312,639 shares at December 31, 2019 (note 2)	—	—
Series A Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2020; issued and outstanding 25,835,838 shares at December 31, 2020 and 25,834,334 shares at December 31, 2019 (note 2)	—	—
Series B Liberty SiriusXM common stock, \$.01 par value. Authorized 75,000,000 shares at December 31, 2020; issued and outstanding 9,802,237 shares at December 31, 2020 and 9,808,601 shares at December 31, 2019 (note 2)	—	—
Series B Liberty Braves common stock, \$.01 par value. Authorized 7,500,000 shares at December 31, 2020; issued and outstanding 981,778 shares at December 31, 2020 and 981,860 shares at December 31, 2019 (note 2)	—	—
Series B Liberty Formula One common stock, \$.01 par value. Authorized 18,750,000 shares at December 31, 2020; issued and outstanding 2,446,606 shares at December 31, 2020 and 2,448,233 shares at December 31, 2019 (note 2)	—	—
Series C Liberty SiriusXM common stock, \$.01 par value. Authorized 2,000,000,000 shares at December 31, 2020; issued and outstanding 229,575,090 shares at December 31, 2020 and 203,324,574 shares at December 31, 2019 (note 2)	2	2
Series C Liberty Braves common stock, \$.01 par value. Authorized 200,000,000 shares at December 31, 2020; issued and outstanding 40,958,175 shares at December 31, 2020 and 39,894,784 shares at December 31, 2019 (note 2)	—	—
Series C Liberty Formula One common stock, \$.01 par value. Authorized 500,000,000 shares at December 31, 2020; issued and outstanding 203,538,477 shares at December 31, 2020 and 203,366,419 shares at December 31, 2019 (note 2)	2	2
Additional paid-in capital	2,688	2,575
Accumulated other comprehensive earnings (loss), net of taxes	78	(33)
Retained earnings	12,320	13,748
Total stockholders' equity	15,091	16,295
Noncontrolling interests in equity of subsidiaries	4,510	5,630
Total equity	19,601	21,925
Commitments and contingencies (note 17)		
Total liabilities and equity	\$ 44,004	44,189

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in millions		
Revenue:			
Sirius XM Holdings revenue	\$ 8,040	7,794	5,771
Formula 1 revenue	1,145	2,022	1,827
Other revenue	178	476	442
Total revenue	9,363	10,292	8,040
Operating costs and expenses, including stock-based compensation (note 3):			
Cost of services (exclusive of depreciation shown separately below):			
Revenue share and royalties	2,421	2,291	1,394
Programming and content	481	462	406
Customer service and billing	481	475	382
Other	196	199	126
Cost of Formula 1 revenue	974	1,394	1,273
Subscriber acquisition costs	362	427	470
Other operating expenses	434	624	391
Selling, general and administrative	1,750	1,805	1,179
Impairment of intangible assets (note 8)	976	—	—
Acquisition and restructuring (note 5)	28	84	3
Depreciation and amortization	1,083	1,061	905
	9,186	8,822	6,529
Operating income (loss)	177	1,470	1,511
Other income (expense):			
Interest expense	(634)	(657)	(606)
Share of earnings (losses) of affiliates, net (note 7)	(586)	6	18
Realized and unrealized gains (losses) on financial instruments, net (note 6)	(402)	(315)	40
Other, net	10	9	78
	(1,612)	(957)	(470)
Earnings (loss) before income taxes	(1,435)	513	1,041
Income tax (expense) benefit (note 11)	44	(166)	(176)
Net earnings (loss)	(1,391)	347	865
Less net earnings (loss) attributable to the noncontrolling interests	30	241	334
Net earnings (loss) attributable to Liberty stockholders	\$ (1,421)	106	531
Net earnings (loss) attributable to Liberty stockholders (note 2):			
Liberty SiriusXM common stock	\$ (747)	494	676
Liberty Braves common stock	(78)	(77)	5
Liberty Formula One common stock	(596)	(311)	(150)
	\$ (1,421)	106	531

(continued)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Operations (Continued)

Years ended December 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</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	(2.24)	1.50	1.98
Series A, B and C Liberty Braves common stock	(1.53)	(1.51)	0.10
Series A, B and C Liberty Formula One common stock	(2.57)	(1.35)	(0.65)
Diluted net earnings (loss) attributable to Liberty stockholders per common share (notes 2 and 3)			
Series A, B and C Liberty SiriusXM common stock	(2.33)	1.48	1.95
Series A, B and C Liberty Braves common stock	(2.00)	(1.51)	0.10
Series A, B and C Liberty Formula One common stock	(2.57)	(1.35)	(0.65)

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statements Of Comprehensive Earnings (Loss)
Years ended December 31, 2020, 2019 and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
	<u>amounts in millions</u>		
Net earnings (loss)	<u>\$ (1,391)</u>	<u>347</u>	<u>865</u>
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	12	20	(34)
Unrealized holding gains (losses) arising during the period	(7)	3	(3)
Credit risk on fair value debt instruments gains (losses)	117	(13)	32
Share of other comprehensive earnings (loss) of equity affiliates	(9)	1	(10)
Other comprehensive earnings (loss)	<u>113</u>	<u>11</u>	<u>(15)</u>
Comprehensive earnings (loss)	<u>(1,278)</u>	<u>358</u>	<u>850</u>
Less comprehensive earnings (loss) attributable to the noncontrolling interests	<u>32</u>	<u>247</u>	<u>324</u>
Comprehensive earnings (loss) attributable to Liberty stockholders	<u>\$ (1,310)</u>	<u>111</u>	<u>526</u>
Comprehensive earnings (loss) attributable to Liberty stockholders:			
Liberty SiriusXM common stock	\$ (712)	512	663
Liberty Braves common stock	(86)	(74)	2
Liberty Formula One common stock	<u>(512)</u>	<u>(327)</u>	<u>(139)</u>
	<u>\$ (1,310)</u>	<u>111</u>	<u>526</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Consolidated Statements Of Cash Flows

Years ended December 31, 2020, 2019 and 2018

	2020	2019	2018
	amounts in millions		
	(see note 4)		
Cash flows from operating activities:			
Net earnings (loss)	\$ (1,391)	347	865
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	1,083	1,061	905
Stock-based compensation	261	312	192
Impairment of intangible assets	976	—	—
Share of (earnings) loss of affiliates, net	586	(6)	(18)
Realized and unrealized (gains) losses on financial instruments, net	402	315	(40)
Noncash interest expense	17	9	(1)
Losses (gains) on dilution of investment in affiliate	(4)	(7)	1
Loss on early extinguishment of debt	40	57	1
Deferred income tax expense (benefit)	(95)	120	167
Other charges (credits), net	35	8	(17)
Changes in operating assets and liabilities			
Current and other assets	(34)	(3)	(31)
Payables and other liabilities	(146)	100	132
Net cash provided (used) by operating activities	<u>1,730</u>	<u>2,313</u>	<u>2,156</u>
Cash flows from investing activities:			
Cash proceeds from dispositions of investments	13	442	399
Cash (paid) received for acquisitions, net of cash acquired	(300)	313	(2)
Investments in equity method affiliates and debt and equity securities	(113)	(29)	(414)
Return of investment in equity method affiliates	105	23	64
Repayment of loans and other cash receipts from equity method affiliates and debt and equity securities	20	11	14
Capital expended for property and equipment, including internal-use software and website development	(452)	(510)	(403)
Other investing activities, net	(9)	64	(28)
Net cash provided (used) by investing activities	<u>(736)</u>	<u>314</u>	<u>(370)</u>
Cash flows from financing activities:			
Borrowings of debt	4,898	6,020	3,617
Repayments of debt	(2,931)	(4,871)	(4,057)
Liberty SiriusXM common stock repurchases	(318)	(443)	(466)
Subsidiary shares repurchased by subsidiary	(1,555)	(2,159)	(1,314)
Proceeds from Liberty SiriusXM common stock rights offering	754	—	—
Cash dividends paid by subsidiary	(64)	(68)	(59)
Taxes paid in lieu of shares issued for stock-based compensation	(120)	(211)	(130)
Other financing activities, net	(90)	(41)	29
Net cash provided (used) by financing activities	<u>574</u>	<u>(1,773)</u>	<u>(2,380)</u>
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	<u>3</u>	<u>—</u>	<u>(1)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>1,571</u>	<u>854</u>	<u>(595)</u>
Cash, cash equivalents and restricted cash at beginning of period	<u>1,306</u>	<u>452</u>	<u>1,047</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 2,877</u>	<u>1,306</u>	<u>452</u>

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES
Consolidated Statement Of Equity
Years ended December 31, 2020, 2019 and 2018

Stockholders' equity																Noncontrolling interest in equity of subsidiaries		Total equity												
Preferred Stock	Liberty Media Corporation			Common Stock			Liberty Sirius XM			Liberty Braves			Liberty Formula One			Additional paid-in capital	Accumulated other comprehensive earnings	Retained earnings												
	Series A	Series B	Series C	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, 2018	6	\$	—	\$	—	\$	—	\$	1	\$	—	\$	2	\$	—	\$	—	\$	—	\$	2	\$	3,892	\$	(35)	\$	13,081	\$	5,631	\$22,574
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	531	—	334	865	
Other comprehensive (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(15)	—	—	(10)	(15)	
Cumulative adjustment for change in accounting principle (note 3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	22	2	36	—	—	12	72	
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	153	—	—	—	—	39	192	
Liberty Sirius XM stock repurchases	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(130)	—	—	—	—	—	(130)	
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(466)	—	—	—	—	—	(466)	
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(416)	—	—	—	(881)	(1,297)		
Other	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(65)	—	(4)	—	65	—	—	
Balance at December 31, 2018	—	—	—	—	—	1	—	2	—	—	—	—	—	—	—	—	—	—	—	—	2	2,984	(38)	13,644	5,103	21,698	—	6	11	
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	106	241	347		
Other comprehensive (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—	—	—	—	
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	
Liberty Sirius XM 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	5,610	21,925	—	30	(1,391)	
Net earnings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other comprehensive earnings (loss)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	111	(1,421)	2	113		
Stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	213	—	—	—	64	277		
Withholding taxes on net share settlements of stock-based compensation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(120)	—	—	—	—	—	(120)	
Liberty Sirius XM stock repurchases	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(318)	—	—	—	—	—	(318)	
Shares repurchased by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(346)	—	—	—	(1,228)	(1,574)		
Shares issued by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(75)	—	—	—	75	—		
Dividends paid by subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(64)	(64)		
Common stock issued pursuant to the Series G Liberty Sirius XM common stock rights offering	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	754	—	—	—	—	—	754	
Other, net	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—	(7)	—	1	(1)		
Balance at December 31, 2020	31	\$	—	\$	—	\$	1	\$	2	\$	—	\$	—	\$	—	\$	—	\$	—	\$	2	\$	2,688	\$	78	\$	12,320	\$	4,510	\$19,601

See accompanying notes to consolidated financial statements.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2020, 2019 and 2018

(1) Basis of Presentation

The accompanying consolidated financial statements of Liberty Media Corporation (“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”).

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, 2020, we owned approximately 76% of the outstanding equity interest in Sirius XM Holdings.

In 2011, Qurate Retail, Inc. (“Qurate Retail”) completed its split-off from Liberty, and in 2014, Liberty Broadband Corporation (“Liberty Broadband”) completed its spin-off from Liberty. In addition, in 2014, Liberty TripAdvisor Holdings, Inc. (“Liberty TripAdvisor”) completed its spin-off from Qurate Retail, and in 2018, GCI Liberty, Inc. (“GCI Liberty”) completed its split-off from Qurate Retail. These transactions resulted in the separate corporate existence of Liberty, Qurate Retail, Liberty Broadband, Liberty TripAdvisor and GCI Liberty. Following these transactions, each of these companies operates (or in the case of GCI Liberty, prior to its acquisition, operated) as separate publicly traded companies, none of which has any stock ownership, beneficial or otherwise, in the other (except that GCI Liberty owned shares of Liberty Broadband’s Series C non-voting common stock prior to the merger of GCI Liberty and Liberty Broadband in December 2020). In connection with the foregoing transactions, Liberty entered into certain agreements with Qurate Retail, Liberty TripAdvisor, Liberty Broadband, 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 and Liberty Broadband only), Services Agreements and Facilities Sharing Agreements. The Reorganization, Services and Facilities Sharing Agreements entered into with Qurate Retail were assigned from Liberty’s predecessor to Liberty in 2013 in connection with a prior transaction.

The Reorganization Agreements provide for, among other things, provisions governing the relationships between Liberty and each of Qurate Retail and Liberty Broadband, respectively, including certain cross-indemnities. Pursuant to the Services Agreements, Liberty provides Qurate Retail, Liberty TripAdvisor, Liberty Broadband and GCI Liberty (prior to termination) with general and administrative services including legal, tax, accounting, treasury and investor relations support. Qurate Retail, Liberty TripAdvisor, Liberty Broadband and GCI Liberty (prior to termination) 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 and GCI Liberty (prior to termination) 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 and GCI Liberty (prior to termination) at Liberty’s corporate headquarters. Under these various agreements, approximately \$28 million, \$46 million and \$30 million of these allocated expenses were reimbursed to Liberty during the years ended December 31, 2020, 2019 and 2018, respectively.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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 would 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. Following the merger between GCI Liberty and Liberty Broadband in December 2020, GCI Liberty no longer participates in the Services Agreement arrangement due to the termination of its Services Agreement with Liberty.

In December 2020, in conjunction with the merger, GCI Liberty made an executive termination payment to Liberty of approximately \$6 million. See note 13 for additional information related to termination payments.

On January 26, 2021, Liberty Media Acquisition Corporation ("LMAC") consummated its initial public offering (the "IPO") of 57.5 million units (the "Units"), including 7.5 million Units sold pursuant to the full exercise of the underwriters' overallotment option. Each Unit consists of one share of Series A common stock of LMAC and one-fifth of one redeemable warrant of LMAC. Each whole warrant entitles the holder thereof to purchase one share of Series A common stock for \$11.50 per share, subject to adjustment, following the later of 30 days after the completion of LMAC's initial business combination and 12 months from the closing of the IPO. The Units were sold at a price of \$10.00 per Unit, generating gross proceeds to LMAC of \$575 million. Concurrently with the IPO, LMAC completed the private placement of 10 million warrants to its sponsor, Liberty Media Acquisition Sponsor LLC (the "Sponsor"), a wholly-owned subsidiary of the Company, generating gross proceeds of \$15 million. Each private placement warrant entitles the holder thereof to purchase one share of LMAC's Series A common stock for \$11.50 per share, subject to adjustment, following the later of 30 days after the completion of LMAC's initial business combination and 12 months from the closing of the IPO. A total of \$575 million was placed in a U.S.-based trust account. LMAC intends to search for a target in the media, digital media, music, entertainment, communications, telecommunications and technology industries, but may seek to complete a business combination with an operating company in any industry, sector or geographic area. Under the terms of the offering, the Company, through the Sponsor, owns 20% of LMAC's issued and outstanding common stock and the Sponsor has committed to acquire \$250 million of forward purchase units (each consisting of one share of LMAC's Series B common stock and one-fifth of one redeemable warrant to purchase one share of LMAC's Series A common stock) pursuant to a forward purchase agreement that will close substantially concurrently with the consummation of LMAC's initial business combination. In addition, the Company, through the Sponsor's ownership of LMAC founder shares, has certain governance rights which allow us to control LMAC's affairs, policies and operations through the initial business combination. The Company's ownership interest in LMAC will consist primarily of Series B common stock following the consummation of LMAC's initial business combination, and is initially being attributed to the Formula One Group tracking stock.

(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 Formula One common stock (formerly known as 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.

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 the Liberty Formula One Group (the "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,

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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 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.

Additionally, as a result of the Recapitalization, Liberty's 1.375% Cash Convertible Senior Notes due 2023 (the "Convertible Notes") 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.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of a rights offering in May 2016 to holders of Liberty Braves common stock to acquire shares of Series C Liberty Braves common stock, 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.

On April 22, 2020, the Company's board of directors approved the immediate reattribution of certain assets and liabilities between the Formula One Group and the Liberty SiriusXM Group (collectively, the "reattribution").

The assets reattributed from the Formula One Group to the Liberty SiriusXM Group, valued at \$2.8 billion, consisted of:

- Liberty's entire Live Nation stake, consisting of approximately 69.6 million shares of Live Nation common stock;
- a newly-created Formula One Group intergroup interest, consisting of approximately 5.3 million notional shares of Liberty Formula One common stock, to cover exposure under the Convertible Notes;
- the bond hedge and warrants associated with the Convertible Notes;
- the entire Liberty SiriusXM Group intergroup interest, consisting of approximately 1.9 million notional shares of Liberty SiriusXM common stock, thereby eliminating the Liberty SiriusXM Group intergroup interest; and
- a portion, consisting of approximately 2.3 million notional shares of Liberty Braves common stock, of the Formula One Group's intergroup interest in the Braves Group, to cover exposure under the Convertible Notes.

The reattributed liabilities, valued at \$1.3 billion, consisted of:

- the Convertible Notes;
- Liberty's 2.25% exchangeable senior debentures due 2048; and
- Liberty's margin loan secured by shares of Live Nation ("Live Nation Margin Loan").

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Similarly, \$1.5 billion of net asset value has been reattributed from the Liberty SiriusXM Group to the Formula One Group, comprised of:

- a call spread between the Formula One Group and the Liberty SiriusXM Group with respect to 34.8 million of the Live Nation shares that were reattributed to the Liberty SiriusXM Group; and
- a net cash payment of \$1.4 billion from the Liberty SiriusXM Group to the Formula One Group, which was funded by a combination of (x) cash on hand, (y) an additional \$400 million drawn from the Company's existing margin loan secured by shares of common stock of Sirius XM Holdings, resulting in an aggregate outstanding balance of \$750 million, and (z) the creation of an intergroup loan obligation from the Liberty SiriusXM Group to the Formula One Group in the principal amount of \$750 million, plus interest thereon, which was repaid with the proceeds from the LSXMK rights offering described below (the "Intergroup Loan").

The reattribution is reflected in the Company's financial statements on a prospective basis.

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, which, as of December 31, 2020, include its interests in Sirius XM Holdings and Live Nation, corporate cash, Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.25% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049, Liberty's 0.5% Exchangeable Senior Debentures due 2050 and margin loan obligations incurred by wholly-owned special purpose subsidiaries of Liberty. The Liberty SiriusXM Group retains intergroup interests in the Braves Group and the Formula One Group as of December 31, 2020. As of December 31, 2020, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$996 million, which includes \$71 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, which, as of December 31, 2020, include 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 Liberty SiriusXM Group and the Formula One Group retain intergroup interests in the Braves Group as of December 31, 2020. As of December 31, 2020, the Braves Group has cash and cash equivalents of approximately \$151 million, which includes \$73 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, as of December 31, 2020, 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 interest in Formula 1, cash, an intergroup interest in the Braves Group, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046. As of December 31, 2020, the Formula One Group has cash and cash equivalents of approximately \$1,684 million, which includes \$265 million of subsidiary cash.

The number of notional shares representing the intergroup interest in the Braves Group held by the Formula One Group is 6,792,903, representing an 11.1% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Braves Group held by the Liberty SiriusXM Group is 2,292,037, representing a 3.7% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Formula One Group held by the Liberty SiriusXM Group is 5,271,475, representing a 2.2% intergroup interest at December 31, 2020. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group and Liberty SiriusXM Group have attributed interests in the Braves Group, which are generally stated in terms of a number of shares of Liberty Braves common stock, and the Liberty SiriusXM Group also has an attributed interest in the Formula One Group, which is generally stated in terms of a number of shares

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

of Liberty Formula One common stock. The intergroup interests may be settled, at the discretion of the board of directors of the Company (the "Board of Directors"), through the transfer of newly issued shares of Liberty Braves common stock and Liberty Formula One common stock, respectively, cash and/or other assets to the respective tracking stock group. Accordingly, the Braves Group intergroup interests attributable to the Formula One Group and the Liberty SiriusXM Group are presented as assets of the Formula One Group and Liberty SiriusXM Group, respectively, and are presented as liabilities of the Braves Group. Similarly, the Formula One Group intergroup interest attributable to the Liberty SiriusXM Group is presented as an asset of the Liberty SiriusXM Group and is presented as a liability of the Formula One Group. The offsetting amounts between tracking stock groups are eliminated in consolidation. The intergroup interests will remain outstanding until the redemption of the outstanding interests, at the discretion of the Board of Directors, through a transfer of securities, cash and/or other assets from the Braves Group or Formula One Group to the respective tracking stock group.

On April 22, 2020, the Company's board of directors authorized management of the Company to cause subscription rights (the "Series C Liberty SiriusXM Rights") to purchase shares of Series C Liberty SiriusXM common stock, par value \$0.01 per share ("LSXMK"), in a rights offering (the "LSXMK rights offering") to be distributed to holders of Series A Liberty SiriusXM common stock, par value \$0.01 per share, Series B Liberty SiriusXM common stock, par value \$0.01 per share, and LSXMK. In the LSXMK rights offering, Liberty distributed 0.0939 of a Series C Liberty SiriusXM Right for each share of Series A, Series B or Series C Liberty SiriusXM common stock held as of 5:00 p.m., New York City time, on May 13, 2020. Fractional Series C Liberty SiriusXM Rights were rounded up to the nearest whole right. Each whole Series C Liberty SiriusXM Right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of LSXMK at a subscription price of \$25.47, which was equal to an approximate 20% discount to the volume weighted average trading price of LSXMK for the 3-day trading period ending on and including May 8, 2020. Each Series C Liberty SiriusXM Right also entitled the holder to subscribe for additional shares of LSXMK that were unsubscribed for in the LSXMK rights offering pursuant to an oversubscription privilege. The LSXMK rights offering commenced on May 18, 2020, which was also the ex-dividend date for the distribution of the Series C Liberty SiriusXM Rights. The LSXMK rights offering expired at 5:00 p.m. New York City time, on June 5, 2020 and was fully subscribed with 29,594,089 shares of LSXMK issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. The proceeds from the LSXMK rights offering, which aggregated approximately \$754 million, were used to repay the outstanding balance on the Intergroup Loan and accrued interest.

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

(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 \$7 million and \$18 million at December 31, 2020 and 2019, respectively. Activity in the year ended December 31, 2020 included an increase of \$61 million of bad debt charged to expense and \$62 million of write-offs. 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.

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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 equity securities aggregated \$266 million and \$353 million as of December 31, 2020 and 2019, 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 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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:

	Estimated Useful Life	December 31, 2020	December 31, 2019
		amounts in millions	
Land	NA	\$ 139	138
Buildings and improvements	10 - 40 years	836	783
Support equipment	3 - 20 years	748	630
Satellite system	15 years	1,709	1,694
Construction in progress	NA	585	535
Total property and equipment		<u>\$ 4,017</u>	<u>3,780</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, 2020, 2019 and 2018 was \$268 million, \$271 million and \$251 million, respectively.

Sirius XM Holdings capitalizes a portion of the interest on funds borrowed to finance the construction and launch of its satellites. Capitalized interest is recorded as part of the asset's cost and depreciated over the asset's useful life. Capitalized interest costs for the years ended December 31, 2020 and 2019 were approximately \$19 million and \$17 million, respectively.

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.

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Notes to Consolidated Financial Statements (Continued)

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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.

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.

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Notes to Consolidated Financial Statements (Continued)

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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").

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.

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, 2020 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 \$184 million and \$349 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, 2020, 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 \$2,121 million in 2021, \$1,853 million in 2022, \$4,039 million in 2023 through 2028, and \$384 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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Sirius XM Holdings

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

	Years ended December 31,		
	2020	2019	2018
		in millions	
Subscriber	\$ 6,372	6,120	5,264
Advertising	1,340	1,336	188
Equipment	173	173	155
Other	155	165	164
Total Sirius XM Holdings revenue	<u>\$ 8,040</u>	<u>7,794</u>	<u>5,771</u>

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 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.

Advertising revenue. Sirius XM Holdings recognizes revenue from the sale of advertising as performance obligations are satisfied, which generally occurs as the ads are delivered. For Sirius XM Holdings' satellite radio service, ads are delivered when they are aired. For streaming services, ads are delivered primarily based on impressions. 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

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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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,		
	2020	2019	2018
	in millions		
Primary	\$ 964	1,664	1,487
Other	181	358	340
Total Formula 1 revenue	<u>\$ 1,145</u>	<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 are capitalized and amortized over the life of the contract.

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.

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Braves Holdings

The following table disaggregates Braves Holdings' revenue by source:

	Years ended December 31,		
	2020	2019	2018
	in millions		
Baseball	\$ 142	438	404
Development	36	38	38
Total Braves Holdings revenue	<u>\$ 178</u>	<u>476</u>	<u>442</u>

Braves Holdings is required to estimate the entire transaction price of its 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.

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") 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. Revenue share on self-pay revenue is recognized as an expense and recorded in revenue share and royalties in our consolidated statements of operations. Sirius XM Holdings also pays revenue share to certain talent on non-music stations on its satellite radio service and to podcast talent based on advertising revenue for the related channel or podcast. Revenue share on non-music channels and podcasts is recognized in Revenue

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Notes to Consolidated Financial Statements (Continued)

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share and royalties when it is earned. In some cases, Sirius XM Holdings prepays minimum guarantees for revenue share to podcast talent which is recorded in other current assets in the consolidated balance sheets. The minimum guarantee is recognized in revenue share and royalties primarily on a straight line basis over the contractual term. The prepaid balance is regularly reviewed for recoverability and any amount not deemed to be recoverable is recognized as an expense in the period.

Royalties

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). The Sirius XM and Pandora businesses 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. The music rights licensing arrangements for the Sirius XM and Pandora businesses are complex.

Sirius XM Holdings pays performance royalties for its Sirius XM and Pandora businesses to holders and rights administrators of musical compositions copyrights, including performing rights organizations and other copyright owners. These performance royalties are based on agreements with performing rights organizations which represent the holders of these performance rights. The Sirius XM and Pandora businesses have arrangements with these performance rights organizations. Arrangements with Sirius XM generally include fixed payments during the term of the agreement and arrangements with Pandora for its ad-supported radio service have variable payments based on usage and ownership of a royalty pool. Pandora must also license reproduction rights, which are also referred to as mechanical rights, to offer the interactive features of the Pandora services. For 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 (the "Copyright Act"). These mechanical royalties are calculated as the greater of a percentage of Sirius XM Holdings' revenue or a percentage of its payments to record labels. For interactive music services offered by Pandora, Sirius XM Holdings pays mechanical royalties to copyright holders at the rates determined by the Copyright Royalty Board (the "CRB") in accordance with the statutory license set forth in Section 115 of the Copyright Act.

For Sirius XM Holdings' non-interactive satellite radio or streaming services, it may license sound recordings under direct licenses with the owners of sound recordings or based on the royalty rate established by the CRB. For Sirius XM, the royalty rate for sound recordings has been set by the CRB. The revenue subject to royalty includes subscription revenue from Sirius XM Holdings' 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 recording directly licensed from copyright owners and exclude from its 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.

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 service, 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 royalty rates set by the CRB. Pandora pays royalties to owners of sound recordings on either a per-performance fee based on the number of sound recordings transmitted or a percentage of revenue associated with the applicable service. Certain of these agreements also require Pandora to pay a per subscriber minimum amount.

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Notes to Consolidated Financial Statements (Continued)

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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 l'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 which 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' automotive 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 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).

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Cost of services:			
Programming and content	\$ 32	30	28
Customer service and billing	6	4	4
Other	6	9	5
Other operating expense	43	49	17
Selling, general and administrative	174	199	138
	<u>\$ 261</u>	<u>291</u>	<u>192</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 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.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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. 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, including any necessary adjustments to earnings (loss) attributable to shareholders.

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 the years ended December 31, 2020, 2019 and 2018 are 25 million, 22 million and 22 million potentially dilutive shares of Liberty SiriusXM common stock, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2020 (a)(b)	2019 (b)	2018 (b)
	number of shares in millions		
Basic WASO	334	329	342
Potentially dilutive shares	2	4	4
Diluted WASO (c)	336	333	346

- (a) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which net losses attributable to the Liberty SiriusXM Group are reported since the result would be antidilutive.
- (b) As discussed in note 2, Liberty distributed subscription rights to holders of Liberty SiriusXM common stock, which were priced at a discount to the market value, to acquire additional shares of Series C Liberty SiriusXM common stock. The LSXMK rights offering, because of the discount, is considered a stock dividend and has been reflected retroactively in prior periods for the weighted average shares outstanding.
- (c) As discussed in note 2, the Formula One Group's intergroup interest in the Liberty SiriusXM Group was eliminated on April 22, 2020 in conjunction with the reattribution. The number of notional Liberty Sirius XM shares representing the intergroup interest held by the Formula One Group was 1,945,491 immediately prior to the reattribution. The intergroup interest was a quasi-equity interest which was not represented by outstanding shares of common stock; rather, the Formula One Group had an attributed value in the Liberty SiriusXM Group which was 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 were marked to fair value. As the notional shares underlying the intergroup interest were not represented by outstanding shares of common stock, such shares had not been officially designated Series A, B or C Liberty SiriusXM common stock. However, Liberty assumed that the notional shares would have been 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 was used for the quarterly mark-to-market adjustment through the unaudited attributed consolidated statements of operations. The notional shares representing the intergroup interest had no impact on the basic earnings per share weighted average number of shares outstanding. However, in periods where the Liberty SiriusXM Group had net earnings, the notional shares representing the intergroup interest were included in the diluted earnings per share WASO as if the shares had been issued and outstanding during the period. An adjustment was also made to the numerator in

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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,		
	2020	2019	2018
	amounts in millions		
Basic earnings (loss) attributable to Liberty SiriusXM shareholders	\$ (747)	494	676
Unrealized (gain) loss on the intergroup interest	(35)	—	NA
Diluted earnings (loss) attributable to Liberty SiriusXM shareholders	\$ (782)	494	676

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, 2020, 2019 and 2018 are 5 million, 3 million and 2 million potentially dilutive shares of Liberty Braves common stock, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2020 (a)	2019 (a)	2018
	number of shares in millions		
Basic WASO	51	51	51
Potentially dilutive shares	9	10	10
Diluted WASO (b)	60	61	61

- (a) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which net losses attributable to the Braves Group 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. A portion of this intergroup interest was reattributed to the Liberty SiriusXM Group on April 22, 2020. The number of notional shares representing the intergroup interest in the Braves Group held by the Formula One Group is 6,792,903 and the number of notional shares representing the intergroup interest in the Braves Group held by the Liberty SiriusXM Group is 2,292,037 as of December 31, 2020.

The intergroup interests are quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group and the Liberty SiriusXM Group have attributed values in the Braves Group which are generally stated in terms of a number of shares of stock issuable to the Formula One Group and the Liberty SiriusXM Group with respect to their interests in the Braves Group. Each reporting period, the notional shares representing the intergroup interests are marked to fair value. 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. However, Liberty has assumed that the notional shares (if and when issued) related to the Formula One Group interest in the Braves Group would be comprised of Series C Liberty Braves common stock in order to not dilute voting percentages and the notional shares (if and when issued) related to the Liberty SiriusXM Group interest in the Braves Group would be comprised of Series A Liberty Braves common stock since Series A Liberty Braves common stock underlie the Convertible Notes. Therefore, the market prices of Series C Liberty Braves

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Notes to Consolidated Financial Statements (Continued)

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and Series A Liberty Braves common stock are used for the quarterly mark-to-market adjustment for the intergroup interests held by Formula One Group and Liberty SiriusXM Group, respectively, through the unaudited attributed consolidated statements of operations. The notional shares representing the intergroup interests have no impact on the basic WASO. However, the notional shares representing the intergroup interests are included in the diluted WASO as if the shares had been issued and outstanding during the period. An adjustment was also made to the numerator in the diluted earnings per share calculation for the unrealized gain or loss incurred from marking the intergroup interests to fair value during the period as follows:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Basic earnings (loss) attributable to Liberty Braves shareholders	\$ (78)	(77)	5
Unrealized (gain) loss on the intergroup interest	(42)	42	24
Diluted earnings (loss) attributable to Liberty Braves shareholders	<u>\$ (120)</u>	<u>(35)</u>	<u>29</u>

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, 2020, 2019 and 2018 are 7 million, 6 million and 8 million potentially dilutive shares of Liberty Formula One common stock, respectively, because their inclusion would be antidilutive.

	Years ended December 31,		
	2020 (a)	2019 (a)	2018 (a)
	number of shares in millions		
Basic WASO	232	231	231
Potentially dilutive shares	6	2	1
Diluted WASO (b)	<u>238</u>	<u>233</u>	<u>232</u>

- (a) Potentially dilutive shares are excluded from the computation of diluted EPS during periods in which net losses attributable to the Formula One Group are reported since the result would be antidilutive.
- (b) As discussed in note 2, the number of notional Formula One shares representing the Liberty SiriusXM Group's intergroup interest in the Formula One Group is 5,271,475 shares as of December 31, 2020. The intergroup interest is a quasi-equity interest which is not represented by outstanding shares of common stock; rather, the Liberty SiriusXM Group has an attributed value in the Formula One Group which is generally stated in terms of a number of shares of stock issuable to the Liberty SiriusXM Group with respect to its interest in the Formula One 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 Formula One common stock. However, Liberty has assumed that the notional shares (if and when issued) would be comprised of Series A Liberty Formula One common stock since Series A Formula One common stock underlie the Convertible Notes. Therefore, the market price of Series A Liberty Formula One 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 WASO. However, the notional shares representing the intergroup interest are included in the diluted WASO as

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

if the shares had been issued and outstanding during the period. An adjustment was 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,		
	2020	2019	2018
	amounts in millions		
Basic earnings (loss) attributable to Liberty Formula One shareholders	\$ (596)	(311)	(150)
Unrealized (gain) loss on the intergroup interest	75	NA	NA
Diluted earnings (loss) attributable to Liberty Formula One shareholders	<u>\$ (521)</u>	<u>(311)</u>	<u>(150)</u>

Reclassifications 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.

In December 2019, Chinese officials reported a novel coronavirus outbreak ("COVID-19"). COVID-19 has since spread internationally. On March 11, 2020, the World Health Organization assessed COVID-19 as a global pandemic, causing many countries throughout the world to take aggressive actions, including imposing travel restrictions and stay-at-home orders, closing public attractions and restaurants, and mandating social distancing practices. As a result, the start of the 2020 Formula 1 race calendar and the Major League Baseball season were delayed until the beginning of July 2020 and end of July 2020, respectively. In addition, in mid-March 2020, Live Nation suspended all large-scale live entertainment events due to COVID-19.

We are not presently aware of any events or circumstances arising from the COVID-19 pandemic that would require us to update our estimates or judgments or revise the carrying value or classification of our assets or liabilities. Our estimates may change, however, as new events occur and additional information is obtained, any such changes will be recognized in the financial statements. Actual results could differ from estimates, and any such differences may be material to our financial statements.

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.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

(4) Supplemental Disclosures to Consolidated Statements of Cash Flows

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Cash paid for acquisitions:			
Fair value of assets acquired	\$ 62	90	—
Intangibles not subject to amortization	235	1,884	3
Intangibles subject to amortization	50	800	2
Net liabilities assumed	(46)	(772)	(3)
Deferred tax liabilities	(1)	102	—
Fair value of equity consideration	—	(2,417)	—
Cash paid (received) for acquisitions, net of cash acquired	\$ 300	(313)	2
Stock repurchased by subsidiary not yet settled	\$ (19)	—	—
Cash paid for interest, net of amounts capitalized	\$ 576	585	586
Cash paid (received) for income taxes	\$ 48	40	(26)

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,		
	2020	2019	2018
	amounts in millions		
Cash and cash equivalents	\$ 2,831	1,222	358
Restricted cash included in other current assets	16	57	70
Restricted cash included in other assets	30	27	24
Total cash, cash equivalents and restricted cash at end of period	\$ 2,877	1,306	452

(5) Acquisitions and Restructurings

Sirius XM Holdings acquisition of Stitcher

On October 16, 2020, Sirius XM Holdings acquired certain assets and liabilities of Stitcher, a leader in podcast production, distribution, and ad sales, from The E.W. Scripps Company and certain of its subsidiaries ("Scripps") for \$272 million in cash, which includes a working capital adjustment. The agreement provides that Sirius XM Holdings will potentially make up to \$60 million in additional contingent payments to Scripps based on Stitcher achieving certain financial metrics in 2020 and 2021. The total purchase consideration of \$296 million includes \$30 million related to the acquisition date fair value of the contingent consideration, partially offset by working capital adjustments of \$6 million. The fair value of the contingent consideration was determined using a probability-weighted cash flow model and will be remeasured to fair value at each subsequent reporting period. Stitcher is included in the Pandora reporting unit. In connection with the acquisition, Sirius XM Holdings recognized goodwill of \$218 million and intangible assets subject to amortization of \$38 million. The goodwill of Stitcher is deductible for tax purposes as it was an asset acquisition.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Sirius XM Holdings recognized \$4 million of costs related to the acquisition of Stitcher during the year ended December 31, 2020. The acquisition of Stitcher was financed through borrowings under Sirius XM Holdings' Senior Secured Revolving Credit Facility.

Sirius XM Holdings acquisition of Simplecast

On June 16, 2020, Sirius XM Holdings acquired Simplecast for \$28 million in cash. Simplecast is a podcast management and analytics platform. Simplecast complements AdsWizz's advertising technology platform, allowing Sirius XM Holdings to offer podcasters a simple solution for management, hosting, analytics and advertising sales, and is included in the Pandora reporting unit. In connection with the acquisition, Sirius XM Holdings recognized goodwill of \$17 million, intangible assets subject to amortization of \$12 million, other assets of less than \$1 million and deferred income tax liabilities of \$1 million. The goodwill of Simplecast is not deductible for tax purposes. Sirius XM Holdings recognized less than \$1 million of costs related to the acquisition of Simplecast during the year ended December 31, 2020.

Sirius XM Holdings restructuring of Automatic Labs

In May 2020, Sirius XM Holdings terminated the Automatic Labs Inc. ("Automatic") service, which was part of its connected services business. During the year ended December 31, 2020, Sirius XM Holdings recorded \$24 million of restructuring expenses related to the termination of the service. The termination of the Automatic service does not meet the requirements to be reported as a discontinued operation because the termination of the service does not represent a strategic shift that will have a major effect on our operations and financial results.

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.

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>

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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. See note 8 for disclosures regarding the impairment of a portion of Pandora's goodwill during the year ended December 31, 2020. 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.

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.

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Notes to Consolidated Financial Statements (Continued)

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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
	amounts in millions	
Revenue	\$ 10,419	9,617
Net earnings (loss)	\$ 371	533
Net earnings (loss) attributable to Liberty stockholders	\$ 123	294

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.

(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, 2020				December 31, 2019			
	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)	Total	
								amounts in millions
Cash equivalents	\$ 2,586	2,586	—	992	992	—	—	
Debt and equity securities	\$ 266	181	85	353	242	111	—	
Financial instrument assets	\$ 424	84	340	532	63	469	—	
Debt	\$ 4,545	—	4,545	3,678	—	3,678	—	
Financial instrument liabilities	\$ 106	—	106	53	—	53	—	

The majority of Liberty's Level 2 financial instruments are debt related instruments and derivative instruments. These assets and liabilities 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

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Notes to Consolidated Financial Statements (Continued)

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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,		
	2020	2019	2018
Debt and equity securities	\$ (74)	110	2
Debt measured at fair value (a)	(114)	(584)	130
Change in fair value of bond hedges (b)	(127)	215	(94)
Other derivatives	(87)	(56)	2
	<u>\$ (402)</u>	<u>(315)</u>	<u>40</u>

- (a) The Company elected to account for its exchangeable senior debentures and cash convertible notes using the fair value option. Changes in the fair value of the exchangeable senior debentures and cash convertible notes recognized in the consolidated statements of operations are primarily due to market factors primarily driven by changes in the fair value of the underlying shares into which the debt is exchangeable. The Company isolates the portion of the unrealized gain (loss) attributable to changes in the instrument specific credit risk and recognizes such amount in other comprehensive earnings (loss). The change in the fair value of the exchangeable senior debentures and cash convertible notes attributable to changes in the instrument specific credit risk was a gain of \$148 million, loss of \$16 million and gain of \$41 million for the years ended December 31, 2020, 2019 and 2018, respectively, and the cumulative change was a gain of \$175 million as of December 31, 2020.
- (b) Contemporaneously with the issuance of the Convertible Notes, 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.

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(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, 2020, and the carrying amount at December 31, 2019:

		December 31, 2020		December 31, 2019
	Percentage ownership	Fair Value (Level 1)	Carrying amount	Carrying amount
dollar amounts in millions				
Liberty SiriusXM Group				
Live Nation (a)	33%	\$ 5,118	\$ 163	NA
Sirius XM Canada	70%	\$ NA	643	636
Other			80	8
Total Liberty SiriusXM Group			886	644
Braves Group				
Other	NA	NA	94	99
Total Braves Group			94	99
Formula One Group				
Live Nation (a)			NA	746
Other	various	NA	38	136
Total Formula One Group			38	882
Consolidated Liberty			\$ 1,018	1,625

- (a) Liberty's interest in Live Nation was reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020. See note 9 for details regarding the number and fair value of shares pledged as collateral pursuant to the Live Nation Margin Loan as of December 31, 2020.

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December 31, 2020, 2019 and 2018

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Liberty SiriusXM Group			
Live Nation (a)	\$ (465)	NA	NA
Sirius XM Canada	5	(3)	(1)
Other	(24)	(21)	(10)
Total Liberty SiriusXM Group	(484)	(24)	(11)
Braves Group			
Other	6	18	12
Total Braves Group	6	18	12
Formula One Group			
Live Nation (a)	(112)	4	3
Other	4	8	14
Total Formula One Group	(108)	12	17
Consolidated Liberty	<u>\$ (586)</u>	<u>6</u>	<u>18</u>

(a) Liberty's interest in Live Nation was reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020.

Sirius XM Canada

As of December 31, 2020, Sirius XM Holdings holds a 70% equity interest and 33% voting interest in Sirius XM Canada Holdings, Inc. ("Sirius XM Canada"). 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.

Sirius XM Holdings has a loan to Sirius XM Canada in the aggregate amount of \$23 million as of December 31, 2020. 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 \$20 million and \$22 million in related party current assets as of December 31, 2020 and 2019, respectively. At December 31, 2019, Sirius XM Holdings had approximately \$4 million in related party liabilities, which are recorded in other current liabilities in the consolidated balance sheet. Sirius XM Holdings recorded approximately \$97 million, \$98 million and \$97 million in revenue for the years ended December 31, 2020, 2019 and 2018, respectively, associated with these various agreements. Sirius XM Canada paid dividends to Sirius XM Holdings of \$2 million during each of the years ended December 31, 2020, 2019 and 2018.

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Notes to Consolidated Financial Statements (Continued)

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SoundCloud

In February 2020, Sirius XM Holdings completed a \$75 million investment in Series G Membership Units of SoundCloud Holdings, LLC ("SoundCloud"). The Series G Units are convertible at the option of the holders at any time into shares of ordinary membership units of SoundCloud at a ratio of one ordinary membership unit for each Series G Unit. The investment in SoundCloud 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 SoundCloud's economic performance.

In addition to Sirius XM Holdings' investment in SoundCloud, Pandora has an agreement with SoundCloud to be its exclusive U.S. ad sales representative. Through this arrangement, Pandora offers advertisers the ability to execute campaigns in the U.S. across the Pandora and SoundCloud listening platforms. Sirius XM Holdings recorded revenue share expense related to this agreement of \$55 million and \$40 million during years ended December 31, 2020, and 2019, respectively. Sirius XM Holdings also had related party liabilities of \$24 million as of December 31, 2020 related to this agreement.

(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, 2019	\$ 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
Acquisitions (b)	235	—	—	235
Impairments	(956)	—	—	(956)
Balance at December 31, 2020	\$ 15,082	3,956	180	19,218

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

(b) See note 5 for details regarding SiriusXM Holdings' acquisitions of Simplecast and Stitcher

Other Intangible Assets Not Subject to Amortization

Other intangible assets not subject to amortization, not separately disclosed, are trademarks (\$1,242 million and \$1,262 million) at December 31, 2020 and 2019 and franchise rights owned by Braves Holdings (\$143 million) as of December 31, 2020 and 2019. 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 2026. 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.

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Intangible Assets Subject to Amortization

Intangible assets subject to amortization are comprised of the following:

	December 31, 2020		December 31, 2019			
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	amounts in millions					
FIA Agreement	\$ 3,630	(742)	2,888	3,630	(543)	3,087
Customer relationships	3,053	(1,389)	1,664	3,086	(1,123)	1,963
Licensing agreements	355	(221)	134	316	(185)	131
Other	1,748	(1,056)	692	1,636	(877)	759
Total	\$ 8,786	(3,408)	5,378	8,668	(2,728)	5,940

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 \$815 million, \$790 million and \$654 million for the years ended December 31, 2020, 2019 and 2018, respectively. Based on its amortizable intangible assets as of December 31, 2020, Liberty expects that amortization expense will be as follows for the next five years (amounts in millions):

2021	\$ 767
2022	\$ 726
2023	\$ 581
2024	\$ 398
2025	\$ 345

Impairments

Due to an increase in projected costs related to royalty rates from streaming, increasing uncertainty surrounding the projected demand for advertising and a decrease in listening hours, impairment losses of \$956 million and \$20 million were recorded during the year ended December 31, 2020 related to Pandora's goodwill and trademark, respectively. The fair value of the Pandora reporting unit was determined using a combination of market multiples (market approach) and discounted cash flow (income approach) calculations (Level 3). The discounted cash flow model relies on making assumptions, such as the extent of the economic downturn related to the COVID-19 pandemic, the expected timing of recovery, expected growth in profitability and discount rate. Additionally, assumptions related to guideline company financial multiples used in the market approach decreased based on current market observations. As of December 31, 2020, accumulated goodwill impairment losses for Liberty totaled \$956 million.

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(9) Debt

Debt is summarized as follows:

	Outstanding Principal December 31, 2020	Carrying value	
		December 31, 2020	December 31, 2019
Liberty SiriusXM Group			
Corporate level notes and loans:			
1.375% Cash Convertible Notes due 2023 (1)	\$ 1,000	1,251	NA
2.125% Exchangeable Senior Debentures due 2048 (1)	400	418	423
2.25% Exchangeable Senior Debentures due 2048 (1)	385	475	NA
2.75% Exchangeable Senior Debentures due 2049 (1)	604	628	632
0.5% Exchangeable Senior Debentures due 2050 (1)	920	982	NA
Sirius XM Holdings Margin Loan	750	750	350
Live Nation Margin Loan	—	—	NA
Subsidiary notes and loans:			
Sirius XM 3.875% Senior Notes due 2022	1,000	997	995
Sirius XM 4.625% Senior Notes due 2023	—	—	498
Sirius XM 4.625% Senior Notes due 2024	1,500	1,488	1,485
Sirius XM 5.375% Senior Notes due 2025	—	—	993
Sirius XM 5.375% Senior Notes due 2026	1,000	993	992
Sirius XM 5.0% Senior Notes due 2027	1,500	1,490	1,488
Sirius XM 3.50% Senior Notes due 2029	1,250	1,237	1,236
Sirius XM 4.125% Senior Notes due 2030	1,500	1,484	—
Pandora 1.75% Convertible Senior Notes due 2020	—	—	1
Pandora 1.75% Convertible Senior Notes due 2023	193	170	163
Sirius XM Senior Secured Revolving Credit Facility	649	649	—
Deferred financing costs	—	(12)	(11)
Total Liberty SiriusXM Group	12,651	13,000	9,245
Braves Group			
Subsidiary notes and loans:			
Notes and loans	674	674	559
Deferred financing costs	—	(4)	(5)
Total Braves Group	674	670	554
Formula One Group			
Corporate level notes and loans:			
1.375% Cash Convertible Notes due 2023 (1)	NA	NA	1,322
1% Cash Convertible Notes due 2023 (1)	450	582	585
2.25% Exchangeable Senior Debentures due 2046 (1)	203	209	257
2.25% Exchangeable Senior Debentures due 2048 (1)	NA	NA	459
Live Nation Margin Loan	NA	NA	130
Other	74	74	32
Subsidiary notes and loans:			
Senior Loan Facility	2,902	2,904	2,907
Deferred financing costs	—	(10)	(15)
Total Formula One Group	3,629	3,759	5,677
Total debt	\$ 16,954	17,429	15,476
Less debt classified as current	—	(743)	(60)
Total long-term debt	\$ 16,954	\$ 16,686	\$ 15,416

(1) Measured at fair value

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Notes to Consolidated Financial Statements (Continued)

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1.375% Cash Convertible Senior Notes due 2023

On October 17, 2013 Liberty issued \$1 billion aggregate principal amount of 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 conversions of the Convertible Notes will be settled solely in cash, and not through the delivery of any securities.

Since the date of issuance, the conversion adjustment and other provisions of the indenture have been amended to give effect to certain transactions. The consideration due upon conversion of any Convertible Note shall be determined based on the Securities Basket, consisting of 0.1087 of a share of Series A Liberty Braves common stock, 1.0163 shares of Series A Liberty SiriusXM common stock and 0.25 of a share of Series A Liberty Formula One common stock as of December 31, 2020.

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. See note 6 for information related to unrealized gains (losses) on debt measured at fair value. As of December 31, 2020, 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 a bond hedge transaction (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 components of the Securities Basket, 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 the components of the Securities Basket. As of December 31, 2020, the Bond Hedge Transaction covered, in the aggregate, 5,271,475 shares of Series A Liberty Formula One common stock, 21,429,600 shares of Series A Liberty SiriusXM common stock and 2,292,037 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments pertaining to the Convertible Notes, which is equal to the aggregate number of shares comprising the Securities Basket underlying the Convertible Notes. As of December 31, 2020, the basket price of the securities underlying the Bond Hedge Transaction was \$56.09 per share. The bond hedge expires on October 15, 2023 and is included in other assets as of December 31, 2020 and 2019 in the accompanying consolidated balance sheets, with changes in the fair value recorded as unrealized gains (losses) on financial instruments, in the accompanying consolidated statements of operations.

Concurrently with the Convertible Notes and Bond Hedge Transaction, Liberty also entered into separate privately negotiated warrant transactions under which Liberty sold warrants relating to the same underlying shares of Convertible Notes and Bond Hedge Transaction, subject to anti-dilution adjustments. 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. As of December 31, 2020, the warrants covered, in the aggregate, 5,271,475 shares of Series A Liberty Formula One common stock, 21,429,600 shares of Series A Liberty SiriusXM common stock and 2,292,037 shares of Series A Liberty Braves common stock, subject to anti-dilution adjustments. The strike price of the warrants, based on the basket of shares, was \$61.16 per share as of December 31, 2020. As of December 31, 2020, the basket price of the securities underlying the warrants was \$56.09 per share. The warrants may have a dilutive effect with respect to the shares comprising the Securities Basket underlying the warrants to the extent that the settlement price exceeds the strike price of the warrants, and the warrants are settled in shares comprising such Securities Basket.

The Convertible Notes, Bond Hedge Transaction and warrants were reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020.

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1% Cash Convertible Notes due 2023

On January 23, 2017, Liberty issued \$450 million convertible cash notes at an interest rate of 1% per annum, which are convertible, under certain circumstances, into cash based on the trading prices of the underlying shares of Series C Liberty Formula One common stock and mature on January 30, 2023 (the "1% Convertible Notes"). The initial conversion rate for the notes will be 27.1091 shares of Series C Liberty Formula One common stock per \$1,000 principal amount of notes, equivalent to an initial conversion price of approximately \$36.89 per share of Series C Liberty Formula One common stock. The conversion of the 1% Convertible Notes will be settled solely in cash, and not through the delivery of any securities.

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 debentures on October 5, 2021. Accordingly, the debentures are classified as a current liability in the consolidated balance sheet as of December 31, 2020. 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. See note 6 for information related to unrealized gains (losses) on debt measured at fair value.

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,

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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. See note 6 for information related to unrealized gains (losses) on debt measured at fair value.

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. Accordingly, the debentures are classified as a current liability in the consolidated balance sheets as of December 31, 2020. The redemption and purchase price will generally equal 100% of the adjusted principal amount of the debentures plus accrued and unpaid interest. The debentures were reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020. Liberty has elected to account for the debentures using the fair value option. See note 6 for information related to unrealized gains (losses) on debt measured at fair value.

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. See note 6 for information related to unrealized gains (losses) on debt measured at fair value.

0.5% Exchangeable Senior Debentures due 2050

In November 2020, Liberty closed a private offering of approximately \$920 million aggregate principal amount of its 0.5% exchangeable senior debentures due 2050 (the "0.5% Exchangeable Senior Debentures due 2050"). 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/or cash. The number of shares of Live Nation common stock attributable to a debenture represents an initial exchange price of approximately \$90.10 per share. A total of approximately 10 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, 2021. The debentures may be redeemed by Liberty, in whole or in part, on or after September 1, 2024. Holders of the debentures also have the right to require Liberty to purchase their debentures

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on September 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. See note 6 for information related to unrealized gains (losses) on debt measured at fair value.

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 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 and 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.

During March 2019, Siri MarginCo amended this margin loan agreement, extending the maturity to March 2021. The \$600 million delayed draw term loan was available until March 2020. 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.

In March 2020, Siri MarginCo amended this margin loan agreement, extending the maturity to March 2022. Other terms of the agreement were substantially similar to the previous arrangement. Borrowings outstanding under this margin loan bore interest at a rate of 2.30% per annum at December 31, 2020. As of December 31, 2020, availability under the Sirius XM Holdings Margin Loan was \$600 million. As of December 31, 2020, 1,000 million shares of the Company's Sirius XM Holdings common stock with a value of \$6,370 million were pledged as collateral to the margin loan. The

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margin loan contains various affirmative and negative covenants that restrict the activities of the borrower. The margin loan does not include any financial covenants.

On February 24, 2021, Siri MarginCo borrowed \$125 million pursuant to an amendment to this margin loan agreement which includes an \$875 million term loan and an \$875 million revolving line of credit. Also pursuant to the amendment, the maturity was extended to March 2024. The term loan and any drawn portion of the revolver will carry an interest rate of LIBOR plus 2.00% with the undrawn portion carrying a fee of 0.50%. Other terms of the agreement were substantially similar to the previous arrangement.

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 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. On December 12, 2017, the margin loan agreement was amended, 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, 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 March 19, 2020, the Company repaid all amounts outstanding on the margin loan. On March 27, 2020, the margin loan agreement was amended, reducing the borrowing capacity to \$270 million. On November 9, 2020, the margin loan was amended, reducing the borrowing capacity to \$200 million, increasing the interest rate to LIBOR plus 2.0%, decreasing the undrawn commitment fee to 0.5% per annum and extending the maturity date to December 9, 2022. Interest on the margin loan is payable on the last business day of each calendar quarter. As of December 31, 2020, availability under the margin loan was \$200 million. As of December 31, 2020, 9.0 million shares of the Company's Live Nation common stock with a value of \$659 million were pledged as collateral to the loan. 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 (the "4.625% Senior Notes due 2023"). Interest on the notes was payable semi-annually in arrears on May 15 and November 15 of each year at an annual rate of 4.625%. In July 2020, Sirius XM Holdings redeemed the \$500 million aggregate principal amount of the 4.625% Senior Notes due 2023 for \$507 million.

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. The 3.875% Notes and the 5.00% notes 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.

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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% Senior Notes due 2024"). Interest is payable semi-annually in arrears on January 15 and July 15 of each year at an annual rate of 4.625%. The 4.625% Senior Notes due 2024 will mature on July 15, 2024 and 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 2025

In March 2015, Sirius XM Holdings issued \$1.0 billion aggregate principal amount of 5.375% Senior Notes due 2025 (the "5.375% Senior Notes due 2025"). Interest was payable semi-annually in arrears on April 15 and October 15 at an annual rate of 5.375%. In July 2020, Sirius XM Holdings redeemed the \$1.0 billion aggregate principal amount of the 5.375% Senior Notes due 2025 for \$1,039 million.

Sirius XM 5.375% Senior Notes due 2026

In May 2016, Sirius XM Holdings issued \$1.0 billion aggregate principal amount of 5.375% Senior Notes due July 2026 (the "5.375% Senior Notes due 2026"). Interest is payable semi-annually in arrears on January 15 and July 15 at an annual rate of 5.375%. The 5.375% Senior Notes due 2026 will mature on July 15, 2026 and 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 an annual rate of 5.50%. The 5.50% Notes will mature on July 1, 2029 and 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 4.125% Senior Notes due 2030

In June 2020, Sirius XM Holdings issued \$1.5 billion aggregate principal amount of 4.125% Senior Notes due 2030 (the "4.125% Notes"). Interest is payable semi-annually in arrears on January 1 and July 1 of each year at an annual rate of 4.125%. The 4.125% Notes will mature on July 1, 2030 and 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 Holdings used the net proceeds from the offering to redeem all of its 4.625% Senior Notes due 2023 and 5.375% Senior Notes due 2025 in July 2020.

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. On December 1, 2020, the 1.75% Convertible Senior Notes due 2020 were redeemed at their stated maturity.

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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 (the “Pandora Notes due 2023”) as part of the Pandora acquisition. Sirius XM Holdings allocates the principal amount of the Pandora Notes due 2023 between the liability and equity components. The value assigned to the debt components of the Pandora 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 Pandora 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. As of December 31, 2020, the conversion rate applicable to the Pandora Notes due 2023 was 151.9553 shares of Sirius XM Holdings’ common stock per one thousand principal amount of the Pandora Notes due 2023 plus carryforward adjustments not yet effected pursuant to the terms of the indenture governing the Pandora Notes due 2023.

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. 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, 2020 bore interest at a rate of 1.89% 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, 2020 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 \$1,100 million as of December 31, 2020.

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Braves Holdings Notes and Loans

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. Braves Holdings' debt, primarily related to the stadium and mixed-use complex, is summarized as follows:

	Carrying value		As of December 31, 2020		Maturity Date
	December 31, 2020	December 31, 2019	Borrowing Capacity	Weighted avg interest rate	
	amounts in millions				
Operating credit facilities	\$ 115	45	185	1.51%	various
Ballpark funding					
Term loan	46	49	NA	1.77%	August 2024
Senior secured note	184	190	NA	3.77%	September 2041
Floating rate notes	60	65	NA	1.92%	September 2029
Mixed-use credit facilities and loans	239	180	307	3.38%	various
Spring training credit facility	30	30	NA	3.65%	December 2030
Total Braves Holdings	\$ 674	559			

In August 2020, Braves Holdings amended the terms of its \$100 million operating credit facility, extending the maturity to December 2022.

Formula 1 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, which in combination with leverage reduction, resulted in an applicable interest rate of LIBOR plus 2.0% per annum prior to June 30, 2020. The subsequent increase in leverage as a result of the impact of COVID-19 on Formula 1 resulted in an increase to the maximum level on the pricing grid, LIBOR plus 2.5% per annum. The revolving credit facility matures on

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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, 2020, there were no outstanding borrowings under the \$500 million revolving credit facility. The interest rate on the Senior Loan Facility was approximately 3.50% as of December 31, 2020. 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, 2020, 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.

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 coverage 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, 2020, the Company, Sirius XM Holdings, Formula 1 and Braves Holdings were in compliance with all debt covenants. Pursuant to an amendment to the Senior Loan Facility on June 26, 2020, subject to compliance by Formula 1 with certain financial conditions, the net leverage financial covenant does not apply until the quarter ended March 31, 2022. The relevant conditions applicable to Formula 1 include the maintenance of minimum liquidity (comprised of unrestricted cash and cash equivalent investments and available revolving credit facility commitments) of \$200 million and certain restrictions on dividends, other payments and the incurrence of additional debt. Formula 1 has the ability to recommence the requirement to comply with the net leverage financial covenant prior to the quarter ended March 31, 2022, in which case the relevant additional conditions will cease to apply. Pursuant to an amendment to Braves Holdings' \$85 million credit facility on August 20, 2020, the fixed charge coverage ratio does not apply until the quarter ending March 31, 2022, subject to certain conditions, including the maintenance of minimum liquidity thresholds throughout the waiver period and certain other restrictions. Braves Holdings could recommence the requirement to comply with the fixed charge coverage ratio beginning with the quarter ending December 31, 2021, in which case the relevant additional conditions will cease to apply. In addition, on August 20, 2020, Braves Holdings amended the debt agreements related to its ballpark funding, waiving the debt service coverage covenant until the quarter ending September 30, 2021, subject to certain conditions, including the maintenance of a minimum liquidity threshold, the increase in debt service reserves and certain other conditions. On January 29, 2021, Braves Holdings amended one of the debt agreements of the mixed-use loans, waiving the debt yield ratio until the quarter ending June 30, 2021. Additionally, the calculation of the debt yield has been modified from June 30, 2021 through the quarter ending December 31, 2021, subject to certain other conditions.

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, 2020
Sirius XM 3.875% Senior Notes due 2022	\$ 1,011
Sirius XM 4.625% Senior Notes due 2024	\$ 1,553
Sirius XM 5.375% Senior Notes due 2026	\$ 1,043
Sirius XM 5.0% Senior Notes due 2027	\$ 1,584
Sirius XM 5.50% Senior Notes due 2029	\$ 1,370
Sirius XM 4.125% Senior Notes due 2030	\$ 1,584
Pandora 1.75% Senior Notes due 2023	\$ 216

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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, 2020.

Five Year Maturities

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

2021	\$	69
2022	\$	1,872
2023	\$	2,461
2024	\$	4,460
2025	\$	117

(10) Leases

Effective January 1, 2019, the Company adopted Accounting Standards Codification Topic 842 ("ASC 842") and elected the transition method that allows for a cumulative-effect adjustment in the period of adoption. ASC 842 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. Results for reporting periods beginning after January 1, 2019 are presented under ASC 842, 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 ASC 842 was the recognition of right-of-use assets and lease liabilities for operating leases. 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 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 39 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 ASC 842 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.

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The components of lease expense during the years ended December 31, 2020 and 2019 were as follows:

	Years ended December 31,	
	2020	2019
	In millions	
Finance lease cost		
Depreciation of leased assets	\$ 35	37
Interest on lease liabilities	6	6
Total finance lease cost	41	43
Operating lease cost	93	89
Sublease income	(2)	(3)
Total lease cost	<u>\$ 132</u>	<u>129</u>

Prior to the adoption of ASC 842, rental expense under lease agreements amounted to \$64 million for the year ended December 31, 2018.

The remaining weighted-average lease term and the weighted average discount rate were as follows:

	2020	2019
Weighted-average remaining lease term (years):		
Finance leases	28.3	29.7
Operating leases	9.2	9.2
Weighted-average discount rate:		
Finance leases	4.6%	4.6%
Operating leases	5.2%	5.2%

Supplemental balance sheet information related to leases was as follows:

	December 31,	
	2020	2019
	In millions	
Operating leases:		
Operating lease right-of-use assets (1)	\$ 465	510
Current operating lease liabilities (2)	\$ 54	53
Operating lease liabilities (3)	453	495
Total operating lease liabilities	<u>\$ 507</u>	<u>548</u>
Finance Leases:		
Property and equipment, at cost	\$ 477	473
Accumulated depreciation	(118)	(89)
Property and equipment, net	<u>\$ 359</u>	<u>384</u>
Current finance lease liabilities (2)	\$ 6	4
Finance lease liabilities (3)	116	119
Total finance lease liabilities	<u>\$ 122</u>	<u>123</u>

- (1) Included in Other assets in the consolidated balance sheet
(2) Included in Other current liabilities in the consolidated balance sheet
(3) Included in Other liabilities in the consolidated balance sheet

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Notes to Consolidated Financial Statements (Continued)

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Supplemental cash flow information related to leases was as follows:

	Years ended December 31,	
	2020	2019
	in millions	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 87	79
Financing cash flows from finance leases	\$ 6	8
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 8	83

Future minimum payments under noncancelable operating leases and finance leases with initial terms of one year or more at December 31, 2020 consisted of the following:

	Finance leases	Operating leases
	in millions	
2021	\$ 11	78
2022	11	80
2023	9	75
2024	9	66
2025	9	66
Thereafter	153	272
Total lease payments	202	637
Less: implied interest	80	130
Present value of lease liabilities	\$ 122	507

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(11) Income Taxes

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Current:			
Federal	\$ 13	(1)	(14)
State and local	(67)	(24)	13
Foreign	(2)	(21)	(8)
	<u>(51)</u>	<u>(46)</u>	<u>(9)</u>
Deferred:			
Federal	12	(139)	(228)
State and local	(1)	(20)	(2)
Foreign	84	39	63
	<u>95</u>	<u>(120)</u>	<u>(167)</u>
Income tax benefit (expense)	<u>\$ 44</u>	<u>(166)</u>	<u>(176)</u>

The following table presents a summary of our domestic and foreign earnings (loss) before income taxes:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Domestic	\$ (969)	583	1,140
Foreign	(466)	(70)	(99)
Total	<u>\$ (1,435)</u>	<u>513</u>	<u>1,041</u>

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Expected income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the years ended December 31, 2020, 2019 and 2018 as a result of the following:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefit (expense)	\$ 301	(108)	(219)
State and local income taxes, net of federal income taxes	(42)	(41)	18
Foreign income taxes, net of federal income taxes	20	26	22
Taxable dividends, net of dividends received deductions	(12)	(10)	(27)
Federal tax credits	24	26	30
Change in valuation allowance affecting tax expense	(69)	(40)	(62)
Change in tax rate	30	(48)	1
Settlements with tax authorities	—	—	43
Deductible stock-based compensation	14	71	38
Non-deductible executive compensation	(17)	(22)	(7)
Impairment of nondeductible goodwill	(194)	—	—
Other, net	(11)	(20)	(13)
Income tax benefit (expense)	<u>\$ 44</u>	<u>(166)</u>	<u>(176)</u>

For the year ended December 31, 2020, the significant reconciling items, as noted in the table above, are additional tax expense related to an impairment loss on goodwill that is not deductible for tax purposes and an increase in the Company's valuation allowance, partially offset by tax benefits related to changes in the Company's effective tax rate and federal tax credits.

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.

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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,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 1,436	1,510
Accrued stock compensation	107	106
Other accrued liabilities	217	240
Deferred revenue	55	74
Discount on debt	25	45
Investments	107	—
Other future deductible amounts	24	31
Deferred tax assets	<u>1,971</u>	<u>2,006</u>
Valuation allowance	(293)	(216)
Net deferred tax assets	<u>1,678</u>	<u>1,790</u>
Deferred tax liabilities:		
Investments	—	90
Fixed assets	448	458
Intangible assets	<u>2,830</u>	<u>2,912</u>
Deferred tax liabilities	<u>3,278</u>	<u>3,460</u>
Net deferred tax liabilities	<u>\$ 1,600</u>	<u>1,670</u>

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, 2020, there was a \$69 million increase in the Company's valuation allowance that affected tax expense and an \$8 million increase that affected equity.

At December 31, 2020, the Company had a deferred tax asset of \$1,436 million for federal, state and foreign net operating losses ("NOLs"), interest expense carryforwards and tax credit carryforwards. Of this amount, \$745 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 2040. The Company has \$61 million of federal NOLs, \$97 million of federal interest expense carryforwards, \$300 million of foreign NOLs and \$214 million of foreign interest expense carryforwards that may be carried forward indefinitely. The remaining \$19 million of carryforwards expire at certain future dates. These carryforwards are expected to be utilized in future periods, except for \$293 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.

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A reconciliation of unrecognized tax benefits is as follows:

	December 31,		
	2020	2019	2018
	amounts in millions		
Balance at beginning of year	\$ 405	387	365
Reductions for tax positions of prior years	(7)	(13)	(27)
Increase in tax positions for current year	20	12	15
Increase in tax positions from prior years	14	1	65
Settlements with tax authorities	—	—	(31)
Increase in tax positions from acquisition	—	18	—
Balance at end of year	<u>\$ 432</u>	<u>405</u>	<u>387</u>

As of December 31, 2020, the Company had unrecognized tax benefits and uncertain tax positions of \$432 million. If such tax benefits were to be recognized for financial statement purposes, approximately \$310 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, 2020 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, 2020, the Company's tax years prior to 2017 are closed for federal income tax purposes, and the IRS has completed its examination of the Company's 2017 and 2018 tax years. The Company's 2019 and 2020 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, 2020, the Company had less than \$1 million dollars in accrued interest and penalties recorded related to uncertain tax positions.

On February 1, 2021, the Company entered into a tax sharing agreement with Sirius XM Holdings governing the allocation of consolidated U.S. income tax liabilities and setting forth agreements with respect to other tax matters. The tax sharing agreement was negotiated by the Company with a special committee of SiriusXM Holdings' board of directors, all of whom are independent of the Company, and approved by the executive committee of the Company's board of directors.

Under the Internal Revenue Code, two corporations may form a consolidated tax group, and file a consolidated federal income tax return, if one corporation owns stock representing at least 80% of the voting power and value of the outstanding capital stock of the other corporation. As of December 31, 2020, the Company beneficially owned, directly and indirectly, approximately 76% of the outstanding shares of Sirius XM Holdings' common stock. The Company expects that it could beneficially own, directly and indirectly, over 80% of the outstanding shares of Sirius XM Holdings' common stock at some time in 2021, and the Company and Sirius XM Holdings would then become members of the same consolidated tax group. Should that happen, the tax sharing agreement would govern certain matters related to the resulting consolidated federal income tax returns, as well as state and local returns filed on a consolidated or combined basis. The tax sharing agreement contains provisions that the Company believes are customary for tax sharing agreements between members of a consolidated group.

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(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, 2020, 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. The Liberty Media common stock was renamed the Liberty Formula One common stock on January 24, 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

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.

During the year ended December 31, 2020, the Company repurchased 4.0 million shares of Series A Liberty SiriusXM common stock for aggregate cash consideration of \$174 million and 3.8 million shares of Series C Liberty SiriusXM common stock for aggregate cash consideration of \$144 million under the authorized repurchase program. All

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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 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, 2020.

Dividends Declared by Subsidiary

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.

During the year ended December 31, 2020, Sirius XM Holdings declared a cash dividend each quarter, and paid in cash an aggregate amount of \$237 million, of which Liberty received \$173 million. Sirius XM Holdings' board of directors expects to declare regular quarterly dividends, in an aggregate annual amount of \$0.058564 per share of common stock. On January 28, 2021, Sirius XM Holdings' board of directors declared a quarterly dividend on its common stock in the amount of \$0.014641 per share of common stock, payable on February 26, 2021 to stockholders of record at the close of business on February 10, 2021.

(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 CFO. 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 (paid in December 2019) and an 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 was entitled to receive term equity awards with an aggregate grant date fair value of \$90 million (the "Upfront Awards") which were 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

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Series C Liberty SiriusXM common stock ("LSXMK") shares, 313,342 Series C Liberty Braves ("BATR") 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 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 "2020 term awards") that vest, in each case, on December 31, 2024 (except Liberty TripAdvisor's award of time-vested restricted stock units, which vests on December 7, 2024), subject to the CEO's continued employment, except under certain circumstances. Liberty's portion of the 2020 term awards, granted in December 2020, had an aggregate grant date fair value of \$19,107,000 and consisted of stock options to purchase 665,140 LSXMK shares, 352,224 BATR shares and 544,508 FWONK shares, with exercise prices of \$42.13, \$26.36 and \$43.01, respectively.

Beginning in 2020, the CEO received 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 elected the portions of his annual equity awards that he desired to be issued in the form of options, performance-based RSUs or a combination of both. The annual equity awards were 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 were issued with respect to LSXMK, BATR and FWONK.

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

Liberty grants, to certain of its directors, employees and employees of its subsidiaries, restricted stock ("RSAs"), restricted stock units ("RSUs") and stock options to purchase shares of its common stock (collectively, "Awards"). The

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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). The Company measures the cost of employee services received in exchange for a liability classified Award based on the current fair value of the Award, and remeasures the fair value of the Award at each reporting date.

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.

Liberty—Grants of Stock Options

Awards granted in 2020, 2019 and 2018 are summarized as follows:

	Years ended December 31,					
	2020		2019		2018	
	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)	372	\$ 12.12	179	\$ 11.62	33	\$ 11.09
Series C Liberty SiriusXM common stock, Liberty CEO (2)	1,053	\$ 11.03	1,419	\$ 11.23	633	\$ 11.56
Series C Liberty Formula One common stock, Liberty employees and directors (1)	305	\$ 14.29	139	\$ 12.70	21	\$ 8.99
Series C Liberty Formula One common stock, Liberty CEO (2)	791	\$ 12.42	815	\$ 11.67	139	\$ 8.80
Series C Liberty Formula One common stock, Formula 1 employees (3)	1,435	\$ 7.55	2,005	\$ 9.79	1,888	\$ 8.64
Series C Liberty Braves common stock, Liberty employees and directors (1)	146	\$ 7.79	62	\$ 7.33	5	\$ 7.14
Series C Liberty Braves common stock, Liberty CEO (2)	489	\$ 7.26	320	\$ 7.36	46	\$ 6.44
Series C Liberty Braves common stock, Braves employees (4)	1,585	\$ 8.52	—	\$ —	—	\$ —

(1) Mainly vests between two and five years for employees and in one year for directors.

(2) Grants made in March 2020 cliff vested in December 2020, and grants made in December 2020 in connection with the CEO's new employment agreement cliff vest in December 2024. 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. See discussion in note 13 regarding the new compensation agreement with the Company's CEO. Grants in 2018 vested in December 2018.

(3) Vest monthly over one year.

(4) Vest 50% in each of December 2022 and December 2023.

In addition to the stock option grants to the Liberty CEO, and in connection with his employment agreement, the Company granted time-based and performance-based RSUs. During the year ended December 31, 2020, the Company granted 9 thousand, 7 thousand and 3 thousand time-based RSUs of Series C common stock of Liberty SiriusXM, Liberty Formula One and Liberty Braves, respectively, to our CEO. The RSUs had a GDFV of \$33.11, \$24.68 and \$18.17 per

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share, respectively, and cliff vested on December 10, 2020. These RSU grants were issued in lieu of our CEO receiving 50% of his remaining base salary for the last three quarters of calendar year 2020, and he waived his right to receive the other 50%, in each case, in light of the ongoing financial impact of COVID-19. During the year ended December 31, 2019, the Company 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 and 2018, the Company granted 60 thousand and 86 thousand performance-based RSUs, respectively, of Series C Liberty Formula One common stock. Such RSUs had a GDFV of \$33.94 per share and \$31.99 per share, respectively. During the years ended December 31, 2019 and 2018, the Company 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 and 2018 performance-based RSUs cliff vested 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 re-measured at each reporting period.

The Company did not grant any options to purchase shares of Series A or Series B Liberty SiriusXM, Liberty Formula One or Liberty Braves common stock during the year ended December 31, 2020.

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 2020, 2019 and 2018, the range of expected terms was 5.3 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 2020, 2019 and 2018 grants.

	<u>Volatility</u>
<i>2020 grants</i>	
Liberty options	21.8 % - 37.2 %
<i>2019 grants</i>	
Liberty options	21.8 % - 27.5 %
<i>2018 grants</i>	
Liberty options	23.5 % - 26.0 %

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

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	Series C		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Liberty Awards (000's)	WAEP		
Outstanding at January 1, 2020	9,817	\$ 33.90		
Granted	1,425	\$ 41.26		
Exercised	(372)	\$ 31.10		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2020	<u>10,870</u>	<u>\$ 34.96</u>	3.2 years	\$ 97
Exercisable at December 31, 2020	<u>8,705</u>	<u>\$ 32.62</u>	2.4 years	\$ 95

Liberty Formula One

	Series C		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Liberty Awards (000's)	WAEP		
Outstanding at January 1, 2020	8,284	\$ 31.16		
Granted	2,531	\$ 33.35		
Exercised	(424)	\$ 29.06		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2020	<u>10,391</u>	<u>\$ 31.78</u>	4.5 years	\$ 114
Exercisable at December 31, 2020	<u>8,113</u>	<u>\$ 29.84</u>	4.0 years	\$ 104

Liberty Braves

	Series C		Weighted average remaining life	Aggregate intrinsic value (in millions)
	Liberty Awards (000's)	WAEP		
Outstanding at January 1, 2020	1,267	\$ 21.82		
Granted	2,220	\$ 26.48		
Exercised	(12)	\$ 17.10		
Forfeited/Cancelled	—	\$ —		
Outstanding at December 31, 2020	<u>3,475</u>	<u>\$ 24.81</u>	5.6 years	\$ 6
Exercisable at December 31, 2020	<u>1,012</u>	<u>\$ 19.02</u>	2.7 years	\$ 6

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Activity related to options to purchase Series A Liberty SiriusXM common stock, Liberty Formula One common stock and Liberty Braves common stock was not material during 2020.

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 2020.

As of December 31, 2020, the total unrecognized compensation cost related to unvested Liberty Awards was approximately \$56 million. Such amount will be recognized in the Company's consolidated statements of operations over a weighted average period of approximately 2.0 years.

As of December 31, 2020, 10.9 million, 10.4 million and 3.5 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, 2020, 2019 and 2018 was \$ million, \$163 million and \$22 million, respectively.

Liberty—Restricted Stock and Restricted Stock Units

The Company had approximately 77 thousand, 76 thousand and 204 thousand unvested RSAs and RSUs 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, 2020. These Series A and Series C unvested RSAs and RSUs of Liberty SiriusXM common stock, Liberty Formula One common stock and Liberty Braves common stock had a weighted average GDFV of \$35.81, \$32.81 and \$25.75 per share, respectively.

The aggregate fair value of all RSAs and RSUs of Liberty common stock that vested during the years ended December 31, 2020, 2019 and 2018 was \$45 million, \$17 million and \$9 million, respectively.

Sirius XM Holdings—Stock-based Compensation

During the years ended December 31, 2020, 2019 and 2018, 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 2020, 2019 and 2018 was 28%, 26% and 23%, respectively. During the year ended December 31, 2020, Sirius XM Holdings granted approximately 11 million stock options with a weighted-average exercise price of \$6.87 per share and a grant date fair value of \$1.46 per share. As of December 31, 2020, Sirius XM Holdings has approximately 184 million options outstanding of which approximately 147 million are exercisable, each with a weighted-average exercise price per share of \$4.73 and \$4.31, respectively. The aggregate intrinsic value of these outstanding and exercisable options was \$318 million and \$309 million, respectively. During the year ended December 31, 2020, Sirius XM Holdings granted approximately 37 million RSUs and PRSUs with a grant date fair value of \$6.14 per share. The stock-based compensation related to Sirius

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XM Holdings stock options and restricted stock awards was \$223 million, \$229 million and \$133 million for the years ended December 31, 2020, 2019, and 2018, respectively. In addition, the acquisition costs recognized by Sirius XM Holdings during the year ended December 31, 2019 includes \$21 million of stock-based compensation. As of December 31, 2020, the total unrecognized compensation cost related to unvested Sirius XM Holdings stock options was \$385 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 2.6 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 \$30 million, \$19 million and \$20 million for each of the years ended December 31, 2020, 2019 and 2018, respectively.

(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, 2018	\$ (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	(12)	(17)	(4)	(33)
Other comprehensive earnings (loss) attributable to Liberty stockholders	(7)	10	108	111
Balance at December 31, 2020	<u>\$ (19)</u>	<u>(7)</u>	<u>104</u>	<u>78</u>

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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		
Year ended December 31, 2020:			
Unrealized holding gains (losses) arising during period	\$ (9)	2	(7)
Credit risk on fair value debt instruments gains (losses)	149	(32)	117
Foreign currency translation adjustments	4	(1)	3
Other comprehensive earnings	<u>\$ 144</u>	<u>(31)</u>	<u>113</u>
Year ended December 31, 2019:			
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>
Year ended December 31, 2018:			
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>

(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, 2020 aggregated \$287 million, which is payable as follows: \$128 million in 2021, \$43 million in 2022, \$33 million in 2023, \$28 million in 2024, \$28 million in 2025 and \$27 million thereafter. In addition to the foregoing amounts, certain players, coaches and executives may earn incentive compensation under the terms of their employment contracts.

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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: \$709 million in 2021, \$496 million in 2022, \$234 million in 2023, \$163 million in 2024 and \$121 million in 2025. 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: \$127 million in 2021, \$31 million in 2022, \$23 million in 2023, \$15 million in 2024 and \$14 million in 2025.

SXM-7 Satellite

Sirius XM Holdings has entered into agreements for the design, construction and launch of two additional satellites, SXM-7 and SXM-8. On December 13, 2020, SXM-7 was successfully launched. In-orbit testing of SXM-7 began on January 4, 2021. During in-orbit testing of SXM-7, events occurred which have caused failures of certain SXM-7 payload units. An evaluation of SXM-7 is underway. The full extent of the damage to SXM-7 is not yet known.

Sirius XM Holdings does not expect its satellite radio service to be impacted by these adverse SXM-7 events. Sirius XM Holdings' XM-3 and XM-4 satellites continue to operate and are expected to support its satellite radio service for several years. In addition, the XM-5 satellite remains available as an in-orbit spare. Construction of the SXM-8 satellite is underway and that satellite is expected to be launched into a geostationary orbit in 2021.

Sirius XM Holdings has procured insurance for SXM-7 and SXM-8 to cover the risks associated with each satellite's launch and first year of in-orbit operation. The aggregate coverage under those insurance policies with respect to SXM-7 is \$225 million. Sirius XM Holdings has notified the underwriters of these policies of a potential claim with respect to SXM-7. As of December 31, 2020, Sirius XM Holdings has \$220 million capitalized in construction in progress related to SXM-7.

Potential Impact of COVID-19

The business operations of Formula 1, the Atlanta Braves and Live Nation initially were largely, if not completely, suspended at the outset of COVID-19, and continue to be impacted. These businesses may be required to hold a smaller number of events than originally planned or may not be able to reschedule previously canceled or postponed events. In 2020, the regular baseball season was comprised of 60 games and Formula 1 had 17 Events. In addition, these businesses have been and may continue to be precluded from holding events with fans in attendance for an undetermined period of time, thereby reducing revenue associated with fan attendance. It is also unclear whether and to what extent COVID-19 concerns will impact the use of and/or demand for the entertainment, events and services provided by these businesses and demand for sponsorship and advertising assets, even after the restrictions are lifted. In many cases, the impact of cancelled events, closed venues and reduced attendance will substantially decrease our revenue. Due to these revenue reductions, these businesses have looked to reduce expenses, but may not be able to reduce expenses to the same degree as our decline in revenue, which is expected to adversely affect our results of operations and cash flow.

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

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and the amount of loss can be reasonably estimated. We evaluate developments in legal matters that could affect the amount of the liability accrual and make adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount of a loss or potential loss. We may be unable to reasonably estimate the reasonably possible loss or range of loss for a particular legal contingency for various reasons, including, among others, because: (i) the damages sought are indeterminate; (ii) the proceedings are in the relative early stages; (iii) there is uncertainty as to the outcome of pending proceedings (including motions and appeals); (iv) there is uncertainty as to the likelihood of settlement and the outcome of any negotiations with respect thereto; (v) there remain significant factual issues to be determined or resolved; (vi) the relevant law is unsettled; or (vii) the proceedings involve novel or untested legal theories. In such instances, there may be considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any. In the opinion of management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying consolidated financial statements.

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.

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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.

In October 2020, the District Court denied Pandora's renewed motion to dismiss the case under California's anti-SLAPP statute, finding the case no longer qualified for anti-SLAPP due to intervening changes in the law, and denied Pandora's renewed attempt to end the case. Alternatively, the District Court ruled that the preemption defense likely did not apply to Flo & Eddie's claims, in part because the District Court believed that the Music Modernization Act did not apply retroactively. Pandora promptly appealed the District Court's decision to the Ninth Circuit, and moved to stay appellate briefing pending the appeal of a related case against Sirius XM. On January 13, 2021, the Ninth Circuit issued an order granting the stay of appellate proceedings pending the resolution of a related case against Sirius XM.

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 light of the COVID-19 pandemic, the multi-week hearing before the Copyright Royalty Judges originally scheduled to begin in Washington, DC in March 2020, was postponed and conducted virtually via videoconference between August 4 and September 9, 2020. Subsequent to the hearing, the parties submitted post-trial briefing and reply

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

briefing. Closing arguments were held in November 2020. The final rates proposed for the 2021-2025 period by Sirius XM, Pandora, and the other webcaster participants are below the existing statutory rates. Specifically, Sirius XM and Pandora proposed rates of \$0.0011 per performance for nonsubscription commercial webcasters and \$0.0016 per performance for subscription commercial webcasters. SoundExchange proposed increasing the existing statutory rates to \$0.0028 per performance for nonsubscription commercial webcasters and \$0.0031 per performance for commercial subscription webcasters. Given the delay in the proceeding, the deadline for the CRB to deliver its initial rate determination has been extended to April 15, 2021.

(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 (losses) represent 10% or more of the Company's annual pre-tax earnings (loss). The segment presentation for prior periods has been conformed to the current period segment presentation.

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, churn 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, restructuring, acquisition 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 and other content, as well as podcasts and infotainment services, in the United States on a subscription fee basis. Sirius XM's premier content bundles include live, curated and certain exclusive and on demand programming. 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. 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

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Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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 compete for the Constructors' Championship and drivers compete for the Drivers' Championship. The World Championship takes place on various circuits with a varying number of events taking place in different countries around the world each season. Formula 1 is responsible for the commercial exploitation and development of the World Championship as well as various aspects of its management and administration.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each segment requires different technologies, differing revenue sources and marketing strategies. The significant accounting policies of the segments that are also consolidated subsidiaries are the same as those described in the Company's summary of significant policies.

As of December 31, 2020, Live Nation met the Company's reportable segment threshold for equity method affiliates due to significant losses driven by COVID-19. Although the Company owns less than 100% of the outstanding shares of Live Nation, 100% of the Live Nation amount are included in the tables below and are subsequently eliminated in order to reconcile the account totals to the Company's consolidated financial statements. As disclosed in note 2, the Company's investment in Live Nation was reattributed from the Formula One Group to the Liberty SiriusXM Group effective April 22, 2020. Live Nation's revenue and Adjusted OIBDA are reflected with the Formula One Group prior to the reattribution and with the Liberty SiriusXM Group following the reattribution.

Performance Measures

	Years ended December 31,					
	2020		2019		2018	
	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA	Revenue	Adjusted OIBDA
amounts in millions						
Liberty SiriusXM Group						
Sirius XM Holdings	\$ 8,040	2,575	7,794	2,453	5,771	2,233
Live Nation	477	(891)	—	—	—	—
Corporate and other	—	(31)	—	(17)	—	(16)
	8,517	1,653	7,794	2,436	5,771	2,217
Eliminate equity method affiliate	(477)	891	—	—	—	—
Total Liberty SiriusXM Group	8,040	2,544	7,794	2,436	5,771	2,217
Braves Group						
Corporate and other	178	(53)	476	49	442	88
Total Braves Group	178	(53)	476	49	442	88
Formula One Group						
Formula 1	1,145	56	2,022	482	1,827	400
Live Nation	1,384	(125)	11,548	943	10,788	829
Corporate and other	—	(38)	—	(36)	—	(25)
	2,529	(107)	13,570	1,389	12,615	1,204
Eliminate equity method affiliate	(1,384)	125	(11,548)	(943)	(10,788)	(829)
Total Formula One Group	1,145	18	2,022	446	1,827	375
Total	\$ 9,363	2,509	10,292	2,931	8,040	2,680

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

Other Information

	December 31, 2020			December 31, 2019		
	Total assets	Investments in affiliates	Capital expenditures	Total assets	Investments in affiliates	Capital expenditures
	amounts in millions					
Liberty SiriusXM Group						
Sirius XM Holdings	\$ 30,030	723	350	30,868	644	363
Live Nation	10,589	170	223	—	—	—
Corporate and other	2,051	163	—	553	—	—
	42,670	1,056	573	31,421	644	363
Eliminate equity method affiliate	(10,589)	(170)	(223)	—	—	—
Total Liberty SiriusXM Group	32,081	886	350	31,421	644	363
Braves Group						
Corporate and other	1,571	94	81	1,593	99	103
Total Braves Group	1,571	94	81	1,593	99	103
Formula One Group						
Formula 1	8,610	—	11	9,031	—	16
Live Nation	—	—	—	10,976	168	366
Corporate and other	2,581	38	10	2,474	882	28
	11,191	38	21	22,481	1,050	410
Eliminate equity method affiliate	—	—	—	(10,976)	(168)	(366)
Total Formula One Group	11,191	38	21	11,505	882	44
Elimination (1)	(839)	—	—	(330)	—	—
Consolidated Liberty	\$ 44,004	1,018	452	44,189	1,625	510

(1) As of December 31, 2020, this amount is primarily comprised of the call spread between the Formula One Group and the Liberty SiriusXM Group with respect to the Live Nation shares that were reattributed to the Liberty SiriusXM Group and the intergroup interests in the Braves Group held by the Formula One Group and the Liberty SiriusXM Group and the intergroup interest in the Formula One Group held by the Liberty SiriusXM Group, as discussed in note 2. The Braves Group intergroup interests attributable to the Formula One Group and the Liberty SiriusXM Group are presented as assets of the Formula One Group and Liberty SiriusXM Group, respectively, and are presented as liabilities of the Braves Group in the attributed financial statements. The Formula One Group intergroup interest attributable to the Liberty SiriusXM Group is presented as an asset of the Liberty SiriusXM Group and is presented as a liability of the Formula One Group in the attributed financial statements. The offsetting amounts between tracking stock groups are eliminated in consolidation.

As of December 31, 2019, this amount 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.

LIBERTY MEDIA CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

December 31, 2020, 2019 and 2018

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,		
	2020	2019	2018
	amounts in millions		
Adjusted OIBDA	\$ 2,509	2,931	2,680
Litigation settlements and reserves (note 17)	16	(25)	(69)
Stock-based compensation	(261)	(291)	(192)
Impairment of intangible assets (note 8)	(976)	—	—
Acquisition and restructuring (note 5)	(28)	(84)	(3)
Depreciation and amortization	(1,083)	(1,061)	(905)
Operating income (loss)	177	1,470	1,511
Interest expense	(634)	(657)	(606)
Share of earnings (losses) of affiliates, net	(586)	6	18
Realized and unrealized gains (losses) on financial instruments, net	(402)	(315)	40
Other, net	10	9	78
Earnings (loss) from continuing operations before income taxes	\$ (1,435)	513	1,041

Revenue by Geographic Area

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
United States	\$ 8,121	8,172	6,112
United Kingdom	1,145	2,022	1,831
Other	97	98	97
	<u>\$ 9,363</u>	<u>10,292</u>	<u>8,040</u>

Long-lived Assets by Geographic Area

	December 31,	
	2020	2019
	amounts in millions	
United States	\$ 2,221	2,246
United Kingdom	18	16
	<u>\$ 2,239</u>	<u>2,262</u>

PART III.

The following required information is incorporated by reference to our definitive proxy statement for our 2021 Annual Meeting of Stockholders presently scheduled to be held in the second quarter of 2021:

<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 Accountant 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 30, 2021.

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-33
Consolidated Balance Sheets, December 31, 2020 and 2019	II-36
Consolidated Statements of Operations, Years ended December 31, 2020, 2019 and 2018	II-38
Consolidated Statements of Comprehensive Earnings (Loss), Years ended December 31, 2020, 2019 and 2018	II-40
Consolidated Statements of Cash Flows, Years Ended December 31, 2020, 2019 and 2018	II-41
Consolidated Statements of Equity, Years ended December 31, 2020, 2019 and 2018	II-42
Notes to Consolidated Financial Statements, December 31, 2020, 2019 and 2018	II-43

(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 the Registrant'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).

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4.8	<u>Specimen certificate for shares of the Registrant's Series B Liberty Formula One common stock, par value \$0.01 per share (incorporated by reference to Exhibit 4.8 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016 filed on February 28, 2017 (File No. 001-25707)).</u>
4.9	<u>Specimen certificate for shares of the Registrant's Series C Liberty Formula One common stock, par value \$0.01 per share (incorporated by reference to Exhibit 4.7 to the 8-A).</u>
4.10	<u>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)).</u>
4.11	<u>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)).</u>
4.12	<u>Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.*</u>
4.13	<u>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.</u>
10—Material Contracts:	
10.1+	<u>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)).</u>
10.2+	<u>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 "2013 10-K")).</u>
10.3+	<u>Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 to the 2013 10-K)</u>
10.4+	<u>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")).</u>
10.5+	<u>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")).</u>
10.6+	<u>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)).</u>
10.7+	<u>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)).</u>
10.8+	<u>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).</u>
10.9+	<u>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)).</u>
10.10	<u>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")).</u>
10.11+	<u>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).</u>
10.12+	<u>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")).</u>
10.13+	<u>Second Amendment to Malone Employment Agreement effective January 1, 2003 (incorporated by reference to Exhibit 10.12 to the Liberty Interactive 2009 10-K).</u>

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10.14+	<u>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"))</u> .
10.15+	<u>Fourth Amendment to Malone Employment Agreement effective January 1, 2009 (incorporated by reference to Exhibit 10.14 to the Liberty Interactive 2008 10-K)</u> .
10.16+	<u>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))</u> .
10.17	<u>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))</u> .
10.18	<u>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))</u> .
10.19	<u>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))</u> .
10.20	<u>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))</u> .
10.21	<u>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))</u> .
10.22	<u>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))</u> .
10.23	<u>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))</u> .
10.24	<u>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))</u> .
10.25	<u>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)),***</u>
10.26	<u>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"))</u> .
10.27	<u>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)</u> .
10.28	<u>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)</u> .
10.29	<u>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)</u> .

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10.30	<u>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).</u>
10.31	<u>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).</u>
10.32	<u>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).</u>
10.33	<u>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).</u>
10.34	<u>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).</u>
10.35	<u>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).</u>
10.36	<u>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).</u>
10.37	<u>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).</u>
10.38+	<u>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)).</u>
10.39+	<u>Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.55 to the 2015 10-K).</u>
10.40+	<u>Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.56 to the 2015 10-K).</u>
10.41	<u>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")).</u>
10.42	<u>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 the Registrant's Current Report on Form 8-K filed on September 22, 2017 (File No. 001-35707)).</u>
10.43+	<u>Liberty Media Corporation 2017 Omnibus Incentive Plan (the "2017 Omnibus Plan") (incorporated by reference to Annex A to the Registrant's Proxy Statement on Schedule 14A, filed with the SEC on April 20, 2017 (File No. 001-35707)).</u>
10.44+	<u>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")).</u>
10.45+	<u>Form of 2017 Term Option Agreement under the 2013 Incentive Plan (BTRK and FWONK) for Gregory B. Maffei (incorporated by reference to Exhibit 10.3 to the 2017 Third Quarter 10-Q).</u>
10.46+	<u>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).</u>
10.47+	<u>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).</u>
10.48+	<u>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).</u>
10.49	<u>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).</u>
10.50+	<u>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)).</u>
10.51	<u>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)).</u>

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10.52+	<u>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"))</u> .
10.53+	<u>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)</u> .
10.54+	<u>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)</u> .
10.55+	<u>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)</u> .
10.56+	<u>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 (incorporated by reference to Exhibit 10.63 to the 2019 10-K)</u> .
10.57+	<u>Form of Nonqualified Stock Option Agreement under the Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time, for certain officers.*</u>
10.58+	<u>Form of Restricted Stock Units Agreement under the Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time, for Nonemployee Directors.*</u>
10.59+	<u>Form of Nonqualified Stock Option Agreement under the Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time, for Nonemployee Directors.*</u>
21	<u>Subsidiaries of Liberty Media Corporation.*</u>
23.1	<u>Consent of KPMG LLP.*</u>
31.1	<u>Rule 13a-14(a)/15d-14(a) Certification.*</u>
31.2	<u>Rule 13a-14(a)/15d-14(a) Certification.*</u>
32	<u>Section 1350 Certification. **</u>
99.1	<u>Unaudited Attributed Financial Information for Tracking Stock Groups.*</u>
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 Data 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.

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SIGNATURES

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

LIBERTY MEDIA CORPORATION

Date: February 26, 2021

By: /s/ GREGORY B. MAFFEI

Gregory B. Maffei
President and Chief Executive Officer

Date: February 26, 2021

By: /s/ BRIAN J. WENDLING

Brian J. Wendling
*Chief Accounting Officer and Principal Financial Officer
(Principal Financial Officer and Principal Accounting Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John C. Malone</u> John C. Malone	Chairman of the Board and Director	February 26, 2021
<u>/s/ Gregory B. Maffei</u> Gregory B. Maffei	Director, President and Chief Executive Officer	February 26, 2021
<u>/s/ Brian J. Wendling</u> Brian J. Wendling	Chief Accounting Officer and Principal Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 26, 2021
<u>/s/ Robert R. Bennett</u> Robert R. Bennett	Director	February 26, 2021
<u>/s/ Brian Deevy</u> Brian Deevy	Director	February 26, 2021
<u>/s/ M. Ian G. Gilchrist</u> M. Ian G. Gilchrist	Director	February 26, 2021
<u>/s/ Evan D. Malone</u> Evan D. Malone	Director	February 26, 2021
<u>/s/ David E. Rapley</u> David E. Rapley	Director	February 26, 2021
<u>/s/ Larry E. Romrell</u> Larry E. Romrell	Director	February 26, 2021
<u>/s/ Andrea L. Wong</u> Andrea L. Wong	Director	February 26, 2021

**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: (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 (the "board") 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 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):

- pay a dividend to holders of Liberty SiriusXM common stock out of the available net proceeds of such disposition; or
- 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
- 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
- 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 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, 2020, (i) neither the Formula One Group nor the Braves Group had an inter-group interest in the Liberty SiriusXM Group and (ii) the Liberty SiriusXM Group had an inter-group interest in each of the Braves Group and the Formula One Group as set forth in the statement on file with the Secretary of the Registrant. The number of shares issuable with respect to the Liberty SiriusXM Group's inter-group interests in each of the Braves Group and the Formula One 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 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 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 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):

- pay a dividend to holders of Liberty Braves common stock out of the available net proceeds of such disposition; or
- 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

- 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
- 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 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, 2020, (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 had an inter-group interest in the Braves Group as set forth on the statement on file with the Secretary of the Registrant 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 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 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 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, 2020, (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 had an inter-group interest in the Formula One Group as set forth on the statement on file with the Secretary of the Registrant and (iii) the Braves Group did not have an inter-group interest in the Formula One Group. The number of shares issuable

with respect to the Formula One Group's inter-group interest in the Braves 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 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;
- 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, 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, 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, 2020, 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 2023, 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 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 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 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 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 of 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 or 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 was 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.

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and effective as of the date specified in Schedule I hereto (the "Grant Date"), by and between the issuer specified in Schedule I hereto (the "Company") and you.

The Company has adopted the incentive plan that governs the Options specified in Schedule I hereto (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and, by this reference, made a part hereof. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to grant you an Award of Options, subject to the conditions and restrictions set forth in this Agreement and in the Plan, in order to provide you with additional remuneration for services rendered, to encourage you to remain in the service or employ of the Company or its Subsidiaries and to increase your personal interest in the continued success and progress of the Company.

The Company and you therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings, except as otherwise defined in Schedule I hereto:

"Agreement" has the meaning specified in the preamble to this Agreement.

"Business Day" means any day on which stock exchanges in the United States are open for trading.

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

"Close of Business" means, on any day, 4:00 p.m., New York, New York time.

"Common Stock" has the meaning specified in Schedule I hereto.

"Company" has the meaning specified in the preamble to this Agreement.

"Confidential Information" has the meaning specified in Section 11 (Confidential Information).

"Disability" has the meaning specified as "Disability" in Section 2.1 of the Plan.

"Employment Termination Date" means the date of termination of your employment with the Company or a Subsidiary, as applicable.

"Exercise Notice" has the meaning specified in Section 4(i)(1) (Manner of Exercise).

"Forfeitable Benefits" has the meaning specified in Section 29 (Forfeiture for Misconduct and Repayment of Certain Amounts).

“Grant Date” has the meaning specified in the preamble to this Agreement.

“Misstatement Period” has the meaning specified in Section 29 (Forfeiture for Misconduct and Repayment of Certain Amounts).

“Option(s)” has the meaning specified in Section 2 (Award).

“Option Exercise Price” means, with respect to each type of Common Stock for which Options are granted hereunder, the amount specified in Schedule I hereto as the Option Exercise Price for such Common Stock.

“Option Termination Date” has the meaning specified in Schedule I hereto.

“Plan” has the meaning specified in the preamble to this Agreement.

“Plan Administrator” has the meaning specified in Section 13 (Plan Administrator).

“Required Withholding Amount” has the meaning specified in Section 5 (Mandatory Withholding for Taxes).

“Section 409A” has the meaning specified in Section 28 (Code Section 409A).

“Year of Continuous Service” means a consecutive 12-month period, measured by your hire date (as determined by the Company) and the anniversaries of that date, during which you are employed by the Company or a Subsidiary (or an applicable predecessor of the Company) without interruption. If you were employed by a Subsidiary at the time of such Subsidiary’s acquisition by the Company, your employment with the Subsidiary prior to the acquisition date will be included in determining your Years of Continuous Service unless the Plan Administrator, in its sole discretion, determines that such prior employment will be excluded.

2. Award. In consideration of your covenants and promises herein, the Company hereby awards to you as of the Grant Date nonqualified Options to purchase from the Company at the applicable Option Exercise Price the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to you pursuant to the Company’s online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the “Options”).

3. Vesting. Unless otherwise determined by the Plan Administrator in its sole discretion, the Options will vest and become exercisable in accordance with the General Vesting provisions specified in Schedule I hereto, subject to your continuous employment with the Company or a Subsidiary from the Grant Date through the applicable vesting dates. Notwithstanding the foregoing, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto:

- (a) *Termination for any Reason Other than Disability, Death or for Cause* . All unvested Options will be forfeited on the Employment Termination Date if your employment terminates for any reason other than by reason of your Disability (when Cause does not then exist) or your death, or for Cause.

(b) *Disability and Death*. All Options will vest and become exercisable on the Employment Termination Date if (i) your employment terminates by reason of your Disability (when Cause does not then exist) or (ii) you die while employed by the Company or a Subsidiary.

(c) *Termination for Cause*. All vested and unvested Options will be forfeited on the Employment Termination Date if your employment with the Company or a Subsidiary is terminated for Cause.

(d) *Approved Transaction, Board Change or Control Purchase*. The Options may become vested and exercisable in accordance with Section 10.1(b) of the Plan in the event of an Approved Transaction, Board Change or Control Purchase following the Grant Date.

(c) *Miscellaneous*.

(i) Rounding. Any fractional portions of an Option that do not vest because of rounding down will vest and become exercisable on the earliest succeeding vesting date on which the cumulative fractional portions of such Options equals or exceeds one whole Option, with any excess fractional portions remaining subject to future vesting accordingly.

(ii) Qualifying Service. For purposes of this Agreement, continuous employment means the absence of any interruption or termination of employment or service as an employee, officer or consultant of or to the Company or a Subsidiary, as applicable, and references to termination of employment (or similar references) shall include termination of employment or service as an employee, officer or consultant of or to the Company or a Subsidiary, as applicable. Unless the Plan Administrator otherwise determines in its sole discretion, a change of your employment or service from the Company to a Subsidiary or from a Subsidiary to the Company or another Subsidiary will not be considered a termination of your employment for purposes of this Agreement if such change of employment or service is made at the request or with the express consent of the Company. Unless the Plan Administrator otherwise determines in its sole discretion, however, any such change of employment or service that is not made at the request or with the express consent of the Company will be a termination of your employment within the meaning of this Agreement.

4. Manner of Exercise. You may exercise the Options that vest and become exercisable, in whole or in part, at any time and from time to time, except as otherwise provided herein. Options will be considered exercised (as to the number and type of Options specified in the Exercise Notice defined below in subclause (i)(1) of this Section 4) on the latest of (a) the date of exercise designated in the Exercise Notice, (b) if the date so designated is not a Business Day, the first Business Day following such date or (c) the earliest Business Day by which:

(i) the Company has received all of the following:

(1) written or electronic notice, in such form as the Plan Administrator may require, containing such representations and warranties as the Plan Administrator may require and designating, among other things, the date of exercise and the number and type of shares of Common Stock to be purchased by exercise of the Options (the "Exercise Notice");

(2) payment of the applicable Option Exercise Price for each share of Common Stock to be purchased by exercise in any (or a combination) of the following forms: (A) cash, (B) check, or (C) at the option of the Company, the delivery of irrevocable instructions via the Company's online grant and administration program for the Company to withhold the number of shares of Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay such Option Exercise Price (and, if applicable, the Required Withholding Amount as described in Section 5 (Mandatory Withholding for Taxes)) that would otherwise be delivered by the Company to you upon exercise of the Options; and

(3) any other documentation that the Plan Administrator may reasonably require; and

(ii) you have satisfied any other conditions established or adopted by the Plan Administrator from time to time, as contemplated by Section 3.3 of the Plan, with respect to the exercise of Options.

5. Mandatory Withholding for Taxes . You acknowledge and agree that the Company will deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of the applicable Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) that is equal to the amount of all national, federal, state and other local or governmental taxes and social security costs and charges or similar contributions (wheresoever arising) required to be withheld by the Company or any Subsidiary of the Company upon such exercise, as determined by the Company (the "Required Withholding Amount"), unless provisions to pay such Required Withholding Amount have been made to the satisfaction of the Company. For the avoidance of doubt, the Company may allow for tax withholding in respect of the exercise of any Options up to the maximum withholding rate applicable to you.

6. Payment or Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 4 (Manner of Exercise), subject to (a) the withholding referred to in Section 5 (Mandatory Withholding for Taxes), (b) Section 12 (Right of Offset), and (c) Section 17 (Amendment), and except as otherwise provided herein as may be determined by the Plan Administrator, the Company will cause to be issued and transferred to a brokerage account, or registered through the Company's stock transfer agent for your benefit, book-entry transfers registered in your name for that number and type of shares of Common Stock purchased by exercise of the Options. Any delivery of securities will be deemed effected for all purposes when (i) in the case of a book-entry transfer, at the time the Company's stock transfer agent initiates the transfer of such securities to a brokerage account through the Company's stock transfer agent for your benefit or (ii) the Plan Administrator has made or caused to be made such other arrangements for the delivery of such securities as the Plan Administrator deems reasonable. Securities representing Common Stock purchased by exercise of the Options may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Options have been transferred in accordance with Section 10.6 of the Plan and Section 8 below (Nontransferability).

7. Expiration . The Options will terminate automatically and without further notice on the Option Termination Date or, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto, effective as of the following times, if earlier:

(a) *Unvested Options* . With respect to those Options which are then unexercisable (after taking into account any applicable accelerated or continued vesting treatment), the Close of Business on the Employment Termination Date.

(b) *Vested Options* . With respect to those Options which are then exercisable (after taking into account any applicable accelerated or continued vesting treatment):

(i) *Termination for any Reason Other than Disability, Death or for Cause*. In the event of termination of your employment for any reason other than your Disability (when Cause does not then exist), your death, or for Cause, at the Close of Business on the last day of the period beginning on the Employment Termination Date and ending 90 days thereafter; provided, however, that if you die during such period, such Options will terminate at the Close of Business on the last day of the one-year period beginning on the date of your death;

(ii) *Disability*. In the event of termination of your employment with the Company or a Subsidiary by reason of your Disability (when Cause does not then exist), at the Close of Business on the last day of the one-year period beginning on the Employment Termination Date; provided, however, that if you die during such period, such Options will terminate at the Close of Business on the last day of the one-year period beginning on the date of your death; or

(iii) *Death*. In the event of your death, at the Close of Business on the last day of the one-year period beginning on the date of your death.

(c) *Termination for Cause*. With respect to all your then outstanding Options, whether exercisable or unexercisable, the date upon which your employment with the Company or a Subsidiary is terminated for Cause.

Notwithstanding any period of time referenced in this Section 7 or Schedule I hereto or any other provision of this Agreement that may be construed to the contrary, the Options will in any event terminate at the Close of Business on the Option Termination Date. Notwithstanding anything herein or the Plan to the contrary, if the Options would otherwise expire when trading in the Common Stock is prohibited by law or the Company's insider trading policy pursuant to an event-specific occurrence (as determined by the Company), then the Options shall instead expire on the 30th day after the expiration of such prohibition.

8. Nontransferability. Options are not transferable (either voluntarily or involuntarily), before or after your death, except as follows: (a) during your lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after your death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Options are transferred in accordance with the provisions of the preceding sentence shall take such Options subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to you. Options are exercisable only by you (or, during your lifetime, by your court appointed legal representative) or a person to whom the Options have been transferred in accordance with this Section 8 and Section 10.6 of the Plan.

9. No Stockholder Rights. Prior to the exercise of Options in accordance with the terms and conditions set forth in this Agreement, you will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by the Options, nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.16 of the Plan.

10. Adjustments. The Options will be subject to adjustment (including, without limitation, as to the Option Exercise Price) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

11. Confidential Information. During your employment or service with the Company or a Subsidiary, you will acquire, receive, and/or develop Confidential Information (as defined below) in the course of performing your job duties or services. You will not, during or after your employment or service with the Company or a Subsidiary, without the prior express written consent of the Company, directly or indirectly use or divulge, disclose or make available or accessible any Confidential Information to any person, firm, partnership, corporation, trust or any other entity or third party other than when required to do so in good faith to perform your duties and responsibilities to the Company and provided that nothing herein shall be interpreted as preventing you from (a) doing so when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, (b) doing so when necessary to prosecute your rights against the Company or its Subsidiaries or to defend yourself against any allegations, or (c) communicating with, filing a charge with, reporting possible violations of federal law or regulation to, or participating in an investigation or proceeding conducted by, a government agency, including providing documents or other information to such agency without notice to the Company. You will also proffer to the Company, any time upon request by the Company or upon termination, to be provided no later than the effective date of any termination of your employment or engagement with the Company for any reason, and without retaining any copies, notes or excerpts thereof, all memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information that are in your actual or constructive possession or which are subject to your control at such time (other than contracts between you and the Company, pay stubs, benefits information, and copies of documents or information that you require in order to prepare your taxes). At the time of termination or otherwise upon request by the Company, you agree to permanently delete Confidential Information from all of your personal electronic devices and provide certification to the Company that you are in compliance with this sentence. For purposes of this Agreement, "Confidential Information" will mean all information respecting the business and activities of the Company or any Subsidiary, including, without limitation, the clients, customers, suppliers, employees, consultants, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, know-how, processes, practices, approaches, projections, forecasts, formats, systems, trade secrets, data gathering methods and/or strategies of the Company or any Subsidiary. Notwithstanding the immediately preceding sentence, Confidential Information will not include any information that is, or becomes, generally available to the public (unless such availability occurs as a result of your breach of any of your obligations under this Section 11). If you are in breach of any of the provisions of this Section 11 or if any such breach is threatened by you, in addition to and without limiting or waiving any other rights or remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, without the necessity of posting a bond, to restrain any such breach or

threatened breach and to enforce the provisions of this Section 11. You agree that there is no adequate remedy at law for any such breach or threatened breach and, if any action or proceeding is brought seeking injunctive relief, you will not use as a defense thereto that there is an adequate remedy at law.

12. Right of Offset. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or a Subsidiary.

13. Plan Administrator. For purposes of this Agreement, the term "Plan Administrator" means the Compensation Committee of the Board of Directors of the Company or any different committee appointed by the Board of Directors as described more fully in Section 3.1 of the Plan.

14. Restrictions Imposed by Law. Without limiting the generality of Section 10.8 of the Plan, you will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of Common Stock, if counsel to the Company determines that such exercise, payment or issuance would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement. Any certificates representing any such securities issued or delivered under this Agreement may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws.

15. Tax Representations. You hereby acknowledge that the Company has advised you that you should consult with your own tax advisors regarding the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. You hereby represent to the Company that you are not relying on any statements or representations of the Company, its Affiliates or any of their respective agents with respect to the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. If, in connection with the Award, the Company is required to withhold any amounts by reason of any national, federal, state and other local or governmental tax or social security costs and charges or similar contributions (wheresoever arising), such withholding shall be effected in accordance with Section 10.9 of the Plan and Section 5 (Mandatory Withholding for Taxes).

16. Notice . Unless the Company notifies you in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Any notice or other communication to you with respect to this Agreement will be provided to you electronically pursuant to the online grant and administration program or via email, unless the Company elects to notify you in writing, which will be delivered personally, or will be sent by first class mail, postage prepaid, to your address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from you of a change of address.

17. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.7(b) of the Plan. Without limiting the generality of the foregoing, without your consent:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for your benefit or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect your rights with respect to the Award evidenced hereby (other than if immaterial) or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Options (other than if immaterial) to the extent then exercisable.

18. Employment. Nothing contained in the Plan or this Agreement, and no action of the Company or the Plan Administrator with respect thereto, will confer or be construed to confer on you any right to continue in the employ or service of the Company or any Subsidiary or interfere in any way with the right of the Company or any employing Subsidiary to terminate your employment or service at any time, with or without Cause, subject to the provisions of any employment or consulting agreement between you and the Company or any Subsidiary.

19. Nonalienation of Benefits . Except as provided in Section 8 (Nontransferability) and Section 12 (Right of Offset), (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of you or other person entitled to such benefits.

20. No Effect on Other Benefits. Any payments made pursuant to this Agreement will not be counted as compensation for purposes of any other employee benefit plan, program or agreement sponsored, maintained or contributed to by the Company or a Subsidiary unless expressly provided for in such employee benefit plan, program, agreement, or arrangement.

21. Governing Law; Venue. This Agreement will be governed by, and construed in accordance with, the internal laws of the State designated in Section 10.13 of the Plan. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado and in the State of Delaware in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

22. Waiver. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

23. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

24. Construction. References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules attached hereto, including the Plan. All references to “Sections” in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

25. Rules by Plan Administrator. The Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations it deems consistent with the terms of the Plan and as necessary or advisable in its operation and administration of the Plan and this Award. You acknowledge and agree that your rights and the obligations of the Company hereunder, including with respect to any exercise of the Options, will be subject to any further conditions and such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

26. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and you regarding the Award. You and the Company hereby declare and represent that no promise or agreement not expressed herein has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between you and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 (Nontransferability) and 19 (Nonalienation of Benefits), this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

27. Acknowledgment. You will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company. By your electronic acknowledgment of the Options, you are acknowledging the terms and conditions of the Award set forth in this Agreement as though you and the Company had signed an original copy of the Agreement.

28. Code Section 409A . The Awards made hereunder are intended to be “stock rights” exempt from Section 409A and this Agreement shall be interpreted and administered accordingly. Notwithstanding the foregoing, to the extent that Section 409A of the Code or the related regulations and Treasury pronouncements (“Section 409A”) are applicable to you in connection with the Award, this Award is subject to the provisions of Section 10.17 of the Plan regarding Section 409A and each payment under this Agreement shall be treated as a separate payment under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the Award or the Plan shall

be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award or the Plan. If this Agreement fails to meet the requirements of Section 409A, neither the Company nor any of its Affiliates shall have any liability for any tax, penalty or interest imposed on you by Section 409A, and you shall have no recourse against the Company or any of its Affiliate for payment of any such tax, penalty or interest imposed by Section 409A.

29. Forfeiture for Misconduct and Repayment of Certain Amounts. If (a) a material restatement of any financial statement of the Company (including any consolidated financial statement of the Company and its consolidated Subsidiaries) is required and (b) in the reasonable judgment of the Plan Administrator, (i) such restatement is due to material noncompliance with any financial reporting requirement under applicable securities laws and (ii) such noncompliance is a result of misconduct on your part, you will repay to the Company Forfeitable Benefits you received during the Misstatement Period in such amount as the Plan Administrator may reasonably determine, taking into account, in addition to any other factors deemed relevant by the Plan Administrator, the extent to which the market value of Common Stock during the Misstatement Period was affected by the error(s) giving rise to the need for such restatement. "Forfeitable Benefits" means (A) any and all cash and/or shares of Common Stock you received (I) upon the exercise during the Misstatement Period of any Options and SARs you held or (II) upon the payment during the Misstatement Period of any Cash Award or Performance Award you held, the value of which is determined in whole or in part with reference to the value of Common Stock, and (B) any proceeds you received from the sale, exchange, transfer or other disposition during the Misstatement Period of any shares of Common Stock you received upon the exercise, vesting or payment during the Misstatement Period of any Award you held. By way of clarification, "Forfeitable Benefits" will not include any shares of Common Stock you received upon vesting of any Restricted Stock Units during the Misstatement Period that are not sold, exchanged, transferred or otherwise disposed of during the Misstatement Period. "Misstatement Period" means the 12-month period beginning on the date of the first public issuance or the filing with the Securities and Exchange Commission, whichever occurs earlier, of the financial statement requiring restatement. Further, in the event that the Plan Administrator, in its reasonable judgment, determines that you breached Section 11 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement, the Plan Administrator may require you to forfeit, return or repay to the Company (X) all or any portion of the Options, whether exercisable or unexercisable, that remain outstanding, and any and all rights with respect to any such Options, (Y) any shares of Common Stock received upon the exercise of any Options during the 12-month period prior to such breach or any time after such breach occurs and (Z) any proceeds realized on the sale of any shares of Common Stock received upon the exercise of any Options during the 12-month period prior to such breach or any time after such breach occurs. For the avoidance of doubt, any such forfeiture, return or repayment will not limit, restrict or otherwise affect your continuing obligations under Section 11 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement, or the Company's right to seek injunctive relief or any other relief in the event of your breach of Section 11 (Confidential Information) or any other non-competition or non-solicitation provisions included in this Agreement.

30. Changes to Forfeiture Provisions and Policies. Please note Section 29 (Forfeiture for Misconduct and Repayment of Certain Amounts), which reflects an important policy of the Company. The Plan Administrator has determined that Awards made under the Plan (including the Award represented by this Agreement) are subject to forfeiture and recoupment in certain circumstances. By accepting this Award, you agree that the Plan Administrator may change the Forfeiture section of any or all of the grant agreements (including this Agreement) from time to time without your further consent to reflect changes in law, government regulation, stock exchange listing requirements or Company policy.

31. Additional Conditions and Restrictions. You may be subject to additional conditions and restrictions. If a Schedule II is attached hereto, the additional conditions and restrictions specified therein are considered part of this Agreement.

32. Administrative Blackouts. In addition to its other powers under the Plan, the Plan Administrator has the authority to suspend (a) the exercise of Options and (b) any other transactions under the Plan as it deems necessary or appropriate for administrative reasons.

33. Stock Ownership Guidelines. This Award may be subject to any applicable stock ownership guidelines adopted by the Company, as amended or superseded from time to time.

34. Company Information. You can access the Company's most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission on the Company's website specified in Schedule I hereto. Please refer to these reports as well as the Company's future filings with the Securities and Exchange Commission (also available on the Company's website) for important information regarding the Company and its Common Stock.

Schedule I
to
Nonqualified Stock Option Agreement
[Insert Grant Code]

Grant Date: []

Issuer/Company: Liberty Media Corporation, a Delaware corporation

Plan: Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time

Common Stock: Series C Liberty Braves Common Stock ("BATRK Common Stock"); Series C Liberty Formula One Common Stock ("FWONK Common Stock"); and/or Series C Liberty SiriusXM Common Stock ("LSXMK Common Stock"), as applicable

Option Termination Date: []

Option Exercise Price: BATRK Common Stock: \$[]
FWONK Common Stock: \$[]
LSXMK Common Stock: \$[]

General Vesting Schedule: Subject to your continuous employment with the Company from the Grant Date through the following applicable vesting date, each class of the Options will vest and become exercisable, rounded down to the nearest whole number, on the following schedule:

Vesting Date	Vesting Percentage
[]	[]%
[]	[]%
[]	[]%

Each portion of the Options that relates to a particular type of Common Stock and is subject to a particular vesting date is referred to herein as an individual "Tranche" (e.g., if this Award includes Options to acquire three types of Common Stock and there are three vesting dates for each type of Common Stock, then there are nine Tranches).

Vesting Terms Upon a Termination without Cause: Notwithstanding Section 3(a) of the Agreement, if your employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, subject to your execution of, and delivery to the Company in accordance with the notice requirements of this Agreement, a general release agreement in a form satisfactory to the Company and such release becoming irrevocable in accordance

with its terms, in each case, no later than 60 days following the Employment Termination Date (the "Release Conditions"), a Pro Rata Portion (as defined below) of each remaining unvested Tranche will become vested and exercisable upon the Release Conditions being met.

For purposes of this Agreement, a Pro Rata Portion shall be equal to the product of "A" multiplied by "B," where "A" equals the number of Options in the applicable Tranche that are not vested on the Employment Termination Date, and "B" is a fraction, the numerator of which is the number of calendar days that have elapsed from the Grant Date through the Employment Termination Date plus (i) an additional 270 calendar days if you are an Assistant Vice President or Vice President of the Company or a Subsidiary on the Employment Termination Date or (ii) an additional 365 calendar days if you are a Senior Vice President, Executive Vice President or Chief of the Company or a Subsidiary on the Employment Termination Date, and the denominator of which is the number of days in the entire vesting period for such Tranche (in no event to exceed the total number of unvested Options in such Tranche as of the Employment Termination Date). The vesting period for each Tranche of Options is the period that begins on the Grant Date and ends on the vesting date for such Tranche.

Post-Termination without
Cause Exercise Period:

Notwithstanding Section 7(b)(i) of the Agreement, if your employment with the Company or a Subsidiary is terminated by the Company or such Subsidiary without Cause, subject to the Release Conditions being met, those Options which are then exercisable (after taking into account the applicable accelerated vesting treatment) shall remain exercisable for the period of time beginning on the Employment Termination Date and continuing for the number of days that is equal to the sum of (i) 90, plus (ii) 180 multiplied by your total Years of Continuous Service.

Company Notice Address:

Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Chief Legal Officer

Company Website:

www.libertymedia.com

Plan Access:

You can access the Plan via the link at the end of the Agreement or by contacting Liberty Media Corporation's Legal Department.

RESTRICTED STOCK UNITS AGREEMENT

THIS RESTRICTED STOCK UNITS AGREEMENT (this “Agreement”) is made and effective as of the date specified in Schedule I hereto (the “Grant Date”), by and between the issuer specified in Schedule I hereto (the “Company”) and you.

The Company has adopted the incentive plan that governs the Restricted Stock Units specified in Schedule I hereto (as has been or may hereafter be amended, the “Plan”), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and, by this reference, made a part hereof. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to grant you an Award of Restricted Stock Units, subject to the conditions and restrictions set forth in this Agreement and in the Plan, in order to provide you with additional remuneration for services rendered, to encourage you to remain in service to the Company and to increase your personal interest in the continued success and progress of the Company.

The Company and you therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings, except as otherwise defined in Schedule I hereto:

“Agreement” has the meaning specified in the preamble to this Agreement.

“Cause” has the meaning specified as “cause” in Section 10.2(b) of the Plan.

“Common Stock” has the meaning specified in Schedule I hereto.

“Company” has the meaning specified in the preamble to this Agreement.

“Disability” has the meaning specified as “Disability” in Section 2.1 of the Plan.

“Grant Date” has the meaning specified in the preamble to this Agreement.

“Nonemployee Director” has the meaning specified in the Plan.

“Plan” has the meaning specified in the preamble to this Agreement.

“Plan Administrator” has the meaning specified in Section 11 (Plan Administrator).

“Restricted Stock Units” has the meaning specified in Section 2 (Award).

“RSU Dividend Equivalents” has the meaning specified in Section 5 (Dividend Equivalents).

“Section 409A” has the meaning specified in Section 26 (Code Section 409A).

“Service Termination Date” means the date of termination of your service as a Nonemployee Director.

“Tax-Related Items” has the meaning specified in Section 6 (Taxes and Withholding).

2. Award. In consideration of your covenants and promises herein, the Company hereby awards to you as of the Grant Date an Award of the number and type of Restricted Stock Units authorized by the Plan Administrator and set forth in the notice of online grant delivered to you pursuant to the Company’s online grant and administration program (the “Restricted Stock Units”), each representing the right to receive one share of the type of Common Stock specified in such notice of online grant, subject to the conditions and restrictions set forth in this Agreement and in the Plan.

3. Vesting. Unless otherwise determined by the Plan Administrator in its sole discretion, the Restricted Stock Units will vest in accordance with the General Vesting provisions specified in Schedule I hereto, subject to your continuous service as a Nonemployee Director with the Company from the Grant Date through the applicable vesting dates. Notwithstanding the foregoing, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto:

(a) *Termination for any Reason Other than Disability or Death.* All unvested Restricted Stock Units will be forfeited on the Service Termination Date if your service as a Nonemployee Director terminates for any reason other than by reason of your Disability (when Cause does not then exist) or your death.

(b) *Disability and Death.* All unvested Restricted Stock Units will vest on the Service Termination Date if (i) your service as a Nonemployee Director terminates by reason of your Disability (when Cause does not then exist) or (ii) you die while serving as a Nonemployee Director.

(c) *Approved Transaction, Board Change or Control Purchase.* The Restricted Stock Units may become vested in accordance with Section 10.1(b) of the Plan in the event of an Approved Transaction, Board Change or Control Purchase following the Grant Date.

(d) *Forfeiture.* Upon forfeiture of any unvested Restricted Stock Units, such Restricted Stock Units and any related unpaid RSU Dividend Equivalents will be immediately cancelled, and you will cease to have any rights with respect thereto.

4. No Stockholder Rights. You will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to shares of Common Stock represented by any Restricted Stock Units unless and until such time as shares of Common Stock represented by vested Restricted Stock Units have been delivered in accordance with Section 7 (Settlement and Delivery by the Company), nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.16 of the Plan.

5. Dividend Equivalents. To the extent specified by the Plan Administrator only, an amount equal to all dividends and other distributions (or the economic equivalent thereof) (in each case, as determined by the Plan Administrator in its sole discretion) that would have been paid on a like number and type of shares of Common Stock as the shares represented by the Restricted Stock Units if

such shares had been issued to you when such dividends or other distributions were made ("RSU Dividend Equivalents") will, if so specified by the Plan Administrator, be retained by the Company for your account and will, unless otherwise specified by the Plan Administrator, be subject to the same conditions and restrictions, including the timing of vesting and delivery, applicable to the Restricted Stock Units to which they relate; *provided, however*, that the Plan Administrator may, in its sole discretion, accelerate the vesting of any portion of the RSU Dividend Equivalent and the settlement thereof shall be made as soon as administratively practicable after the accelerated vesting date, but in no event later than March 15 of the calendar year following the year in which such accelerated vesting date occurs. RSU Dividend Equivalents shall not bear interest or be segregated in a separate account. For the avoidance of doubt, unless otherwise determined by the Plan Administrator in its sole discretion, you will have no right to receive, or otherwise with respect to, any RSU Dividend Equivalents until such time, if ever, as the Restricted Stock Units with respect to which such RSU Dividend Equivalents relate shall have become vested, and, if vesting does not occur, the related RSU Dividend Equivalents will be forfeited at the same time the Restricted Stock Units with respect to which such RSU Dividend Equivalents relate are forfeited.

6. Taxes and Withholding. If the Plan Administrator determines in its sole discretion it is necessary or appropriate to collect national, federal, state or other local or governmental taxes or social security costs and charges or similar contributions (wheresoever arising) with respect to the Award of the Restricted Stock Units or the vesting thereof, or the designation of any RSU Dividend Equivalents as payable or distributable or the payment or distribution thereof, you may be asked to make arrangements satisfactory to the Company to make payment to the Company or its designee of the amount determined by the Plan Administrator as necessary or appropriate to be withheld under such tax laws (collectively, the "Tax-Related Items"). To the extent the Plan Administrator determines in its sole discretion such withholding is necessary or appropriate because some or all of the Restricted Stock Units and any related RSU Dividend Equivalents vest, you acknowledge and agree that the Company may withhold (a) from the shares of Common Stock represented by vested Restricted Stock Units and otherwise deliverable to you a number of shares of the applicable type of Common Stock and/or (b) from any related RSU Dividend Equivalents otherwise deliverable to you an amount of such RSU Dividend Equivalents, which collectively have a value (or, in the case of securities withheld, a Fair Market Value) equal to the Tax-Related Items, unless you remit such Tax-Related Items to the Company or its designee in cash in such form and by such time as the Company may require or other provisions for withholding such amount satisfactory to the Company have been made. Notwithstanding any other provisions of this Agreement, the delivery of any shares of Common Stock represented by vested Restricted Stock Units and any related RSU Dividend Equivalents may be postponed until any such withholding taxes have been paid to the Company. For the avoidance of doubt, the Company may allow for tax withholding in respect of the vesting of the Restricted Stock Units and any related RSU Dividend Equivalents up to the maximum withholding rate applicable to you. Notwithstanding the foregoing, regardless of any action the Company may take with respect to the foregoing, you acknowledge and agree that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility.

7. Settlement and Delivery by the Company. Subject to Section 6 hereof (Taxes and Withholding), Section 10 hereof (Right of Offset), and Section 15 hereof (Amendment), and except as otherwise provided herein, shares of Common Stock will be delivered in respect of vested Restricted Stock Units (if any) as soon as practicable after the vesting of the Restricted Stock Units as described herein (but no later than March 15 of the calendar year following the year in which such vesting occurs). Unless otherwise determined by the Plan Administrator, the Company will (a) cause to be issued and transferred to a brokerage account, or registered through the Company's stock transfer agent for your

benefit, book-entry transfers registered in your name for that number and type of shares of Common Stock represented by such vested Restricted Stock Units and any securities representing related vested unpaid RSU Dividend Equivalents, and (b) cause to be delivered to you any cash payment representing related vested unpaid RSU Dividend Equivalents. Any delivery of securities will be deemed effected for all purposes when (i) in the case of a book-entry transfer, at the time the Company's stock transfer agent initiates the transfer of such securities to a brokerage account through the Company's stock transfer agent for your benefit or (ii) the Plan Administrator has made or caused to be made such other arrangements for the delivery of such securities as the Plan Administrator deems reasonable. Any cash payment will be deemed effected when (I) a check from the Company, payable to you in the amount equal to the amount of the cash payment, has been delivered personally to or at your direction or deposited in the United States mail, addressed to you, (II) an amount equal to the amount of the cash payment has been processed through the direct deposit or normal Company payroll processes for your benefit or (III) the Plan Administrator has made or caused to be made such other arrangements for delivery of such cash amount as the Plan Administrator deems reasonable. Shares representing Restricted Stock Units that have vested may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Restricted Stock Units have been transferred in accordance with Section 10.6 of the Plan and Section 8 below (Nontransferability).

8. Nontransferability. Restricted Stock Units and any related unpaid RSU Dividend Equivalents are not transferable (either voluntarily or involuntarily), before or after your death, except as follows: (a) during your lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after your death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Restricted Stock Units and any related unpaid RSU Dividend Equivalents are transferred in accordance with the provisions of the preceding sentence shall take such Restricted Stock Units and any related unpaid RSU Dividend Equivalents subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to you. Restricted Stock Units that have vested may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Restricted Stock Units have been transferred in accordance with this Section 8 and Section 10.6 of the Plan.

9. Adjustments. The Restricted Stock Units and any related unpaid RSU Dividend Equivalents will be subject to adjustment pursuant to Section 4.2 of the Plan in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

10. Right of Offset. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or a Subsidiary.

11. Plan Administrator. For purposes of this Agreement, the term "Plan Administrator" means the Compensation Committee of the Board of Directors of the Company or any committee appointed by the Board of Directors as described more fully in Section 3.1 of the Plan; provided, however, that the Board of Directors of the Company shall have the same powers as the Compensation Committee with respect to the Options and may exercise such powers in lieu of action by the Compensation Committee.

12. Restrictions Imposed by Law. Without limiting the generality of Section 10.8 of the Plan, the Company shall not be obligated to deliver any shares of Common Stock represented by vested Restricted Stock Units or securities constituting any unpaid RSU Dividend Equivalents if counsel to the Company determines that the issuance or delivery thereof would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock or such other securities are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the delivery of shares of Common Stock represented by vested Restricted Stock Units or securities constituting any unpaid RSU Dividend Equivalents to comply with any such law, rule, regulation, or agreement. Any certificates representing any such securities issued or delivered under this Agreement may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws.

13. Tax Representations . You hereby acknowledge that the Company has advised you that you should consult with your own tax advisors regarding the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. You hereby represent to the Company that you are not relying on any statements or representations of the Company, its Affiliates or any of their respective agents with respect to the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. If, in connection with the Award, the Plan Administrator determines in its sole discretion it is necessary or appropriate to withhold any amounts by reason of any national, federal, state and other local or governmental tax or social security costs and charges or similar contributions (wheresoever arising), such withholding shall be effected in accordance with Section 10.9 of the Plan and Section 6 (Taxes and Withholding).

14. Notice . Unless the Company notifies you in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Any notice or other communication to you with respect to this Agreement will be provided to you electronically pursuant to the online grant and administration program or via email, unless the Company elects to notify you in writing, which will be delivered personally, or will be sent by first class mail, postage prepaid, to your address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from you of a change of address.

15. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.7(b) of the Plan. Without limiting the generality of the foregoing, without your consent:

- (a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for your benefit or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect your rights with respect to the Award evidenced hereby (other than if immaterial), (iii) to reform the Award made hereunder as contemplated by

Section 10.17 of the Plan or to exempt the Award made hereunder from coverage under Code Section 409A, or (iv) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Restricted Stock Units granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Restricted Stock Units (other than if immaterial) to the extent then vested.

16. Status as a Nonemployee Director. Nothing contained in the Plan or this Agreement, and no action of the Company or the Plan Administrator with respect thereto, will confer or be construed to confer on you any right to continue as a Nonemployee Director or interfere in any way with the right of the Board of Directors or the Company's stockholders to terminate your service at any time, with or without Cause, subject to the charter and bylaws of the Company, as the same may be in effect from time to time.

17. Nonalienation of Benefits . Except as provided in Section 8 (Nontransferability) and Section 10 (Right of Offset), (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of you or other person entitled to such benefits.

18. No Effect on Other Benefits. Any payments made pursuant to this Agreement will not be counted as compensation for purposes of any other employee benefit plan, program or agreement sponsored, maintained or contributed to by the Company or a Subsidiary unless expressly provided for in such employee benefit plan, program, agreement, or arrangement.

19. Governing Law; Venue. This Agreement will be governed by, and construed in accordance with, the internal laws of the State designated in Section 10.13 of the Plan. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado and in the State of Delaware in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

20. Waiver. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

21. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

22. Construction. References in this Agreement to “this Agreement” and the words “herein,” “hereof,” “hereunder” and similar terms include all Exhibits and Schedules attached hereto, including the Plan. All references to “Sections” in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word “include” and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

23. Rules by Plan Administrator. The Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations it deems consistent with the terms of the Plan and as necessary or advisable in its operation and administration of the Plan and this Award. You acknowledge and agree that your rights and the obligations of the Company hereunder will be subject to any further conditions and such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

24. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and you regarding the Award. You and the Company hereby declare and represent that no promise or agreement not expressed herein has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between you and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 (Nontransferability) and 15 (Nonalienation of Benefits), this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

25. Acknowledgment. You will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company. By your electronic acknowledgment of the Restricted Stock Units, you are acknowledging the terms and conditions of the Award set forth in this Agreement as though you and the Company had signed an original copy of the Agreement.

26. Code Section 409A . The Awards made hereunder are intended to be “short-term deferrals” exempt from Section 409A and this Agreement shall be interpreted and administered accordingly. Notwithstanding the foregoing, to the extent that Section 409A of the Code or the related regulations and Treasury pronouncements (“Section 409A”) are applicable to you in connection with the Award, this Award is subject to the provisions of Section 10.17 of the Plan regarding Section 409A and each payment under this Agreement shall be treated as a separate payment under Section 409A. *Notwithstanding the foregoing, the Company makes no representations that the Award or the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award or the Plan.* If this Agreement fails to meet the requirements of Section 409A, neither the Company nor any of its Affiliates shall have any liability for any tax, penalty or interest imposed on you by Section 409A, and you shall have no recourse against the Company or any of its Affiliate for payment of any such tax, penalty or interest imposed by Section 409A.

27. Additional Conditions and Restrictions. You may be subject to additional conditions and restrictions. If a Schedule II is attached hereto, the additional conditions and restrictions specified therein are considered part of this Agreement.

28. Administrative Blackouts. In addition to its other powers under the Plan, the Plan Administrator has the authority to suspend any transactions under the Plan as it deems necessary or appropriate for administrative reasons.

29. Stock Ownership Guidelines. This Award may be subject to any applicable stock ownership guidelines adopted by the Company, as amended or superseded from time to time.

30. Company Information. You can access the Company's most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission on the Company's website specified in Schedule I hereto. Please refer to these reports as well as the Company's future filings with the Securities and Exchange Commission (also available on the Company's website) for important information regarding the Company and its Common Stock.

Schedule I
to
Restricted Stock Units Agreement
[Insert Grant Code]

Grant Date: [_____]

Issuer/Company: Liberty Media Corporation, a Delaware corporation

Plan: Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time

Common Stock: Series C Liberty Braves Common Stock;
Series C Liberty Formula One Common Stock; and/or
Series C Liberty SiriusXM Common Stock, as applicable

General Vesting Schedule: Subject to your continuous service as a Nonemployee Director with the Company from the Grant Date through the following vesting date, 100% of the Restricted Stock Units will vest on [_____].

Company Notice Address: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Chief Legal Officer

Company Website: www.libertymedia.com

Plan Access: You can access the Plan via the link at the end of the Agreement or by contacting Liberty Media Corporation's Legal Department.

NONQUALIFIED STOCK OPTION AGREEMENT

THIS NONQUALIFIED STOCK OPTION AGREEMENT (this "Agreement") is made and effective as of the date specified in Schedule I hereto (the "Grant Date"), by and between the issuer specified in Schedule I hereto (the "Company") and you.

The Company has adopted the incentive plan that governs the Options specified in Schedule I hereto (as has been or may hereafter be amended, the "Plan"), a copy of which is attached via a link at the end of this online Agreement as Exhibit A and, by this reference, made a part hereof. Capitalized terms used and not otherwise defined in this Agreement will have the meanings ascribed to them in the Plan.

Pursuant to the Plan, the Plan Administrator has determined that it would be in the interest of the Company and its stockholders to grant you an Award of Options, subject to the conditions and restrictions set forth in this Agreement and in the Plan, in order to provide you with additional remuneration for services rendered, to encourage you to remain in service to the Company and to increase your personal interest in the continued success and progress of the Company.

The Company and you therefore agree as follows:

1. Definitions. The following terms, when used in this Agreement, have the following meanings, except as otherwise defined in Schedule I hereto:

"Agreement" has the meaning specified in the preamble to this Agreement.

"Business Day" means any day on which stock exchanges in the United States are open for trading.

"Cause" has the meaning specified as "cause" in Section 10.2(b) of the Plan.

"Close of Business" means, on any day, 4:00 p.m., New York, New York time.

"Common Stock" has the meaning specified in Schedule I hereto.

"Company" has the meaning specified in the preamble to this Agreement.

"Disability" has the meaning specified as "Disability" in Section 2.1 of the Plan.

"Exercise Notice" has the meaning specified in Section 4(i)(1) (Manner of Exercise).

"Grant Date" has the meaning specified in the preamble to this Agreement.

"Nonemployee Director" has the meaning specified in the Plan.

"Option(s)" has the meaning specified in Section 2 (Award).

"Option Exercise Price" means, with respect to each type of Common Stock for which Options are granted hereunder, the amount specified in Schedule I hereto as the Option Exercise Price for such Common Stock.

“Option Termination Date” has the meaning specified in Schedule I hereto.

“Plan” has the meaning specified in the preamble to this Agreement.

“Plan Administrator” has the meaning specified in Section 12 (Plan Administrator).

“Section 409A” has the meaning specified in Section 27 (Code Section 409A).

“Service Termination Date” means the date of termination of your service as a Nonemployee Director.

“Tax-Related Items” has the meaning specified in Section 5 (Taxes and Withholding).

2. Award. *In consideration of your covenants and promises herein, the Company hereby awards to you as of the Grant Date nonqualified Options to purchase from the Company at the applicable Option Exercise Price the number and type of shares of Common Stock authorized by the Plan Administrator and set forth in the notice of online grant delivered to you pursuant to the Company’s online grant and administration program, subject to the conditions and restrictions set forth in this Agreement and in the Plan (the “Options”).*

3. Vesting. Unless otherwise determined by the Plan Administrator in its sole discretion, the Options will vest and become exercisable in accordance with the General Vesting provisions specified in Schedule I hereto, subject to your continuous service as a Nonemployee Director with the Company from the Grant Date through the applicable vesting dates. Notwithstanding the foregoing, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto:

(a) *Termination for any Reason Other than Disability or Death.* All unvested Options will be forfeited on the Service Termination Date if your service as a Nonemployee Director terminates for any reason other than by reason of your Disability (when Cause does not then exist) or your death.

(b) *Disability and Death.* All Options will vest and become exercisable on the Service Termination Date if (i) your service as a Nonemployee Director terminates by reason of your Disability (when Cause does not then exist) or (ii) you die while serving as a Nonemployee Director.

(c) *Approved Transaction, Board Change or Control Purchase.* The Options may become vested and exercisable in accordance with Section 10.1(b) of the Plan in the event of an Approved Transaction, Board Change or Control Purchase following the Grant Date.

4. Manner of Exercise. You may exercise the Options that vest and become exercisable, in whole or in part, at any time and from time to time, except as otherwise provided herein. Options will be considered exercised (as to the number and type of Options specified in the Exercise Notice defined below in subclause (i)(1) of this Section 4) on the latest of (a) the date of exercise designated in the Exercise Notice, (b) if the date so designated is not a Business Day, the first Business Day following such date or (c) the earliest Business Day by which:

(i) the Company has received all of the following:

(1) written or electronic notice, in such form as the Plan Administrator may require, containing such representations and warranties as the Plan Administrator may require and designating, among other things, the date of exercise and the number and type of shares of Common Stock to be purchased by exercise of the Options (the "Exercise Notice");

(2) payment of the applicable Option Exercise Price for each share of Common Stock to be purchased by exercise in any (or a combination) of the following forms: (A) cash, (B) check, or (C) at the option of the Company, the delivery of irrevocable instructions via the Company's online grant and administration program for the Company to withhold the number of shares of Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) required to pay such Option Exercise Price (and, if applicable, the Tax-Related Items as described in Section 5 (Taxes and Withholding)) that would otherwise be delivered by the Company to you upon exercise of the Options; and

(3) any other documentation that the Plan Administrator may reasonably require; and

(ii) you have satisfied any other conditions established or adopted by the Plan Administrator from time to time, as contemplated by Section 3.3 of the Plan, with respect to the exercise of Options.

5. Taxes and Withholding. If the Plan Administrator determines in its sole discretion it is necessary or appropriate to collect national, federal, state or other local or governmental taxes or social security costs and charges or similar contributions (wheresoever arising), you acknowledge and agree that the Company may deduct from the shares of Common Stock otherwise payable or deliverable upon exercise of any Options that number of shares of the applicable Common Stock (valued at the Fair Market Value of such Common Stock on the date of exercise) that is equal to the amount of any such national, federal, state or other local or governmental taxes or social security costs and charges or similar contributions (wheresoever arising) determined by the Plan Administrator as necessary or appropriate to be withheld by the Company or any Subsidiary of the Company upon such exercise (the "Tax-Related Items"), unless provisions to pay such Tax-Related Items have been made to the satisfaction of the Company. For the avoidance of doubt, the Company may allow for tax withholding in respect of the exercise of any Options up to the maximum withholding rate applicable to you. Notwithstanding the foregoing, regardless of any action the Company may take with respect to the foregoing, you acknowledge and agree that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility.

6. Payment or Delivery by the Company. As soon as practicable after receipt of all items referred to in Section 4 (Manner of Exercise), subject to (a) if determined necessary or appropriate by the Plan Administrator in its sole discretion, the withholding referred to in Section 5 (Taxes and Withholding), (b) Section 11 (Right of Offset), and (c) Section 16 (Amendment), and except as otherwise provided herein as may be determined by the Plan Administrator, the Company will cause to be issued and transferred to a brokerage account, or registered through the Company's stock transfer agent for your benefit, book-entry transfers registered in your name for that number and type of shares of Common Stock purchased by exercise of the Options. Any delivery of securities will be deemed effected for all purposes when (i) in the case of a book-entry transfer, at the time the Company's stock transfer agent

initiates the transfer of such securities to a brokerage account through the Company's stock transfer agent for your benefit or (ii) the Plan Administrator has made or caused to be made such other arrangements for the delivery of such securities as the Plan Administrator deems reasonable. Securities representing Common Stock purchased by exercise of the Options may be registered only to you (or during your lifetime, to your court appointed legal representative) or to a person to whom the Options have been transferred in accordance with Section 10.6 of the Plan and Section 8 below (Nontransferability).

7. Expiration. The Options will terminate automatically and without further notice on the Option Termination Date or, unless otherwise determined by the Plan Administrator in its sole discretion or except as otherwise specified in Schedule I hereto, effective as of the following times, if earlier:

- (a) *Unvested Options.* With respect to those Options which are then unexercisable (after taking into account any applicable accelerated or continued vesting treatment), the Close of Business on the Service Termination Date.
- (b) *Vested Options – Termination of Service for any Reason other than for Cause.* With respect to those Options which are then exercisable (after taking into account any applicable accelerated or continued vesting treatment), in the event of your termination of service as a Nonemployee Director for any reason other than for Cause, at the Close of Business on the last day of the one-year period beginning on the Service Termination Date; provided, however, that if you die during such period, such Options will terminate at the Close of Business on the last day of the one-year period beginning on the date of your death.
- (c) *Termination for Cause.* With respect to all your then outstanding Options, whether exercisable or unexercisable, the date upon which your service as a Nonemployee Director is terminated for Cause.

Notwithstanding any period of time referenced in this Section 7 or Schedule I hereto or any other provision of this Agreement that may be construed to the contrary, the Options will in any event terminate at the Close of Business on the Option Termination Date. Notwithstanding anything herein or the Plan to the contrary, if the Options would otherwise expire when trading in the Common Stock is prohibited by law or the Company's insider trading policy pursuant to an event-specific occurrence (as determined by the Company), then the Options shall instead expire on the 30th day after the expiration of such prohibition.

8. Nontransferability. Options are not transferable (either voluntarily or involuntarily), before or after your death, except as follows: (a) during your lifetime, pursuant to a Domestic Relations Order, issued by a court of competent jurisdiction, that is not contrary to the terms and conditions of the Plan or this Agreement, and in a form acceptable to the Plan Administrator; or (b) after your death, by will or pursuant to the applicable laws of descent and distribution, as may be the case. Any person to whom Options are transferred in accordance with the provisions of the preceding sentence shall take such Options subject to all of the terms and conditions of the Plan and this Agreement, including that the vesting and termination provisions of this Agreement will continue to be applied with respect to you. Options are exercisable only by you (or, during your lifetime, by your court appointed legal representative) or a person to whom the Options have been transferred in accordance with this Section 8 and Section 10.6 of the Plan.

9. No Stockholder Rights. Prior to the exercise of Options in accordance with the terms and conditions set forth in this Agreement, you will not be deemed for any purpose to be, or to have any of the rights of, a stockholder of the Company with respect to any shares of Common Stock represented by the Options, nor will the existence of this Agreement affect in any way the right or power of the Company or its stockholders to accomplish any corporate act, including, without limitation, the acts referred to in Section 10.16 of the Plan.

10. Adjustments. The Options will be subject to adjustment (including, without limitation, as to the Option Exercise Price) in such manner as the Plan Administrator, in its sole discretion, deems equitable and appropriate in connection with the occurrence of any of the events described in Section 4.2 of the Plan following the Grant Date.

11. Right of Offset. You hereby agree that the Company shall have the right to offset against its obligation to deliver shares of Common Stock, cash or other property under this Agreement to the extent that it does not constitute "non-qualified deferred compensation" pursuant to Section 409A, any outstanding amounts of whatever nature that you then owe to the Company or a Subsidiary.

12. Plan Administrator. For purposes of this Agreement, the term "Plan Administrator" means the Compensation Committee of the Board of Directors of the Company or any different committee appointed by the Board of Directors as described more fully in Section 3.1 of the Plan ; provided, however, that the Board of Directors of the Company shall have the same powers as the Compensation Committee with respect to the Options and may exercise such powers in lieu of action by the Compensation Committee.

13. Restrictions Imposed by Law. Without limiting the generality of Section 10.8 of the Plan, you will not exercise the Options, and the Company will not be obligated to make any cash payment or issue or cause to be issued any shares of Common Stock, if counsel to the Company determines that such exercise, payment or issuance would violate any applicable law or any rule or regulation of any governmental authority or any rule or regulation of, or agreement of the Company with, any securities exchange or association upon which shares of Common Stock are listed or quoted. The Company will in no event be obligated to take any affirmative action in order to cause the exercise of the Options or the resulting payment of cash or issuance of shares of Common Stock to comply with any such law, rule, regulation or agreement. Any certificates representing any such securities issued or delivered under this Agreement may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws.

14. Tax Representations. You hereby acknowledge that the Company has advised you that you should consult with your own tax advisors regarding the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. You hereby represent to the Company that you are not relying on any statements or representations of the Company, its Affiliates or any of their respective agents with respect to the national, federal, state and other local or governmental tax consequences or social security costs and charges or similar contributions (wheresoever arising) of receiving the Award. If, in connection with the Award, the Plan Administrator determines in its sole discretion it is necessary or appropriate to withhold any amounts by reason of any national, federal, state and other local or governmental tax or social security costs and charges or similar contributions (wheresoever arising), such withholding shall be effected in accordance with Section 10.9 of the Plan and Section 5 (Taxes and Withholding).

15. Notice. Unless the Company notifies you in writing of a different procedure or address, any notice or other communication to the Company with respect to this Agreement will be in writing and will be delivered personally or sent by first class mail, postage prepaid, to the address specified for the Company in Schedule I hereto. Any notice or other communication to you with respect to this Agreement will be provided to you electronically pursuant to the online grant and administration program or via email, unless the Company elects to notify you in writing, which will be delivered personally, or will be sent by first class mail, postage prepaid, to your address as listed in the records of the Company or any Subsidiary of the Company on the Grant Date, unless the Company has received written notification from you of a change of address.

16. Amendment. Notwithstanding any other provision hereof, this Agreement may be supplemented or amended from time to time as approved by the Plan Administrator as contemplated by Section 10.7(b) of the Plan. Without limiting the generality of the foregoing, without your consent:

(a) this Agreement may be amended or supplemented from time to time as approved by the Plan Administrator (i) to cure any ambiguity or to correct or supplement any provision herein that may be defective or inconsistent with any other provision herein, (ii) to add to the covenants and agreements of the Company for your benefit or surrender any right or power reserved to or conferred upon the Company in this Agreement, subject to any required approval of the Company's stockholders, and provided, in each case, that such changes or corrections will not adversely affect your rights with respect to the Award evidenced hereby (other than if immaterial) or (iii) to make such other changes as the Company, upon advice of counsel, determines are necessary or advisable because of the adoption or promulgation of, or change in the interpretation of, any law or governmental rule or regulation, including any applicable federal or state securities laws; and

(b) subject to any required action by the Board of Directors or the stockholders of the Company, the Options granted under this Agreement may be canceled by the Plan Administrator and a new Award made in substitution therefor, provided that the Award so substituted will satisfy all of the requirements of the Plan as of the date such new Award is made and no such action will adversely affect any Options (other than if immaterial) to the extent then exercisable.

17. Status as a Nonemployee Director. Nothing contained in the Plan or this Agreement, and no action of the Company or the Plan Administrator with respect thereto, will confer or be construed to confer on you any right to continue as a Nonemployee Director or interfere in any way with the right of the Board of Directors or the Company's stockholders to terminate your service at any time, with or without Cause, subject to the charter and bylaws of the Company, as the same may be in effect from time to time.

18. Nonalienation of Benefits. Except as provided in Section 8 (Nontransferability) and Section 11 (Right of Offset), (a) no right or benefit under this Agreement will be subject to anticipation, alienation, sale, assignment, hypothecation, pledge, exchange, transfer, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, hypothecate, pledge, exchange, transfer, encumber or charge the same will be void, and (b) no right or benefit hereunder will in any manner be subjected to or liable for the debts, contracts, liabilities or torts of you or other person entitled to such benefits.

19. No Effect on Other Benefits. Any payments made pursuant to this Agreement will not be counted as compensation for purposes of any other employee benefit plan, program or agreement

sponsored, maintained or contributed to by the Company or a Subsidiary unless expressly provided for in such employee benefit plan, program, agreement, or arrangement.

20. Governing Law; Venue. This Agreement will be governed by, and construed in accordance with, the internal laws of the State designated in Section 10.13 of the Plan. Each party irrevocably submits to the general jurisdiction of the state and federal courts located in the State of Colorado and in the State of Delaware in any action to interpret or enforce this Agreement and irrevocably waives any objection to jurisdiction that such party may have based on inconvenience of forum.

21. Waiver. No waiver by the Company at any time of any breach by you of, or compliance with, any term or condition of this Agreement or the Plan to be performed by you shall be deemed a waiver of the same term or condition, or of any similar or any dissimilar term or condition, whether at the same time or at any prior or subsequent time.

22. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any term or condition hereof shall not affect the validity or enforceability of the other terms and conditions set forth herein.

23. Construction. References in this Agreement to "this Agreement" and the words "herein," "hereof," "hereunder" and similar terms include all Exhibits and Schedules attached hereto, including the Plan. All references to "Sections" in this Agreement shall be to Sections of this Agreement unless explicitly stated otherwise. The word "include" and all variations thereof are used in an illustrative sense and not in a limiting sense. All decisions of the Plan Administrator upon questions regarding the Plan or this Agreement will be conclusive. Unless otherwise expressly stated herein, in the event of any inconsistency between the terms of the Plan and this Agreement, the terms of the Plan will control. The headings of the sections of this Agreement have been included for convenience of reference only, are not to be considered a part hereof and will in no way modify or restrict any of the terms or provisions hereof.

24. Rules by Plan Administrator. The Plan Administrator, in its discretion and as contemplated by Section 3.3 of the Plan, may adopt rules and regulations it deems consistent with the terms of the Plan and as necessary or advisable in its operation and administration of the Plan and this Award. You acknowledge and agree that your rights and the obligations of the Company hereunder, including with respect to any exercise of the Options, will be subject to any further conditions and such reasonable rules and regulations as the Plan Administrator may adopt from time to time.

25. Entire Agreement. This Agreement is in satisfaction of and in lieu of all prior discussions and agreements, oral or written, between the Company and you regarding the Award. You and the Company hereby declare and represent that no promise or agreement not expressed herein has been made and that this Agreement contains the entire agreement between the parties hereto with respect to the Award and replaces and makes null and void any prior agreements between you and the Company regarding the Award. Subject to the restrictions set forth in Sections 8 (Nontransferability) and 18 (Nonalienation of Benefits), this Agreement will be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns.

26. Acknowledgment. You will signify acceptance of the terms and conditions of this Agreement by acknowledging the acceptance of this Agreement via the procedures described in the online grant and administration program utilized by the Company. By your electronic acknowledgment

of the Options, you are acknowledging the terms and conditions of the Award set forth in this Agreement as though you and the Company had signed an original copy of the Agreement.

27. Code Section 409A. The Awards made hereunder are intended to be “stock rights” exempt from Section 409A and this Agreement shall be interpreted and administered accordingly. Notwithstanding the foregoing, to the extent that Section 409A of the Code or the related regulations and Treasury pronouncements (“Section 409A”) are applicable to you in connection with the Award, this Award is subject to the provisions of Section 10.17 of the Plan regarding Section 409A and each payment under this Agreement shall be treated as a separate payment under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the Award or the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to the Award or the Plan. If this Agreement fails to meet the requirements of Section 409A, neither the Company nor any of its Affiliates shall have any liability for any tax, penalty or interest imposed on you by Section 409A, and you shall have no recourse against the Company or any of its Affiliate for payment of any such tax, penalty or interest imposed by Section 409A.

28. Additional Conditions and Restrictions. You may be subject to additional conditions and restrictions. If a Schedule II is attached hereto, the additional conditions and restrictions specified therein are considered part of this Agreement.

29. Administrative Blackouts. In addition to its other powers under the Plan, the Plan Administrator has the authority to suspend (a) the exercise of Options and (b) any other transactions under the Plan as it deems necessary or appropriate for administrative reasons.

30. Stock Ownership Guidelines. This Award may be subject to any applicable stock ownership guidelines adopted by the Company, as amended or superseded from time to time.

31. Company Information. You can access the Company’s most recent annual, quarterly and current reports as filed with the Securities and Exchange Commission on the Company’s website specified in Schedule I hereto. Please refer to these reports as well as the Company’s future filings with the Securities and Exchange Commission (also available on the Company’s website) for important information regarding the Company and its Common Stock.

Schedule I
to
Nonqualified Stock Option Agreement
[Insert Grant Code]

Grant Date: []

Issuer/Company: Liberty Media Corporation, a Delaware corporation

Plan: Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended from time to time

Common Stock: Series C Liberty Braves Common Stock ("BATRK Common Stock"); Series C Liberty Formula One Common Stock ("FWONK Common Stock"); and/or Series C Liberty SiriusXM Common Stock ("LSXMK Common Stock"), as applicable

Option Termination Date: []

Option Exercise Price: BATRK Common Stock: \$[]
FWONK Common Stock: \$[]
LSXMK Common Stock: \$[]

General Vesting Schedule: Subject to your continuous service as a Nonemployee Director with the Company from the Grant Date through the following vesting date, 100% of the Options will vest and become exercisable on [].

Company Notice Address: Liberty Media Corporation
12300 Liberty Boulevard
Englewood, Colorado 80112
Attn: Chief Legal Officer

Company Website: www.libertymedia.com

Plan Access: You can access the Plan via the link at the end of the Agreement or by contacting Liberty Media Corporation's Legal Department.

Exhibit 21

As of December 31, 2020

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
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 Retail I, LLC	DE
Beta Holdings Limited	Jersey
Block A Condominium Association, Inc.	GA
Block B Condominium Association, Inc.	GA
Block C-2 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
Liberty ATCL, Inc.	CO
Liberty Clear Holdings, LLC	DE
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 Media Acquisition Corporation (fka LMAC, Inc.)	DE
Liberty Media Acquisition Sponsor LLC (fka LMAS LLC)	DE
Liberty MSR, 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, 2021, with respect to the consolidated balance sheets of Liberty Media Corporation and subsidiaries as of December 31, 2020 and 2019, 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, 2020, and the related notes, and the effectiveness of internal control over financial reporting as of December 31, 2020, which reports appear in the December 31, 2020 annual report on Form 10-K of Liberty Media Corporation.

Our report refers to a change in the method of accounting for leases

Description	Registration Statement No.	Description
S-8	333-251223	Liberty Media Corporation 2017 Omnibus Incentive Plan, as amended
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-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, 2021

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, 2021

/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, 2021

/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, 2020 (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, 2021

/s/ GREGORY B. MAFFEI

Gregory B. Maffei

President and Chief Executive Officer

Dated: February 26, 2021

/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, 2020 and December 31, 2019 and revenue, expenses and cash flows for the years ended December 31, 2020, 2019, and 2018. 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, 2020 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, 2020	December 31, 2019
	amounts in millions	
Cash and cash equivalents	\$ 996	493
Investments in affiliates, accounted for using the equity method	\$ 886	644
Intangible assets not subject to amortization	\$ 24,924	25,665
Intangible assets subject to amortization, net	\$ 1,471	1,603
Total assets	\$ 32,081	31,421
Deferred revenue	\$ 1,721	1,930
Long-term debt, including current portion	\$ 13,000	9,245
Deferred tax liabilities	\$ 2,116	1,890
Attributed net assets	\$ 8,250	10,678
Noncontrolling interest	\$ 4,505	5,628

Summary Statement of Operations Data:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Revenue	\$ 8,040	7,794	5,771
Cost of subscriber services (1)	\$ (3,579)	(3,427)	(2,308)
Subscriber acquisition costs	\$ (362)	(427)	(470)
Other operating expenses (1)	\$ (264)	(280)	(123)
Selling, general and administrative expense (1)	\$ (1,509)	(1,495)	(878)
Impairment of intangible assets	\$ (976)	—	—
Operating income (loss)	\$ 749	1,544	1,620
Interest expense	\$ (462)	(435)	(388)
Share of earnings (losses) of affiliates, net	\$ (484)	(24)	(11)
Income tax (expense) benefit	\$ (106)	(271)	(241)
Net earnings (loss) attributable to noncontrolling interests	\$ 28	241	328
Earnings (loss) attributable to Liberty stockholders	\$ (747)	494	676

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

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Cost of subscriber services	\$ 44	43	37
Other operating expenses	43	49	17
Selling, general and administrative expense	147	154	102
	\$ 234	246	156

Braves Group*Summary Balance Sheet Data:*

	December 31, 2020	December 31, 2019
	amounts in millions	
Cash and cash equivalents	\$ 151	142
Property and equipment, net	\$ 799	795
Investments in affiliates, accounted for using the equity method	\$ 94	99
Intangible assets not subject to amortization	\$ 323	323
Intangible assets subject to amortization, net	\$ 24	34
Total assets	\$ 1,571	1,593
Deferred revenue	\$ 90	70
Long-term debt, including current portion	\$ 670	554
Deferred tax liabilities	\$ 52	61
Attributed net assets	\$ 291	378

Summary Statement of Operations Data:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Revenue	\$ 178	476	442
Selling, general and administrative expense (1)	\$ (67)	(100)	(97)
Operating income (loss)	\$ (128)	(39)	1
Share of earnings (losses) of affiliates, net	\$ 6	18	12
Income tax (expense) benefit	\$ 38	15	15
Earnings (loss) attributable to Liberty stockholders	\$ (78)	(77)	5

(1) Includes stock-based compensation of \$6 million, \$17 million, and \$11 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Formula One Group

Summary Balance Sheet Data:

	December 31, 2020	December 31, 2019
	amounts in millions	
Cash and cash equivalents	\$ 1,684	587
Investments in affiliates, accounted for using the equity method	\$ 38	882
Intangible assets not subject to amortization	\$ 3,956	3,956
Intangible assets subject to amortization, net	\$ 3,883	4,303
Total assets	\$ 11,191	11,505
Long-term debt, including current portion	\$ 3,759	5,677
Attributed net assets	\$ 6,550	5,239

Summary Statement of Operations Data:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Revenue	\$ 1,145	2,022	1,827
Cost of Formula 1 revenue	\$ (974)	(1,394)	(1,273)
Selling, general and administrative expense (1)	\$ (174)	(210)	(204)
Operating income (loss)	\$ (444)	(35)	(110)
Interest expense	\$ (146)	(195)	(192)
Share of earnings (losses) of affiliates, net	\$ (108)	12	17
Realized and unrealized gains (losses) on financial instruments, net	\$ 129	(270)	43
Income tax (expense) benefit	\$ 112	90	50
Earnings (loss) attributable to Liberty stockholders	\$ (596)	(311)	(150)

(1) Includes stock-based compensation of \$21 million, \$28 million, and \$25 million for the years ended December 31, 2020, 2019, and 2018, respectively.

BALANCE SHEET INFORMATION
December 31, 2020
(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	\$ 996	151	1,684	—	2,831
Trade and other receivables, net	672	30	121	—	823
Other current assets	225	63	459	(371)	376
Total current assets	1,893	244	2,264	(371)	4,030
Intergroup interests (note 1)	257	—	169	(426)	—
Investments in affiliates, accounted for using the equity method (note 1)	886	94	38	—	1,018
Property and equipment, at cost	2,842	977	198	—	4,017
Accumulated depreciation	(1,526)	(178)	(74)	—	(1,778)
	1,316	799	124	—	2,239
Intangible assets not subject to amortization					
Goodwill	15,082	180	3,956	—	19,218
FCC licenses	8,600	—	—	—	8,600
Other	1,242	143	—	—	1,385
	24,924	323	3,956	—	29,203
Intangible assets subject to amortization, net	1,471	24	3,883	—	5,378
Other assets	1,334	87	757	(42)	2,136
Total assets	\$ 32,081	1,571	11,191	(839)	44,004
<i>Liabilities and Equity</i>					
Current liabilities:					
Intergroup payable (receivable) (note 4)	\$ (22)	(35)	57	—	—
Accounts payable and accrued liabilities	1,380	53	150	—	1,583
Current portion of debt (note 1)	475	59	209	—	743
Deferred revenue	1,721	90	259	—	2,070
Other current liabilities	442	6	17	(371)	94
Total current liabilities	3,996	173	692	(371)	4,490
Long-term debt (note 1)	12,525	611	3,550	—	16,686
Deferred income tax liabilities (note 3)	2,116	52	—	(42)	2,126
Redeemable intergroup interests (note 1)	—	226	200	(426)	—
Other liabilities	689	218	194	—	1,101
Total liabilities	19,326	1,280	4,636	(839)	24,403
Equity / Attributed net assets	8,250	291	6,550	—	15,091
Noncontrolling interests in equity of subsidiaries	4,505	—	5	—	4,510
Total liabilities and equity	\$ 32,081	1,571	11,191	(839)	44,004

BALANCE SHEET INFORMATION
December 31, 2019
(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	\$ 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>

STATEMENT OF OPERATIONS INFORMATION
December 31, 2020
(unaudited)

	Attributed (note 1)			
	Liberty SiriusXM Group	Braves Group	Formula One Group	Consolidated Liberty
	<i>amounts in millions</i>			
Revenue:				
Sirius XM Holdings revenue	\$ 8,040	—	—	8,040
Formula 1 revenue	—	—	1,145	1,145
Other revenue	—	178	—	178
Total revenue	8,040	178	1,145	9,363
Operating costs and expenses, including stock-based compensation (note 2):				
Cost of services (exclusive of depreciation shown separately below):				
Revenue share and royalties	2,421	—	—	2,421
Programming and content	481	—	—	481
Customer service and billing	481	—	—	481
Other	196	—	—	196
Cost of Formula 1 revenue	—	—	974	974
Subscriber acquisition costs	362	—	—	362
Other operating expenses	264	170	—	434
Selling, general and administrative	1,509	67	174	1,750
Impairment of intangible assets	976	—	—	976
Acquisition and restructuring	28	—	—	28
Depreciation and amortization	573	69	441	1,083
	7,291	306	1,589	9,186
Operating income (loss)	749	(128)	(444)	177
Other income (expense):				
Interest expense	(462)	(26)	(146)	(634)
Intergroup interest income (expense)	(7)	—	7	—
Share of earnings (losses) of affiliates, net	(484)	6	(108)	(586)
Unrealized gain/(loss) on inter-group interests	125	42	(167)	—
Realized and unrealized gains (losses) on financial instruments, net	(521)	(10)	129	(402)
Other, net	(13)	—	23	10
	(1,362)	12	(262)	(1,612)
Earnings (loss) before income taxes	(613)	(116)	(706)	(1,435)
Income tax (expense) benefit (note 3)	(106)	38	112	44
Net earnings (loss)	(719)	(78)	(594)	(1,391)
Less net earnings (loss) attributable to the noncontrolling interests	28	—	2	30
Net earnings (loss) attributable to Liberty stockholders	\$ (747)	(78)	(596)	(1,421)

STATEMENT OF OPERATIONS INFORMATION
December 31, 2019
(unaudited)

	Attributed (note 1)			
	Liberty			
	SiriusXM	Braves	Formula One	Consolidated
	Group	Group	Group	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	344	—	624
Selling, general and administrative	1,495	100	210	1,805
Acquisition and restructuring	84	—	—	84
Depreciation and amortization	537	71	453	1,061
	6,250	515	2,057	8,822
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
	(538)	(53)	(366)	(957)
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)			Consolidated
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			Liberty
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	268	—	391
Selling, general and administrative	878	97	204	1,179
Acquisition and restructuring	3	—	—	3
Depreciation and amortization	369	76	460	905
	4,151	441	1,937	6,529
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
	(375)	(5)	(90)	(470)
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 CASH FLOWS INFORMATION
December 31, 2020
(unaudited)

	Attributed (note 1)			
	Liberty			
	SiriusXM	Braves	Formula One	Consolidated
	Group	Group	Group	Liberty
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ (719)	(78)	(594)	(1,391)
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	573	69	441	1,083
Stock-based compensation	234	6	21	261
Impairment of intangible assets	976	—	—	976
Share of (earnings) loss of affiliates, net	484	(6)	108	586
Unrealized (gains) losses on intergroup interests, net	(125)	(42)	167	—
Realized and unrealized (gains) losses on financial instruments, net	521	10	(129)	402
Noncash interest expense	12	1	4	17
Losses (gains) on dilution of investment in affiliate	(4)	—	—	(4)
Loss on early extinguishment of debt	40	—	—	40
Deferred income tax expense (benefit)	40	(10)	(125)	(95)
Intergroup tax allocation	5	(28)	23	—
Intergroup tax (payments) receipts	8	2	(10)	—
Other charges (credits), net	26	9	—	35
Changes in operating assets and liabilities				
Current and other assets	32	(29)	(37)	(34)
Payables and other liabilities	(179)	41	(8)	(146)
Net cash provided (used) by operating activities	1,924	(55)	(139)	1,730
Cash flows from investing activities:				
Cash proceeds from dispositions of investments	—	—	13	13
Cash (paid) received for acquisitions, net of cash acquired	(300)	—	—	(300)
Investments in equity method affiliates and debt and equity securities	(96)	—	(17)	(113)
Return of investments in equity method affiliates	—	—	105	105
Repayment of loans and other cash receipts from equity method affiliates and debt and equity securities	20	—	—	20
Capital expended for property and equipment, including internal-use software and website development	(350)	(81)	(21)	(452)
Other investing activities, net	(8)	4	(5)	(9)
Net cash provided (used) by investing activities	(734)	(77)	75	(736)
Cash flows from financing activities:				
Borrowings of debt	4,149	228	521	4,898
Repayments of debt	(2,203)	(114)	(614)	(2,931)
Intergroup Loan (repayment) borrowing	(750)	—	750	—
Liberty SiriusXM stock repurchases	(249)	—	(69)	(318)
Subsidiary shares repurchased by subsidiary	(1,555)	—	—	(1,555)
Reattribution between Liberty SiriusXM Group and Liberty Formula One Group	(608)	—	608	—
Proceeds from Liberty SiriusXM common stock rights offering	754	—	—	754
Cash dividends paid by subsidiary	(64)	—	—	(64)
Taxes paid in lieu of shares issued for stock-based compensation	(116)	(1)	(3)	(120)
Other financing activities, net	(47)	(8)	(35)	(90)
Net cash provided (used) by financing activities	(689)	105	1,158	574
Effect of foreign exchange rates on cash, cash equivalents and restricted cash	—	—	3	3
Net increase (decrease) in cash, cash equivalents and restricted cash	501	(27)	1,097	1,571
Cash, cash equivalents and restricted cash at beginning of period	507	212	587	1,306
Cash, cash equivalents and restricted cash at end of period	\$ 1,008	185	1,684	2,877

STATEMENT OF CASH FLOWS INFORMATION
December 31, 2019
(unaudited)

	Attributed (note 1)			Consolidated Liberty
	Liberty SiriusXM Group	Braves Group	Formula One Group	
	amounts in millions			
Cash flows from operating activities:				
Net earnings (loss)	\$ 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	1,944	75	294	2,313
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)
Return of investments in equity method affiliates	—	—	23	23
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)
Other investing activities, net	69	—	(5)	64
Net cash provided (used) by investing activities	384	(107)	37	314
Cash flows from financing activities:				
Borrowings of debt	5,795	96	129	6,020
Repayments of debt	(4,833)	(31)	(7)	(4,871)
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	(1,923)	54	96	(1,773)
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	\$ 507	212	587	1,306

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)
Return of investments in equity method affiliates	—	50	14	64
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)	(13)	(8)	(28)
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)
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

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"). In January 2017, 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, Liberty Braves 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.

As part of the Recapitalization, the Formula One Group initially held a 20% intergroup interest in the Braves Group. As a result of a rights offering in May 2016 to holders of Liberty Braves common stock to acquire shares of Series C Liberty Braves common stock, the number of notional shares underlying 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 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.

On April 22, 2020, the Company's board of directors approved the immediate reattribution of certain assets and liabilities between the Formula One Group and the Liberty SiriusXM Group (collectively, the "reattribution").

The assets reattributed from the Formula One Group to the Liberty SiriusXM Group, valued at \$2.8 billion, consisted of:

- Liberty's entire Live Nation stake, consisting of approximately 69.6 million shares of Live Nation common stock;
- a newly-created Formula One Group intergroup interest, consisting of approximately 5.3 million notional shares of Liberty Formula One common stock, to cover exposure under Liberty's 1.375% cash convertible senior notes due 2023 (the "Convertible Notes");
- the bond hedge and warrants associated with the Convertible Notes;
- the entire Liberty SiriusXM Group intergroup interest, consisting of approximately 1.9 million notional shares of Liberty SiriusXM common stock, thereby eliminating the Liberty SiriusXM Group intergroup interest; and
- a portion, consisting of approximately 2.3 million notional shares of Liberty Braves common stock, of the Formula One Group's intergroup interest in the Braves Group, to cover exposure under the Convertible Notes.

The reattributed liabilities, valued at \$1.3 billion, consisted of:

- the Convertible Notes;
- Liberty's 2.25% exchangeable senior debentures due 2048; and
- Liberty's margin loan secured by shares of Live Nation ("Live Nation Margin Loan").

Notes to Attributed Financial Information (Continued)
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Similarly, \$1.5 billion of net asset value has been reattributed from the Liberty SiriusXM Group to the Formula One Group, comprised of:

- a call spread between the Formula One Group and the Liberty SiriusXM Group with respect to 34.8 million of the Live Nation shares that were reattributed to the Liberty SiriusXM Group; and
- a net cash payment of \$1.4 billion from the Liberty SiriusXM Group to the Formula One Group, which was funded by a combination of (x) cash on hand, (y) an additional \$400 million drawn from the Company's existing margin loan secured by shares of common stock of Sirius XM Holdings, resulting in an aggregate outstanding balance of \$750 million, and (z) the creation of an intergroup loan obligation from the Liberty SiriusXM Group to the Formula One Group in the principal amount of \$750 million, plus interest thereon, which was repaid with the proceeds from the LSXMK rights offering described below (the "Intergroup Loan").

The reattribution is reflected in the Company's financial statements on a prospective basis.

As of December 31, 2020, the Liberty SiriusXM Group is primarily comprised of Liberty's interests in Sirius XM Holdings and Live Nation, corporate cash, Liberty's 1.375% Cash Convertible Notes due 2023 and related financial instruments, Liberty's 2.125% Exchangeable Senior Debentures due 2048, Liberty's 2.25% Exchangeable Senior Debentures due 2048, Liberty's 2.75% Exchangeable Senior Debentures due 2049, Liberty's 0.5% Exchangeable Senior Debentures due 2050 and margin loan obligations incurred by wholly-owned special purpose subsidiaries of Liberty. 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 information related to Sirius XM Holdings' acquisition of Pandora. Additionally, as discussed below, the Liberty SiriusXM Group retains intergroup interests in the Braves Group and the Formula One Group. As of December 31, 2020, the Liberty SiriusXM Group has cash and cash equivalents of approximately \$996 million, which includes \$71 million of subsidiary cash.

The Braves Group is primarily 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 corporate cash as of December 31, 2020. As of December 31, 2020, the Braves Group has cash and cash equivalents of approximately \$151 million, which includes \$73 million of subsidiary cash. Additionally, as discussed below, the Liberty SiriusXM Group and the Formula One Group retain intergroup interests in the Braves Group.

The Formula One 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, as of December 31, 2020, Liberty's interest in Formula 1, cash, an intergroup interest in the Braves Group, Liberty's 1% Cash Convertible Notes due 2023 and Liberty's 2.25% Exchangeable Senior Debentures due 2046. As of December 31, 2020, the Formula One Group has cash and cash equivalents of approximately \$1,684 million, which includes \$265 million of subsidiary cash.

The number of notional shares representing the intergroup interest in the Braves Group held by the Formula One Group is 6,792,903, representing an 11.1% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Braves Group held by the Liberty SiriusXM Group is 2,292,037, representing a 3.7% intergroup interest at December 31, 2020. The number of notional shares representing the intergroup interest in the Formula One Group held by the Liberty SiriusXM Group is 5,271,475, representing a 2.2% intergroup interest at December 31, 2020. The intergroup interests represent quasi-equity interests which are not represented by outstanding shares of common stock; rather, the Formula One Group and Liberty SiriusXM Group have attributed interests in the Braves Group, which are generally stated in terms of a number of shares of Liberty Braves common stock, and the Liberty SiriusXM Group also has an attributed interest in the Formula One Group, which is generally stated in terms of a number of shares of Liberty Formula One common stock. 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 Braves Group intergroup interests attributable to the Formula One Group and the Liberty SiriusXM Group are reflected in the Investment in intergroup interests line item, and the Braves Group liabilities for the

Notes to Attributed Financial Information (Continued)
(unaudited)

intergroup interests are reflected in the Redeemable intergroup interests line item in the unaudited attributed consolidated balance sheets. Similarly, the Formula One Group intergroup interest attributable to the Liberty SiriusXM Group is reflected in the Investment in intergroup interests line item, and the Formula One Group liability for the intergroup interest is 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 Series A, B or C Liberty Formula One common stock, respectively. However, Liberty has assumed that the notional shares (if and when issued) related to the Formula One Group interest in the Braves Group would be comprised of Series C Liberty Braves common stock in order to not dilute voting percentages and the notional shares (if and when issued) related to the Liberty SiriusXM Group interest in the Braves Group would be comprised of Series A Liberty Braves common stock since Series A Liberty Braves common stock underlie the 1.375% convertible bonds. Therefore, the market prices of Series C Liberty Braves and Series A Liberty Braves common stock are used for the quarterly mark-to-market adjustment for the intergroup interests held by Formula One Group and Liberty SiriusXM Group, respectively, through the unaudited attributed consolidated statements of operations. Liberty has assumed that the notional shares (if and when issued) related to the Liberty SiriusXM Group interest in the Formula One Group would be comprised of Series A Liberty Formula One common stock since Series A Formula One common stock underlie the 1.375% convertible bonds. Therefore, the market price of Series A Liberty Formula One common stock is 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.

The intergroup interests will remain outstanding until the redemption of the outstanding interests, at the discretion of the Company's Board of Directors, through a transfer of securities, cash and/or other assets from the Braves Group or Formula One Group to the respective tracking stock group.

On April 22, 2020, the Company's board of directors authorized management of the Company to cause subscription rights (the "Series C Liberty SiriusXM Rights") to purchase shares of Series C Liberty SiriusXM common stock, par value \$0.01 per share ("LSXMK"), in a rights offering (the "LSXMK rights offering") to be distributed to holders of Series A Liberty SiriusXM common stock, par value \$0.01 per share, Series B Liberty SiriusXM common stock, par value \$0.01 per share, and LSXMK. In the LSXMK rights offering, Liberty distributed 0.0939 of a Series C Liberty SiriusXM Right for each share of Series A, Series B or Series C Liberty SiriusXM common stock held as of 5:00 p.m., New York City time, on May 13, 2020. Fractional Series C Liberty SiriusXM Rights were rounded up to the nearest whole right. Each whole Series C Liberty SiriusXM Right entitled the holder to purchase, pursuant to the basic subscription privilege, one share of LSXMK at a subscription price of \$25.47, which was equal to an approximate 20% discount to the volume weighted average trading price of LSXMK for the 3-day trading period ending on and including May 8, 2020. Each Series C Liberty SiriusXM Right also entitled the holder to subscribe for additional shares of LSXMK that were unsubscribed for in the LSXMK rights offering pursuant to an oversubscription privilege. The LSXMK rights offering commenced on May 18, 2020, which was also the ex-dividend date for the distribution of the Series C Liberty SiriusXM Rights. The LSXMK rights offering expired at 5:00 p.m. New York City time, on June 5, 2020 and was fully subscribed with 29,594,089 shares of LSXMK issued to those rightsholders exercising basic and, if applicable, oversubscription privileges. The proceeds from the LSXMK rights offering, which aggregated approximately \$754 million, were used to repay the outstanding balance on the Intergroup Loan and accrued interest.

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

Notes to Attributed Financial Information (Continued)
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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.

Liberty SiriusXM Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Current:			
Federal	\$ (4)	18	(22)
State and local	(62)	(21)	12
Foreign	—	—	—
	(66)	(3)	(10)
Deferred:			
Federal	(29)	(241)	(235)
State and local	(11)	(27)	4
Foreign	—	—	—
	(40)	(268)	(231)
Income tax benefit (expense)	<u>\$ (106)</u>	<u>(271)</u>	<u>(241)</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the years ended December 31, 2020, 2019 and 2018 as a result of the following:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefit (expense)	\$ 129	(211)	(262)
State and local income taxes, net of federal income taxes	(49)	(45)	22
Foreign income taxes, net of federal income taxes	—	—	(1)
Taxable dividends, net of dividends received deductions	(13)	(11)	(28)
Federal tax credits	24	26	27
Change in valuation allowance affecting tax expense	18	(4)	(14)
Change in tax rate	—	(45)	(3)
Deductible stock-based compensation	14	47	37
Non-deductible executive compensation	(12)	(19)	(6)
Impairment of nondeductible goodwill	(194)	—	—
Intergroup Interest	(17)	—	—
Other, net	(6)	(9)	(13)
Income tax benefit (expense)	<u>\$ (106)</u>	<u>(271)</u>	<u>(241)</u>

Notes to Attributed Financial Information (Continued)
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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,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 765	1,018
Accrued stock compensation	94	95
Other accrued liabilities	160	185
Deferred revenue	62	81
Discount on debt	44	2
Investments	154	—
Other future deductible amounts	4	11
Deferred tax assets	1,283	1,392
Valuation allowance	(53)	(70)
Net deferred tax assets	1,230	1,322
Deferred tax liabilities:		
Investments	—	31
Fixed assets	370	384
Intangible assets	2,696	2,749
Deferred tax liabilities	3,066	3,164
Net deferred tax liabilities	\$ 1,836	1,842

Braves Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Current:			
Federal	\$ 28	8	14
State and local	—	—	—
Foreign	—	—	—
	28	8	14
Deferred:			
Federal	—	—	9
State and local	10	7	(8)
Foreign	—	—	—
	10	7	1
Income tax benefit (expense)	\$ 38	15	15

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 the years ended December 31, 2020, 2019 and 2018 as a result of the following:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefit (expense)	\$ 24	19	1
State and local income taxes, net of federal income taxes	7	6	(4)
Federal tax credits	—	—	3
Change in valuation allowance affecting tax expense	—	3	5
Change in tax rate	—	(3)	2
Deductible stock-based compensation	—	2	—
Intergroup interest	9	(9)	(5)
Other, net	(2)	(3)	13
Income tax benefit (expense)	<u>\$ 38</u>	<u>15</u>	<u>15</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,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 19	6
Accrued stock compensation	2	2
Other accrued liabilities	47	46
Other future deductible amounts	20	20
Deferred tax assets	<u>88</u>	<u>74</u>
Valuation allowance	—	—
Net deferred tax assets	<u>88</u>	<u>74</u>
Deferred tax liabilities:		
Investments	11	10
Fixed assets	69	71
Intangible assets	46	47
Other future taxable amounts	7	7
Deferred tax liabilities	<u>133</u>	<u>135</u>
Net deferred tax liabilities	<u>\$ 45</u>	<u>61</u>

Notes to Attributed Financial Information (Continued)
(unaudited)

Liberty Formula One Group

Income tax benefit (expense) consists of:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Current:			
Federal	\$ (11)	(27)	(6)
State and local	—	(3)	1
Foreign	(2)	(21)	(8)
	<u>(13)</u>	<u>(51)</u>	<u>(13)</u>
Deferred:			
Federal	41	102	(2)
State and local	—	—	2
Foreign	84	39	63
	<u>125</u>	<u>141</u>	<u>63</u>
Income tax benefit (expense)	<u>\$ 112</u>	<u>90</u>	<u>50</u>

Income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 21% for the years ended December 31, 2020, 2019 and 2018 as a result of the following:

	Years ended December 31,		
	2020	2019	2018
	amounts in millions		
Computed expected tax benefit (expense)	\$ 148	84	42
State and local income taxes, net of federal income taxes	—	(2)	—
Foreign income taxes, net of federal income taxes	20	26	23
Taxable dividends, net of dividends received deductions	1	1	1
Change in valuation allowance affecting tax expense	(87)	(39)	(53)
Change in tax rate	30	—	2
Settlements with tax authorities	—	—	43
Deductible stock-based compensation	—	22	1
Non-deductible executive compensation	(5)	(3)	(1)
Intergroup interest	8	9	5
Other, net	(3)	(8)	(13)
Income tax benefit (expense)	<u>\$ 112</u>	<u>90</u>	<u>50</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,	
	2020	2019
	amounts in millions	
Deferred tax assets:		
Tax loss and credit carryforwards	\$ 652	486
Accrued stock compensation	11	9
Other accrued liabilities	10	9
Discount on debt	—	43
Deferred tax assets	673	547
Valuation allowance	(240)	(146)
Net deferred tax assets	433	401
Deferred tax liabilities:		
Investments	36	49
Fixed assets	9	3
Intangible Assets	88	116
Discount on debt	19	—
Deferred tax liabilities	152	168
Net deferred tax (assets) liabilities	\$ (281)	(233)

- (4) The intergroup balances as December 31, 2020 and December 31, 2019 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.